

Pension Board

Monday 25 March 2024 at 6.00 pm

This meeting will be held as an online virtual meeting.
The press and public are welcome to view proceedings online
via the following link: [WEBCAST LINK](#)

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; Tel: 020 8937 4737

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Notes for Members - Declarations of Interest:

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

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

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

***Disclosable Pecuniary Interests:**

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

****Personal Interests:**

The business relates to or affects:

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

- To which you are appointed by the council;
- which exercises functions of a public nature;
- which is directed is to charitable purposes;
- whose principal purposes include the influence of public opinion or policy (including a political party 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 - 12
To approve the minutes of the previous meeting held on Wednesday 8 November 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 Pension Administration Update	13 - 50
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 Local Government Pension Scheme Update	51 - 160
This report updates the Board on recent developments within the Local Government Pension Scheme (LGPS) regulatory environment and any recent consultations issued which would have a significant impact on the Fund.	
7 Members' Learning and Development	161 - 178
This report provides an update on the provision of the LGPS online learning facility.	
8 Risk Register	179 - 198
This report presents the updated Risk Register for the Brent Pension	

9 Pass-Through Policy 199 - 230

This report outlines the preferred arrangements for contractors participating in the Brent Pension Fund.

10 Administering Authority and Employing Authority Discretions 231 - 280

This report presents Brent's Administering Authority Discretions and a template for Employing Authority discretions which can be used as a framework by all employers in the pension fund to develop their own policies.

Reports Referred from the Brent Pension Fund Sub-Committee

11 H2 2023 Investment Monitoring Report 281 - 304

To receive the Brent Pension Fund H2 2023 Investment Monitoring Report.

12 DLUHC Consultation Outcome on LGPS Investments and TPR General Code of Practice 305 - 312

To receive a report regarding the outcome of the Department for Levelling Up, Housing and Communities (DLUHC) consultation relating to the investments of the Local Government Pension Scheme (LGPS) and the updated Pensions Regulator General code of practice

13 LAPFF Engagement Report 313 - 346

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

14 Exclusion of the Press and Public

The following item(s) are not for publication as they relate to the following category of exempt information set out below, as specified under Part 1 Schedule 12A of the Local Government Act 1972:

Agenda Item 11: H2 2023 Investment Monitoring Report (Appendix 2 - Manager Rating)

This appendix has been classified as exempt under Paragraph 3 of Part 1 Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular

person (including the authority holding that information)"

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

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

15 Diversified Growth Fund 347 - 362

This report provides analysis of the LCIV Diversified Growth Fund.

16 London CIV Update 363 - 508

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

17 Any Other Urgent Business

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

Provisional Date of the Next Meeting: Thursday 25 July 2024

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MINUTES OF THE PENSION BOARD

Held as an online meeting on Wednesday 8 November 2023 at 6.00 pm

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

ALSO PRESENT (in remote attendance): Sawan Shah (Head of Finance, Brent Council), John Smith, (Pensions Manager, Brent Council), George Patsalides (Finance Analyst, Brent Council), John Crowhurst (Local Pensions Partnership Administration).

1. Apologies for Absence

Apologies were received from Councillor Kabir and Sunil Gandhi (Employer Member – Non Brent Council).

2. Declarations of Interests

No declarations of interests were made.

3. Minutes of the Previous Meeting

The minutes of the previous meeting held on Monday 24 July 2023 were agreed as an accurate record.

4. Matters Arising (if any)

None.

5. Pensions Administration Update

Sawan Shah (Head of Finance, 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 was informed that the report was divided into five sections, 'LPPA Quarter 1 Performance', 'McCloud', 'Performance Metrics', 'Annual Benefit Statements' and 'Internal Audit', which would be addressed in turn. It was explained that the data covered April to June 2023 and therefore was slightly out of date at the time of the meeting. In addition to the Pension Board meetings, members noted that officers and the Local Pensions Partnership Administration (LPPA) held monthly meetings to review performance and address any issues.

In discussing the overall performance of LPPA during quarter 1, members were advised that the Casework metric showed that performance was above Service Level Agreement's (SLA) for the majority of cases. However, the performance concerning 'transfers out', 'retirements from active status' and 'deaths' was considered disappointing. As these cases should be a priority for LPPA, officers had raised these concerns with LPPA through varying channels such as the Pension Board, Client Forum and regular performance monitoring meetings. The Board was also informed

that the average call wait time for the Help Desk fluctuated between two and four minutes across the quarter, which was within the SLA. In addition, it was detailed that the number of complaints had trended downwards since the completion of the UPM system migration, with 22 complaints since the last Board meeting in July, a decrease from 33 in the prior reporting period. To finalise, Sawan Shah explained that, in addition to the data included in the 'interim performance reports for July and August' on page 17 of the agenda, the Fund had now received data for September 2023, meaning that data was available for the whole of quarter 2.

Following the introduction of the report, the Chair welcomed John Crowhurst from LPPA, the Council's administration service provider, who provided a verbal update regarding recent pensions administration performance, with the update summarised below:

- In speaking on the underperformance in retirements from active cases in quarter 1, members were advised that performance was improving, with 78% of cases being processed within the SLA in quarter 1, 94% in quarter 2 and, so far in quarter 3, 100% of cases had been processed within the SLA.
- It was detailed that the percentage of bereavement cases processed within the SLA was 83% in quarter 1, 80% in quarter 2 and from October to the date of the meeting, 8 November 2023, 79% of bereavement cases had been processed within the SLA. However, the Board was informed that this data included all bereavement cases and therefore concerned both cases where there was a beneficiary and also where there was no beneficiary and thus a payment was not required to be made. Whilst LPPA was prioritising cases in which a payment was required, at the time of the meeting, it could not be confirmed whether this was happening in practice. Nevertheless, for cases being processed outside of the SLA, members were reassured that information would be provided outlining how many days the SLA had been missed by, whether the cases included a beneficiary and if the delay impacted a payment being made. Furthermore, it was explained that cases were only included in performance metrics once they had been completed, meaning that cases currently missing the SLA would only be included in performance data once they had been completed which could result in further negative performance in the short term. The Board noted that work was ongoing with the Bereavement Team and a projection for when performance was expected to return to the SLA had been requested.
- The Board heard that new data had been included in the performance report, outlined in page 35 of the agenda, which showed the number of cases brought forward at the start of the quarter (1,344) and the outstanding number of cases at the end of the quarter (1,419). Members were advised that increasing volumes in casework could point to issues as cases were taking longer to resolve.
- Regarding Help Desk performance, it was detailed that even during periods of high call volumes, such as following the distribution of Annual Benefit Statements, the average call wait time had stayed close to the four minute SLA, illustrating that the strategy concerning the Help Desk was working.

- Members were informed that client specific information would be included in quarterly performance reports commencing at the next Pension Board meeting in March. This data would show how many calls had been made by Brent Pension Fund members and the average wait times relating to those calls, in addition to Brent specific satisfaction scores regarding the Help Desk and the retirement process, which provided more granular data.
- In discussing the registration of Pension Fund members onto Pension Point, the new member portal, the Board noted that approximately 200 members were registering each month, increasing from 2,900 at the end of June 2023 to 3,400 at the end of September. However, the number of registered members had yet to reach pre-migration levels of 4,200 registered members on the old system. The Board was reassured that LPPA was promoting registration at every opportunity.
- Regarding The Pensions Regulator data scores, members were advised that the common score had been stable throughout the previous year, however, the conditional score had fluctuated. Whilst a dip in the conditional score was expected in April 2023 due to employers submitting data from the previous year, it was expected that the conditional score would return to the SLA of 90% in quarter 3.

After the verbal update, the Chair invited questions from Board members, with questions and responses summarised below:

- In response to a query relating to the satisfaction score of the Help Desk, members were advised that the majority of dissatisfaction stemmed from delays, with Brent's specific satisfaction score for September being 77.8%. However, the Board was assured that verbatim comments were reviewed and responded to when necessary.
- In discussing the impact of the delayed processing of bereavement cases, members noted that 13 bereavement cases were processed outside of the SLA in quarter 1, with further information to be provided to officers analysing whether these cases included beneficiaries and how many days the SLA target was missed by. However, it was explained that backlogs for bereavement cases had not been a major issue, therefore the impact was not expected to be significant, although further data would be provided to the Board to review the impact.
- In highlighting the low satisfaction scores relating to retirements, members queried whether there were updated figures available for September. In response, the Board was informed that 40% of respondents were satisfied in September, however only 5 customers had responded, with two satisfied, two dissatisfied and 1 neutral. Members noted that survey responses should be handled with caution as there was the possibility of a self-selection bias as more unhappy customers were likely to submit a response than happy customers. In addition, the low sample size was highlighted which meant that the data was more vulnerable to being easily skewed. In concluding, John Crowhurst stated that LPPA was reviewing the measurement of SLA's and Sawan Shah detailed that from quarter 2 onwards the survey data was Brent specific which was the reason for the number of responses decreasing.

In turning the Board's attention to the next part of the report which related to McCloud, the Chair welcomed John Smith (Pensions Manager, Brent Council) who provided an overview to the Board. John Smith began by explaining that HMRC had introduced two rectification regulations which removed the underpin from the annual allowance and introduced the LGPS Amendment No. 3 which came into force on 1 October 2023 which enabled the underpin to work as intended. The Department for Levelling Up, Housing and Communities was also producing statutory guidance relating to the aggregation of data, as the benefit of the underpin should apply regardless of wherever data was aggregated or not. In addition, McCloud had been expanded to include everyone in the LGPS from 2012 to 2014 who had not had a career break of more than 5 years. In finalising, the Board was advised that Annual Benefit Statements had to include the McCloud underpin from 2025 which posed a logistical problem to software providers as the changes were happening at a fast pace. In the context of the Brent Pension Fund, LPPA had advised that UPM was finding the McCloud implementation challenging. However, the LGA had stated that all software providers were finding the implementation of McCloud difficult and therefore UPM was not an outlier. Currently cases were being processed as normal while system functionality was awaited, and cases would be revisited once the system had been updated.

Following John Smith's overview, John Crowhurst informed members that LPPA had established a project team to work closely with the system supplier to ensure that the system was ready for the implementation of McCloud. LPPA was also testing the launch of new functionalities, with a project board and steering group overseeing the implementation. In order to assess who was impacted by the extension of the McCloud underpin, LPPA was working with employers to collect the necessary data, such as service breaks and hours changes, to ensure that records were correct. Once the data had been collected, LPPA could identify pension scheme members who had been impacted and would flag them. Furthermore, revisions would be done on certain cohorts, such as retirements on health grounds, and they would be aligned to the blue light scheme, which required completion by 2025. The Board was informed that LPPA was expecting the number of impacted members to be confirmed in January 2024. Following this, a plan would be devised with officers in order to ensure cases were processed prior to the 2025 deadline alongside working with the system supplier to ensure that statutory activities were undertaken such as incorporating the extension of the underpin into Annual Benefit Statements.

In thanking John Smith and John Crowhurst for the update, the Chair welcomed questions from the Board, with questions and responses summarised below:

- In discussing the scale of the challenge of implementing McCloud, members heard that LPPA was confident that the system would be able to complete the calculations required for McCloud. However, the impact of McCloud for the LGPS was not expected to be significant in comparison to other pension schemes. Nevertheless, the importance of completing the data collection exercise and formulating a plan by January 2024 was reiterated.
- Regarding a timeframe for when the system was expected to be fully operative, the Board was informed that different functionalities were being implemented on different dates, with end of January 2024 being the timeframe for the completion of the remedy calculations for the initial cohorts impacted by

McCloud. Members were reassured that the Fund would be informed of any delays as regular updates were provided to officers.

- In response to a query concerning the impact that McCloud would have on retirees, members noted that the numbers of people impacted, and the differing impact in each cohort, would be known in January 2024 once the data collection exercise was completed. However, it was explained that in dummy cases the new career average pension scheme had resulted in less people impacted in the LGPS.
- The Board was advised that back payments would be made to impacted members, although in some cases payments would need to be paid to beneficiaries which added further complexity. Members were reassured that all LPPA operational teams were being trained to deal with the relevant calculations to improve organisational resilience.
- In response to a question on whether there were any plans for a diminutive level, the Board noted that there were no such plans.

In moving to the third section of the report, concerning performance metrics, John Smith advised the Board that there were two popular methods of measuring performance. The first method was known as the 'standard model' which measured performance by dividing the number of cases completed within SLA during a period by the number of new cases received in the same period. This method could also be enhanced by measuring the average time it took to complete a case at calendar length, with a long average wait time indicating that the "wait" facility on the administration system was being misused. The second model, which was presented at the LGPS Technical Group a few years ago and was used by some county councils across the country, concentrated on dividing the cases completed within SLA by the number of cases completed. However, this model was considered suboptimal for a number of reasons, such as:

- No matter how many new cases were received in a period, if the contractor only completed one case, they would score 100% as long as that case was completed within SLA.
- Once a contractor had completed all the new cases there was no incentive to complete older ones as they reduced the (notional) percentage completed within SLA.
- It was open to manipulation and incentivised bad practice.

In drawing this part of the report to a close, John Smith informed members that LPPA had agreed to show the Fund the matrix behind its performance figures so that the Fund could understand how they were calculated, although the information so far pointed to the methodology being closer to the standard model rather than any alternatives which was said to be encouraging. In concluding the discussion on performance metrics, the Board noted that this workstream was focussed on improving reporting to the Board, with members commenting that graphs and ranges were more informative and nuanced which was preferred over a single figure approach.

Following the discussion on performance metrics, John Smith detailed the Fund's performance concerning Annual Benefit Statements, in which it was a statutory responsibility to issue Annual Benefit Statements to all eligible active and deferred members by 31 August each year. The Board heard that Brent provided Annual Benefit Statements to 95% of active members and 99% of deferred members. As there was no SLA related to Annual Benefit Statements due to the assumption that 100% of Statements would be issued, it was explained that the main reason for an Annual Benefit Statement not being produced was due to employers not completing the end of year return on time or an outstanding query from the year end return.

The Board was reassured that Pension Fund Members who did not receive an Annual Benefit Statement would receive a Statement as soon as the relevant information had been received from employers and any queries had been resolved. Whilst the Fund had moved to receiving monthly data returns from employers and therefore was better prepared to provide accurate Annual Benefit Statements in cases of incomplete datasets, it was detailed that some employers were yet to begin submitting monthly returns in April 2023 as they had not completed an annual report from the previous year, with these cases considered a priority for the Fund. However, members were advised that, in most cases, untimely data returns were not the fault of the employers but rather outsourced payrolls who were not adequately engaging with the process. Regarding underperforming employers and payroll providers, the Board noted that the Fund was taking the following steps to improve performance:

- Pursuing employers who had been slow to submit monthly contribution returns, with issues escalated to senior management in the relevant organisations where necessary.
- Implementing monthly contributions returns to eliminate the possibility of employers not submitting an annual contribution return, which had been the biggest single issue.
- Encouraging employers to monitor their payroll providers where performance was falling short and to change payroll providers if performance was not improving. In extreme cases, the Fund could utilise Regulation 70 to charge employers and payroll providers for any costs incurred due to their poor performance, for example if the Fund were to be fined and it was found to be the fault of an employer or payroll provider.
- Using the powers set out in the Pensions Administration Strategy where employers were not complying with the standards expected.

Prior to moving onto the final section of the Pensions Administration Update, the Chair reiterated the importance of ensuring that Annual Benefit Statements were issued on time, and reminded members that the Board had previously agreed that the Fund's handling of Annual Benefit Statements did not constitute a material breach due to the Fund's continued monitoring and subsequent actions taken.

To conclude the Pensions Administration Update, Sawan Shah outlined the internal audit that was currently taking place regarding the monitoring of the pensions administration contract with LPPA and the collection of pension contributions. Members were advised that the last internal audit was conducted in 2019/20 on the

investment process, with the final terms of reference for the current audit attached as Appendix 2 of the report. The Board noted that the audit was expected to be completed in December 2023, with an update to be provided at the next Board meeting in March 2024.

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

6. Local Government Pension Scheme Update

John Smith (Pensions Manager, Brent Council) presented a report that updated the Board on recent developments within the Local Government Pension Scheme (LGPS) regulatory environment and any recent consultations issued which would have a significant impact on the Fund. To begin, John Smith detailed the changes in the SCAPE discount rate, which had been reduced from CPI plus 2.4% to CPI plus 1.7% from 30 March 2023, which increased the notional cost of providing pension benefits. Although the change in the discount rate did not directly impact the LGPS, it was more impactful for unfunded schemes, the Board was advised that many factors within the LGPS were based on the SCAPE discount rate and all contracts to purchase Additional Pension Contributions (APCs) were being revised in April 2024. As the cost of purchasing APCs would increase, it was likely that some existing contracts would terminate and there would be fewer new contracts.

The change to the SCAPE discount also impacted the cost control mechanism which intended to keep the cost of providing pension benefits within a 3% affordability corridor. The Board noted that the core mechanism of the cost cap still used a discount rate of CPI plus 3%, which would ordinarily have seen the cost of providing pension benefits falling due to a decline in longevity. However, the reduction in the SCAPE discount rate (CPI plus 1.7%) increased cost and therefore more than offset the potential reduction, keeping variation within the 3% corridor.

Members were also advised that The Pension Regulator's Single Code was expected to be published in the near future, which brought together 15 codes, with Code 14 relating to the public sector. It was explained that the wording in the original Code was vague and did not differentiate between schemes within the public sector, with the updated Code using consistent terminology to clarify the applicability of elements dependent on the scheme.

Lastly, the Board noted that the Pensions (Extension of Automatic Enrolment) Act 2023 received Royal Assent on 18 September 2023. This Act enabled the Government to make regulations that lowered the minimum age for automatic enrolment from 22 to 18 and removed the lower earnings limit for contributions.

With no additional contributions and in thanking John Smith for the update, the Board **RESOLVED** to note the report.

7. Members' Learning and Development

George Patsalides (Finance Analyst, Brent Council) presented the report, which informed members of the provision of a Local Government Pensions Scheme (LGPS) focused online pensions learning facility for officers, Pension Fund Sub-Committee

members and Pension Board members. The Board was advised that this report was a continuation of a report considered by the Pension Board in March 2021 regarding member training and development, with the Training Plan attached as Appendix 1 of the report covering the key areas of the LGPS which fulfilled the Fund's statutory obligations outlined by The Pensions Regulator.

It was explained that the training was hosted on the LGPS Online Learning Academy (LOLA) which had been developed by the Council's actuaries, Hymans Robertson LLP. The training consisted of 'bitesize' modules which corresponded to the topics outlined in the Training Plan. Whilst members could complete training at their own pace, they were encouraged to complete one module per month, with training coinciding with important dates within the fiscal calendar. To conclude, George Patsalides stated that members would be receiving their login details over the coming days.

Following the presentation of the report, the Chair commended the Training Plan and Strategy and encouraged members to complete the training modules as recommended to ensure that the Board had the required underpinning knowledge to carry out its duties. As there were no further questions, the Board **RESOLVED** to note the report and supported the roll-out of the online learning programme provided by the Council's actuaries, Hymans Robertson LLP.

8. Risk Register

Sawan Shah introduced 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 was advised that the Risk Register was a standing item at all Pension Board meetings which allowed the Fund to identify and manage risks related to the Pension Scheme. In identifying the main amendments to the Risk Register, the Board noted that the following key changes had been made:

- The risk related to data migration, Item 5.7, was deleted because the move to Civica (UPM) was completed in November 2022.
- In relation to Item 9.2, geographical and economic risk in relation to investments, the risk was changed to reflect updated geographical and economic risk, resulting in the risk score and comment being altered.

Members were also informed that officers were conducting a comprehensive review of the Risk Register, in particular relating to the scoring of risks. It was proposed to change the scoring from its current 1-10 scale to a 1-5 scale, as the current system was deemed too granular which made it difficult to differentiate between the magnitude of risks.

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

- In response to a query relating to the two amber rated risks, concerning the Annual Benefit Statements 2023/24 and geographical and economic risk in relation to investments, the Board was informed that when taking into account

their likelihood of occurring, their impact on the Fund and the identified mitigations, these issues posed the highest risk to the Fund.

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

9. **Investment Monitoring Report – Quarter 1 2023**

Before moving on to remaining items on the agenda, the Chair reminded Board members that agenda items 9, 10, 11, 12, 13 and 15 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 Brent Pension Fund Quarter 2 Investment Monitoring Report, which reviewed the Fund's performance over the second quarter of 2023. Members noted that the value of the Fund had increased by 0.5% over the quarter, with a valuation of £1,125.7m up from £1,116.4m at the end of Quarter 1 2023. It was explained that the Fund's passive global equity exposure was the main driver of positive return on an absolute basis, with income and protection assets, on aggregate, detracting from the total Fund return, which was outlined in page 215 of the agenda pack. In addition, members noted that the Fund's asset allocations were broadly in line with interim target allocations, and the one and three year returns were 4.9% and 5% respectively.

In noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 4 October 2023 and covered monitoring performance up to 30 June 2023, the Board **RESOLVED** to note the Quarter 2 Investment Monitoring Report without any further detailed comment.

10. **Annual Report and Accounts 2022/23**

The Board received an update on the Pension Fund Annual Report and Accounts for the year ended 31 March 2023 and the draft Investment Strategy Statement (ISS). Sawan Shah (Head of Finance, Brent Council) explained that progress had been made since the report was published for the Brent Pension Fund Sub-Committee in late September, with the accounts being signed off on 23 October 2023. The achievement of having the accounts signed off was emphasised, as the majority of local government accounts were still outstanding which placed Brent in the minority of local authorities who had signed off their accounts for 2022/23.

With the Board commending the sign off of the accounts and praising the work of the Finance Team, it was **RESOLVED** to note the report as presented to the Brent Pension Fund Sub Committee on 4 October 2023.

11. **DLUHC Consultation on LGPS Investments**

The Board received a report that outlined the Department for Levelling Up, Housing and Communities (DLUHC) consultation on proposals relating to the investments of the Local Government Pension Scheme (LGPS), covering the areas of asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments. Members noted that the consultation was published in July

2023 and closed in October 2023, with the main proposals relating to the aforementioned areas highlighted in the cover report.

Overall, the Board was advised that officers were generally supportive of increased pooling and recognised the benefits such as fee savings and greater access to certain asset classes that increased pooling offered. However, members noted that a number of concerns had been raised regarding the proposals, which were widely shared across local government and are summarised below:

- The proposed deadline for the pooling of listed assets of March 2025 was considered challenging.
- As it would be difficult to transfer passive or index-tracking assets by the proposed deadline without incurring significant transaction costs and higher ongoing charges, concerns were raised that these assets would not be classified as 'pooled'.
- It was believed that funds should retain responsibility for setting asset allocations and therefore any ambitions regarding asset allocations should be guidance rather than a requirement.
- The resource burden surrounding the requirements for publishing plans/reporting was highlighted.
- The ambition for funds to invest 10% of asset allocation into private equity was not supported as many funds were fully funded, thus there was less requirement to take risk, and the proposal contradicted other proposals which stated that funds would retain control of their investment strategies.

The Board also heard that the exempt Appendix 1 of the report contained a draft response to the consultation by Hymans Robertson LLP and the Scheme Advisory Board's response had also been issued since the publication of the report.

In welcoming the report and any future feedback arising from the consultation, the Board **RESOLVED** to note the report.

12. **Local Authority Pension Fund Forum Update**

The Board received an update on engagement activity undertaken by LAPFF (the Local Authority Pension Fund Forum) on behalf of the Fund, which demonstrated the Fund's commitment to Responsible Investment and engagement as a way to achieve its objectives.

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

13. **Presentation from PIRC Benchmarking – Performance to March 2023**

The Board received a presentation from Pensions & Investment Research Consultants regarding the Fund's performance as of March 2023.

As there were no additional comments, The Board **RESOLVED** to note the presentation provided.

14. **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 that it could be considered without the need to disclose any information 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.

15. **London CIV Update**

The Board received and noted, without further comment, a report that provided an update on recent developments regarding Brent Pension Fund investments held within the London CIV.


16. **Any Other Urgent Business**

None.

The meeting closed at: 7:25pm

MR. DAVID EWART
Chair

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	Pension Board 25 March 2024
	Report from the Corporate Director, Finance and Resources
Pension Administration Update	

Wards Affected:	All
Key or Non-Key Decision:	Non key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	1: Appendix 1 – Quarter 3 Brent Pension Fund Administration Report
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	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 Finance sawan.shah@brent.gov.uk 020 8937 1955 John Smith, Pensions Manager john.smith@brent.gov.uk 020 8937 1985

1.0 Executive Summary

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

2.0 Recommendation(s)

- 2.1 The board is asked to note the report.

3.0 Detail

- 3.1 This report reviews the performance of the LPPA against agreed Service Level Agreements (SLA's) during the period October to December 2023 (Quarter 3) augmented by the interim report for January 2024.

3.2 Contribution to Borough Plan Priorities & Strategic Context

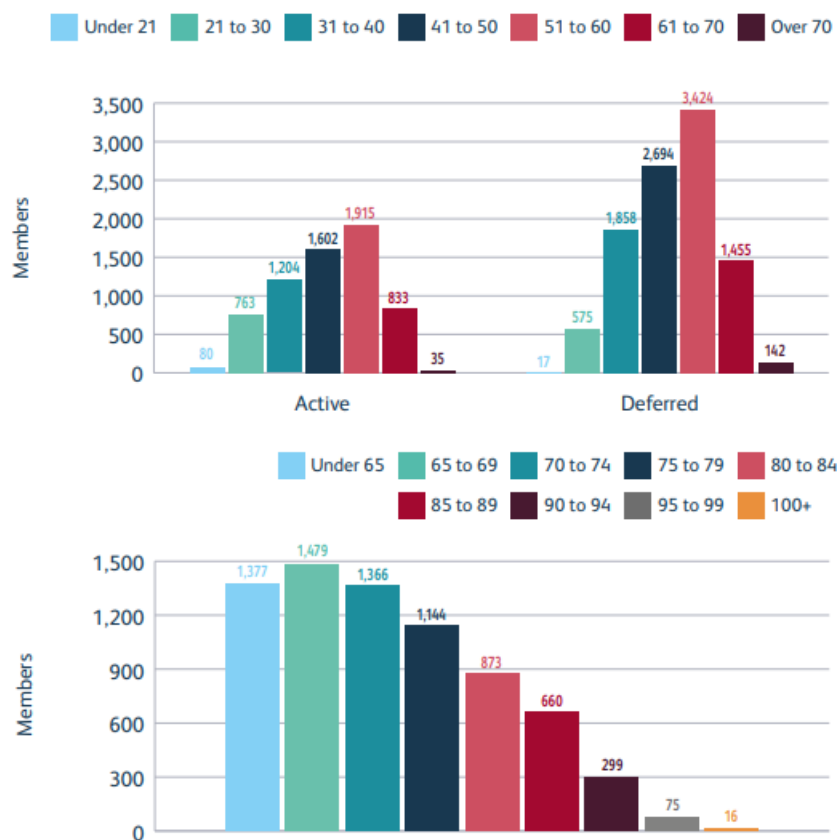
- 3.2.1 The work of the Pension Fund is critical in ensuring that it undertakes statutory functions on behalf of the Local Government Pension Scheme and complying with legislation and best practice. Efficient and effective performance and service delivery of the Pension Fund underpins all Borough Plan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

3.3 Background

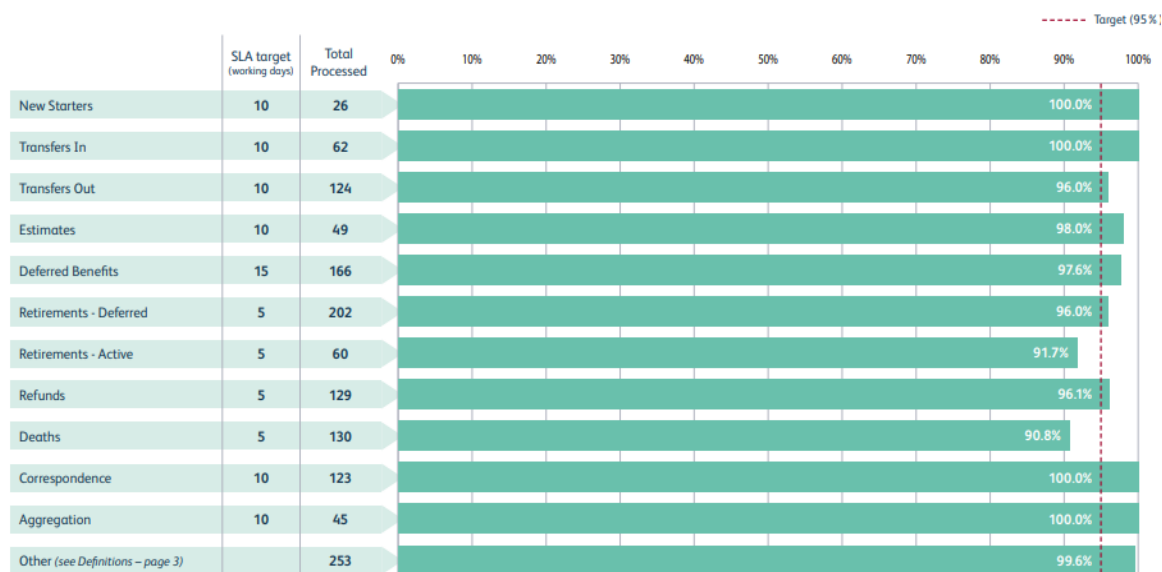
- 3.3.1 It is important to note that the Local Pensions Partnership (LPP) has migrated both its pension administration system and its workflow system to UPM.
- 3.3.2 This is an extremely complex and resource consuming process that would disrupt any pension administration team and it will inevitably impact on service delivery. The comments below should be viewed through the lens of this migration.
- 3.3.3 The service delivered by the LPP has fallen below the standards they set themselves and they are committed to improving their performance. The Pension Administration Team (PAT) hold monthly meetings with the LPP to monitor their performance in individual months and against trends across several months.

LPPA Quarter 3 performance report

- 3.3.4 Brent Pension Fund had 23,886 members at 31 December 2023 of which:
- 6,432 were active members
 - 10,165 were deferred members, and
 - 7,289 were pensioner and dependant members.
- 3.3.5 Figure 1 shows the current age demographic of the Brent Pension Fund members. This is broken down between active, deferred and pensioner members.



- 3.3.6 This shows that the most of working age active members fall into the 31 to 60 age groups while, as would be expected, 51-60 is the cohort with the highest number of deferred members.
- 3.3.7 For pensioner and dependant members, the numbers in the 65-75 banding are broadly the same before progressively declining gently with age.
- 3.3.8 Although the average percentage of cases processed on time was only 87.8% in October, it subsequently improved to 96.8% in November and 96.9% in December, plateauing at 97.0% for the third quarter on average.
- 3.3.9 Figure 2 provides detail on the number of cases that have been processed grouped by category.



3.3.10 The Casework metric shows that performance was largely good, apart from retirements from active status (91.7%) and deaths (90.8%). The Fund is disappointed with performance in relation to retirements and deaths because they should be the LPPs top priorities, and these processes should not be underperforming the less critical work. Officers have raised these concerns with the LPPA in reports for the Local Pension Board, at our regular performance monitoring meetings and at the Client Forum.

3.3.11 The Helpdesk call performance graphic measures the average wait time and calls answered. During the third quarter, the number of calls received remained largely unchanged from the previous three months and the average wait time fell to under 3 minutes, which is under the target time of 4 minutes.

3.3.12 Call times of over 15 minutes decreased to almost 0%, with 10-15 minute time ranges on a downward trend, although nearly 20% of callers still waited between 5 and 15 minutes for a reply.

3.3.13 Overall Helpdesk satisfaction did increase to 67% on average over the third quarter, however this would suggest that the overall improvement in the time taken to answer calls has been achieved at the expense of quality.

Complaints

3.3.14 Since the last Pension Board, 27 new complaint cases have been received at a rate of 5.4 per month. This represents a slight decrease in the number of complaints per month from the 7.3 complaints per month recorded at the last Board meeting. The number of complaints received by month and analysed by case type is shown in table 2 below. It is acknowledged that levels of complaints are high compared to the historical average and this is due to the challenges in performance following the system migration.

Table 2: complaints received by month:

Month	Delays	General Service	Total
September 23	2	0	2
October 23	4	4	8
November 23	1	5	6
December 23	1	4	5
January 24	0	6	6
Total	8	19	27

3.3.15 One Internal Dispute Resolution Procedure (“IDRP”) complaint was received in December. Brent and LPP take 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.

The interim performance report for January 2024

3.3.16 The LPP performance metrics for this period are variable, and the four areas reported on were as follows:

Retirements from active status

3.3.17 The LPP completed 92.9% in January. The performance has been uneven and has generally lagged below in the SLA target of 95.0%.

Retirements from deferred status

3.3.18 This process has maintained a steady decline, with a performance of 92.6% in January.

Bereavements

3.3.19 The LPPs performance has been challenging and it achieved 100% in January. This is a significant improvement over the 91.8% figure for the previous period.

Overall performance

3.3.20 Marginal declines in overall performance are to be expected from time to time; however, it is worth noting that the LPP is achieving better statistics in routine processes across the board than they are in the handful of key processes that they report on. Overall operational casework performance was 97.7% against the overall service level agreement (SLA).

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

Employers Forum

3.3.22 The Fund and LPPA held a joint Employers Forum on 23 November 2023 which all fund employers and their payroll providers were invited to attend. Presentations were received from:

- LPPA covering improvements to the UPM employer portal, regulatory and technical update including McCloud and Pensions Dashboard, joiners & leavers and employer discretions.
- Officers at Brent covering pensions administration strategy, contributions and data requirements.

Internal Audit

3.3.23 An Internal Audit of the Pension Fund's arrangements regarding the monitoring of the pensions administration contract and the collection of pension contributions was carried out during Q4 2023.

3.3.24 The objective of the audit is to provide assurance on the effectiveness and robustness of the control framework for the Council's arrangements for the pensions' contributions management process reviewing controls in relation to Roles and responsibilities and monitoring of the SLA, contribution data – employer and employee, contribution receipts and, monitoring and reporting.

3.3.25 During the audit, internal audit identified a number of examples of good practice including:

- There is a clear and up to date Pension Administration Strategy in place
- Where contributions data returns were not received on time, this was followed up with the employer by a member of the in-house pensions team.
- The Council maintains oversight of the services provided by London Pension Partnership Administration (LPPA) via monthly meetings and reports received from LPPA, detailing their operational performance against agreed targets.
- On a quarterly basis, Performance Reports on the Fund's performance is shared with the Council.
- Pensions Board meetings are held three times a year, during which the administration performance of the Council's Pension Fund is reported to the Board by the Head of Finance, with LPPA also in attendance.

3.3.26 No critical, high or low risk issues were identified during the audit. There was one medium risk identified which related to late submissions of monthly contribution returns by employers/ payroll providers and where repercussions outlined within the Pension Administration Strategy were not followed through.

3.3.27 The scheme manager is aware of the risk identified and actions have been taken to address the issue. Our preferred approach is to engage with employers where data is not received on time. In particular, we identified significant problems with a specific payroll provider and officers have written to schools in the borough who make use of this payroll provider's services to highlight the

need to ensure their payroll provider is fulfilling all their responsibilities and ensure that appropriate contract management is taking place. In response, many schools have elected to move to another provider.

4.0 Stakeholder and ward member consultation and engagement

4.1 This is not applicable to this report.

5.0 Financial Considerations

5.1 There are no specific financial implications associated with this report.

6.0 Legal Considerations

6.1 There are no specific legal considerations arising from this report.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 There are none directly arising from this report.

8.0 Climate Change and Environmental Considerations

8.1 There are none directly arising from this report.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 There are none directly arising from this report.

10.0 Communication Considerations

10.1 None that are applicable to this report.

Report sign off:

Minesh Patel

Corporate Director, Finance and Resources

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OUR



Page 21



TO BE
THE PENSION
ADMINISTRATOR
OF CHOICE
TO THE
PUBLIC SECTOR

LPP

Local Pensions Partnership
Administration

Brent Pension Fund

Quarterly Administration Report

1st October - 31st December 2023

lppapensions.co.uk

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DEFINITIONS

Page 8

Total Fund Membership

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

Current Age Demographic

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

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

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

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

Page 10

Casework Performance - All Cases

Performance is measured once all information is made available to LPPA to enable them to complete the process. Relevant processes are assigned a target timescale for completion, and the performance is measured as the percentage of processes that have been completed within that timescale.

Page 11

Casework Performance - Standard

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

- APC/AVC Queries
- Additional Conts Cessation
- Change of Hours
- Change of Personal Details
- Under Three Month Opt-Out
- Main to 50/50 Scheme Changes
- Divorce Quotes
- Divorce Settlement
- Ill Health Reviews

Please note that this page includes cases that have met the SLA target, but the stop trigger may also have been actioned before the process has been completed.

Page 12

Ongoing Casework at the end of the Reporting Quarter

Please note the number of processes brought forward, does not match the corresponding number of outstanding processes reported in the previous quarter (due to various reasons which can include; but not limited to, the deletion of a process or changes in assigned categories).

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.

Page 20 & 21

Member Online Portal

The number and percentage of member records by status, that are registered for LPPA's Member Self-Service facility, PensionPoint.

Page 28

Common/Scheme Specific Data Fails

The Pensions 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 Scheme Specific 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 Scheme Specific 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 25

	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24
Annual Benefit Statement and Newsletter to Deferred Members				✓								
Pension Increases		✓										
P60s and Newsletter to Pensioners		✓										
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 Q3 2023/24 (October – December 2023)

Casework and Helpdesk performance metrics continue to trend in the right direction.

Payroll

All pensioner payroll and lump sum payments due in the reporting period were made on time (this equates to over £100m, across all clients, in pension payments per month).

Statutory deadlines

All regulatory and statutory deadlines due in the reporting period were met.

- Pension Saving Statements
- HMRC Scheme Returns

Casework SLA performance

Overall performance against SLAs is above the targeted 95% and has been consistently achieved since September 2023. Performance is above or close to the 95% target in the key areas of Bereavements and Retirements.

Satisfaction scores

Helpdesk and Retirement satisfaction scores are now reported at client level as a rolling 12 month view. Moving away from the reporting across all LPPA clients will result in a reduced number of surveys completed and will affect the visual of the graphs but provides a clear view of the satisfaction in respect of your members.

Pensions Helpdesk

Helpdesk performance for average call wait time and number of answered calls is now reported at a client level, abandoned rate remains across all LPPA clients as we do not know which client a member was calling from until after a call has been accepted.



Fund Membership

In this section...

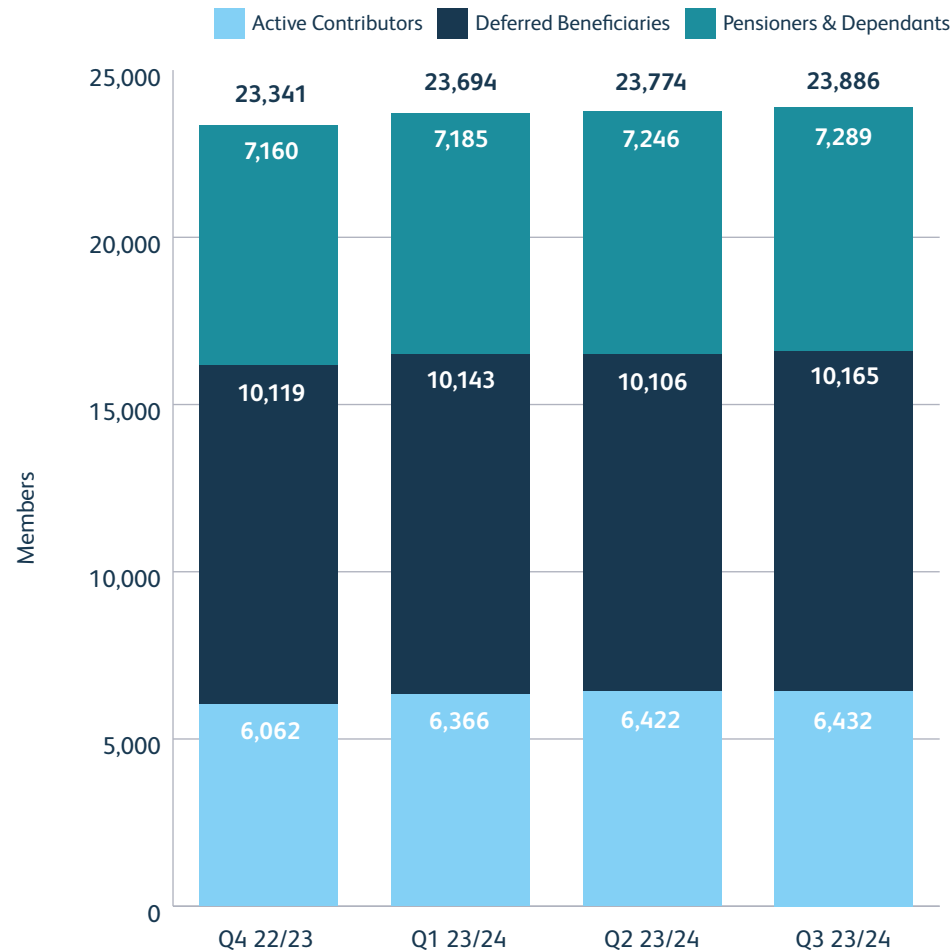
- Total fund membership
- Current age demographic

TOTAL FUND MEMBERSHIP



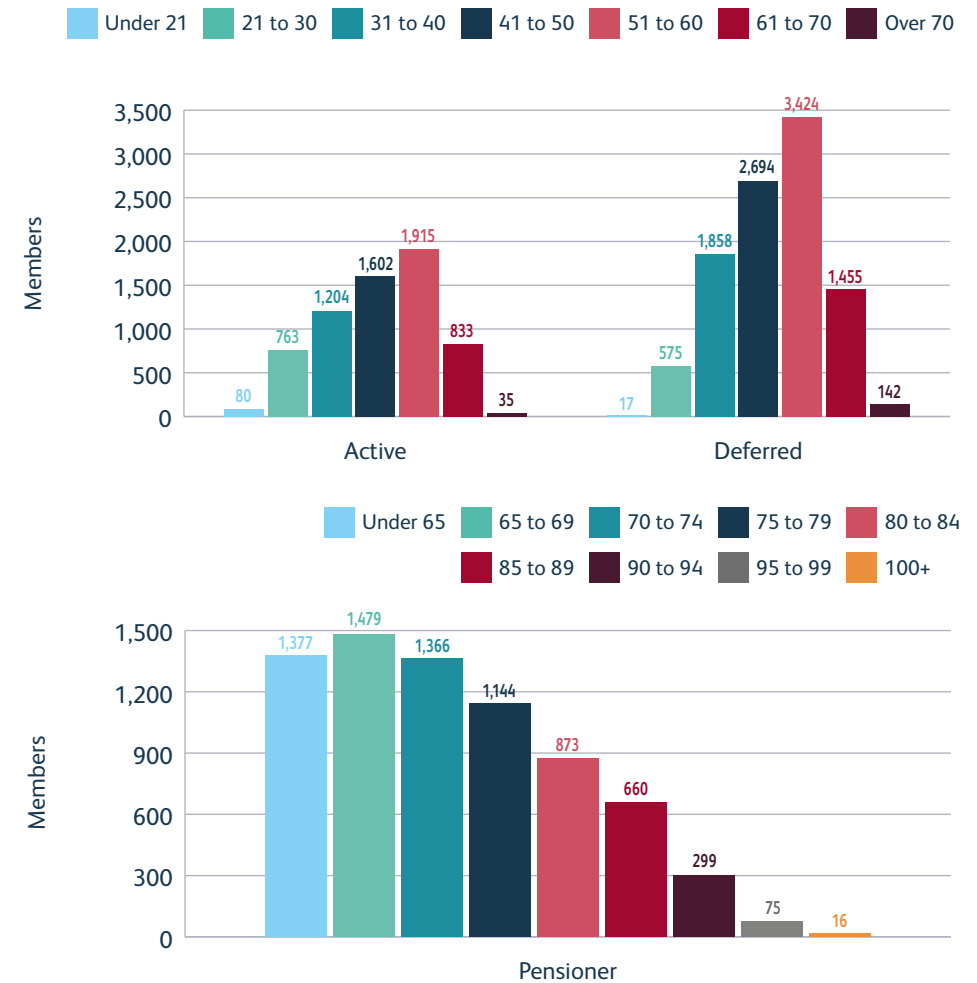
TOTAL FUND MEMBERSHIP

CLIENT SPECIFIC



CURRENT AGE DEMOGRAPHIC

CLIENT SPECIFIC



Casework Performance

In this section...

- Performance – all cases
- Performance standard
- Ongoing casework at end of reporting quarter

CASEWORK PERFORMANCE

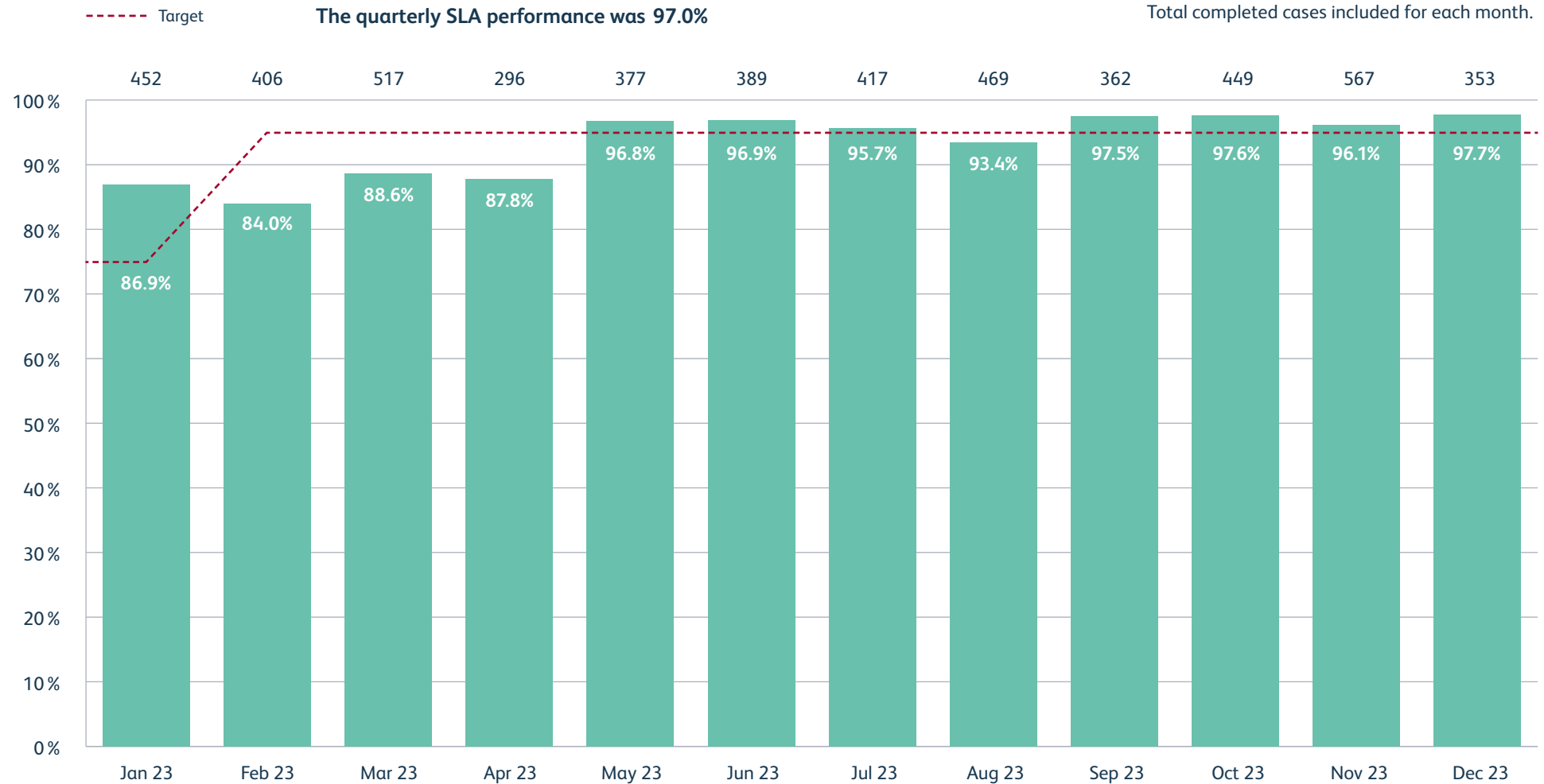
Please note:

Agreed with clients that LPPA's monthly operational targets would be relaxed from Nov 22 to Jan 23, in line with UPM migration timings (22/23).



PERFORMANCE – ALL CASES

CLIENT SPECIFIC



CASEWORK PERFORMANCE

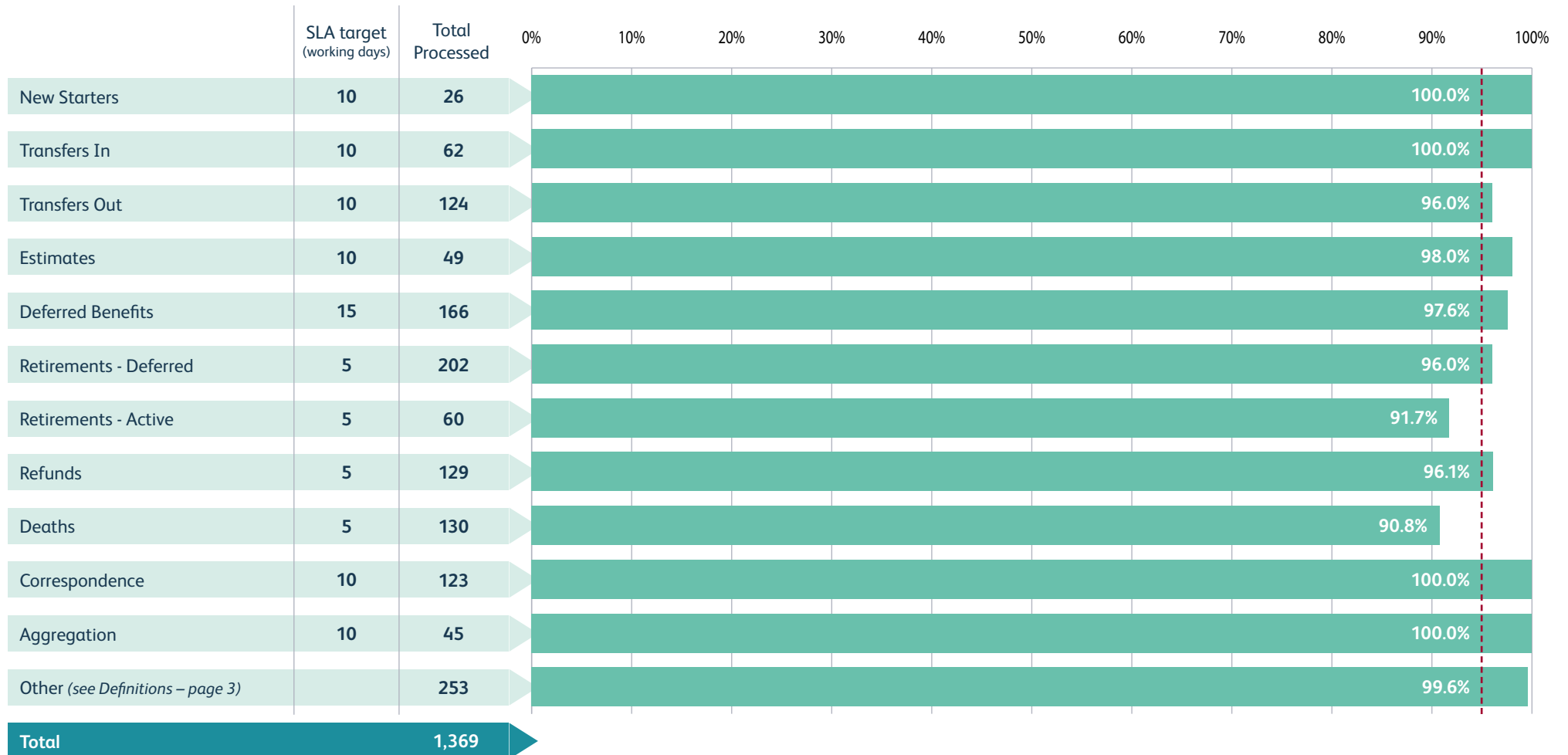


PERFORMANCE STANDARD

CLIENT SPECIFIC

----- Target (95 %)

Page 31



CASEWORK PERFORMANCE



ONGOING CASEWORK AT THE END OF THE REPORTING QUARTER

CLIENT SPECIFIC

The following table is created by identifying all reportable casework within UPM, and includes those that have subsequently Completed / Aborted / Remain Outstanding within the quarter. The figures in this table cannot be compared to those in the previous slide for a number of reasons including: the table includes aborted cases, but the horizontal bar graph does not; the SLA 'stop trigger' can be actioned before the process has been completed.

Page 32

	Brought Forward at 01/10/23	Received (Inbound)	Completed (Outbound)	Outstanding as of 31/12/23
New Starters	1	29	30	-
Transfers In	219	83	120	182
Transfers Out	234	152	133	253
Estimates	33	45	55	23
Deferred Benefits	267	246	245	268
Retirements - Deferred	249	212	234	227
Retirements - Active	60	107	106	61
Refunds	77	167	174	70
Deaths	217	194	169	242
Correspondence	104	135	137	102
Aggregation	85	118	98	105
Other (see Definitions – page 3)	71	332	347	56
TOTALS	1,617	1,820	1,848	1,589

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

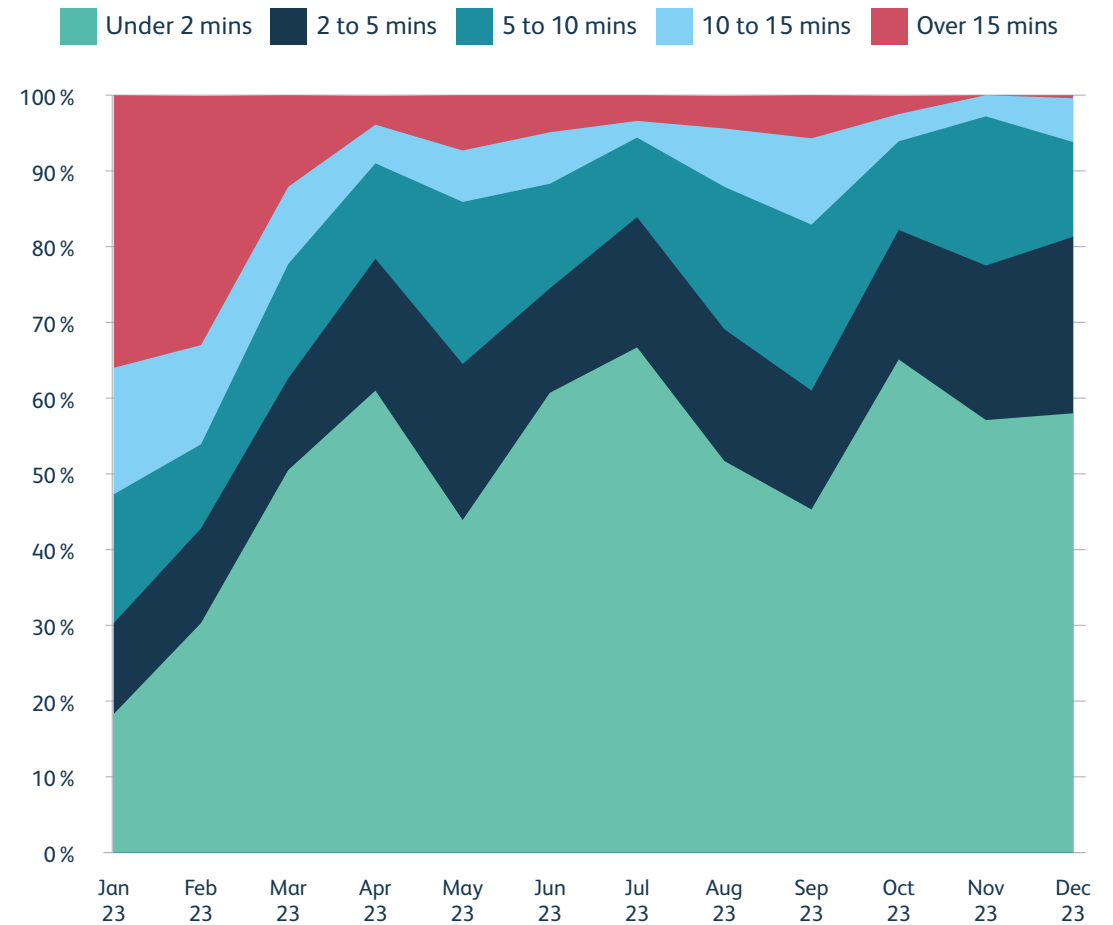
HELPDESK CALLS PERFORMANCE



WAIT TIME RANGE

CLIENT SPECIFIC

	Under 2 mins	2 to 5 mins	5 to 10 mins	10 to 15 mins	Over 15 mins
Jan 23	18.3%	12.0%	17.0%	16.7%	36.0%
Feb 23	30.3%	12.5%	11.1%	13.1%	32.9%
Mar 23	50.5%	12.1%	15.1%	10.2%	12.1%
Apr 23	61.0%	17.4%	12.6%	5.1%	3.8%
May 23	43.9%	20.6%	21.4%	6.8%	7.3%
Jun 23	60.7%	13.8%	13.8%	6.8%	4.9%
Jul 23	66.7%	17.2%	10.5%	2.2%	3.4%
Aug 23	51.7%	17.4%	18.8%	7.7%	4.3%
Sep 23	45.3%	15.7%	21.9%	11.4%	5.7%
Oct 23	65.1%	17.1%	11.7%	3.6%	2.4%
Nov 23	57.1%	20.4%	19.7%	2.8%	0.0%
Dec 23	58.0%	23.3%	12.5%	5.8%	0.4%



HELPDESK CALLS PERFORMANCE

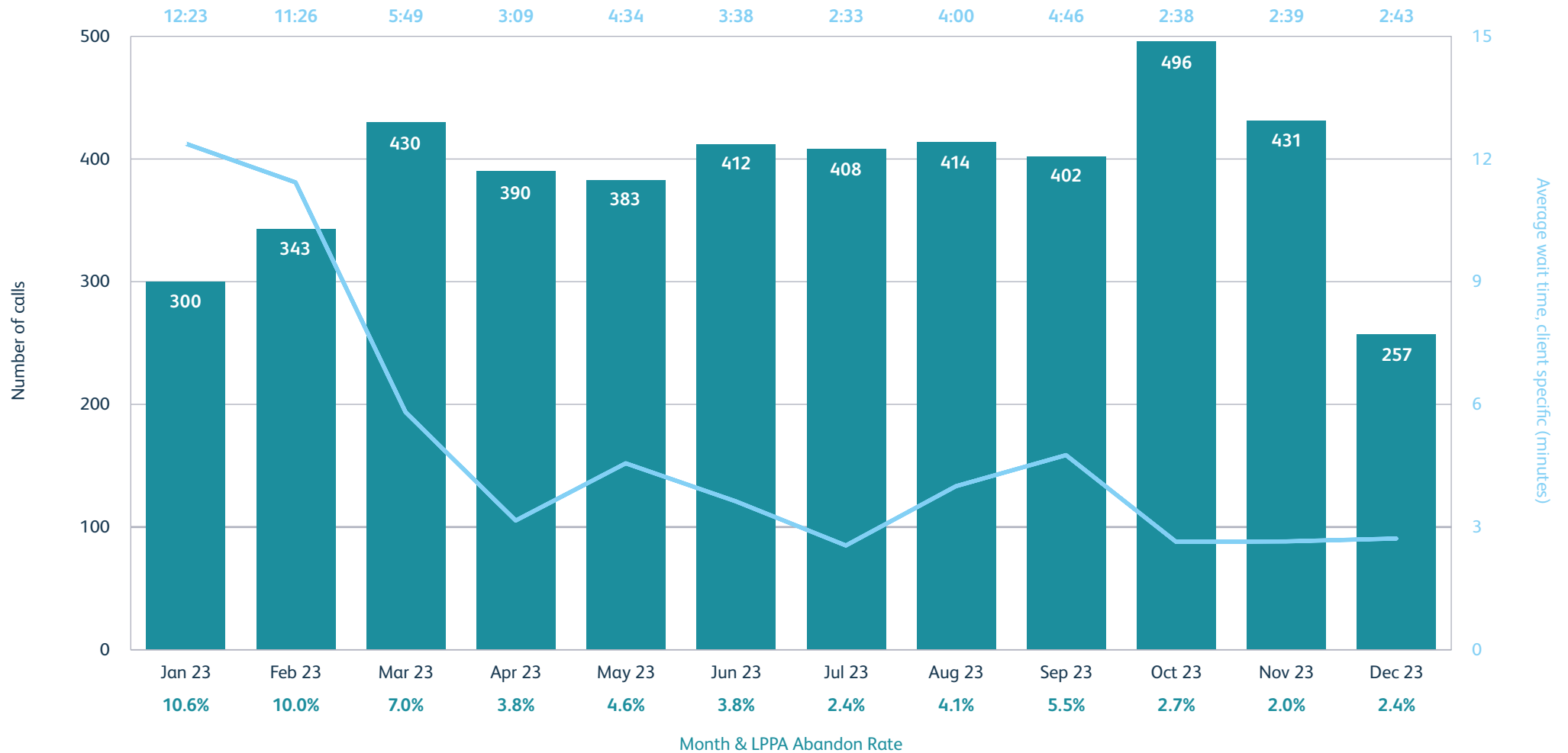


CALLS ANSWERED

CLIENT SPECIFIC

— Average wait time (mm:ss)

Page 35



Customer Satisfaction Scores

In this section...

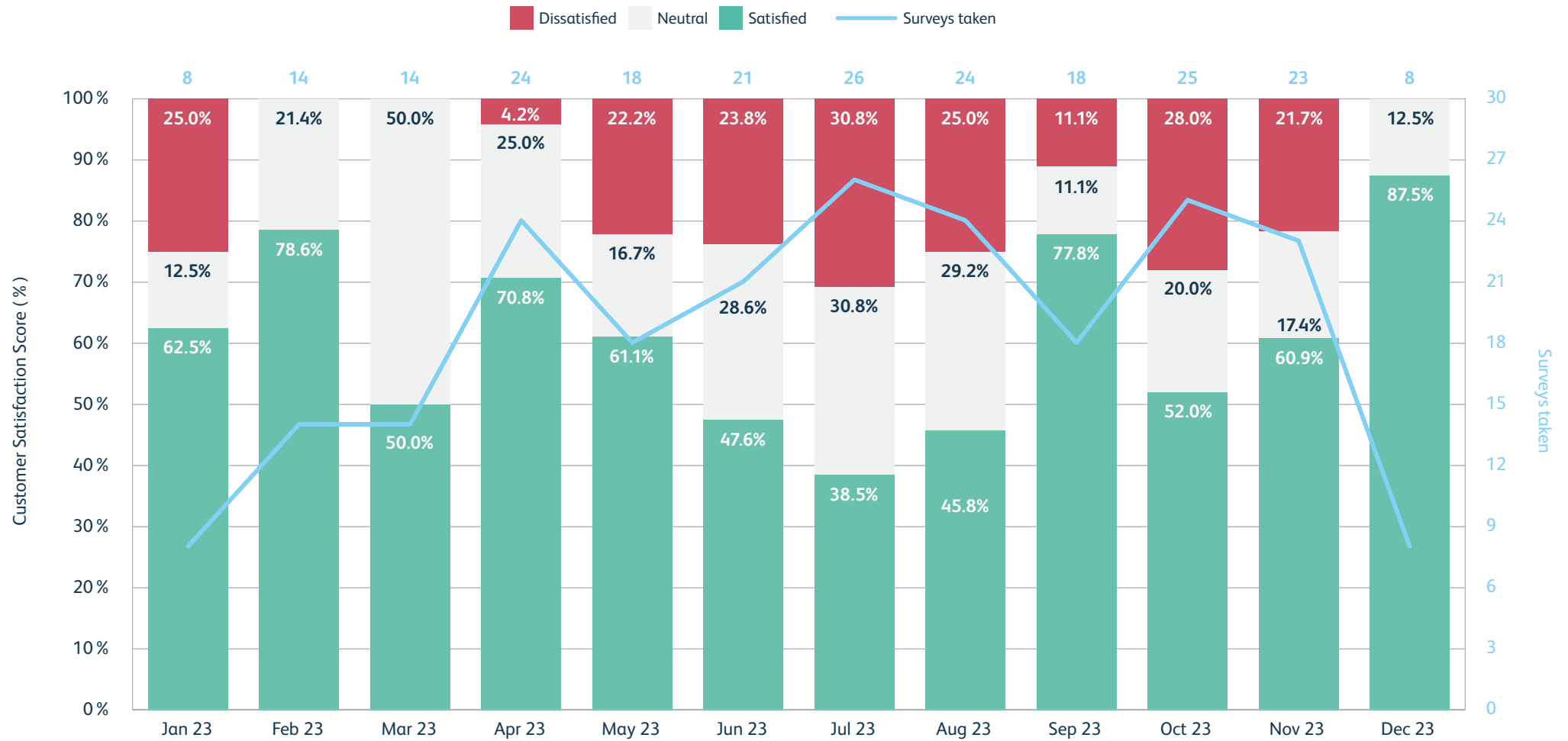
- Helpdesk calls satisfaction
- Retirements

CUSTOMER SATISFACTION SCORES



HELPDESK CALLS SATISFACTION

CLIENT SPECIFIC



CUSTOMER SATISFACTION SCORES

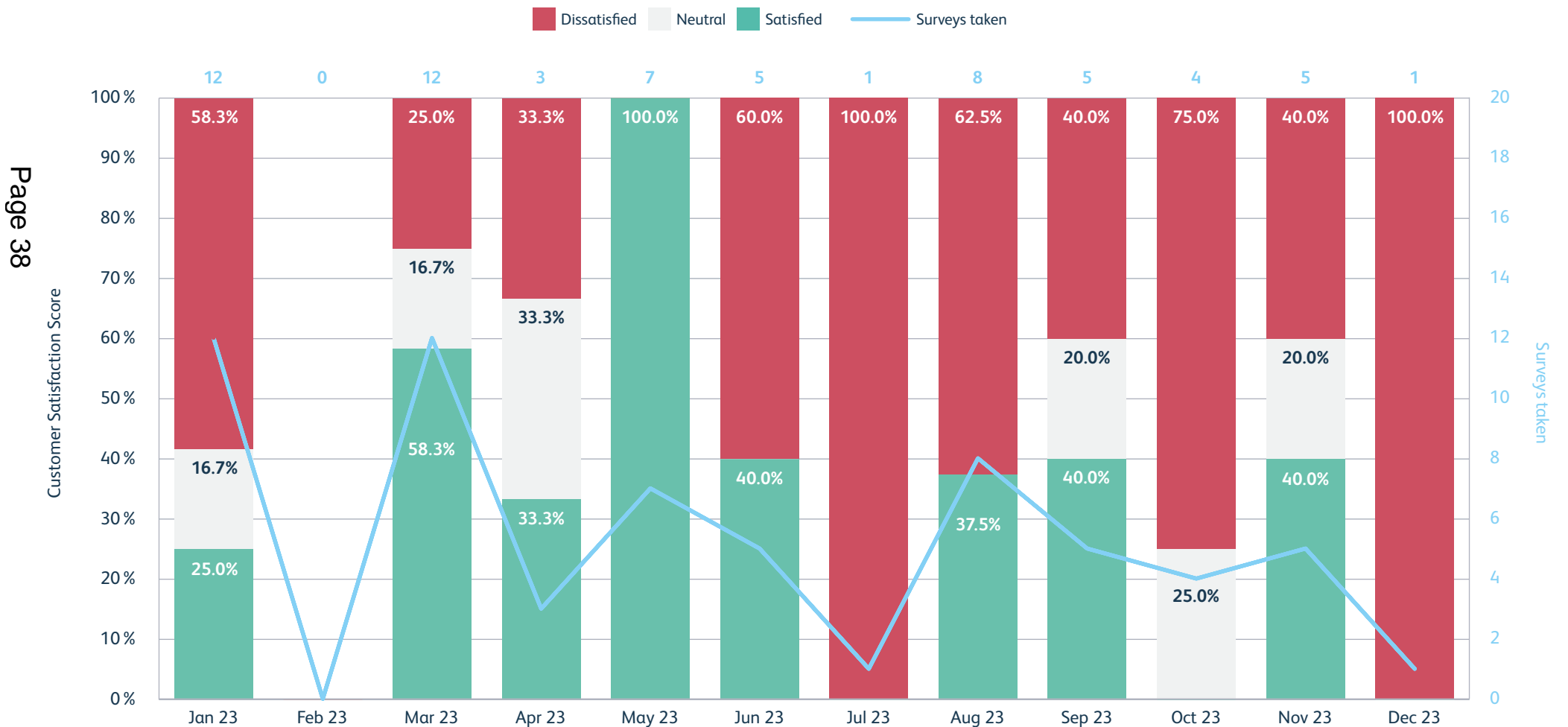
Please note:

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

CLIENT SPECIFIC





Member Online Portal

In this section...

- Total members registered
- Members registered (%)

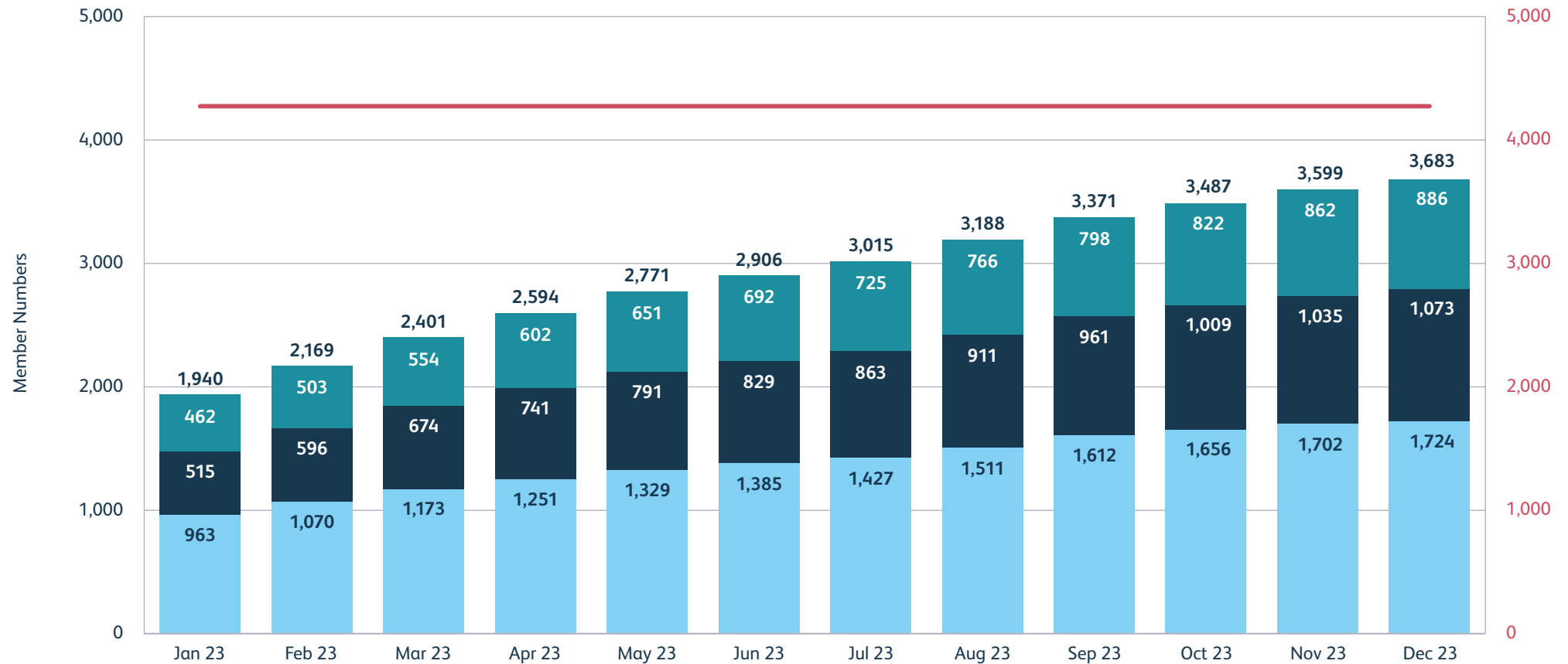


TOTAL MEMBERS REGISTERED

CLIENT SPECIFIC

Active Deferred Pensioner

4,271 (previous My Pension Online registrations as of October 2022)

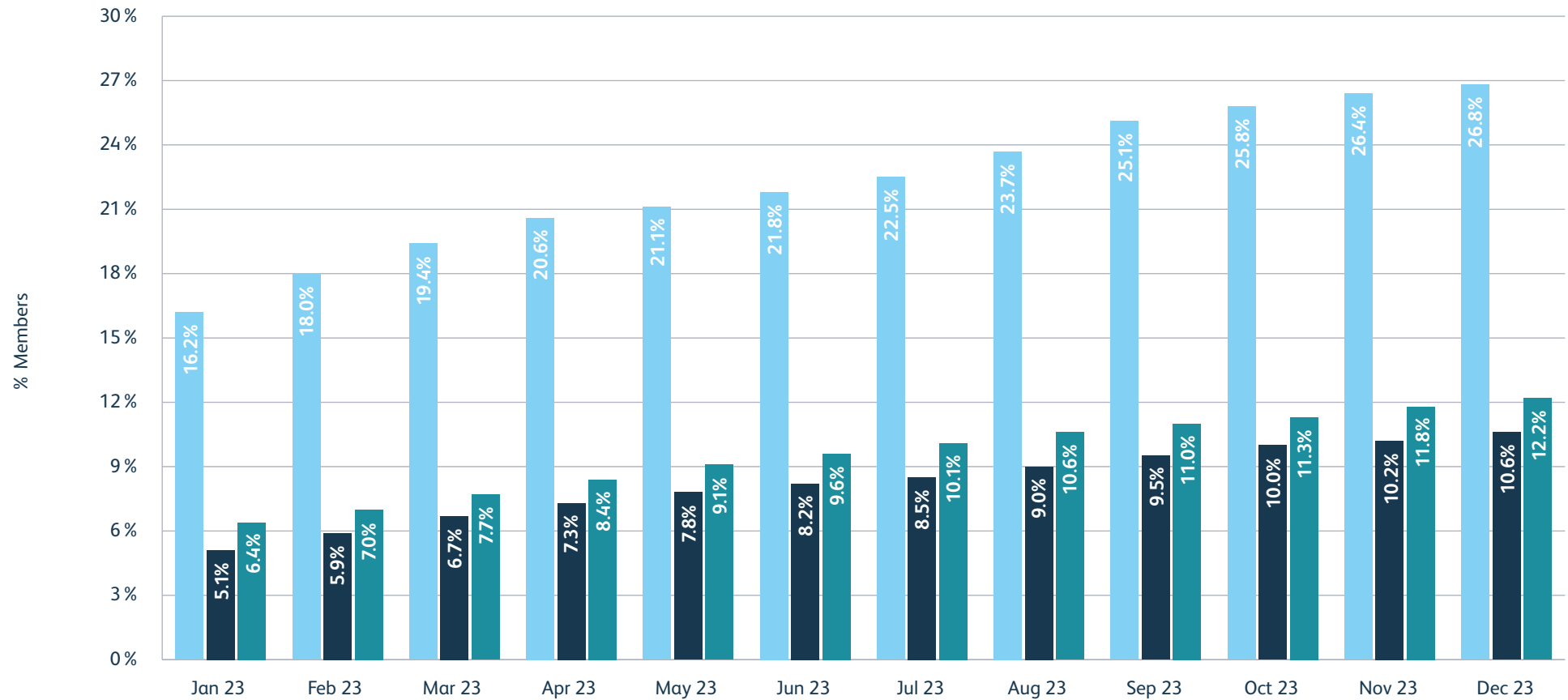




MEMBERS REGISTERED (%)

CLIENT SPECIFIC

Active Deferred Pensioner



Employer Engagement & Member Communication Activity

In this section...

- Delivered
- Scheduled
- Engagement communications (Employers & Members)

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED

ALL LPPA

- The [member contact form](#) was improved to assist member self-service requests for information contained on the LPPA website – this has resulted in more member visits to retirement and PensionPoint pages (FAQ's, how to videos etc).
- Monthly return files - reminder [emails](#) and telephone calls to non-submitting employers were issued / actioned, to ensure that support is provided, as well as highlighting the impact if files are not up-to-date, ready for the production of ABS documents in 2024.
- An employer email promoting [Get Online week](#) was issued.
- A McCloud (LGPS) client round table was facilitated by LPPA to provide a business (project) and communications update, together with a discussion on employer data requirements, followed by a Q&A.
- The [Employer toolkit](#) page was updated (simplified) on the LPPA website
- An [email invite](#) was issued promoting the virtual LPPA Employer Forum (23 November 23)
- [Pension Pulse](#) (newsletter) was issued to employers and focused on the LPPA Employer Forum (including a link to the session recording), the employer toolkit and a reminder that member estimates can be generated in the employer portal.

- Several new resource pages were added to the LPPA website:

[Increasing your pension benefits](#) - provides members with information on taking out an AVC, APC or added pension.

[Age discrimination remedy pages](#) – explaining how members are affected by the McCloud judgement.

New [Forms, documents and scheme information](#) page added.



SCHEDULED

ALL LPPA

- The LPPA Communications team are working on planned improvements to the retirement section of the LPPA website.
- Communications will be issued to employers to ensure that the 'reasons for leaving' are as specified (for leavers included in the monthly return file), to help facilitate a move towards bulk submission of leavers later in the year.
- Communications are planned to employers to highlight the importance of 'on-time retirement notifications' to LPPA, and how the leaver process can support them to ensure the member retirement experience is enhanced.
- Email communications and telephone calls will continue to non-submitting (monthly return file) employers, and updates will be provided to clients.

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



ENGAGEMENT COMMUNICATIONS

CLIENT SPECIFIC

- 2 Virtual employer visits were held
- 2 employers attended LGPS Scheme Essentials Training
- UPM employer portal training was delivered with 1 employer attending
- Employer Responsibilities training was delivered with 1 employer attending
- UPM Employer Portal training was delivered with 1 employer attending
- 11 people from Brent employers attended our Employer Forum
- Monthly member sessions were delivered, with 3 Brent 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
04 Oct	London Borough of Brent	Submitting Monthly Returns	1
10 Oct	Michael Sobbell Sinai School	Employer Responsibilities	1
17 Oct	London Borough of Brent	UPM Employer Portal	1
25 Oct	Lyon Park	Virtual Visit	1
30 Oct	Islamia Primary	Virtual Visit	1
21 Nov	The Diocese of Westminster Academy Trust	LGPS Scheme Essentials	1
Nov	Crest and Braincroft	LGPS Scheme Essentials	1
21 Nov	Barham Primary School	Employer Forum	1
23 Nov	Brent	Employer Forum	2
23 Nov	Brent, Newman Catholic College, College Green	Employer Forum	1
23 Nov	Chalkhill Primary School	Employer Forum	1
23 Nov	Chrysalis Multi Academy Trust - Claremont High School and Sudbury Primary School	Employer Forum	1
23 Nov	Crest and Braincroft	Employer Forum	1
23 Nov	Curzon Crescent Nursery School and Fawood Children's Centre	Employer Forum	1
23 Nov	Kingsbury High School	Employer Forum	1
23 Nov	London Borough of Brent	Employer Forum	1
23 Nov	Michael Sobbell Sinai School	Employer Forum	1
30 Nov	Crest and Braincroft	Scheme Leavers - UPM employer portal	1



MEMBERS

CLIENT SPECIFIC

Date	Employer	Activity	Number in attendance
23 Oct	All Brent Employers	Making sense of retirement	1
24 Oct	All Brent Employers	Making sense of your pension	1
16 Nov	All Brent Employers	Making sense of your pension	2
05 Dec	All Brent Employers	Making sense of retirement	1



Data Quality

In this section...

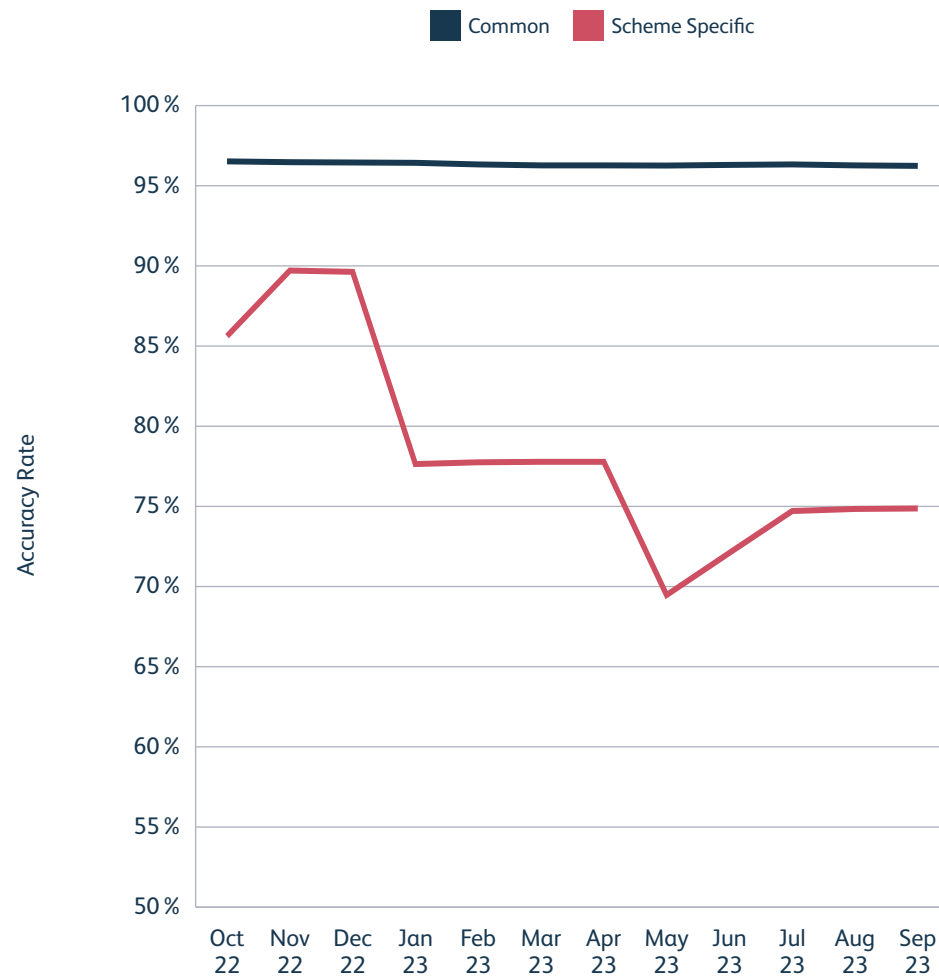
- TPR data scores
- Common data
- Scheme specific data

DATA QUALITY



TPR DATA SCORES

CLIENT SPECIFIC



	Common (Target 95%)	Scheme Specific (Target 90%)
Jan 23	96.52%	85.62%
Feb 23	96.47%	89.71%
Mar 23	96.45%	89.63%
Apr 23	96.43%	77.64%
May 23	96.33%	77.75%
Jun 23	96.27%	77.78%
Jul 23	96.27%	77.78%
Aug 23	96.26%	69.47%
Sep 23	96.30%	72.10%
Oct 23	96.33%	74.71%
Nov 23	96.27%	74.84%
Dec 23	96.24%	74.87%

END OF QUARTER DATA QUALITY

(TPR SCORES)



COMMON DATA

CLIENT SPECIFIC

Data Item	Active	Deferred	Pensioner / Dependant
Invalid or Temporary NI Number	2	79	30
Duplicate effective date in status history	1	21	11
Gender is not Male or Female	13	0	0
Duplicate entries in status history	14	45	23
Missing (or known false) Date of Birth	0	0	0
Date Joined Scheme greater than first status entry	13	1	4
Missing Surname	1	0	0
Incorrect Gender for members title	0	0	0
Invalid Date of Birth	8	0	0
No entry in the status history	2	0	0
Last entry in status history does not match current status	29	6	5
Member has no address	44	523	33
Missing Forename(s)	1	6	1
Missing State Retirement Date	13	0	0
Missing postcode	49	560	52
Missing Date Joined Pensionable Service	0	0	0
Total Fails	190	1241	159
Individual Fails	116	674	108
Total Members	6432	10165	7289
Accuracy Rate	98.2%	93.4%	98.5%
Total accuracy rate	96.2%		



SCHEME SPECIFIC DATA


CLIENT SPECIFIC

Data Item	Fails
Divorce Records	0
Transfer In	98
AVCs/Additional Contributions	23
Deferred Benefits	4
Tranches (DB)	704
Gross Pension (Pensioners)	50
Tranches (Pensioners)	2,970
Gross Pension (Dependants)	78
Tranches (Dependants)	88
Date of Leaving	134
Date Joined Scheme	140
Employer Details	3
Salary	292
Crystallisation	154
CARE Data	1,021
CARE Revaluation	1
Annual Allowance	650
LTA Factors	115
Date Contracted Out	5
Pre-88 GMP	679
Post-88 GMP	551
Total Fails	7,760
Individual Fails	6,002
Total Members	23,886
Accuracy Rate	74.9%

LPP

Local Pensions Partnership
Administration

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 Brent	<p align="center">Pension Board 25 March 2024</p>
	<p align="center">Report from the Corporate Director, Finance and Resources</p>
<p align="center">LGPS Update Report</p>	
Wards Affected:	All wards
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	<p>8:</p> <p>Appendix 1 - LGPC Bulletin – November 2023</p> <p>Appendix 2 - LGPC Bulletin – December 2023</p> <p>Appendix 3 - LGPC Bulletin – January 2024</p> <p>Appendix 4 - LGPC Bulletin – February 2024</p> <p>Appendix 5 - SAB Guidance on Academy Conversions</p> <p>Appendix 6 - DLUHC Prioritisation for McCloud</p> <p>Appendix 7 - Teachers' Pensions Transitional Protection for McCloud</p> <p>Appendix 8 - TPR Cyber Security Guidance</p>
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	<p>Minesh Patel, Corporate Director, Finance and Resources minesh.patel@brent.gov.uk 020 8937 4043</p> <p>Ravinder Jassar, Deputy Director of Finance ravinder.jassar@brent.gov.uk 020 8937 1487</p> <p>Sawan Shah, Head of Finance sawan.shah@brent.gov.uk</p>

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1.0 Executive Summary

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

2.0 Recommendation(s)

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

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

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

3.2 Background

Scheme Advisory Board (SAB)

- 3.2.1 On 19 October 2023, the SAB published its guidance on Academy Conversions attached in Appendix 5. It builds on the existing guidance and incorporates the latest developments.
- 3.2.2 On 25 October 2023 DLUHC published the LGPS statistics for 2022/23 and the highlights include;
- total expenditure was £15.2 billion, an increase of 5.1 per cent on 2021/22,
 - total income was £17.3 billion, an increase of 8.5 per cent on 2021/22, employers' contributions amounted to £8.4 billion, an increase of 7.8 per cent on 2021/22,
 - employee contributions were £2.8 billion, an increase of 9.5 per cent on 2021/22,
 - the market value of the LGPS funds at the end of March 2023 was £357.2 billion, a decrease of 1.9 per cent,

- there were 6.2 million scheme members on 31 March 2023: 2 million active members, 1.9 million pensioners and 2.3 million deferred member and
 - there were 87,129 retirements, a decrease of 8 per cent compared with 2021/22.
 - overall, the financial health of the scheme is positive and continues to improve.
- 3.2.3 The SAB instructed Lydia Seymour (Counsel) to determine whether a disproportionate number of (predominantly) Islamic members were opting out because of their religious beliefs and whether it amounted to unlawful discrimination.
- 3.2.4 The Board subsequently received a report on the relationship between the LGPS and sharia law from Mufti Faraz Adam and it concludes that as a part of the contractual arrangement between employer and employees, Muslim employees can continue to contribute to, and benefit from, the excellent benefits offered by the LGPS.
- 3.2.5 The aim of the Board in commissioning the report was to address possible legal risk for scheme employers, and also to ensure that the LGPS is as inclusive as possible. The Board will now go back to Counsel for her definitive opinion and will consider that advice at the earliest opportunity.
- 3.2.6 The Local Government Association (LGA) published a briefing in anticipation of the second reading of the Economic Activity of Public Bodies (Overseas Matters) bill on 20 February 2024. It reiterated some points and suggested amendments that the LGA would support.

2024/25 employee contribution bands and Pensions in Payment

- 3.2.7 Table 1 below shows employee contribution bands, which will be effective from 1 April 2024. These are calculated by increasing the 2023/24 employee contribution bands by the September CPI figure of 6.7%. Details of the 2024/25 pay award are not yet known, however in 2023/24 the average pay award was significantly lower than the prevailing rate of CPI inflation. As the employee contribution bands are being uplifted by a higher rate than the average pay award there are likely to be more members of staff dropping into a lower band than in previous years. This will reduce the contributions payable to the Fund by members. This will have a small negative impact on the cashflow position of the Fund in the short term; however, higher inflation expectations have been factored into the 2022 valuation therefore it is not a cause for concern in the longer term.

Table 1: Contribution table England and Wales 2024/25

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 £17,600	5.5	2.75
2	£17,601 to £27,600	5.8	2.90
3	£27,601 to £44,900	6.5	3.25
4	£44,901 to £56,800	6.8	3.40
5	£56,801 to £79,700	8.5	4.25
6	£79,701 to £112,900	9.9	4.95
7	£112,901 to £133,100	10.5	5.25
8	£133,101 to £199,700	11.4	5.70
9	£199,701 or more	12.5	6.25

3.2.8 LGPS pensions are adjusted each April in line with the cost of living. The increase is measured by the annual increase in the Consumer Price Index (CPI) to September and is applied to pensions from the following April. The increase that will be applied from 8 April 2024 is 6.7%.

HMRC

3.2.9 On 2 November 2023 His Majesty's Treasury (HMT) confirmed that the lifetime allowance (LTA) will be abolished from 6th April 2024 and published a policy paper on the abolition of the Lifetime Allowance.

3.2.10 HMRC has published its October 2023 public sector pensions remedy letter, Local Government Pension Scheme Guidance for members (5 October 2023) and guidance for administrators (5 October 2023).

3.2.11 HMRC's December Lifetime allowance Guidance newsletter was updated on 8 February 2024.

3.2.12 HMRC's February life-time allowance guidance was updated on 27 February 2024: -

- The maximum lump sum and death benefit allowance is £1,073,100
- The maximum lump sum allowance is £268,275

3.2.13 HMRC published newsletters 155 on 7 February 2024 and 156 on 23 February 2024

3.2.14 The Finance Bill, which abolishes the lifetime allowance, received royal assent on 22 February 2024.

McCloud

3.2.15 On 12 October 2023, DLUHC published its initial prioritisation policy for McCloud which is attached in Appendix 6.

- 3.2.16 Although some transfers are on hold, DLUHC has confirmed that Administering Authorities can continue to pay interfund transfers for members with an underpin using the current actuarial guidance and they will not need to review them when the guidance is updated. However, they must send the receiving authority the information they need to calculate accurate underpins.
- 3.2.17 In the past, whole-time teachers could not be in the Teachers' Pension scheme in respect of a concurrent part-time teaching role and, therefore, it has been designated as "excess service". This group will become eligible for retrospective membership of the LGPS from 1 April 2015 – 31 March 2022 based on their part-time excess service (Appendix 7).
- 3.2.18 The LGA e-mailed administering authorities a spreadsheet for calculating the non-club element of transfers affected by McCloud on 24 February 2024.
- 3.2.19 The LPPA has advised that us that Civica (UPM) will load the red flags, which identify potential underpin cases, in about two weeks. The next stage is to run comparisons for all leavers since 31 March 2014.

Pensions Dashboard

- 3.2.20 The Pensions Administrations Standards Authority (PASA) has issued its Pension Dashboard Connection Ready Guidance and it covers governance, matching, value data, technology and administration.
- 3.2.21 The Financial Reporting Council (FRC) issued a revised Actuarial Standard Technical Memorandum 1 (ASTM1) on 9 February 2024. Although it is designed for money purchase schemes it also covers LGPS additional voluntary contributions (AVCs). The data will be shown on pension dashboards and administering authorities will need to understand the process.
- 3.2.22 The Department of Work and Pensions (DWP) published updated guidance on deferring dashboards connection on 2 February 2024 and it sets out the issues that administering authorities should consider.
- 3.2.23 The digital architecture of pensions dashboards consists of three elements; the identity service, the consent and authorisation service and the pension finder service. The Principal of the Pension Dashboards Programme (PPD) published a blog on how it works on 13 February 2024.

The Pension Regulator (tPR)

- 3.2.24 TPR has updated its cyber security guidance, attached in Appendix 8, to help scheme managers to fulfil their duties. Officers understand that Brent's current cyber security strategy is compliant with the existing codes and they will work in concert with their advisers to ensure they evolve to meet any new requirements when the Single Code of Practice is introduced on 27 March 2024.

3.2.25 TPR published its report into the Capita cyber incident in March 2023 on 2 February 2024.

3.2.26 TPR has reiterated its warnings about pension scams and it has reminded scheme managers to be vigilant.

The Pension Regulator's (tPR) – Single Code

3.2.27 The Single Code consolidates ten of the existing codes and incorporates content from all 15 when it comes into force on 27 March 2024.

3.2.28 The document covers 51 modules in 171 pages and there is no requirement to comply immediately.

3.2.29 It will take Administering Authorities time to digest the code and identify which elements apply to the LGPS.

3.2.30 There are five sections within the code; the Governing Body, Funding and Investment, Administration, Communications and Disclosure and Reporting to tPR

Governance

3.2.31 In the LGPS the scheme manager is identified as the governing body, albeit that the role appears to be a composite of the Board, the Committee and officers.

3.2.32 The code requires effective systems of governance (ESOG) with greater emphasis on documentation of policies and procedures.

3.2.33 The scheme should carry out its own risk assessment (ORA) to identify the main governance risks facing the LGPS and it is good practice to develop business continuity / disaster recovery plans.

3.2.34 The module on cyber controls focuses on reducing the number of incidents and addressing any that may arise. Although this is identified as good practice the code sets out the legal obligations of public sector pension schemes.

3.2.35 The code expects schemes to have procedures and controls governing the selection and management of advisors and service providers that are supported by an effective conflicts of interest policy.

3.2.36 The code extends the requirements for Board and Committee members knowledge and understanding to include investment management and financial risk.

Investment

- 3.2.37 The code includes modules on investment governance, investment monitoring and climate change although they are identified as good practice, as opposed to a requirement, for the LGPS.

Administration

- 3.2.38 The module on administration focuses on planning service delivery, conducting sound financial transactions, data security and maintaining IT systems.

Communications and disclosure

- 3.2.39 These modules set out general principles for scheme communications and observing the disclosure requirements. There is also a strong emphasis on scam prevention.

TPR compliance

- 3.2.40 The single code presents fresh challenges and the LGPS and its advisors are currently reviewing the changes. Professional advisors are developing self-assessment tools to help schemes gauge their compliance and monitor their progress.

Conclusion

- 3.2.41 The LGPS already has high standards of governance and the new code represents evolution rather than revolution.
- 3.2.42 The regulator has made it clear that they do not expect full compliance overnight and Administering Authorities should concentrate on assessing where they are now and charting a course to where they need to .
- 3.2.43 Brent's officers will work with its advisors to ensure that its policies and procedures are compliant with the Single Code of Practice and it will publish reports that explain any changes and seek approval from the Board.

4.0 Stakeholder and ward member consultation and engagement

- 4.1 This is not applicable to this report.

5.0 Financial Considerations

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

6.0 Legal Considerations

- 6.1 There are no specific legal considerations arising from this report.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

- 7.1 There are none directly arising from this report.

8.0 Climate Change and Environmental Considerations

8.1 There are none directly arising from this report.

9.0 Human Resources/Property Considerations

9.1 There are none directly arising from this report.

10.0 Communication Considerations

10.1 None that are applicable to this report.

Report sign off:

Minesh Patel

Corporate Director, Finance and Resources

LGPC Bulletin 244 – November 2023

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

- [SCAPE rate transitional arrangements table updated](#) (England and Wales) - review and implement
- [New unisex added pension factors](#) (Scotland) – review and implement
- [Transitional arrangements updated for non-club transfers-in](#) (Scotland) – review and implement
- [McCloud member factsheet](#) – review and consider using along with the other McCloud remedy communications
- [McCloud technical guide for administrators](#) – use the guide to help implement the McCloud remedy
- [LGPS dashboards connection guide](#) – review and start preparing to connect to dashboards
- [Proposed staging date for public service pension schemes.](#)

which need action by certain stakeholders.

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

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LGPS England & Wales Scheme Advisory Board (SAB)

2022/23 pension fund annual reports

The SAB urges administering authorities to publish their 2022/23 pension fund annual reports based on the best data available to them by no later than the statutory deadline of 1 December 2023.

Ideally, the report should be based on audited data; however, if that is likely to result in a significant delay in publication, the SAB asks authorities to publish draft reports based on unaudited data. Thereafter, they should publish the final version of the report with the external auditor's opinion and, where necessary, revised data.

Please can authorities email their pension fund annual report to the [SAB secretariat](#). It will be used to create the Scheme annual report as well as being held on the directory of pension fund annual reports on the [SAB website](#).

Please do not email your report to Gareth Brown (previously the SAB's Research and Data Analyst). Gareth recently left the LGA.

DLUHC publishes response on investment reforms

On 22 November 2023, the Department for Levelling Up, Housing and Communities (DLUHC) published its [response](#) to the consultation on investment reforms. The response largely adopts the measures the Government originally consulted on. See [bulletin 240](#) for more information.

The Government will now implement proposals to accelerate and expand pooling and increase investment in levelling up and private equity. It will do this by:

- setting out in revised investment strategy statement (ISS) guidance that funds should transfer all assets to their pool by 31 March 2025. Funds should also set out which assets are pooled, under pool management and not pooled and the rationale, value for money and date for review if not pooled
- issuing revised pooling guidance to set out a preferred model of pooling including delegation of manager selection and strategy implementation
- implementing a requirement in guidance for administering authorities to set a training policy for pensions committee members and to report against the policy
- issuing revised guidance on annual reports to include:
 - a standard asset allocation and the proportion of assets pooled
 - a comparison between actual and strategic asset allocation

- net savings from pooling
 - net returns for each asset class against their chosen benchmark.
- making changes to LGPS official statistics to include a standard asset allocation and the proportion of assets pooled and the net savings of pooling
 - amending regulations to require funds to set a plan to invest up to 5 per cent of assets in levelling up the UK and to report annually on progress against the plan
 - issuing revised ISS guidance to require funds to consider investments to meet the Government's ambition of a 10 per cent allocation to private equity.

The SAB secretariat will continue to read and absorb the response. It will publish an update on the [SAB website](#) soon.

Knowledge and Skills survey

Last month the SAB Compliance and Reporting Committee issued a survey for completion by pension committee and local pension board members. See [bulletin 243](#) for more information.

The survey closed on 6 November 2023 and the SAB received 262 responses. The SAB thanks practitioners for their role in sharing and promoting the survey. The responses will be discussed with the Compliance and Reporting Committee's Knowledge and Skills working group when it next meets on 7 December 2023.

LGPS-Live – 6 December

The next LGPS-Live webinar is taking place on 6 December between 3.30pm and 5.00pm. The SAB Secretariat will deliver a SAB update along with a panel discussion on surplus funding levels and employer flexibilities. The panel includes Teresa Clay, Head of Local Government Pensions at DLUHC, actuarial advisors, fund representatives and a legal advisor.

The panel will look at the rules, policy and guidance on employer flexibilities and discuss some of the challenges arising in the context of local government funding pressures. It will also consider the pros and cons of putting in place different investment strategies for different employers.

LGPS-Live is a webinar series focusing on the key issues for administering authorities and pools. Recent topics include McCloud, audit issues, governance issues and the gender pensions gap.

To watch recordings of previous episodes and to register for future ones, visit the [LGPS-Live website](#).

Website

[The SAB's website](#) provides information about its work. Use the links below to find out more about:

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

LGPS England & Wales

New minister for LGPS

[Simon Hoare MP](#) has been appointed Parliamentary Under Secretary of State at DLUHC, with ministerial responsibility for the LGPS.

Simon took over the role on 13 November 2023 as part of the latest government reshuffle and replaces [Lee Rowley MP](#), who has become Minister of State (Housing) at DLUHC.

SCAPE rate change – transitional arrangements table updated

On 14 November 2023, Jayne Wiberg emailed administering authorities confirming we have published a revised version of the transitional arrangements table. The table sets out how to implement the new GAD factors following the SCAPE rate change in March 2023.

The revisions clarify non-club transfers in following queries raised by administering authorities. If an authority received the transfer-in election before 30 March 2023, they should use the old factors, even if the relevant date is after 29 March 2023.

The only exception is if there was a guarantee period from the sending scheme and the member elected after that period. In this case, the transfer process will start again. The member would need to ask for a new guaranteed transfer value from the sending scheme. If they get it, the administering authority would give a new quote using the new factors.

You can access the updated transitional arrangements table on the [actuarial guidance](#) page of www.lgpsregs.org.

Action for administering authorities

Review and implement the latest transitional arrangements table.

LGPS Scotland

New unisex added pension factors

The Scottish Public Pensions Agency (SPPA) has introduced new unisex added pension factors. Craig Finlay, Policy Officer at SPPA, emailed administering authorities on 27 November 2023 letting them know.

These factors apply to new cases from 27 November 2023 and existing cases from 1 April 2024. SPPA issued an updated version of the transitional arrangements with the full implementation instructions.

We have updated the added pension contributions calculator on [the member website](#).

You can access the new factors and the updated transitional arrangements on the [actuarial guidance](#) page of www.scotlgpsregs.org.

Action for administering authorities

Review and implement the new factors.

Transitional arrangements updated for non-club transfers-in

SPPA has updated the transitional arrangements to clarify the position for non-club transfers-in where the administering authority received the election before 30 March 2023.

The authority should use the old factors, even if the relevant date is after 29 March 2023.

The only exception is if there was a guarantee period from the sending scheme and the member elected after that period. In these cases, the transfer process will start again. The member would need to ask for a new guaranteed transfer value from the sending scheme. If they get it, the authority will give the member a new transfer-in quote using the new factors.

You can access the updated transitional arrangements on the [actuarial guidance](#) page of www.scotlgpsregs.org.

Action for administering authorities

Review and implement the updated transitional arrangements table.

DWP

New pensions minister

[Paul Maynard MP](#) is the new pensions minister. Paul joined the Department for Work and Pensions (DWP) as Parliamentary Under Secretary of State on 13 November 2023.

Paul took over the role on 13 November 2023 as part of the latest government reshuffle and replaces [Laura Trott MP](#), who has become Chief Secretary to the Treasury.

HMRC

Annual and lifetime allowance event report data 2022/23

On 20 October 2022, we forwarded an email from HM Revenue and Customs (HMRC) to all administering authorities.

The email confirms that HMRC will accept the annual allowance event report data for 2022/23 on an excel spreadsheet, rather than through the event report. You must submit this data by 31 January 2024.

HMRC has not yet updated the event report to include lifetime allowance protections that members applied for online. You can also submit these details to HMRC on a password-protected spreadsheet. You must submit this by 31 January 2024.

Further information about providing the data was included in the email.

If you choose to supply information to HMRC in this way, this is at your own risk.

Action for administering authorities

Review the email and follow the instructions when submitting the annual and lifetime allowance event report data for 2022/23.

HMT

HMT confirms LTA abolition next April

HM Treasury (HMT) announced in the [Autumn Statement](#) on 22 November 2023 that it will legislate in the Finance Bill 2023 to fully abolish the lifetime allowance (LTA) from 6 April 2024.

On the same day, it also published [a policy paper](#) explaining:

- how lump sums and lump sum death benefits will be taxed without the LTA
- what will happen to people with LTA protections, lump sum protections or LTA enhancement factors
- the function of benefit crystallisation events
- the tax treatment of transfers to qualifying recognised overseas pension schemes
- the transitional arrangements
- the reporting requirements.

On 29 November 2023, HMT published the [draft Finance Bill 2023](#).

McCloud

Factsheet for members

On 6 November 2023, Rachel Abbey emailed administering authorities letting them know we have published a McCloud factsheet for members.

About the factsheet:

- it is designed to be issued as a 'hard copy' so authorities can give it to members at in-person member events or post it to those members who have opted out of digital communications
- if authorities want to make a pdf version available online, they will need to take steps to make sure it meets the [public sector website accessibility standards](#)
- it is published in Word so authorities can add their own contact details or other 'local' information
- we have published a 4-page and a 5-page version so authorities can choose the version that best suits their needs. This may depend on how much 'local' information that they want to add about events they have arranged or resources they have produced.

You can find the factsheets on the:

- [Administrator guides and documents \(England and Wales\)](#) page
- [Administrator guides and documents \(Scotland\)](#) page.

You can use the ‘filter’ tool on the right hand side of the page to find all documents related to McCloud or any other subject.

We produced the factsheet with the Communications Working Group and thank them for their hard work.

Action for administering authorities

Consider using the McCloud factsheet with your McCloud remedy communications.

McCloud technical guide for administrators

On 15 November 2023, Steven Moseley emailed administering authorities letting them know we have published the first instalment of our McCloud technical guide for administrators.

The guide explains how the underpin protection works in the LGPS after the changes made because of the McCloud case.

We are releasing the guide in instalments due to the breadth and complexity of the McCloud remedy project and because we are still waiting for guidance in some areas. The first instalment includes an overview, which pension accounts qualify for underpin protection, as well as how you perform provisional and final underpin calculations. Sections 6 and 7 are not included in the first instalment – these cover ‘other types of calculations’ and ‘revisiting past calculations’. We aim to publish these in early 2024.

You can find the guide on the:

- [Administrator guides and documents \(England and Wales\)](#) page
- [Administrator guides and documents \(Scotland\)](#) page.

Action for administering authorities

Use the McCloud technical guide to help you implement the McCloud remedy.

McCloud webinars for administrators

We are running free McCloud Zoom webinars for pension administrators in December 2023. The webinars will last up to two hours and will be held on:

- Thursday 7 December 11.00am, and
- Wednesday 20 December 11.00am.

The webinars will provide you with an opportunity to ask us any questions you have about the McCloud technical guide or the McCloud remedy more generally. Your questions will feed into the next version of the guide – where there may be gaps and where further explanation is needed.

We will do our best to answer questions put to us on the day, but we will give priority to questions submitted before the event.

Places are restricted to 150 per webinar and five per organisation. You should only need to attend one of the sessions.

The webinar on 7 December is now fully booked. Places are still available for the webinar on 20 December 2023.

Use the link below to book your place:

- [book McCloud webinar 20 December 2023](#).

If you would like to ask a question:

- send it to query.lgps@local.gov.uk
- use 'McCloud webinar question' as the subject of your email
- let us know in your email which date you are attending – 7 or 20 December.

We plan to run further similar events in 2024 when new guidance is published and we update the technical guide.

Teachers' excess service – TPS communications in England and Wales

The Teachers' Pension Scheme (TPS) has issued further communications to employers in England and Wales about the McCloud remedy for teachers with excess service. The [November 2023 TPS employer bulletin](#) includes a link to the updated [Transitional Protection and members with LGPS linked excess service](#) page of their website.

You can read more about how the McCloud remedy will operate for this group in [Bulletin 229](#).

Pensions dashboards ('dashboards')

FRC consults on revising AS TM1

On 3 November 2023 the Financial Reporting Council (FRC) published a [consultation to revise Actuarial Standard Technical Memorandum](#) (AS TM1) to update the accumulation rate assumptions used within the guidance. The consultation closes on 4 December 2023.

AS TM1 is used in the calculation of statutory money purchase illustrations (SMPIs). These are the pension illustrations used by LGPS AVC providers to project AVC estimated retirement income. It is the value data stated in SMPIs that will be used to display on dashboards.

Administering authorities will need to understand AVC value data during their implementation of dashboards and once dashboards go live. More information can be found in the [LGPS Pensions Dashboards connection guide](#).

ISP & Member Data Services - National LGPS Framework update

The National LGPS Frameworks has implemented a variation to the existing framework for Pensions Administration Software to include integrated service providers (ISP) services. Users who have appointed their software provider via this framework, or plan to use it before it expires in April 2025, are able to make use of the variation to incorporate ISP services within their contract.

It is also working with some authorities on a new framework for ISP and Member Data Services. This framework will include lots for ISP, address tracing, mortality screening, bank account verification and data quality reporting / dashboard readiness. It is due to launch in the first quarter of 2024.

Please email [Leon Thorpe](#), Head of Operational Services and Support at National LGPS Frameworks, if you would like to find out more.

LGPS Pensions Dashboards connection guide

On 6 November 2023, Jayne Wiberg emailed administering authorities letting them know we have published our draft LGPS Pensions Dashboards connection guide.

We will publish a final version of the guide when the Money and Pensions Service (MaPS) issues guidance on the staged timetable for connection and we have undertaken a final internal review.

The guide sets out the steps administering authorities need to take to connect to the dashboards ecosystem. It includes actions for authorities to take, decisions for them

to make, statutory timings and our recommendations on timings that are not prescribed. These are detailed throughout the guide and summarised in a 'Preparing to connect checklist'. The non-prescribed timings will be revised when MaPS issue guidance on the staged timetable for connection.

At its meeting of 29 September 2023, the National LGPS Technical Group [agreed to establish a sub-group to look at AVCs and dashboards](#). The sub-group will work with all ten LGPS AVC providers to establish common approaches on matching and providing value data. Further guidance will be published in due course.

The guide can be found in the:

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

Action for administering authorities

Review the LGPS Pensions Dashboards connection guide and start preparing to implement dashboards.

PDP latest news

On 1 November 2023, PDP published its [November newsletter](#).

The newsletter includes information (including a link to register) about an upcoming webinar on 'Understanding the architecture and find and view data', which takes place on 13 December 2023.

The newsletter also includes links to:

- PDP's eighth progress update report
- common questions on dashboards
- the Pensions Regulator's blog on preparing for dashboards.

PDP understanding the architecture and find and view webinar

PDP will be hosting an [open webinar](#) on 13 December 2023 between 3.00pm and 4.00pm. PDP's Principal, Chris Curry will present alongside others from the programme to discuss the architecture and find and view data.

Proposed staging date for public service pension schemes

On 28 November 2023, Jayne Wiberg emailed administering authorities letting them know the proposed staged connection date for public service pension schemes. This is not yet official government policy so can only be shared informally. The email also confirmed that Money and Pensions Service (MaPS) plan to publish the staged timetable for connection in Spring 2024.

If you did not receive this email and believe you should have, please contact jayne.wiberg@local.gov.uk.

Action for administering authorities

Start preparing to connect to dashboards by the proposed staging date.

TPO

Court of Appeal rule TPO is not a competent court

The Court of Appeal has ruled in the case of [The Pensions Ombudsman v CMG Pension Trustees Limited & Anor](#) the Pensions Ombudsman (TPO) is not a 'competent court' for the purposes of enforcing a dispute regarding a monetary obligation under section 91(6) of the Pensions Act 1995.

This could affect how overpayments are recouped and monetary obligations due to misconduct are recovered from pension benefits when there is a disagreement over the amount. A TPO decision that allows recoupment / recovery may not be enough for enforcement; an order from a county court or another competent court may be needed.

TPO is currently reviewing its position and will [provide an update shortly](#).

TPR

Governance and administration Survey 2022-23 results

TPR published the [results of its survey on governance and administration practices among public service pension schemes](#) on 27 November 2023.

The survey was carried out online from January to March 2023 and received responses from 191 of 204 public service pension schemes.

The survey covered topics such as risk management, annual benefits statements, breaches of the law and dashboards. It also asked LGPS administering authorities about actions in relation to climate related risks and opportunities.

Other news and updates

Toni Durrant joins the LGA pensions team

Toni Durrant joined the team as an LGPS training and development adviser on 27 November 2023. Toni previously worked at East Riding pension fund as a senior pensions officer. She is also an experienced qualified teacher. She will be working alongside Lisa and Karl providing training and developing the LGPS level three qualification.

Communications Working Group minutes published

We have published the minutes of the Communications Working Group meeting held on 12 October 2023. At the meeting the group discussed:

- member websites – accessibility audit, news section and new McCloud section
- McCloud resources produced by the group and the LGA
- member engagement and videos to increase understanding
- strategies for dealing with aggressive customers.

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

- [Communications Working Group \(England and Wales\)](#) page, and
- [Communications Working Group \(Scotland\)](#) page.

Training

2024 LGPS Governance Conference

Booking is still open for the LGPS Governance Conference 2024.

The conference will take place on 18 and 19 January 2024 at the Principal Hotel in York. You can attend the conference in person or join us online.

The conference is aimed at councillors and others who attend pension committees/panels and local pension boards. Past delegates include trade union and employer representatives as well as officers who attend and support committees.

We have almost sold out of in person places. For future bookings, accommodation may be in the nearby Hampton by Hilton York (Toft Green) which is a less than ten minute walk from the main conference venue.

The deadline for booking an in person place is 20 December if the event does not sell out before this date. The deadline for cancelling an in person place is 18 December.

You can book to attend virtually up to 11 January 2024.

Cost

In person - £525 plus VAT. The price is inclusive of overnight accommodation and all meals.

Online - £400 plus VAT.

You can book and view the programme using the links below.

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

Alternatively, you can view the programme and book via the [conference flyer](#). The booking page for all LGA events is www.local.gov.uk/events.

2024 training programme

We are pleased to announce we have set our [2024 training programme](#).

We will be running a busy schedule of online and in-person courses for both practitioners and employers.

The courses with confirmed dates will be open for booking on the [LGA events page](#) from mid-December 2023. We will send an email to administering authorities when booking opens.

Focus group minutes

The [minutes of the Training focus group held on 20 July 2023](#) accompany this bulletin. Topics discussed included:

- progress on the LGPS qualification and apprenticeship
- qualification survey and working group.

The next meeting is on 17 January 2024.

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 section

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.

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Further information

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LGPC Bulletin 245 – December 2023

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

- [Annual report 2022/23](#) (England and Wales) - reminder to send the 2022/23 annual report to the SAB secretariat
- [SAB levy 2023/24](#) (England and Wales) - send invoice information to the SAB Secretariat
- [Teachers' excess service – TPS communications](#) (England and Wales) - if you did not receive the email or if you would like to change the named contact, please email Rachel Abbey
- [Tell Us Once \(TUO\)](#) – housekeeping and compliance duties
- [Training programme 2024](#) (England and Wales) - share information about the employer role training with Scheme employers

which need action by certain stakeholders.

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

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LGPS England & Wales Scheme Advisory Board (SAB)

Annual report 2022/23 – reminder to send to SAB secretariat

Administering authorities are reminded to send a copy of their final (audited) or draft (unaudited) annual report for 2022/23 to the [SAB secretariat](#) if they have not already done so.

The SAB secretariat thanks authorities who have already sent their reports. There are just 14 authorities who have not yet done so, and whose report the secretariat has not found on the authority's website.

If your authority is not able to publish their report at this time, please let the SAB secretariat know.

Action for administering authorities

If you have not already done so, send your 2022/23 annual report to the SAB secretariat.

Levy 2023/24 – request for invoice information

On 17 November 2023, the SAB secretariat emailed administering authorities in England and Wales to request information it needs to issue invoices for the 2023/24 statutory SAB levy. A reminder was also sent this week.

Please submit this information by 22 December 2023 using the Microsoft Form link sent in the email. This will help with collating the data for invoicing efficiently.

The SAB secretariat uses the levy to fund the Board and committee workstreams.

If you have any questions, please email the [SAB secretariat](#).

Action for administering authorities

Provide your invoicing information to the SAB secretariat by 22 December 2023.

SAB issues statement on surpluses

The Board issued a [statement on surpluses](#) on 20 December 2023.

The statement was drafted with the input from members of the working group on surpluses. The Board is grateful for their time and support.

SAB commissions report on the LGPS and Sharia law

In 2022, the Board received [legal advice from Lydia Seymour](#) (Counsel) on members opting out of the LGPS on the basis of their (principally Islamic) religious belief, and whether this might constitute unlawful discrimination. In order to give a definitive opinion, Counsel advised that she needed to understand better the basis of those beliefs and the extent to which they would be broadly shared across the Muslim community.

The Board commissioned [Mufti Faraz Adam](#) of Amanah Associates, an Islamic finance expert, to produce a report on Sharia law and the LGPS. The aim being to address any possible legal risk for scheme employers and to ensure the scheme is as inclusive as possible. The Board secretariat recently received the report and thanks Mufti Faraz Adam for providing a comprehensive and considered opinion.

The Board will now go back to Counsel for a follow-up opinion and will consider this advice alongside the full report, which is to be published in the new year.

Review of 2023

The SAB secretariat team has had another busy year and thanks the Board, committees and workstream volunteers for their time and valuable input.

The workplans for the three committees have grown and evolved over the year, with each committee reporting progress on their various workplan topics.

Some of the highlights were:

- the cross-pool workstream considering what can be done on climate risk reporting
- establishing working groups to tackle the gender pensions gap and the impact of fund surpluses
- commissioning a report into Sharia law and the LGPS
- volunteers sharing their views on the future of the SAB Code of Transparency compliance system in country-wide roadshows
- many volunteers helping to shape the Board's response to the Government's investment consultation.

The Compliance and Reporting Committee (CRC) made progress in its five workstreams. It is on track to issue new annual report guidance and produce a factsheet to help with the audit process in early 2024. Next, the CRC will work with DLUHC to implement the good governance recommendations, consider what is needed to help administering authorities meet the knowledge and skill requirements for pensions committee and board members and refresh the current funding strategy statement guidance. 2024 is set to be another busy year for the Board!

2023 SAB survey respondents

The Board thanks all fund officers, pool representatives, pension committee members and pension board members who have responded to surveys this year.

The Board ran surveys on knowledge and skills in the LGPS and on climate risk reporting readiness.

The Board remains committed to providing a comprehensive service to administering authorities and the survey responses have proved highly informative and useful.

Website

The [SAB's website](#) provides information about its work. Use the links below to find out more about:

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

LGPS England and Wales

Teachers' excess service – TPS communications

The Teachers' Pension Scheme (TPS) contacted administering authorities in England and Wales about teachers with excess service in early December 2023.

TPS used contact email addresses that were provided to them some months ago.

Action for administering authorities

If you did not receive the email or if you would like to change the named contact at your administering authority for the excess teacher service project, please email rachel.abbey@local.gov.uk with your chosen contact details.

The December email confirms that the TPS will be contacting employers between January and July 2024. This will be done by region:

Month	Region
January 2024	South West
February 2024	London
March 2024	South East

Month	Region
April 2024	East of England
May 2024	West Midlands and Wales
June 2024	Yorkshire, the Humber and East Midlands
July 2024	North West and North East

TPS will let each administering authority know which employers have been contacted. It is important to check that every employer has been assigned to the correct administering authority.

TPS has also published a webpage that sets out the [process for managing excess service](#).

LGPS Scotland

Scheme Advisory Board meeting of 6 September 2023

The Scheme Advisory Board (SAB) published [the minutes of its meeting of 6 September 2023](#).

At the meeting, the Board received a presentation from GAD on the 2020 cost control valuation and an update from the Scottish Public Pensions Agency.

SAB November 2023 bulletin

The SAB has published its [November 2023 bulletin](#). It provides a summary of its meeting held on 29 November 2023. The meeting covered:

- GAD report on membership data
- Economic Activity of Public Bodies (Overseas Matters) Bill
- investment changes in LGPS England and Wales
- the Scottish Government's plans to revise the exit credit rules
- SAB member training
- survey on good governance standards
- cost cap working group
- fee transparency system.

HMRC

Lifetime allowance guidance newsletter – December 2023

HMRC has published the [Lifetime allowance guidance newsletter – December 2023](#).

The Government is legislating through the [Finance Bill 2023/24](#) to fully abolish the lifetime allowance from 6 April 2024 and put in place new rules to determine the tax treatment of pension lump sums.

The newsletter gives information to support pension schemes to understand the changes. It covers:

- the changes to certain lump sums
- the impact on lifetime allowance protections
- changes to reporting and disclosure
- the transitional arrangements.

HMRC wants to help pension schemes get ready for the changes and is keen to hear from them. The newsletter invites schemes to share their views on what topics they would like to see covered in future communications and whether they would find it useful to have more working groups to discuss the detail.

We are working with Aon to produce guidance for administering authorities on the changes. This will include a template declaration form.

Newsletter 154

HMRC published [Pension schemes newsletter 154](#) on 30 November 2023. It covers:

- the Government's plan to fully abolish the lifetime allowance (LTA) from 6 April 2024.
- a request for schemes to remind members who have exceeded the annual allowance for tax year 2022/23 and do not have sufficient unused annual allowance to declare this on their self-assessment tax return, even if the scheme is going to pay the tax charge
- how to pay pension scheme charges when the scheme does not have a specific charge reference to make payment against.

Pensions dashboards

Blog on recent queries

On 30 November 2023, the Pensions Dashboards Programme (PDP) published a [blog covering the following recent queries they have received](#):

- When do PDP expect to publish dashboard standards?
- What are the different types of testing?
- When will the dashboards available point be?

PASA dashboard guidance

The Pensions Administrations Standards Association (PASA) has published [Pensions Dashboards Connection Ready Guidance](#) and a [‘Call to Action’](#).

The Connection Ready Guidance explains what being ‘connection ready’ means and what a typical scheme plan could look like. It covers five main areas: governance, matching, value data, technology and administration. For each area, it describes the key activities, how to do them, why they matter and how to show that they have been done.

The Call to Action lists the top five actions that schemes need to take now to prepare for dashboards.

PASA will release further supporting materials in the next few months, such as practical tips for certain connection ready activities, checklist of key actions and outlines of connection ready decisions.

TPO

Annual report 2022/23

The Pensions Ombudsman (TPO) has published [its annual report and accounts for 2022/23](#).

The report includes statistics on TPO’s caseload and performance for the year.

Response to Court of Appeal ruling

TPO has [expressed its disappointment about the recent Court of Appeal ruling](#) that it is not a competent court for enforcing a dispute about a monetary obligation under section 91(6) of the Pensions Act 1995. You can read more about the case in [Bulletin 244](#).

The ruling means that a TPO decision to allow recoupment / recovery from a pension is not enough to enforce it. The scheme also needs an order from a County Court.

The Department for Work and Pensions is supporting legislative changes to formally empower TPO to bring these disputes to an end without needing a County Court Order.

In the meantime, TPO has been working with stakeholders across the sector to review the management of such disputes to minimise the additional time and cost that has been added to the process. It has also published [a recovery in](#)

[overpayment cases factsheet](#) to provide guidance to help schemes manage these disputes.

TPR

Cyber security guidance

The Pensions Regulator (TPR) has revised its [cyber security guidance](#).

The guidance helps trustees and pension scheme managers meet their duties to assess the risk, ensure controls are in place, and respond to incidents.

For the first time, the guidance asks pension schemes to report any significant cyber-related incidents to TPR on a voluntary basis as soon as is reasonably practicable. This will help TPR build a better picture of the cyber risk facing the industry and its members.

Other news and updates

Daniella Howell joins the LGA pensions team

Daniella Howell joined the pensions team on 18 December 2023 as a programme support officer. She will be providing administrative support to the team.

National LGPS Frameworks – December 2023 Bulletin

The National LGPS Frameworks has published its [December 2023 Bulletin](#). The bulletin:

- gives an update on two new frameworks launching in 2024 for integrated service providers (ISP) and member data services, and for additional voluntary contribution services
- confirms the procurement process will start in 2024 to replace the existing frameworks for pension administration software and actuarial, benefits and governance consultancy services (both of which expire in 2025)
- confirms the existing framework for administration software has been updated to include ISP provision
- invites administering authorities and LGPS pools to volunteer as founders for future frameworks
- requests feedback on the need for a transition management framework (the previous one closed in 2022)
- gives an update on their plans to launch a new website in the first quarter of 2024.

For more information, visit [the National LGPS Frameworks website](#).

Technical Group minutes

We have published the minutes of the National LGPS Technical Group meeting on 8 December 2023.

The meeting covered:

- updates from the Department for Levelling Up, Housing and Communities, Scottish Public Pensions Agency and the Scheme Advisory Board (England and Wales)
- a presentation on dashboards by representatives from the Pensions Regulator and the Pensions Dashboards Programme
- dashboards, McCloud and transfers out.

You can read the minutes on the:

- [Technical Group minutes](#) page of www.lgpsregs.org
- [Technical Group minutes](#) page of www.scotlgpsregs.org.

Tell Us Once (TUO) – housekeeping and compliance duties

Your authority will have nominated certain employees to access Tell Us Once death notifications. They access notifications via their Employee Authentication Service (EAS) account. It is important these accounts are kept up to date and compliant.

DWP Security and EAS System Owners require that all EAS accounts are compliant in the areas listed below - this is in line with Cabinet Office mandated guidance, to enable continued access to the system.

- **address** – first line of the users' address and postcode needs to be verified and recorded
- **baseline personnel security standards dates** – you should ensure dates are verified and evidence retained. If your authority is ever chosen for an audit, auditors will ask to see evidence / justification for all four dates on each EAS account:
 - **identity** – the date your HR department completed the identity check
 - **nationality/immigration** – the date your HR department completed the nationality/immigration checks
 - **employment** – the date your HR department completed the employment history check
 - **criminal record** – the date security checks were carried out, date on the certificate of a DBS (basic check) or Disclosure Scotland

- **roles and responsibilities** – these need to meet the business requirements of the end users
- **EAS admin roles** – minimum requirement of two organisational administrators where possible.

Thank you for your continued help and support.

If you have any questions, please contact your TUO Relationship Manager:
emma.moralee2@dpw.gov.uk / tellusonce.relationshipmanagement@dpw.gov.uk.

Action for administering authorities

Ensure your employees' EAS accounts are compliant.

Training

2024 LGPS Governance Conference

Booking is still open to attend the LGPS Governance Conference 2024 virtually.

The conference will take place on 18 and 19 January 2024 at the Principal Hotel in York.

The conference is aimed at councillors and others who attend pension committees/panels and local pension boards. Past delegates include trade union and employer representatives as well as officers who attend and support committees.

We have sold out of in person places. You can still book to attend virtually up to 11 January 2024. The cost for online attendance is £400 plus VAT.

You can book and view the programme using the link below.

- [book to attend virtually](#).

Alternatively, you can view the programme and book via the [conference flyer](#). The booking page for all LGA events is www.local.gov.uk/events.

Training programme 2024

All 2024 training events are available to book via the [LGA events website](#). The link for each course contains the course programme, pricing and booking link.

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

If you are unable to book a place on a course, or would like more than five places, 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. We will keep a waiting list and will consider running additional training if the demand is high enough.

Transfer training (England and Wales)

- [10 April 2024 – online](#) (fully booked)
- [17 April 2024 – online](#) (fully booked)
- [23 April 2024 – London](#)
- [1 May 2024 – online](#) (fully booked)
- [15 May 2024 – online](#) (fully booked)

Aggregation training (England and Wales)

- [4 June 2024 – online](#) (fully booked)
- [18 June 2024 – London](#)
- [2 July 2024 – online](#) (fully booked)
- [18 July 2024 – online](#)
- [1 August 2024 – online](#)

Survivor benefits training (England and Wales)

- [16 October 2024 – online](#) (fully booked)
- [23 October 2024 – online](#) (fully booked)
- [30 October 2024 – London](#)
- [6 November 2024 – online](#)
- [13 November 2024 – online](#)

Employer role training (England and Wales)

- [16 April 2024 – online](#)
- [22 April 2024 – online](#)
- [2 May 2024 – online](#)
- [14 May 2024 – online](#)
- [13 August 2024 – London](#)
- [29 August 2024 – online](#)
- [1 October 2024 – online](#)
- [7 November – online](#)
- [6 December – online](#)

Insight (England and Wales)

- [19 – 23 February 2024 – online](#)

- [20 – 23 May 2024 – York residential](#)
- [22 – 26 July 2024 – online](#)
- [23 – 26 September 2024 – Bournemouth residential](#)

Action for administering authorities

Share information about the employer role training with your Scheme employers.

Legislation

Statutory instruments

[The Pensions Dashboards \(Prohibition of Indemnification\) Act 2023 \(Commencement\) Regulations 2023](#) [SI 2023/1414]

Northern Ireland statutory rules

[The Pensions Dashboards \(No. 2\) Regulations \(Northern Ireland\) 2023](#) [SR 2023/209]

Useful links

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

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

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

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LGPC Bulletin 246 – January 2024

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

- [report on the LGPS and Sharia law](#)
- [the TPR General Code](#)
- [2024/25 contribution bands \(England and Wales\)](#)
- [GAD guidance updated for McCloud \(England and Wales\)](#)
- [annual revaluation and pensions increase for April 2024 confirmed](#)
- [our 2024 training programme](#)

which need action by certain stakeholders. If you have any comments or articles for future bulletins, please contact query.lgps@local.gov.uk.

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LGPS England & Wales Scheme Advisory Board (SAB)

Board Chair and Secretary meet with Minister Simon Hoare MP

On Tuesday 16 January 2024, the Chair of the Board, Cllr Roger Phillips, and the Board Secretary, Jo Donnelly, met the minister for local government, Simon Hoare MP, in person. They discussed McCloud, the Government's response to the [next steps on investments consultation](#), and Government progress on the Good Governance recommendations and the climate risk reporting consultation response.

SAB commissioned report on the LGPS and Sharia law

We let you know in [Bulletin 245](#) that the Board had received a [report on the Sharia compliance of the LGPS](#) from an Islamic finance expert, [Mufti Faraz Adam](#). The report examines the issue from the starting point that the LGPS is an extension of the employer/employee contract. The report concludes that as a part of the contractual arrangement between employer and employees, Muslim employees can continue to contribute to, and benefit from, the excellent benefits offered by the LGPS.

The Board would like to thank Mufti Faraz Adam for providing such a comprehensive and considered opinion.

In publishing this report, the Board makes no claim of expertise on the matter of Sharia law and wishes to be clear that this report represents the views of the author and not the Board. You can find more information on the news article dated 23 January 2024 on the [News page of the SAB website](#).

SAB website

[The SAB's website](#) provides information about its work. Use the links below to find out more about:

- [a summary of the last Board meeting](#)
- [latest news](#)
- [SAB meeting and agenda papers](#)
- [committee meetings and agenda papers](#)
- [Responsible Investment Advisory Group meetings and agenda papers](#).

Your LGPS contacts – stay connected

The SAB secretariat uses the Your LGPS Contacts database to keep practitioners informed about its workstreams. Unfortunately, it often gets a high number of undeliverable messages. The Secretariat asks all administering authorities to review their political and finance contacts as soon as possible.

Administering authorities are responsible for maintaining their contacts details on '[Your LGPS Contacts](#)'. Authorities should regularly review their details so they remain accurate and up to date.

Action for administering authorities

Review and update the information on '[Your LGPS contacts](#)'.

LGPS England & Wales

2024/25 employee contribution bands

Table 1 sets out the employee contribution bands effective from 1 April 2024. These are calculated by increasing the 2023/24 employee contribution bands by the September 2023 CPI figure of 6.7 percent and then rounding down the result to the nearest £100.

Table 1: Employee contribution bands England and Wales 2024/25

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 £17,600	5.50%	2.75%
2	£17,601 to £27,600	5.80%	2.90%
3	£27,601 to £44,900	6.50%	3.25%
4	£44,901 to £56,800	6.80%	3.40%
5	£56,801 to £79,700	8.50%	4.25%
6	£79,701 to £112,900	9.90%	4.95%
7	£112,901 to £133,100	10.50%	5.25%
8	£133,101 to £199,700	11.40%	5.70%
9	£199,701 or more	12.50%	6.25%

Action for administering authorities

Share the table with your Scheme employers as soon as possible so they can make the changes needed to payroll systems.

Review and update your member communications before 1 April 2024.

New GAD guidance

On 25 January 2024, DLUHC issued new LGPS actuarial guidance. The guidance does not contain any new factors, but does provide additional information about how the McCloud remedy will affect certain calculations. You can find the following documents on the [Actuarial Guidance page](#) of www.lgpsregs.org:

- Early payment of pension guidance
- Late Retirement guidance
- Individual Incoming & Outgoing Transfers guidance
- Interfund transfers – addendum.

The new guidance comes into force immediately.

Interfund addendum

In October 2024, DLUHC confirmed that interfund transfer payments in respect of members protected by the McCloud remedy could continue based on the methodology set out in the Individual Incoming & Outgoing Transfers guidance dated 8 April 2020. The Interfund guidance addendum published on 25 January 2024 confirms that this arrangement can continue for a further two months until 24 March 2024.

DLUHC understands that updates to administration systems because of the new actuarial guidance will not happen immediately. These transitional arrangements aim to prevent administering authorities from building up a backlog of interfund cases while systems are updated and checked.

Update on transfers

Certain cases have been on hold since the LGPS regulations were amended to implement the McCloud remedy from 1 October 2023. The publication of the Individual Incoming & Outgoing Transfers guidance means that administering authorities have the information they need to process:

- transfers in on Club and non-Club terms
- transfers out of deferred benefits on Club and non-Club terms.

Administering authorities should check whether they have any non-Club transfers out:

- in respect of a deferred member protected by the McCloud remedy
- where the guarantee date was before 1 October 2023
- the member elected to transfer within the guarantee period
- the transfer payment has not yet been made.

In these cases, administering authorities may wish to check for any top up payment related to the McCloud remedy before making the payment. If they make a top up payment at the same time that the transfer value is paid, no interest will be payable, as long as the payment is made within six months of the guarantee date.

We understand that conversations with software suppliers about system updates to reflect the new calculations are ongoing. Administering authorities may wish to consider running manual calculations in urgent cases to ensure any statutory deadlines are met.

We are currently investigating the possibility of producing a spreadsheet administering authorities can use to calculate the McCloud element of non-Club transfer values. We will provide an update in the coming weeks.

Action for administering authorities

Review the new guidance and amend your processes accordingly. Discuss the changes with your pensions administration software supplier.

Deferred refunds

There are outstanding queries concerning transfers out of deferred refunds. It is not clear whether the McCloud remedy applies to any or all members who hold a deferred refund in the LGPS, nor whether they would gain or retain protection on transfer to a different public service pension scheme. We recommend the following:

- Club transfers of deferred refunds: remain on hold
- non-Club transfers of deferred refunds: check whether the cash transfer sum would increase because of remedy protection. If it would not, the transfer can continue. If it would increase, we recommend that the case remains on hold.

We will continue to discuss this and other outstanding important issues with DLUHC. We will provide updates as soon as we can.

Divorce cases

Administering authorities can now proceed with divorce quote cases for members protected by the McCloud remedy. In the coming weeks, DLUHC will be issuing new actuarial guidance on divorce debits and credits which will be needed to process a pension sharing order for a member protected by the remedy.

The York and North Yorkshire Combined Authority Order 2023

[The York and North Yorkshire Combined Authority Order 2023](#) creates the new combined authority. It also provides for the election of a Mayor and the conferral of functions of local authorities and other public authorities on the Combined Authority.

This includes the functions of the Police and Crime Commissioner and the Fire and Rescue Authority for the combined area.

From 20 December 2023, the Order modifies regulation 64 of the LGPS Regulations 2013. This means that if the exiting employer is the Police and Crime Commissioner or the Fire and Rescue authority for the combined area, there will be no liability to pay an exit credit or debit.

The Order also amends Part 2 of Schedule 3 of the LGPS Regulations 2013. This assigns North Yorkshire Council as the LGPS administering authority for employees of the Combined Authority.

We will update the timeline regulations shortly.

HMRC

Pension schemes newsletter 155

HMRC published [Pension schemes newsletter 155](#) on 25 January 2024. The newsletter included several updates about the abolition of the Lifetime allowance (LTA):

- where further legislative changes will or may be needed to implement the policy
- answers to frequently asked questions – these will also be covered in more detail in future HMRC newsletters and workshops
- HMRC working groups to be held in February 2024:
 - Thursday 8 February 2024: Transitional arrangements
 - Wednesday 14 February 2024: Reporting arrangements

If you attended working groups in Autumn 2023, HMRC will invite you to join these working groups. If you would like to join either meeting, email policypensions@hmrc.gov.uk, and use 'LTA working group' as the subject of your message.

- plans for future communications.

The newsletter also includes articles on:

- the change in Scottish Income Tax rates for 2024/25
- the information HMRC will need to change national insurance records for retained firefighters affected by the Matthews case

- what to do if you have not logged into your Business Tax Account in the last three years and have lost access to the Pension Schemes Online service and the Managing pension schemes service
- the Managing pension schemes service will be offline from 5pm on 16 February 2024 to 9am on 22 February 2024 for routine updates. This is after the 14 February 2024 deadline for filing the Accounting for Tax return for the quarter ending 31 December 2023
- a delay to the introduction of the function to submit a pension scheme return on the Managing pension schemes service. This was planned for April 2024. You can continue to use the Pension Schemes Online service to submit a scheme return. HMRC will publish further guidance when the new process is introduced
- migrating from the Pension Schemes Online service to Managing pension schemes service.

Lifetime allowance newsletter updated

We let you know in [Bulletin 245](#) that HMRC had published the [Lifetime allowance guidance newsletter – December 2023](#). HMRC made two minor changes to that newsletter in January 2024. The changes concern when a pension commencement excess lump sum will be paid and the contact email address for any comments on the newsletter.

Consultation on annual allowance changes

HMRC has launched on [consultation on changes to the annual allowance for unfunded public service pension schemes](#). HMRC is consulting on changes set out in the draft Finance Act 2004 (Registered Pension Schemes and Annual Allowance Charge) Order 2024. The purpose is to allow legacy and reformed scheme benefits to be combined when working out a member's pension input amount for annual allowance purposes, where they relate to the same employment.

The consultation closes on 26 February 2024.

HMT

Confirmation of annual revaluation, earnings and pensions increase

On 25 January 2024, [HM Treasury \(HMT\) published a written ministerial statement](#) confirming the rates of annual revaluation, earnings and pensions increase due to apply from April 2024. The statement confirms:

- public service pensions will increase on 8 April 2024 by 6.7%, in line with the Consumer Prices Index for the year up to September 2023

- revaluation of 6.7% plus any local addition will be used in April 2024 to revalue CARE accounts in public service pension schemes that use prices as the measure of revaluation
- revaluation of 7.7% will be used in April 2024 to revalue the CARE accounts in public service pension schemes that use earnings as the measure of revaluation.

The following rates will apply when revaluing earned pension credited from a Club transfer:

- Police 7.95%
- Firefighters 7.7%
- Civil service 6.7%
- National Health Service 8.2%
- Teachers 8.3%
- Armed forces 7.7%
- Judicial 6.7%.

The Government will legislate for these changes in the coming weeks. We will publish the relevant Statutory Instruments when they become available on the:

- [Related legislation \(England and Wales\)](#) page of www.lgpsregs.org
- [Related legislation \(Scotland\)](#) page of www.scotlgpsregs.org.

Pensions Increase multiplier tables

HMT published the 2024 Pensions Increase multiplier tables and a covering letter. You can find these on the:

- [Related legislation \(England and Wales\)](#) page of www.lgpsregs.org
- [Related legislation \(Scotland\)](#) page of www.scotlgpsregs.org.

Pensions dashboards

Latest from the Pensions Dashboards Programme (PDP)

- [PDP January newsletter](#): covering Chris Curry's blog looking back at 2023 and a recording of the December PDP webinar on understanding dashboards architecture and find and view data.
- [PDP FAQs newsletters](#): The FAQs newsletters help to answer the most frequently asked questions about pensions dashboards. The January edition features FAQs about the central digital architecture.

- [PDP blog on industry engagement](#): PDP will continue to work closely with industry, regulators and DWP to deliver dashboards. Groups and forums will continue to collaborate in 2024 and PDP invites you to register your interest in joining one of these groups
- [PDP webinar: connection guidance and understanding AVCs and value data](#): watch a recording of the January webinar including speakers from PDP, PASA, DWP, TPR and Jayne Wiberg from the LGA.

TPO

Interim chair of the Pensions Ombudsman (TPO) appointed

[DWP has appointed Anthony Arter as the Interim Chair of TPO](#). Anthony served as the Pensions Ombudsman for eight years until January 2023, followed by a period as the Deputy Pensions Ombudsman. He will serve as the Interim Chair until a permanent Chair is appointed.

TPR

General Code of Practice

On 10 January 2024, the Pensions Regulator (TPR) responded to the 2021 [consultation on the New code of practice](#). On the consultation webpage you can also find a link to the final version of the General Code of Practice ('the Code') which has been laid in Parliament. It is expected to come into force on 27 March 2024. It replaces Code of Practice 14 for public service pension schemes and brings together ten previous TPR Codes into one code.

The SAB's Secretariat is studying the Code closely to identify any new requirements for administering authorities and how the Code's requirements align with items on the SAB workplan, such as the SAB's 2021 Good Governance recommendations.

[TPR's research on governance and administration](#) shows that the LGPS already has high standards of governance in place. The Code provides an opportunity for funds to review current practices, but also presents challenges during what is already a busy time for the LGPS. Clarity is required on which parts of the Code apply to the LGPS, what these mean for administering authorities and how they should be applied in practice. The SAB will support authorities in understanding any new requirements in the Code and, where needed, will produce new or update existing guidance to help authorities with their responsibilities.

The SAB's LGPS live webinar taking place on 6 March 2024 at 3.30pm will focus on the Code and the requirements and challenges it presents for the LGPS. You will be able to register in due course here: [LGPS-Live | Home](#).

Other news and updates

Member portal survey

In 2022, the LGA working with the Communications Working Group published a [technical guide on digital engagement](#). We plan to update that guide with the latest information about usage of member portals. The purpose of the updates will be to:

- identify any changes to sign up rates since the guide was first published
- allow administering authorities to benchmark their sign up rates with the average rates across the Scheme
- share information about any significant developments or problems that funds have encountered in operating a member portal in the last year.

We have launched the [LGPS member portal survey 2024](#) to gather the information we will use to update the guide.

About the survey:

- it is much simpler than the survey we used to create the guide, it should take no more than five minutes to complete
- please do complete the survey if you do not operate a member portal – you will only need to answer two questions
- only one response should be submitted by each administering authority or shared service / third party administrator.

Action for administering authorities

Complete the survey, or ask your administrator to complete it before **10 March 2024**.

LGPC minutes

We have published the draft minutes of the LGPC meeting held on 4 December 2023. At that meeting, the Committee welcomed a new Chair, Councillor Nathan Yeowell, and discussed:

- the latest developments in the McCloud remedy and resources for employers and administering authorities
- the abolition of the Lifetime allowance
- surpluses and employer contributions
- legal update concerning Sharia compliance
- updates from the LGPS in Scotland and Northern Ireland.

You can find these draft minutes and minutes from earlier LGPC meetings on the:

- [LGPC minutes \(England and Wales\)](#) page of www.lgpsregs.org
- [LGPC minutes \(Scotland\)](#) page of www.scotlgpsregs.org.

Communications Working group minutes

The Communications Working Group met on 11 January 2024. At the meeting, the group discussed:

- member engagement
- promotion of the LGPS
- the latest updates on McCloud, pensions dashboards and the abolition of the Lifetime allowance
- the group's plans for 2024/25.

You can find the minutes from this and previous meetings on the:

- [Communications Working Group \(England & Wales\)](#) page of www.lgpsregs.org
- [Communications Working Group \(Scotland\)](#) page of www.scotlgpsregs.org.

We will publish the group's workplan for 2024/25 shortly.

Training

2024 LGPS Governance Conference, York

This year's LGPS Governance Conference took place at the Principal Hotel in York on 18 and 19 January.

The team would like to thank all speakers and attendees who were able to join us both in person and online. An email was sent to delegates on 23 January 2024 at 12.45pm which contained slides from the event and a request for feedback.

2025 LGPS Governance Conference – save the date

The LGPS Governance Conference 2025 will take place on 30 and 31 January 2025 in Bournemouth.

The conference is aimed at councillors and others who attend pension committees/panels and local pension boards. Past delegates include trade union and employer representatives as well as officers who attend and support committees. It will be of particular interest to those working in governance roles in funds.

If you would like to register your interest in attending either online or in person, please complete this [LGPS Governance Conference 2024 - expression of interest form](#).

Training programme 2024

All 2024 training events are available to book via the [LGA events website](#). The link for each course contains the course programme, pricing and booking link.

Bookings are on a first come, first served basis. Each topic is capped at five delegates per organisation over the course of the training programme.

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

We also accept commissions for training for any fund or funds, if more than one fund would like to commission training together, either online or in person. Please send your enquiries about commissioning training to training.lgps@local.gov.uk.

Transfer training (England and Wales)

All courses currently at capacity.

Aggregation training (England and Wales)

- [18 June 2024 – London](#)
- [18 July 2024 – online](#)
- [1 August 2024 – online](#)

Survivor benefits training (England and Wales)

- [30 October 2024 – London](#)
- [6 November 2024 – online](#)
- [13 November 2024 – online](#)

Employer role training (England and Wales)

- [22 April 2024 – online](#)
- [2 May 2024 – online](#)
- [14 May 2024 – online](#)
- [13 August 2024 – London](#)
- [29 August 2024 – online](#)
- [1 October 2024 – online](#)
- [7 November – online](#)

- [6 December – online](#)

Insight (England and Wales)

- [20 to 23 May 2024 – York residential](#)
- [22 to 26 July 2024 – online](#)
- [23 to 26 September 2024 – Bournemouth residential](#)

Action for administering authorities

Share information about the employer role training with your Scheme employers.

Discuss potential for commissioned training at Pension Officer Group meetings.

Legislation

Statutory Instruments

[The York and North Yorkshire Combined Authority Order 2023](#) [SI 2023/1432]

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 section

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.

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Further information

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

LGPC Bulletin 247 – February 2024

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

- [The LGPS \(Scotland\) \(Amendment\) Regulations 2024](#) – update processes
- [2024/25 Pension scheme return](#) – update processes
- [National LGPS Frameworks](#) – find out more about the latest frameworks and what being a ‘Founder’ entails
- [Training programme for 2024](#) – share information with relevant parties

which need action by certain stakeholders. If you have any comments or articles for future bulletins, please contact query.lgps@local.gov.uk.

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LGPS England & Wales Scheme Advisory Board (SAB)

Annual Report Guidance

A workstream was established to review the 2019 guidance and identify changes required to streamline the current guidance and bring it up to date. Many thanks to those who participated in the working group and officers who provided feedback, the work is now complete. Draft guidance was approved by both the SAB's Compliance and Reporting Committee (CRC) and the Chartered Institute of Public Finance and Accountancy Public Finance Management Board in February 2024.

The guidance will be submitted for ministerial approval in time for it to be in place from April 2024. It will apply to 2023/24 annual reports which are due for publication by 1 December 2024 and later years. We acknowledge it may be a challenge to report on all the new requirements for the 2023/24 reporting year, as changes to the recording and reporting of data may take time to implement. The guidance says pension funds should use their best endeavours to comply fully with the requirements but exercise judgement where, because of changes to the previous content, to do so would require disproportionate effort or cost.

Economic Activity of Public Bodies (Overseas Matters) Bill

Ahead of the second reading debate on the Bill in the House of Lords on 20 February 2024, the Local Government Association published a further briefing on [the Economic Activity of Public Bodies \(Overseas Matters\) Bill](#). The briefing includes matters raised in previous briefings for the House of Commons, and suggested some amendments that the LGA would support.

Funding Strategy Statement (FSS) Guidance

The annual report guidance is close to completion and the CRC has agreed its next priority will be to revise the FSS guidance. This was last updated in 2016 and the aim is to create content in relation to:

- setting up of academies on conversion
- use of employer flexibilities and deferred debt arrangements
- employer representations around asset strategies and partial terminations
- treatment of exit debts and credits
- consultation with employers.

Gender Pensions Gap

The Gender Pensions Gap working group met for the third time on 13 February 2024. It continued to explore what practical actions can be taken to address the underlying issues contributing to the pensions gap identified by the Government Actuary's Department (GAD) in the SAB commissioned reports.

As part of the four actions explored by the group, the SAB secretariat and LGA Workforce team will put on a virtual event for local government human resources (HR) professionals on 9 May 2024. The aim of the event is to improve awareness amongst HR practitioners, discuss what best practice already exists amongst employers and encourage them to review the information and pension communications available for their staff at key life points.

There will also be a post in the LGA's Workforce blog in March 2024 and the publication of a frequently asked questions document to support administering authorities and employers to ensure members are able to make informed choices about their pensions throughout their working career, during key life events.

Further updates including the registration link for the virtual event will be published in the March bulletin.

LGPS Live webinar

The next LGPS Live webinar will take place on 6 March 2024. It will focus on the Pensions Regulator's (TPR) General Code of Practice, including its requirements, as well as the challenges and opportunities it presents.

You can register to attend on the [LGPS Live website](#).

Local Audit Developments

The SAB, along with the Institute for Chartered Accountants in England and Wales, have commissioned an information note to set out the timeline and information flow for triennial valuation and the international accounting standard (IAS19). The aims are to:

- aid mutual understanding, by explaining some of the background and respective constraints
- signpost various parties to where they should be requesting information from
- provide visual maps showing the information flow between employers, actuaries, administering authorities, custodians and auditors
- provide a model questionnaire with key questions for actuaries to complete and to provide to scheme employer auditors.

The proposed audience is auditors, administering authority practitioners and employers. We hope to have the information note available before the Summer of 2024.

A further audit roundtable has been arranged in April 2024 to agree communications around the information note. The roundtable will also consider any new issues that might create problems when the audit round for the 2023/24 accounts starts later this year.

TPR General Code of Practice

Following the publication of The Pensions Regulator's (TPR) General Code of Practice ('the Code'), the SAB secretariat held a focus group with administering authority officers on 8 February 2024. We know authorities are reviewing the Code and undertaking compliance and gap-analysis exercises either using a third-party or as an internal project. The focus group gathered initial feedback on the Code to understand what support and interpretation would be helpful and to consider the impact on SAB workstreams with links to the Code.

The SAB secretariat thanks the attendees for their insights and participation. We have already identified clear overlaps between the content of the Code and existing work to implement the Good Governance recommendations, as well as ongoing work within the CRC workstreams.

Website

[The SAB's website](#) provides information about its work. Use the links below to find out more about:

- [a summary of the last Board meeting](#)
- [latest news](#)
- [SAB meeting and agenda papers](#)
- [committee meetings and agenda papers](#)
- [Responsible Investment Advisory Group meetings and agenda papers](#).

LGPS England & Wales

The East Midlands Combined County Authority Regulations 2024

On 27 February 2024, the Department for Levelling Up, Housing and Communities made [The East Midlands Combined County Authority Regulations 2024](#), which establishes the East Midlands Combined County Authority.

The regulations also amended the LGPS Regulations 2013 to assign Nottinghamshire County Council as the appropriate administering authority for employees of the new authority. This took effect from 28 February 2024.

We will update the timeline regulations due course.

LGPS Scotland

SPPA Circular 2024/01 – pensions increase review and revaluation orders

On 9 February 2024, the SPPA published Circular 2024/01. SPPA confirms in the circular:

- deferred pensions and pensions in payment will increase by 6.7 per cent from 8 April 2024
- the in-service revaluation for the CARE scheme in respect of 2023/24 will be 6.7 per cent.

You can find this and past circulars on:

- the [SPPA circulars and guidance](#) page of www.scotlgpsregs.org, and
- the [LGPS Circulars](#) page of the SPPA website.

The LGPS (Scotland) (Amendment) Regulations 2024

On 8 February 2024, the Scottish Government laid [The LGPS \(Scotland\) \(Amendment\) Regulations 2024](#) ('the regulations') - effective on 28 March 2024.

The SPPA consulted on the changes from 14 March 2023 to 27 March 2023. You can access the consultation documents, including our response, on the [Scheme consultations](#) page of www.scotlgpspregs.org. We have updated the [timeline regulations](#).

Changes to the annual revaluation date

The regulations remove the impact of inflation on annual allowance calculations by changing the annual revaluation date for CARE pensions from 1 April to 6 April.

There is no change in the outcome for:

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

The changes are backdated to 31 March 2023 - see [bulletin 234A](#) for more information.

Changes to regulation 60 of the LGPS (Scotland) Regulations 2018

From 1 June 2022, the LGPS (Scotland) (Miscellaneous Amendment) Regulations 2022 amended regulation 60 requiring:

- triennial actuarial valuations to be assessed on “both an ongoing and a cessation basis”
- rates and adjustment certificates to specify the liabilities for each employer arising in respect of their members as at the valuation date, assessed on “both an ongoing and cessation basis”.

The new requirements applied to the 2023 actuarial valuation (and accompanying rates and adjustment certificates) and subsequent valuations – see [bulletin 224](#) for more information.

The Amendment Regulations 2024 revoke these requirements, with backdated effect to 1 June 2022.

Changes to regulation 61 of the LGPS (Scotland) Regulations 2018

From 1 June 2022, the LGPS (Scotland) (Miscellaneous Amendment) Regulations 2022 inserted regulation 61(2A), requiring actuarial termination assessments to be fixed for 90 days. See [bulletin 224](#) for more information.

The regulations replace this. The new provision, from 28 March 2024, gives employers proposing to exit the Scheme a power to request an indicative actuarial termination assessment. Administering authorities must obtain this unless the employer previously requested one within the last 12 months. The indicative assessment is calculated at a specific date. If the employer exits, the indicative assessment must, for up to 90 days from that specific date, be used instead of any assessment calculated at the exit date.

Action for administering authorities

Review the regulations and make sure your processes are in line with the changes.

HMRC

2024/25 Pension scheme return

On 12 February 2024, HMRC published [guidance for administrators](#) preparing for the new 2024/25 pension scheme return (PSR).

It includes details on when the new PSR should be completed, who is required to complete it, and what steps administrators should do now to prepare.

Action for administering authorities

Review the guidance and complete the steps set out in it to prepare.

Abolition of the lifetime allowance (LTA)

The Government has introduced legislation to abolish the lifetime allowance from 6 April 2024. It has introduced two new lump sum limits to restrict the amount of tax free cash an individual can take over their lifetime.

As with the lifetime allowance, most LGPS members will not be affected by the new lump sum limits.

Lump sum limit	Limit	Lump sums included
Lump sum allowance (LSA)	£268,275	Pension commencement lump sums (PCLS) and uncrystallised funds pension lump sums (UFPLS)
Lump sum and death benefit allowance (LSDBA)	£1,073,100	PCLS, UFPLS, serious ill health lump sums (SIHLS), authorised lump sum death benefits

We are currently working with Aon on a guide to explain the changes and what they mean for your administration processes. We hope to publish this by the middle of March. A short summary is provided below.

From 6 April 2024, if a member takes a PCLS from the LGPS, you will need to check the lump sum fits with the LSA and LSDBA. You still need to ask members how much lifetime allowance they have used before 6 April 2024 to do this.

If an individual holds valid LTA protections the LSA and LSDBA are increased.

The maximum PCLS is the lowest of:

- 25 per cent of the capital value of the benefits
- the remaining LSA
- the remaining LSDBA

Where a member has taken payment of pension benefits previously, the LSA and LSDBA are reduced accordingly. The standard calculation is the LSA less:

- the total of any PCLS and non-taxable amounts of UFPLS paid since 6 April 2024
- an amount equal to 25 per cent of the percentage of LTA previously used.

However, if the member has a transitional tax-free amount certificate the calculation is:

- the total of any PCLS and non-taxable elements of UFPLS paid since 6 April 2024
- the individual's transitional tax-free amount.

The LSDBA is amended similarly except you also deduct 100 per cent of any serious ill health lump sums previously paid. You should also deduct any authorised death benefit lump sums previously paid; however, we think is unlikely to apply if you are paying a PCLS.

Transitional tax-free amount certificates

A member may wish to apply for a transitional tax-free certificate if they opted to take a PCLS or UFPLS of less than 25 per cent when they took their benefits before 6 April 2024.

In reality, this is only going to be needed where the amount of PCLS or UFPLS they can take over their lifetime is limited by the LSA and LSDBA.

[HMRC's February lifetime allowance guidance newsletter](#) contains detailed information about transitional tax-free amount certificates.

We will provide more information about the payment of other lump sums and the new reporting requirements in the guide. We will also provide a template form to help gather information about previously paid pensions and lump sums.

HMRC lifetime allowance newsletters

December 2023 LTA guidance newsletter updated

On 8 February 2024, HMRC updated their [December 2023 lifetime allowance guidance newsletter](#).

They have updated the section titled 'Relevant benefit crystallisation event (RBCE) statement' in section 6. The update makes clear where an individual received a BCE statement, and they are not receiving pension income, they must be provided with a BCE statement before 6 April 2025. Our understanding is this applies where you are not currently providing an annual BCE statement eg for a suspended tier three ill health. We are clarifying this with HMRC.

February 2024 LTA guidance newsletter published

On 13 February 2024, HMRC published a further [February 2024 lifetime allowance guidance newsletter](#). The newsletter contains:

- answers to frequently asked questions
- confirmation where indicated, HMRC will issue guidance and regulatory changes to implement the intended policy
- information about the new transitional tax-free certificates including who should apply, how to apply, by when to apply and the impact of obtaining a certificate
- confirmation administrators can continue to use P60 statements to report an individual's allowance used
- information about new event 24 – reporting where a lump sum paid exceeds the lump sum allowance or lump sum death benefit allowance, or would have exceeded had the individual not been relying on a protection or enhancement
- information about the removal of the permitted maximum when paying a pension commencement excess lump sum
- updates on the real time information reporting requirements.

On 27 February 2024, HMRC amended the information about event report 24.

HMRC Pension schemes newsletters

Correction to newsletter 155

On 7 February 2024, HMRC updated [pension schemes newsletter 155](#) to correct a factual error. They confirm in question eight, regarding the abolition of the lifetime allowance (LTA) from 6 April 2024, they will not be legislating to limit which pension schemes individuals can apply to for a transitional tax-free certificate.

An individual can apply for a transitional tax-free certificate, before their first relevant benefit crystallisation event after 5 April 2024.

Newsletter 156

On 23 February 2024, HMRC published [pension schemes newsletter 156](#). The newsletter includes articles on:

- the abolition of the lifetime allowance
- pension scheme return
- public service pensions remedy – tax treatment of interest. Interest of 8 per cent will be due on certain payments made by public service pension schemes because of the McCloud remedy. The newsletter confirms that part of the interest paid will be unauthorised in some circumstances. We will provide more information on interest payments on McCloud recalculations in part 3 of the McCloud Technical Guide, which we will publish later this year.

HMT

Finance Bill 2023/24

On 22 February 2024, the Finance Bill 2023/24 received Royal Assent, following readings in the House of Lords.

The [Finance Act 2024](#) contains provisions on the abolition of the lifetime allowance and its replacement by two new lump sum allowances.

McCloud

Non-Club transfer spreadsheet

On 21 February 2024, Rachel Abbey emailed administering authorities in England & Wales confirming we have published a spreadsheet for calculating the McCloud element of a non-Club transfer value. A Scottish version will be published once guidance is received from SPPA and GAD.

The spreadsheet provides for the calculation of the McCloud element of a non-Club transfer value for a member who is under 65. The provisional underpin amount and provisional assumed benefits on the underpin date must be calculated first to use the calculator. We recommend reading the notes tab of the spreadsheet before using it.

There is a separate tab on the spreadsheet for taper protected members. The provisional figures on the underpin date will need to be split between pension built up before and after 1 April 2020 for these members. There are a very small number of members in this group, so testing of this part of the calculator was limited.

The spreadsheet can be used for calculations in the current Scheme year. We will review the position in April 2024 and decide if there is demand for a revised calculator to cover the 2024/25 Scheme year.

We have not protected the spreadsheet. This is to allow users to make local changes to the appearance or labels of the spreadsheet. We recommend introducing protections to any local versions so the factors and formulas are not mistakenly over-written.

The calculator is on the [Administrator guides and documents page](https://www.lgpsregs.org) of www.lgpsregs.org.

The publication of this tool does not change the transitional arrangements for interfund payments. Until 24 March 2024, you can continue to calculate these payments in line with the GAD guidance on incoming and outgoing transfers in force before 24 January 2024.

Note we will not be creating a spreadsheet for Club transfers.

Pensions dashboards

FRC publishes revised AS TM1

On 9 February 2024 the Financial Reporting Council (FRC) published a revised version of the [Actuarial Standard Technical Memorandum](#) (AS TM1). This follows a consultation published in November 2023 – see [bulletin 244](#) for more information.

AS TM1 specifies the assumptions and methods to be used in statutory money purchase illustrations (SMPIs). SMPIs are used by LGPS AVC providers to project AVC estimated retirement income. This data will be shown on pensions dashboards.

Administering authorities will need to understand AVC value data as they are legally responsible for ensuring this data is displayed on dashboards. More information can be found in the [LGPS Pensions Dashboards connection guide](#).

Guidance on deferred connection

On 2 February 2024, the Department for Work and Pensions published updated [guidance on deferring dashboards connection](#). The guidance is relevant to trustees or managers of occupational pension schemes and their advisers. It sets out the issues they should consider if they are applying for a deferral of the connection deadline.

The guidance was initially published in December 2022. The updates reflect the changes made by the Pensions Dashboards (Amendment) Regulations 2023. For more information about deferring dashboards connection see our [Pensions Dashboards connection guide](#) which already includes these updates.

PDP - blog on the central digital architecture

On 13 February 2024, Chris Curry – Principle of the Pensions Dashboards Programme (PDP), published a [blog on the central digital architecture](#), setting out what it is and how it works.

The central digital architecture is made up of three services: the Identity service, the Consent and Authorisation service and the Pension finder service. The blog explains how these services fit together to facilitate the exchange of pensions data.

Invite PDP to an event

If you want to know more about pensions dashboards, the PDP team is available to speak at your industry events or meetings. Email supportpdp@maps.gov.uk for more information.

TPR

Blog on ESG risks and opportunities

On 21 February 2024, the Pensions Regulator (TPR) published a [blog on environmental, social and governance \(ESG\) risks and opportunities](#).

Capita cyber security incident

On 2 February 2024, TPR published their [Capita cyber incident report](#) on how they worked with Capita and scheme trustees, after the cyber incident in March 2023. See [bulletin 238](#) for more information.

Following this incident, in December 2023, TPR published revised [cyber security guidance](#) to help trustees and scheme managers meet their duties.

Pension scams warning

TPR would like to remind LGPS administering authorities of the dangers of pension scams.

Pension scams are a serious threat to the retirement security of pension savers. Scammers use various tactics to persuade savers to transfer out their pension benefits, often resulting in huge losses and tax bills.

The LGPS is not immune to this risk. Administering authorities are the first line of defence against scammers.

You can find useful guidance from TPR on [how to avoid and report pension scams](#).

TPR also encourages administering authorities to make the pledge to combat pension scams. This is a commitment to follow higher standards of anti-scam practice. You can do this by visiting the [Pledge to combat pension scams](#) webpage.

Other news and updates

Carer's leave

The Carer's Leave Regulations 2024 have been laid before Parliament and will take effect from 6 April 2024.

The regulations provide an entitlement for employees to take one week's unpaid leave in a 12-month period to give or arrange care for a 'dependent' who has:

- a physical or mental illness or injury that means they're expected to need care for more than 3 months
- a disability (as defined in the [Equality Act 2010](#))
- care needs because of their old age.

The leave can be taken in blocks from as little as half a day to one continuous week. More information about carer's leave is available on the [Gov.uk website](#).

There is no right to statutory pay when an employee takes carer's leave. DLUHC has confirmed that unpaid carer's leave will be treated in the same way as an authorised absence under the LGPS regulations.

If the employer pays the member during the period of carer's leave, their pension will continue to build up as normal.

National LGPS Frameworks

The National LGPS Frameworks is a voluntary, not for profit collaboration 'by the LGPS, for the LGPS'. It helps LGPS administering authorities and pools procure specialist pensions related products and services by setting up procurement frameworks open to all authorities, pools and Scheme employers. Although primarily designed for the LGPS, the wider public service pensions community can also use them.

Small teams from administering authorities and pools work together as founders to set up each framework, supported by the Frameworks team hosted by Norfolk pension fund. Authorities and pools across the LGPS can then save time and money by procuring from the Frameworks. Details of the current frameworks are on the [National LGPS Frameworks website](#). Two new frameworks are due to go live soon - ISP and Member Data Services, to support Dashboard readiness, and AVC Services.

In November 2023, the founders agreed they should start the process of letting the next Pensions Administration Software Framework and explore the possibility of a new Transition Management and Implementation Framework in 2024.

Pensions Administration Software Framework

The current Pensions Administration Software Framework has been very well used, and there needs to be a replacement when it expires in April 2025. Several authorities have already confirmed they would like to support the new framework by being a founder. The Frameworks team welcomes expressions of interest in working with them and the other founders to help shape and set up this framework. Initial meetings are planned for April 2024.

Transition Management and Implementation Services Framework

The first version of this framework expired in November 2022 and it was not re-let. Since then, the Frameworks team has had enquiries from authorities and pools hoping to use this Framework. If you think a new Transition Management and Implementation Services Framework would be useful and / or you would be interested in acting as a founder to let a new version of this framework, please let the Frameworks team know.

Contacts

Please contact jo.quarterman@norfolk.gov.uk or leon.thorpe@norfolk.gov.uk at the National LGPS Frameworks to find out more.

Action for administering authorities

Please contact the National LGPS Frameworks to find out more about frameworks and what is involved in being a founder and working with the team.

Member portal survey

We let you know in [Bulletin 246](#) about the [LGPS member portal survey 2024](#). Thank you to all administering authorities that have completed the survey. The survey will remain open until 10 March 2024. Please do complete it if you have not already

done so. If you do not operate a member portal, you will only need to answer two questions. If you do, the survey should only take around five minutes to complete.

Please contact rachel.abbey@local.gov.uk if you have any questions about the survey, you have had any problems accessing the survey or to check whether your administering authority has already responded.

Training

Training programme 2024

All 2024 training events are available to book via the [LGA events website](#). The link for each course contains the course programme, pricing and booking link.

Bookings are on a first come, first served basis. Each topic is capped at five delegates per organisation over the course of the training programme.

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

We also accept requests for commissioned training. If you would like us to run training for your authority, or a group of authorities, please email training.lgps@local.gov.uk.

Transfer training (England and Wales)

All courses currently at capacity.

Aggregation training (England and Wales)

- [18 June 2024 – London](#)
- [1 August 2024 – online](#)

Survivor benefits training (England and Wales)

- [30 October 2024 – London](#)
- [6 November 2024 – online](#)
- [13 November 2024 – online](#)

Employer role training (England and Wales)

- [2 May 2024 – online](#)
- [14 May 2024 – online](#)
- [13 August 2024 – London](#)

- [29 August 2024 – online](#)
- [1 October 2024 – online](#)
- [7 November 2024 – online](#)
- [6 December 2024 – online](#)

Insight (England and Wales)

- [22 to 26 July 2024 – online](#)
- [23 to 26 September 2024 – Bournemouth residential](#)

Action for administering authorities

Share information about the employer role training with your Scheme employers.

Discuss potential for commissioned training at Pension Officer Group meetings.

Focus group minutes

The [minutes](#) of the Training focus group held on the 17 January 2024 accompany this bulletin. Topics discussed included:

- progress of the qualification
- training events since the last meeting and future events.

The next meeting is provisionally scheduled for 11 July 2024.

Wider pensions news

GAD developing AI skills

On 14 February 2024, the Government Actuary's Department (GAD) published an [article on developing artificial intelligence \(AI\) skills](#). GAD is working with an AI partner to develop coding to perform quality assurance checks on administrator calculations.

Oversight of workplace pensions

On 22 February 2024, TPR announced organisational changes in its oversight of the workplace pensions market. This is as a result of fewer, larger pension schemes, presenting different risks and opportunities for savers.

From April 2024, TPR will create three new regulatory functions:

- regulatory compliance
- market oversight
- strategy, policy and analysis.

Read more about [TPR's organisational changes](#).

Overview of the defined benefit landscape

On 20 February 2024, TPR published data it received from the annual scheme return concerning the defined benefit landscape. The data looks at defined benefit membership, schemes open and closed to accrual plus funding levels.

Read more about [TPR's overview of the defined benefit landscape](#).

Small pots delivery group

On 7 February 2024, the Department for Work and Pensions launched a [delivery group](#) looking at deferred small pots left in defined contribution schemes. This follows on from the publication of the [Government response to the consultation on the ending of deferred small pots](#).

Legislation

Acts

[Finance Act 2024](#) [2024 c.3]

Statutory Instruments

[The East Midlands Combined County Authority Regulations 2024](#) [SI 2024/232]

Scottish Statutory Instruments

[The LGPS \(Scotland\) \(Amendment\) Regulations 2024](#) [SSI 2024/37]

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 section

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.

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Further information

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

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SAB Guidance on Academy Conversions

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October 2023

Introduction

This note has been prepared by the Section 13 working group following discussions with the Scheme Advisory Board (SAB) and fund actuaries. The note is intended to provide information and common nomenclature for common actuarial approaches adopted by LGPS funds on a local authority (LA) school's conversion to academy status. When a school is part of a local authority its members and assets aren't normally tracked separately by funds. That means it isn't possible to identify the specific deferred and pensioner liabilities that are associated with the school. The fund actuary therefore has to make an apportionment of assets and liabilities between the academy and the LA.

This wording will be incorporated into the tripartite guidance document which provides information, but not advice, to schools considering conversion to academy status when that document is next reviewed. This note provides information on the following areas:

1. Common nomenclature for conversion methodologies
2. Factors influencing what conversion decision a fund will adopt
3. Possible consequences of the choice of methodology over time

It is important to note that this document provides information only on Local Government Pension Scheme in England and Wales (LGPS) matters relating to schools considering conversion to academy status, in particular funding conversion methodologies adopted on academisation, and should not be construed to contain any advice to academies or any other bodies.

Common nomenclature

Conversion methodologies

A conversion methodology describes the approach to determining the initial assets and liabilities attributable to a new academy when it becomes an employer in that LGPS fund. Different conversion methodologies are adopted by different LGPS funds and further detail of each fund's approach can be found in their funding strategy statement (FSS) available on their website. The FSS summarises each fund's approach to ensuring contributions are sufficient to meet its pension liabilities and is reviewed at least every three years. The FSS will contain the aims and purposes of the fund and will provide information on areas including, but not limited to, funding strategy, funding assumptions, risk considerations and mitigation.

Below we set out descriptions of the common conversion methodologies. The descriptions below consider the methodologies where a deficit is relevant; there may be different considerations in the case of a surplus. For example, any potential surplus may be transferred in full or alternatively capped at a level, to act as a buffer against future adverse experience for the local authority.

Please note that there is no prescribed method to be used by LGPS funds so the conversion methodology may differ by neighbouring funds. Ultimately the methods adopted by funds are based upon consideration of a reasonable balance of risk between local authorities and academies. Based on data from a [GAD 2018 report](#) "Academies LGPS pension arrangements", approximately 60% of funds used an active cover method, 15% of funds used share of fund, 15% of funds used school/local authority matching with around 10% of funds using other methods (see definitions below). It should also be noted that any deficit or surplus on the funding basis calculated at conversion is likely to differ from any deficit or surplus reported for the purpose of academy's accounts due to the different assumptions required.

Share of fund

The share of fund approach sets the new academy's initial deficit as its share of the previous Local Authority ('LA') deficit based on the ratio of the new academy's liabilities to the LA's total liabilities i.e.

$$\text{Share of fund deficit allocated to academy} = \text{LA deficit} \times \frac{\text{New academy liability}}{\text{LA total liability}}$$

The liabilities are the actuarial value of academy's members' pension benefits. The liabilities inherited on conversion are broadly those relating to the active non-teaching staff employed by the academy and include pensionable service for those prior to academisation.

Local Government Pension Scheme

Scheme Advisory Board

Assets are then notionally transferred from the LA to the academy as necessary to create the deficit value arrived at (this applies to all the other approaches below as well).

Active cover (also called active funding level and non-active cover)

The Active cover approach sets the new academy's initial deficit as its share of the previous LA's deficit based on the ratio of the new academy's liabilities to the LA's active member liabilities i.e.

$$\text{Active cover deficit allocated to academy} = \text{LA deficit} \times \frac{\text{New academy liability}}{\text{LA active liability}}$$

This is similar to the Share of fund approach, except that the proportion is based on the LA's active liabilities only instead of the LA's total liability. This approach allows for the LA's non-active liabilities (i.e. deferred and pensioner liabilities) to be fully funded on an ongoing basis.

The terms 'active cover', 'non-active cover' and 'prioritised share of fund' have been used to describe the same conversion methodologies historically. This may be because the deficit allocated is based on the academy active liabilities relative to LA active liabilities, hence 'active cover'. However, a corollary to this is that the non-active liabilities are treated as being fully funded (or prioritised), hence 'non-active cover' or 'prioritised share of fund'.

School/local authority matching (also called common rate approach)

Under this approach, the initial deficit attributable to the new academy is set such that the total or secondary contribution rate payable by the new academy is equal to that of the corresponding LA school. Note that the rate payable by a LA school is not necessarily the same as that paid by the LA, although in the majority of cases it is likely to be, and we have assumed this will be the case in these examples. Where matching to a total contribution rate, a further calculation is required to determine what the future service (primary contributions) for the academy will be with the balance attributed to deficit secondary contributions.

In both cases the deficit that equates to the value of the secondary contributions is determined under consistent principles to that of the LA.

Payroll based active cover

This approach adopts the same principles as Active cover described above, however the ratio of payroll is used to determine the allocation of deficit.

$$\text{Payroll active cover deficit allocated to academy} = \text{LA deficit} \times \frac{\text{payroll of academy}}{\text{LA payroll pre academisation}}$$

Identifiable assets

Where the original LA school already has an identifiable notional asset share in the fund, then the academy deficit can be allocated on this basis.

Treatment of Surpluses on Conversion

Whilst this document focuses on the position in relation to a LA deficit, we are aware that many funds and employers do have a surplus. There are a range of actuarial practices adopted on treatment of any possible surplus position in terms of ultimate impact on aggregate contribution rate to be paid by an academy. For example, any potential surplus at conversion may be transferred in full or capped at a level (possibly zero), to act as a buffer against future adverse experience on the school's deferred and pensioner liabilities that are left behind with the LA on conversion.

Pooling Arrangements / MATs

Where an academy becomes part of a multi-academy trust (MAT) there may be a subsequent calculation after the conversion to determine the contribution and deficit requirements for the MAT.

In some instances, if the academy belongs to a MAT, the MAT is treated as the relevant employer and responsible legal entity within the LGPS.

Some funds also operate pooling arrangements whereby some (or all) academies within a fund pay a single combined contribution rate. LGPS funds are, however, not obliged to offer any pooling arrangement.

Pooling can be beneficial for scheme employers as they can share risk (for example, ill-health retirement payments) across the group. Variations in the cost of future service benefits (the primary employer contribution rate) caused by changes in the age and pay profile of staff can also be reduced when part of a larger pool.

However, pooling also carries disadvantages as it involves cross-subsidy across the pool. This means that a decision made in one school within the pool, for example on salary awards or early retirements, may affect the contributions required of other schools within the pool, in order to ensure all liabilities across the pool can be met.

When pooling arrangements are implemented, individual assets and liabilities are no longer routinely tracked by the fund actuary (they can be tracked for employer accounting purposes but on the basis that the assets will then be rebalanced following each triennial valuation). Therefore, in general it is not readily possible to revert back to assessment/treatment as an individual employer.

There will be 'winners' and 'losers' between academies as a result of the operation of pooling, based upon the contribution rates they paid previously (pre-conversion as a LA school) and those that would have ordinarily applied (post-conversion) had pooling not been in place.

There are different approaches used in practice to pool academies within a fund. For example, if an academy is entering a pooled arrangement, any of the above conversion methodologies may be adopted initially to establish an asset and deficit position, before the academy is then pooled into the MAT. Other pooling processes are available and adopted in practice.

Factors influencing methodology adopted

To illustrate how conversions might occur we have considered a few numerical examples below.

Please note the worked examples included in this section are designed to illustrate the different approaches including drawing out the relevant outcomes but are not designed to be exhaustive nor should the specific outcomes be assumed to apply under all circumstances.

The worked examples consider conversions where a deficit existed, but surpluses do equally exist (and it is important to note that the approach in the case of a surplus might not mirror that of the deficit).

Please note that the assumptions used within the worked examples have been simplified for illustrative purposes only. Different assumptions will be adopted by funds which will change the figures, however we do not expect this to significantly impact the outcomes or observations.

Lastly, the recovery periods modelled are again illustrative and different approaches may validly be adopted in practice.

Active cover

Outcome: This results in the academy having the same active cover as the LA, where active cover is the funding level for the active member liabilities once available assets have first been used to fully reserve for all deferred and pensioner liabilities. In other words, the academy is allocated a portion of the LA's deficit in line with the academy's active liabilities relative to all active liabilities in the LA.

Where there is a deficit initially the funding level of the academy is likely to be lower after academisation than the LA's overall funding level both before and after academisation.

Rationale: Consistency of active cover is an objective target.

The transfer of liabilities from the original LA school to the new academy involves active members only and no former members of the LA school. Therefore, to reflect this, the LA's non-active liabilities (which would include any former members of the

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original LA school) are fully reserved in calculating the initial deficit to be allocated to the new academy.

However, as with most conversions, it is dependent on market conditions at point of conversion.

Where there is a deficit at conversion a higher secondary contribution rate may be required by the academy than the LA, even where the active membership profile is the same, but this will depend on various factors such as the recovery period used after conversion (which is illustrated in the example below) and how market conditions have moved since the triennial valuation when the LA's contribution was set.

Worked example (figures are subject to rounding):

	Initial position (pre conversion)	Active cover (post conversion)		
		LA (£m)	Scenario 1 Academy (£m)	Scenario 2 Academy (£m)
Payroll	20.0	18.0	2.0	2.0
Actives	40.0	37.2	2.8	2.8
Non-actives	<u>60.0</u>	<u>60.0</u>	<u>0.0</u>	<u>0.0</u>
Total liabilities	100.0	97.2	2.8	2.8
Assets	98.0	95.3	2.7	2.7
Surplus/(deficit)	(2.0)	(1.9)	(0.1)	(0.1)
Funding level	98.0%	98.1%	95.0%	95.0%
Primary cont rate	16.0%	16.0%	16.0%	16.0%
Secondary cont rate	<u>0.6%</u>	<u>0.6%</u>	<u>0.4%</u>	<u>0.7%</u>
Total cont rate	16.6%	16.6%	16.4%	16.7%
Recovery period (years)	16	16	16	10

Observations from worked example:

- The first £60m of assets is held for non-active liabilities, hence the assets allocated are then £38m x £2.8m / £40m = £2.7m, resulting in a deficit of £0.1m for the academy (£2.8m - £2.7m).
- The academy funding level is subsequently lower than the LA funding level, both pre and post conversion.
- Two different recovery periods are modelled for the academy post conversion.

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- Where the recovery period is maintained, the academy's secondary contribution rate reduces slightly as its payroll relative to its deficit is proportionally greater than it is for the LA.
- The secondary contribution rate is higher for the academy in the second example where the recovery period has reduced by six years (but a smaller reduction to the recovery period might not have given rise to such an increase).

Share of fund

Outcome: By nature of the conversion the funding level of the academy and the LA remain unchanged post conversion.

Rationale: Consistency of funding level is an objective target

However: It is dependent on market conditions at conversion.

Where there is a deficit at conversion, a lower deficit contribution rate may be required by the academy than the LA even where active membership profile is the same.

Worked example (figures are subject to rounding):

	Initial position (pre conversion)	Share of fund (post conversion)		
		LA	Scenario 1 Academy	Scenario 2 Academy
	LA (£m)	LA (£m)	Academy (£m)	Academy (£m)
Payroll	14.0	10.0	4.0	4.0
Actives	35.0	20.0	15.0	15.0
Non-actives	<u>61.0</u>	<u>61.0</u>	<u>0.0</u>	<u>0.0</u>
Total liabilities	96.0	81.0	15.0	15.0
Assets	80.0	67.5	12.5	12.5
Surplus/(deficit)	(16.0)	(13.5)	(2.5)	(2.5)
Funding level	83.3%	83.3%	83.3%	83.3%
Primary cont rate	18.0%	18.0%	18.0%	18.0%
Secondary cont rate	<u>6.7%</u>	<u>7.9%</u>	<u>3.7%</u>	<u>5.2%</u>
Total cont rate	24.7%	25.9%	21.7%	23.2%
Recovery period (years)	17	17	17	12

Observations from worked example:

- Academy must be given the same funding level (of 83.3%) meaning the assets allocated are $83.3\% \times £15m = £12.5m$.
- Two different recovery periods are modelled for the academy post conversion.
- Where the recovery period is maintained, the academy's secondary contribution rate reduces materially as its payroll relative to its deficit is proportionally greater than it is for the LA.
- Even where the recovery period is reduced by five years as in this example the secondary contribution rate for the academy remains lower as the deficit allocated is split across the academy membership which are all active members at outset. However, a larger reduction to the recovery period could have led to a different conclusion.

School/local authority matching

Outcome: Either the total or the secondary contributions required by the academy will remain the same as the LA school (in most cases this is the same as the LA).

There is the potential for 'winners' and 'losers' to the extent that contribution rates may have been higher or lower than the LA, had an alternative conversion approach been taken.

Rationale: Consistency of total or secondary contribution rates is an objective target

However: Where a deficit exists, the academy is likely to start with relatively low assets and a lower funding level

This will be dependent on market conditions at the point of conversion

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Worked example where the target is matching total contribution rates (figures are subject to rounding):

	Initial position (pre conversion)	Contribution matching (post conversion)	
	LA (£m)	LA (£m)	Academy (£m)
Payroll	10.0	7.5	2.5
Actives	20.0	15.0	5.0
Non-actives	<u>40.0</u>	<u>40.0</u>	<u>0.0</u>
Total liabilities	60.0	55.0	5.0
Primary cont rate	18.0%	18.0%	18.0%
Secondary cont rate	<u>2.7%</u>	<u>2.7%</u>	<u>2.7%</u>
Total cont rate	20.7%	20.7%	20.7%
Assets	56.0	52.0	4.0
Surplus/(deficit)	(4.0)	(3.0)	(1.0)
Funding level	93.3%	94.5%	80.0%
Recovery period (years)	15	15	15

Observations from worked example:

- The academy must be given a total contribution rate of 20.7% (matching the LA school). Hence the equivalent deficit to equate to this is £1.0m, meaning assets allocated are £4.0m.
- This results in a low transfer of assets and lower funding level relative to the LA, but with a consistent overall contribution rate.
- If the future service rate calculated for the academy active membership was different, the deficit allocated would be higher/lower accordingly.
- Whilst this example targets a consistent total contribution rate, another common method is to target a consistent deficit secondary rate, with the primary rate reflecting the profile of the academy.

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Payroll based active cover

Outcome: The LA deficit is weighted by the academy active payroll relative to active payroll of LA.

Rationale: The academy inherits any deficit in line with the payroll that is to address such a deficit.

However: The payroll level does not necessarily correlate with the active liability level, which may lead to a different academy funding level relative to the LA.

Worked example:

	Initial position (pre conversion)	Deficit based on payroll (post conversion)	
	LA (£m)	LA (£m)	Academy (£m)
Payroll	16.0	12.0	4.0
Actives	52.0	36.0	16.0
Non-actives	<u>48.0</u>	<u>48.0</u>	<u>0.0</u>
Total liabilities	100.0	84.0	16.0
Assets	90.0	76.5	13.5
Surplus/(deficit)	(10.0)	(7.5)	(2.5)
Funding level	90.0%	91.1%	84.4%
Primary cont rate	15.0%	15.0%	15.0%
Secondary cont rate	<u>3.1%</u>	<u>3.1%</u>	<u>3.1%</u>
Total cont rate	18.1%	18.1%	18.1%
Recovery period (years)	20	20	20

Observations from worked example:

- The LA deficit of £10m is allocated based on the academy payroll relative to LA payroll, that is $\text{£10m} \times \text{£4m} / \text{£16m} = \text{£2.5m}$.
- The secondary contribution rate is consistent with the LA secondary contribution rate. This relationship would not hold true if the recovery period was reduced post conversion (in this instance the secondary contribution rate would increase relative to the LA).

Identifiable assets

Outcome: The level of assets and liabilities attributed to the academy do not necessarily change because of conversion

Rationale: There is little judgement required in the application of this methodology as they are available before conversion

However, this is only available to an academy where assets were already attributed to them as a LA-maintained school, which is not the case in most, if not all, instances

Progression over time

Factors influencing academy funding positions

Most historic conversions occurred when funds were in deficit. On average funds within LGPS E&W were 85% funded at 31 March 2016 and the funding level improved to 98% on average at 31 March 2019. The average funding level of funds, and local authorities, will be above 100% at 31 March 2022.

Academisation results in defining a funding position and/or the necessary contribution rates at a point in time, however both will change over time. The principal factors that determine how funding positions and contribution rates develop are:

- Actual investment returns earned by funds
- Actuarial assumptions (such as future asset return expectations, future levels of inflation and future mortality rates)
- Active member profile (for example the average age of members)

Some specific points relating to academies may be:

- If a conversion approach results in lower assets being allocated (relative to the LA), there may be a lower opportunity to benefit from asset returns equally there is lower investment risk. If the conversion approach results in higher assets being allocated the converse argument would also be expected to hold true.
- The profile of academies will differ from that of the LA given initial 100% active liability allocation. Therefore, academies may be particularly sensitive to payroll progression and changes to the balance of their membership between active and non-active members. In addition, their cash-flow position will be different and the funding role of future contributions would be expected to be more significant role than investment performance for academies, while the reverse may be true of the LA
- Given their much smaller workforce size, academies are also likely to see greater variation in the average age and hence liability of their active members both from the LA and from other academies.

Different funding positions:

Ultimately the cost of providing benefits cannot be known until all benefits have been paid (many years in the future). Therefore, there is not a single, unique correct answer in terms of assigning a liability value to future benefit payments. Accordingly, there are several different liability bases used to assess a liability value for different purposes.

Some examples of different liability bases are:

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- Funding basis use to set employer contribution rates – assumptions used to measure the liabilities are consistent with the funding regime the fund operates within, the LGPS regulations, and will, to some extent, reflect the actual assets held by the fund. The funding basis will vary by LGPS fund.
- FRS 102 / IAS19 accounting basis – employers are required to include benefit provisions within their employer accounts and the basis to be used to measure pension liabilities and accruals are set out in the relevant accounting standards. These bases tend to be quite prescribed and don't necessarily refer to the specific, underlying assets of the fund.
- It is common for liability values under different bases to be significantly different due to the differing assumptions – for example, different bases make different assumptions in terms of future expected asset returns which impacts on the reserve required to be held today (the liability value).

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Department for Levelling Up, Housing & Communities

LGPS England and Wales McCloud prioritisation – initial policy

One of the issues raised in responses to the Department's consultations on the McCloud remedy in the LGPS was how cases affected by the McCloud remedy should be prioritised. As a wide variety of cases will need to be dealt with, some respondents requested certainty on the order in which they should be approached.

The Government agrees that this is an important issue and this note summarises the Government's current views on how cases affected by the McCloud remedy should generally be prioritised. The content of this note will be considered further in discussions about statutory guidance relating to the McCloud remedy and we intend to issue updated text on prioritisation in any such statutory guidance that we publish.

This note should be read alongside the Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023 (SI 2023/972, 'the 2023 Regulations') and the amended Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (SI 2014/525, 'the 2014 Regulations'). Terms used in this note have the meaning used in the 2014 and 2023 Regulations.

Group 1	<p>New final underpin dates and deaths</p> <p>When an eligible member retires, they can rightly expect that the pension they will receive is accurate and complete. Efforts should be taken to ensure that when an eligible member retires on or after 1st October 2023, or otherwise has their final underpin date under regulation 4H of the 2014 Regulations, that the pension calculations undertaken by their administrator take into account their underpin rights, where applicable, straight away.</p> <p>The following situations should also be regarded as part of group 1:</p> <ul style="list-style-type: none">• Deaths on or after 1 October 2023 of eligible members.• Trivial commutations calculated on or after 1st October 2023, where the final underpin date or date of member's death was before that date.• Uplifts of Tier 3 benefits to Tier 2, where the final underpin date for the Tier 3 pension was before 1st October 2023 but the uplift decision was on or after then.• Transfers out paid on or after 1st October 2023 where the guarantee date (or for cash transfer sums, the date of leaving) was before 1st October 2023. <p>Prioritising these cases will prevent the need for administrators to revisit these cases subsequently and potentially have to make retrospective amendments to calculated rights.</p> <p>We recognise that, on occasion, there may be circumstances in the period after the remedy comes into force which mean it will not be possible to fully take into account the 2023 Regulations straight away (for example, if the necessary data is unavailable from the employer). In such cases, administrators should clearly communicate that to</p>
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	<p>affected members at the time, and seek to rectify the situation as soon as they can afterwards.</p>
Group 2	<p>Cases falling under Part 3 of the 2023 Regulations</p> <p>The LGPS McCloud remedy has retrospective effect to 1st April 2014 and, for many eligible members, the underpin date or the final underpin date set out in the 2014 Regulations (as amended by the 2023 Regulations) will have already occurred. Part 3 of the 2023 Regulations sets out how the remedy should apply retrospectively for these eligible members, as well as in respect of eligible members who died before 1st October 2023.</p> <p>For these cases, administrators will need to review eligible members' entitlements and, where necessary, make additions to pensions or other benefits, including any applicable arrears.</p> <p>Within this group, cases should be considered in the following order:</p> <p>a) <u>Cases where a member or survivor pension is in payment</u></p> <ul style="list-style-type: none"> • These are cases where a member or survivor pension is currently being paid which includes membership in the underpin period. The fact that a pension is in payment means that a final underpin date under regulation 4H of the 2014 regulations has already taken place for the eligible member before 1st October 2023, or that the member has died before that date. • In these cases, the pension a member or survivor receives each month may not be accurate and it is important that administrators consider these cases promptly to ensure that the correct pension is paid as soon as possible in the future, including the payment of any arrears where applicable. • These cases fall under regulations 5 and 8 of Part 3 of the 2023 Regulations. <p>b) <u>Cases where payments have been made in the past but there is no ongoing liability</u></p> <ul style="list-style-type: none"> • These are cases where a member has had their final underpin date under regulation 4H before 1st October 2023, or has died, but the liability for the pension rights has otherwise been fully discharged by the administering authority. Cases in this group include: <ul style="list-style-type: none"> ○ Members and survivor pensions where a pension was in payment, but this is now no longer payable. ○ Cases where the liability was initially discharged through one of the following one-off payments: <ul style="list-style-type: none"> ▪ A transfer out ▪ A trivial commutation or small pot payment ▪ A death grant payment, where there is no related survivor pension • For the cases in this group, there will be no ongoing inaccurate payments, but it's possible past payments will have been inaccurate and administrators should make efforts to consider these cases promptly so that any underpayments can be rectified.

	<ul style="list-style-type: none"> These cases fall under regulations 5, 6, 7, 8, 10 and 11 of Part 3 of the 2023 Regulations. <p>c) <u>Cases where a member's underpin date has taken place before or after 1st October 2023, but not their final underpin date</u></p> <ul style="list-style-type: none"> These are cases where an eligible member has had their underpin date under regulation 4G of the 2014 Regulations – i.e. they leave active membership or reach their 2008 Scheme normal pension age (usually 65) - but they have not had their final underpin date. For the purposes of this note, this group includes both: <ul style="list-style-type: none"> eligible members who had their underpin date before 1st October 2023, and eligible members who have their underpin date on or after 1st October 2023 but before the conclusion of the remedy project. There will not have been any incorrect payments made for members in this group, but it will be possible for administrators to undertake the initial 'underpin date' calculation of benefits upon which final calculations will be based. These cases should be reviewed after the cases in groups 1, 2a and 2b. Cases where a member's underpin date was before 1st October 2023 fall under regulation 13 of Part 3 of the 2023 Regulations.
Group 3	<p>All other cases</p> <ul style="list-style-type: none"> Eligible members who do not fall within groups 1 or 2 are those who are in scope of McCloud remedy, but who remain in active membership and have not yet had their underpin date. Members in this group will be of lower priority than members in group 1 and group 2. However, it is important that administrators take steps to update group 3 members' records as soon as it is possible to do so, and should have plans to achieve this in time for the first annual benefit statements including McCloud remedy details, expected to be 2024/25. If a member in group 3 becomes a member in group 1 (for example, they retire) or a member in group 2c (they have their underpin date), their case should be considered in line with our guidance on those groups.

Within each group, administering authorities should consider using tools and analysis to help identify the members who are most likely to have an increased pension or benefit arising from our new underpin provisions, and who are therefore most in need of having their case reviewed promptly.

For all eligible members, remedy work should be concluded in time for the despatch of the first annual benefit statements that are required to include McCloud remedy details. This is expected to be the 2024/25 annual benefit statements and we intend to consult on this issue in early 2024.

General comments

We believe the approach outlined in this note is proportionate and reflects the relative urgency of different cases. The responsibility for administering the scheme lies with each administering authority and the administration of the McCloud remedy, which is complex and varied, should be approached flexibly. There may be circumstances where an authority feels it is right to deviate from the approach outlined above – for example, if it is more administratively efficient to take a different

approach and members in a higher priority group would not be materially disadvantaged by doing this. This may be the case if an authority is bulk processing cases, where a number of lower priority cases could be dealt with at one time, and where the same bulk processing could not be used for higher priority cases.

There may also be case specific factors which need to be considered – such as in respect of sensitive cases where special care should be given, for example, after a member's death. Overall, where an authority does take a different approach to that we have outlined here, they should consider this decision carefully, and review that decision at appropriate intervals.

The McCloud remedy project is wide-ranging and this note is principally concerned with the payment of benefits relating to the McCloud remedy. There are important parts of the project which will need to be progressed in parallel with the payment of benefits. This includes, but is not limited to, the following:

- Collection and verification of additional data required to undertake the McCloud remedy calculations.
- Checks to verify which members are in scope of the McCloud remedy from previous pensionable service which hasn't been transferred in or aggregated to that LGPS fund. DLUHC intends to discuss the steps administering authorities should be taking to identify such members with the guidance working group.
- Any tax impacts of the McCloud remedy, including recalculations of past annual allowance calculations.
- Recalculation of inward Public Sector Transfer Club transfers to reflect the McCloud remedy.
- Divorce estimates and implementation of pension sharing orders for eligible members.

We expect that administering authorities will have an overall plan for delivering the McCloud remedy that considers these aspects of the project, and will be working with partners, including software suppliers, to ensure that local plans can be met. In general, local plans should support the prioritisation approach outlined in this note. The Government is aware that updated actuarial guidance is necessary for elements of the remedy and is seeking to issue this as soon as possible

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Transitional Protection and members with Local Government Pension Scheme (LGPS) linked excess service

There are changes being introduced to the Teachers' Pension Scheme, in relation to members who are impacted by the Transitional Protection reme

You may have employees who hold excess service, which can't be rolled back into the final salary Teachers' Pension Scheme because it isn't pensionable that scheme.

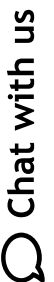
We've already reached out to a number of employers to check whether any of their employees needed to be included in this exercise. The next phase will be to directly contact those of you who have affected members, to:

- notify you of those members identified as in scope in your establishment
- request additional information to allow the relevant funds to request the contributions for any LGPS linked service
- allow us to take alternative action for anyone you confirm is out of scope.

We're aiming to contact you between January and July 2024, and wanted to give you prior notice before this starts.

If you receive a list of affected members and feel there are additional employees who should be included, then please provide us with that information as part of your response.

To understand the changes in relation to the Local Government Pension Scheme and the different members affected, please visit the bespoke pages on our [website](#).



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Cyber security principles for pension schemes

Pension schemes hold large amounts of personal data and assets, which can make them targets for criminals. As trustees and scheme managers, you need to take steps to protect your members and assets accordingly, which includes protecting them against 'cyber risk'.

This guidance sets out the practical steps you can take to meet the expectations set out in our [draft general code of practice](#).

Published: April 2018

Last updated: December 2023

[See all updates to this guidance](#)

On this page

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- [Your role](#)
- [Assessing and understanding the risk](#)
- [Ensuring controls are in place](#)
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What is cyber risk?

Cyber risk can be broadly defined as the risk of loss, disruption, or damage to a scheme, or its members associated with using information technology. Risks can arise not only from the technology itself but also from the people using it and the processes supporting it. It includes risks to information (data security) as well as assets, and both internal risks (for example, from staff) and external risks (such as hacking).

Your role

As trustees and scheme managers, you are accountable for the security of scheme information and assets, even though, in practice, others will handle data and manage technology on your behalf.

Under pensions legislation you must ensure that your scheme is administered and managed within the requirements of the law, including data protection legislation.

You must make sure that you:

understand your scheme's cyber risk

ensure that those handling data or managing technology on your behalf have controls in place to

reduce the risk of incidents occurring and their impact

manage incidents that arise

Cyber risk is complex, rapidly evolving and requires a dynamic response. Your assessment of risk, controls and response plans should be reviewed regularly. Normally, this means at least annually and more frequently if there are substantial changes to your scheme's operations (for example, a new IT system or a change of administrator).

You should keep records on how you have assessed cyber risks and the steps taken to ensure the right controls are in place. This will help you demonstrate that you have fulfilled your governance obligations.

You should make sure you have access to the required skills and expertise to assess and manage your scheme's cyber risk. Some schemes may be able to call on such expertise from their employer, while others may need to seek specialist advice. Sharing insights and experiences with trusted stakeholders and peers can also be a valuable source of intelligence.

Working with others

You need to work with all relevant parties within and outside the scheme (including employers and third-party service providers within your supplier chain) to ensure that the risk is appropriately managed.

You should not assume your suppliers and those handling or managing systems on your behalf have taken the required steps. You remain accountable and should seek assurance or evidence that [the right controls are in place](#). This may include specialised accreditation, including Cyber Essentials, Cyber Essentials Plus, or ISO 27001.

Check what is and isn't covered by any audits, tests, accreditation or insurance that you may have. You may also consider having the effectiveness of your cyber risk management independently assessed by a cyber specialist.

Cyber security should be an active consideration when selecting a supplier and suitable provisions should be included in contracts. You should agree what metrics to use to monitor your supplier, at a depth and frequency proportionate to their risk.

Agree and receive regular, plain English reports from relevant parties on increasing threats, the volume, nature and impact of any system compromise, and data breach, as well as relevant updates on how any emerging cyber risks are being controlled.

Open, transparent and collaborative working in the pensions industry is particularly important for tackling fast-evolving cyber risk. Seeking appropriate information and advice on emerging cyber security threats will enhance the scheme's ability to respond to and recover from cyber incidents.

Changing third-party suppliers

It's common for schemes to change third-party suppliers, such as administrators or IT providers. You need to know who is legally responsible for the data when they are no longer your supplier. You should understand how long they will hold your data, where it will be held, and how it will be protected. This will assist you in determining whether your scheme is likely to be affected if a cyber incident occurs at your previous supplier.

Assessing and understanding the risk

As trustee or scheme manager, you need to assess the cyber risk and include this in your risk register.

Understand:

your cyber footprint: the digital presence of all parties involved in your scheme. This includes not only your administrator but also:

the sponsoring or participating employers

other advisers (auditor, actuaries, investment manager or consultant, lawyers) or service providers (eg annual benefits statement printers)

members (especially if offering online access)

trustees or scheme managers

your critical scheme functions (for example, benefit payments) and the systems and assets needed to deliver these

who holds what data, and how and where it flows. Consider not just your member data but also other data used by or for your scheme, for example, investment instructions to advisers

the value to criminals from data theft or corruption, or the interruption of critical services to members

the type and potential severity of incidents your scheme is vulnerable to, whether accidental or intentional and caused by internal or external actions

the potential impact of a cyber incident on your members, the scheme, and where appropriate, the sponsoring employer. The impact assessment should cover multiple elements, such as operational, reputational, and financial impacts

What about you?

Trustees and scheme managers themselves receive and send large amounts of potentially sensitive scheme information. You should ensure you have the right controls around your own work, eg clear policies on what can and can't be sent to personal email addresses or accessed on tablets and mobile phones.

Ensuring controls are in place

You should seek assurance that those handling data or managing systems on your behalf have controls in place to:

- reduce the likelihood of a cyber incident occurring and the impact of an incident
- detect cyber incidents when they occur
- respond effectively

Controls should cover people, processes and technology and be proportionate to your cyber risk. Larger schemes, and those more exposed to cyber risk, will need more robust controls.

We encourage the largest and highest risk schemes, their advisors and suppliers to fully meet the expectations set out in the National Cyber Security Centre (NCSC) [10 steps to cyber security](#). The smallest and lowest risk schemes and suppliers should at least consider having the controls as set out in [NCSC's small business guide: cyber security](#).

The rest of this section sets out the key controls we would expect to see in place across the pension scheme's cyber footprint.

Prevention

Ensure that adequate controls are in place for the following:

Staff engagement and training

All staff and trustees should receive training relevant to their role as often as required, include:
cyber risks awareness and how to report incidents, in particular phishing, which remains one of the most prevalent forms of cyber-attack

policies for device (including removable and personal) use, covering home and mobile working

policies for using email and internet (including social media)

Clear governance structures with well-defined lines of responsibility and accountability for information technology systems and processes.

Data security

Policies and processes around data access and protection:
include encryption, use and transmission, in line with data protection legislation and guidance

Clear records of your scheme data and assets:
include where they are held, transmitted and stored. This is to swiftly determine which data has been compromised and who might be affected in the event of an incident

Back up critical systems and data regularly:
include, if appropriate, one or more offline backups, to stop these from being affected by a cyber incident

test processes that restore backed-up data to ensure they work as expected

Technical controls

Multiple layers of technical controls around systems in line with [cyber essentials](#).

Relevant policies and processes in place to control the user access:
physical and virtual access to systems

staff should be suitably vetted with the right level of access

review access regularly and remove it for leavers or where no longer relevant to a role

passwords and other layers of authentication, for example, multi-factor authentication (MFA)

Correctly configure devices, including mobile phones, with firewalls (or firewall functionality) and malware protection.

Systems and network vulnerabilities should be tested and managed. In some cases, it may be appropriate to seek independent security testing, including penetration testing. The NCSC provides a free online [cyber security tool](#) which can be used to check common vulnerabilities in public-facing IT.

All software should be kept up to date. Monitor publicly available information for vulnerabilities that have been exploited during previous cyber attacks and update your system accordingly.

Importance of patching and updating

Viruses and malware are constantly evolving to exploit vulnerabilities. Hardware and software developers try to fix these flaws as soon as they are discovered.

Many infections occur because people delay software updates, which would fix them. Installing software updates promptly is a simple yet effective way of reducing cyber risk.

Detection

Detecting cyber incidents early is critical to minimising the risk to members' data and scheme assets.

Systems and networks should be monitored so incidents can be identified and responded to. An automatic audit trail of digital processing activity is also useful when investigating cyber incidents.

There should be clear processes for staff to report cyber risks and incidents, and be able to do so confidently. Log reports to identify any significant or recurring issues.

Incident response planning

All organisations will experience security incidents at some point, even those with the most rigorous controls, so it is critical to plan for an incident.

Design and maintain a plan which sets out how to respond to a cyber incident. The NCSC provides advice on [planning a cyber incident response](#) and [developing a response process](#).

Document:

- the roles and responsibilities of the incident response team and main decision-makers
- procedures for escalating and responding to incidents
- system shut down procedures to prevent malware and viruses from spreading
- procedures for identifying which systems, data and assets may be compromised, and affected operations and services
- the priority order for recovering data and services
- procedures and timescales for recovering backup data and scheme services. Systems and data should only be brought back online when they are secure
- processes for how and when the trustees will be informed about a cyber incident
- internal and external communication plans, including to scheme members
- processes for how and when to report to regulators

Test and update your response plan regularly. The NCSC provides a [free test tool](#).

Ensure that you have sufficient capability to investigate a cyber incident. This may include using a NCSC-approved incident response provider.

Document incidents and follow up major ones with a post-incident review, updating response plans in light of lessons learned as appropriate.

Post incident monitoring may be necessary in some cases, for example, tracking increased or unusual transfer requests following a data breach.

Responding to incidents

You need to have your own robust incident response plan in place and test this through internal exercises, looking at a range of scenarios appropriate to your scheme. This may be a stand-alone plan or part of your business continuity plan.

You should consider the plans of those handling data or managing technology on your behalf, to ensure these appropriately cover the scheme. For example:

- employers' plans covering in-house administration must specify how they cover scheme data, systems

and functions

third-party suppliers' plans must specifically cover the pension schemes services provided to you

Understand how your scheme's core services are covered, such as pensioner payments, retirement processing and bereavement services, and the timeframe for bringing these back online. This should be done as soon as it is safe to do so, and ideally within 24 hours.

Communicating to members

While this can be outsourced, you remain responsible for communicating to members and should be clear when this would happen. A data breach is likely to cause them concern, so be prepared for any queries.

For some cyber incidents or schemes with a complex cyber footprint, it can take a considerable period of time to identify whether or what data has been exfiltrated. You do not need to wait until this is confirmed to contact your members. Keep them updated while investigations progress.

To protect your members from the effects of a data breach, direct them to more information on: [identity theft](#) and [pension scams](#), and the [ICO's guidance for the public](#) as well as the [NCSC's phishing guidance](#). You can also offer them support services, such as credit monitoring, in the event of a breach.

Reporting an incident

We are keen to work with the industry to ensure that savers are adequately protected, and share good practice and insight. Open and transparent dialogue is particularly important for handling cyber risk.

We are asking schemes, their advisers and providers to report significant cyber incidents to us on a voluntary basis, in an open and co-operative way, as soon as reasonably practicable. You do not need to conduct the full incident investigation before reporting to us.

A significant cyber incident is likely to result in:

- a significant loss of member data

- major disruption to member services

- a negative impact on a number of other pension schemes or pension service providers

Report cyber incidents to us at: report@tpr.gov.uk. Urgent reports should be marked as such and highlight anything particularly serious. If appropriate, you can call us after sending the report. Your advisers and service providers can also report to us for incidents at their end.

Reporting to us does not replace your existing legal requirements, such as to [report a personal data breach to the ICO](#) without undue delay (if it meets the threshold for reporting) and within 72 hours.

You are also legally required to [report breaches of pensions law](#) where these are likely to be of material significance to us. This includes where these arise from a cyber incident, for example if it leaves you unable to process core transactions promptly and accurately, such as benefit payments. For authorised master trusts, you should also report this to us via the existing [significant event reporting process](#).

When a significant cyber incident occurs, you may also need to report it to the National Cyber Security Centre (NCSC). Read the [NCSC 's guidance about their role](#) and the type of incidents that you should report. If you proactively engage with the NCSC on any significant cyber incidents, the ICO will take this into account.

Incidents that are not considered significant and those that might lead to a heightened risk of individuals being affected by fraud, should be reported to [Action Fraud](#) – the UK's national fraud and cybercrime reporting centre. If your organisation is in Scotland, then reports should be made to [Police Scotland](#).

Links to more information

National Cyber Security Centre

- [Advice & guidance](#)

- [Threat reports](#)

- [Cyber essentials](#)

- [10 steps to cyber security](#)

- [Glossary](#)

- [Cyber security check tool](#) - a free online tool which can use to check common vulnerabilities in your public-facing IT

[Breach response and monitoring](#)

[A guide to data security](#)

[Personal data breaches: a guide](#)

[Information security checklist](#)

[Responding to a cybersecurity incident](#)

[Encryption](#)

[Working from home](#)

[Ransomware and data protection compliance](#)


PLSA

[Cyber risk – made simple guide](#)

PASA

[Cybercrime protection checklist](#)

[Cybercrime guidance](#)

	Pension Board 25 March 2024
	Report from the Corporate Director of Finance and Resources
Training Update - Members' Learning and Development	

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	3: Appendix 1 - Training Content and Learning Schedule Appendix 2 - Brent Pension Fund Training Plan Appendix 3 - Brent Pension Fund Training Strategy
Background Papers:	None.
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	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 Finance sawan.shah@brent.gov.uk 020 8937 1955 George Patsalides, Finance Analyst george.patsalides@brent.gov.uk 020 8937 1137

1.0 Executive Summary

- 1.1 The purpose of this report is to inform members of the Pension Board and provide an update on the provision of the LGPS online learning facility.

2.0 Recommendation(s)

- 2.1 The Pension Board is recommended to note the report and continue the learning programme as outlined in the training timetable.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

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

3.3 Background

- 3.4 In March 2021, the report to the Pension Board on member training and development set out expectations that all involved in the governance of public sector funds should evidence they have the knowledge, skills and commitment to carry out their role effectively and advised that officers were exploring opportunities for bespoke in person and online learning to assist members of Committee, Board and officers in fulfilling their responsibilities.

- 3.5 To work towards this, the Fund has subscribed to the LGPS Online Learning Academy (LOLA) which is a service launched by our actuaries at Hymans Robertson. This is an online platform designed to support the training needs of Pension Fund Sub-committee, Board and other responsible officers in the Council.

- 3.6 The course includes eight training modules and covers all the key areas to successfully manage the running of the Fund, including:

- Introduction to the LGPS and role of elected members
- Governance & Regulators and Business Planning
- LGPS administration, including policies and procedures, accounting and audit
- LGPS valuations, funding strategy and LGPS employers
- Investment Strategy, pooling, responsible investment, and performance monitoring
- Current issues in the LGPS

- 3.7 As well as delivering training support, the training platform tracks the progress of training plans and provides a record of activity. The platform allows members to complete modules at a convenient time for them. The Fund is recommending that completion of modules should be accomplished at the pace of one module per calendar month beginning November 2023.

- 3.8 To date, we would expect members to have completed modules 1, 2, 3 and 5, with module 6 set for completion by the end of March.. This is in line with the proposed learning structure, outlined in Appendix 1 of this report. The table

below shows an update of module completion for each member of the Pension Board as at 1st March 2024.

Title of Module	Target date to be completed	Members completed module
Introduction	Nov-23	B George C Bala D Ewart R Wheeler
Module 1 – Committee Role and Pensions Legislation	Nov-23	C Bala D Ewart R Wheeler
Module 2 – Pensions Governance	Dec-23	C Bala D Ewart R Wheeler
Module 3 – Pensions Administration	Jan-24	C Bala D Ewart R Wheeler
Module 5 – Procurement and Relationship Management	Feb-24	C Bala D Ewart

3.9 Officers will bring a record of training undertaken on the platform by members of the committee and board to each meeting.

4.0 Stakeholder and ward member consultation and engagement

4.1 This is not applicable for this report.

5.0 Financial Considerations

5.1 There are none arising directly from this report.

6.0 Legal Considerations

6.1 There are none arising directly from this report.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 There are none arising directly from this report.

8.0 Climate Change and Environmental Considerations

8.1 There are none arising directly from this report.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 There are none arising directly from this report.

10.0 Communication Considerations

10.1 There are none arising directly from this report.

Report sign off:

Minesh Patel

Corporate Director of Finance and Resources

LOLA Training Plan

Title of Module	Module Content	Date to be completed	Time Requirement
Introduction	An introduction to LGPS Online Learning Academy	Nov-23	2 minutes
Module 1 – Committee Role and Pensions Legislation	An Introduction to Pensions Legislation An Introduction to Pensions Legislation - The role of a Councillor	Nov-23	37 minutes
Module 2 – Pensions Governance	LGPS Oversight Bodies - DLUHC & GAD LGPS Oversight Bodies - TPR Business Planning LGPS Governance	Dec-23	1 hour
Module 3 – Pensions Administration	Introduction to Administration Additional Voluntary Contributions Policies and Procedures	Jan-24	1 hour
Module 5 – Procurement and Relationship Management	Public Procurement	Feb-24	21 minutes
Module 6 – Investment Performance and Risk Management	Introduction to Investment Strategy LGPS Investment Pooling Performance Monitoring Responsible Investment	Mar-24	58 minutes
Module 7 – Financial Markets and Product Knowledge	Introduction to financial markets and product knowledge Markets, investment vehicles and MiFID II	Apr-24	43 minutes
Module 4 – Pensions Accounting and Audit Standards	Pensions Accounting and Audit Standards	May-24	21 minutes
Module 8 – Actuarial Methods, Standards and Practices	Introduction to Funding Strategy LGPS Actuarial Valuations - Process LGPS Valuation - Technical Employers	Jun-24	1 hour
Current Issues	Understanding McCloud Pensions Dashboards Understanding Goodwin Introduction to Cyber Risk GAD Section 13 Climate Change and TCFD McCloud Consultation June 2023 SAB and HM Treasury Cost Cap Mechanisms Next Steps on Investment (England & Wales) - Consultation overview	On going	

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This is the proposed Training Plan for the Brent Pension Fund Committee and Board Members. The Plan aims to give an indication of the delivery method and target completion date for each area. On approval, officers will start to implement this programme, consulting with Members as appropriate concerning their availability regarding appropriate delivery methods.

Training need	Proposed delivery method							CIPFA Framework	Scheduled date	Feedback
	Officer briefings	Briefing note	Pre Committee/ Board training	Training event (internal or external)	Conferences or Seminars	E-learning	Webinars /videos			
Pensions legislation										
General introduction to the LGPS			✓				✓	1		
General pensions framework			✓			✓	✓	1		
LGPS Discretions and formulation of policies			✓				✓	1		
Latest changes to the LGPS			✓				✓	1		
Pensions governance										
Understanding the role of the administering authority			✓				✓	2		
Understanding the general governance framework, including the role of MHCLG, SAB, TPR and other Regulators			✓				✓	2		
The role of the Pension Committee, the administering authority, Pension Board and scheme employers	✓	✓	✓				✓	2		
Understanding the role of the s.151 officer	✓	✓	✓					2		
Monitoring and management of fund risk	✓		✓	✓	✓		✓	2		
Managing conflicts of interest	✓	✓	✓			✓	✓	2		
Reporting breaches of the law		✓	✓			✓	✓	2		
Pensions administration										
General understanding of best practice in scheme administration (e.g. performance and cost measures)	✓	✓	✓	✓				3		
Appreciation of Fund policies, including the administration strategy			✓	✓				3		
Understanding of discretionary powers and their useage			✓	✓				3		
Overview of pension tax rules			✓	✓				3		
Understanding of the Fund's AVC arrangements, including investment choices and performance			✓	✓	✓			3		
Actuarial methods, standards and practices										
General understanding of the role of the actuary	✓	✓	✓	✓	✓		✓	8		
Understanding the valuation process (including the Funding Strategy Statement) and inter-valuation monitoring			✓	✓			✓	8		
Monitoring of early and ill health retirements		✓						8		
Understanding the process for enabling new employers to join the Fund, together with the cessation process		✓	✓	✓	✓		✓	8		
Understanding the pension implication of outsourcing and bulk transfers		✓	✓	✓	✓		✓	8		
Appreciation of the employer covenant		✓	✓	✓	✓		✓	8		
Pension accounting & auditing standards										
A general understanding of the Accounts and Audit Regulations, together with legislative requirements relating to internal controls and accounting practice			✓					4		
A general understanding of the role of internal and external audit		✓	✓					4		
A general understanding of the role played by third party assurance providers			✓					4		
Pension Services procurement & relationship management										
A general understanding of public procurement policy and the role of key decision makers and organisations			✓	✓	✓			5		
A general understanding of the main requirements of UK and EU procurement legislation			✓	✓	✓			5		
An understanding of the importance of considering risk factors for the Fund when selecting third party providers			✓	✓	✓			5		
Appreciation of how the Fund monitors and manages performance of outsourced providers			✓	✓	✓			5		

Investment performance & risk management										
A general understanding of the importance of monitoring asset returns relative to the liabilities			✓	✓	✓			6		
Understanding ways of assessing long term risk			✓	✓	✓			6		
Appreciation of the Myners principles and the approach adopted by the Fund			✓	✓	✓			6		
Appreciation of the range of support services available, who supplies them and the nature of the performance monitoring regime			✓	✓	✓			6		
Financial markets & products knowledge										
A general understanding of the risk and return characteristics of the main asset classes			✓	✓	✓			7		
Understanding the role of these asset classes in long-term Fund investing			✓	✓	✓			7		
Understanding the importance of the Funds Investment Strategy Statement			✓	✓	✓			7		
A general understanding of the financial markets and the investment vehicles available to the Fund, together with their associated risks			✓	✓	✓			7		
Understanding the legislative limits placed on investments within the LGPS			✓	✓	✓			7		
Understanding how the Fund interacts with the UK and overseas taxation systems in relation to investments			✓	✓	✓			7		

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Brent Pension Fund

Pension Committee and Pension Board Training Strategy

March 2021

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Introduction

This is the training strategy of the Brent Pension Fund (“the Fund”). It has been established to aid the Pension Committee, Pension Board and Officers understanding of their respective responsibilities. This training strategy sets out how these key individuals within the Fund will obtain and maintain the necessary knowledge and understanding in order to fulfil their role.

Objectives

The Funds’ objectives relating to knowledge and understanding are to:

- Ensure the Fund is appropriately managed and those individuals responsible for its management and administration have the appropriate knowledge and expertise;
- Ensures that there is the appropriate level of internal challenge and scrutiny on decisions and performance of the Fund
- Ensure the effective governance and administration of the Fund; and
- Ensure decisions taken are robust and based on regulatory requirements or guidance of the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for Housing, Communities and Local Government.

Pension Fund Committee members require an understanding of:

- Their responsibilities as an LGPS administering authority, as delegated to them by Brent Council;
- The requirements relating to pension fund investments;
- Controlling and monitoring the funding level; and
- Effective decision making in relation to the management and administration of the Fund.

Pension Board members must be conversant with –

- The relevant LGPS Regulations and any other regulations governing the LGPS;
- Any policy or strategy documents as regards the management and administration of the Fund; and
- The law relating to pensions and such other matters as may be prescribed.

Officers responsible for Fund management and administration must ensure they have the necessary knowledge and understanding to:

- carry out the tasks of managing the Fund’s investments, administering the payment of benefits and communicating key messages to scheme employers, scheme members and their dependants.

The knowledge and skills required of staff should be set out in their job descriptions, including any formal qualifications required.

Compliance

To achieve these objectives, the Fund will aim for full compliance with the CIPFA Knowledge and Skills Framework (KSF) and the Pension Regulator Code of Practice to meet the skills set within that Framework. Attention will also be given to any guidance issued by the Scheme Advisory board (SAB), the Pensions Regulator and the Secretary of State.

CIPFA Knowledge and Skills Framework – Pension Fund Committees

Although there is currently no legal requirement for knowledge and understanding for members of the Pension Committee it is the Fund's opinion that, in accordance with the Scheme Advisory Board's (SAB) "Good Governance" project members of the Pension Committee should have no less a degree of knowledge and skills than those required in legislation by the Local Pension Board.

The CIPFA framework, that was introduced in 2010, covers six areas of knowledge identified as the core requirements:

- Pensions legislative and governance context;
- Pension accounting and auditing standards;
- Financial services procurement and relationship development;
- Investment performance and risk management;
- Financial markets and products knowledge; and
- Actuarial methods, standards and practice.

Under each of the above heading the Knowledge and Skills Framework sets the skills and knowledge required by those individuals responsible for Fund's financial management and decision making.

CIPFA Technical Knowledge and Skills Framework – Local Pension Boards

CIPFA extended the Knowledge and Skills Framework in 2015 to specifically include Pension Board members, albeit there is an overlap with the original Framework. The 2015 Framework identifies the following areas as being key to the understanding of local pension board members;

- Pensions Legislation;
- Public Sector Pensions Governance;
- Pensions Administration;
- Pensions Accounting and Auditing Standards;
- Pensions Services Procurement and Relationship Management;
- Investment Performance and Risk Management;
- Financial markets and product knowledge;
- Actuarial methods, standards and practices.

The Pensions Regulator's E-learning toolkit

The Pensions Regulator has developed an online toolkit to help those running public service schemes understand the governance and administration requirements set out in its code of practice 14 – *Governance and administration of public service pension schemes*. The toolkit covers 7 short modules, which are:

- Conflicts of Interests;
- Managing Risk and Internal Controls;
- Maintaining Accurate Member Data;
- Maintaining Member Contributions;
- Providing Information to Members and Others;
- Resolving Internal Disputes;
- Reporting Breaches of the Law.

The modules of the Regulator's toolkit are by their very nature generic, having to cater for all public service pension schemes. While they give a minimum appreciation of the knowledge and understanding requirements set out in the Code of Practice they do not cater for the specific requirements of the individual public service schemes.

As a result the Regulator's toolkit does not cover knowledge and skills requirements in areas such as Scheme regulations, the Fund's specific policies and the more general pension's legislation. Therefore, this toolkit should be used to supplement the existing training plans.

Timing

Ideally, targeted training will be provided that is timely and directly relevant to the Committee and Board's activities as set out in the Fund's business plan.

Approach

This Strategy sets out how the Fund provide training to members of the Pension Committee and Pension Board. Officers involved in the management and administration of the Fund will have their own section and personal training plans together with career development objectives.

- **Induction training** - Pension Committee and Pension Board members will receive induction training to cover the role of the Fund, Pension Board and understand the duties and obligations Brent Council as the Administering Authority, including funding and investment matters.

It is anticipated that at least 2 day's annual training will be arranged and provided by officers to address specific training requirements to meet the Pension Committee and Pension Board's business plan. All members will be encouraged to attend this event.

- **External courses** - Additionally, a number of specialist courses are run by bodies such as the Local Government Association, actuarial, governance and investment advisers as well as fund manager partners.
- **Conferences** - There are also a number of suitable conferences run annually, which will be brought to members attention where appropriate. Of particular relevance are the LGA Annual Governance Conference, LGA Fundamentals Training, National Association of Pension Funds (NAPF) Local Authority

Conference, the LGC Local Authority Conference, and the Local Authority Pension Fund Forum (LAPFF) annual conference.

Additionally, consideration will be given to various training resources available in delivering training to the Pension Committee and Pension Board members. These may include but are not restricted to:

- In-house and shared training events where it improves economy, efficiency and effectiveness
- Self-improvement and familiarisation with regulations and documents
- The Pension Regulator's e-learning programme
- Attending courses, seminars and external events
- Internally developed training days and pre/post meeting sessions
- Regular updates from officers and/or advisers
- Informal discussion and one-to-one sessions
- Formal presentations
- Circulated reading material
- E-learning

Flexibility

When considering training for members of the Pension Committee and Pension Board it is recognised that individuals may have different learning styles. The Fund will seek, where possible, to ensure flexibility in the manner in which training is provided to support these different learning styles.

Maintaining knowledge

In addition to undertaking ongoing training to achieve the requirements of the CIPFA knowledge and skills framework Pension Committee and Pension Board members are expected to maintain their knowledge and understanding of topical issues through attendance at internal/external events and seminars where appropriate. We recommend that members sign up to the various industry communications such as those produced by the SAB, LGA, CIPFA and the Fund Actuary.

Owing to the changing world of pensions, it will also be necessary to attend ad hoc training on emerging issues or on a specific subject on which a decision is to be made in the near future.

Risk Management

The compliance and delivery of a training strategy is at risk in the event of-

- Frequent changes in membership of the Pension Committee or Pension Board
- Poor individual commitment
- Resources not being available
- Poor standards of training
- Inappropriate training plans

These risks will be monitored within the scope of the training strategy to be reported to the s.151 officer where appropriate.

Reporting and Compliance

In line with the CIPFA Code of Practice a disclosure will be made in the Fund's Annual Report and Accounts that covers:

- How the Skills and Knowledge framework has been applied.
- What assessment of training needs has been undertaken.
- What training has been delivered against the identified training needs.

Budget and costs

A training budget will be agreed and costs fully scoped.

All direct costs and associated reasonable expenses for attendance of external courses and conferences will be met by the fund, provided that the Scheme Manager's prior approval is sought before incurring any such expenses (other than routine costs associated with travelling to and from Pensions Board/Committee meetings) and appropriate receipts are sent to the Scheme Manager evidencing the expenses being claimed for.

Effective date

This strategy comes into effect from 23 March 2021.

Review

This strategy will be reviewed every 2 years, and if necessary, more frequently to ensure it remains accurate and relevant.

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 Brent	Pension Board 25 March 2024
	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: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	2: Appendix 1 – Risk Register Appendix 2 – Risk Strategy
Background Papers:	
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	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 Finance sawan.shah@brent.gov.uk 020 8937 1955 John Smith, Pensions Manager john.smith@brent.gov.uk 020 8937 1985

1.0 Executive Summary

- 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 3.2.4.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

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

3.2 Background

- 3.2.1 Effective risk management is the foundation of sound corporate governance and the focus should be on all aspects of the pension 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.

- 3.2.2 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.

- 3.2.3 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.

- 3.2.4 Key changes to the Risk Register:

Item 5.6 - This risk has receded as Civica has addressed several software issues relating to McCloud and enhanced UPM's functionality.

Item 8.2 - This risk has increased slightly as Knowledge and understanding is a key topic in the Pension Regulator's (tPR) Single Code, which comes into force on 27 March. However, it has been partially mitigated by the Fund rolling out e-learning to all Board and Committee members.

Item 8.6 - The Pension Fund Sub Committee has taken positive steps to mitigate this risk by approving revised Administering Authority discretions and a template of Employing Authority discretions for employers to populate.

Item 9.3 - The McCloud risk has increased slightly as its scope has expanded; however, this is partially mitigated by improvements in the remedy functionality of UPM.

3.2.5 There have been other changes made to the Risk Register at Appendix 1 to keep the document up to date. The changes are:

- Item 1.1 - Risk score updated
- Item 1.11 - Risk score updated
- Item 1.2 - Risk score updated
- Item 1.21 - Risk score updated
- Item 2.1 - Next review and comment updated
- Item 3.1 - Next review and comment updated
- Item 4.2 - Risk score updated
- Item 5.3 - Comment updated
- Item 5.6 - Risk score and comment updated
- Item 6.2 - Description updated
- Item 6.5 - Comment updated
- Item 8.2 - Comment updated
- Item 8.6 - Comment updated
- Item 9.3 - Risk description and outline, control and comment updated
- Item 9.7 - Risk score and comment updated

3.2.6 The Board is asked to notify the scheme manager if it disagrees with any of these classifications and present any new risks that they would like to be considered.

3.2.7 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 Stakeholder and ward member consultation and engagement

5.1 This is not applicable for this report.

5.0 Financial Considerations

6.1 There are no specific financial implications relating to this report.

6.0 Legal Considerations

7.1 There are no specific legal implications relating to this report.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

8.1 There are none directly arising from this report.

8.0 Climate Change and Environmental Considerations

9.1 There are none directly arising from this report.

9.0 Human Resources/Property Considerations (if appropriate)

10.1 There are none arising directly from this report.

10.0 Communication Considerations

11.1 This is not applicable to this report.

Report sign off:

Minesh Patel

Corporate Director, Finance and Resources

The London Borough of Brent Pension Fund Risk Register 2024										
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	8	8	Brent Council Business Continuity Procedures	Brent	Annual	2024	Brent Council disaster recovery plan in place
1.11		Pension Systems I.T.	1	8	8	Database of all: a) Advisors b) Suppliers c) Contracts	Brent	Annual	2024	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	8	8	LPP Shared Service Agreement.	LPP	Annual	2024	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 (UPM) used by Brent Council Employers, Maintained Schools and Academies	1	8	8	LPP Shared Service Agreement	LPP	Annual	2024	LPP have a recovery plan in place for their pension admin platform UPM (External provider Civica). LPPA is ISO 27001 accredited and has Cyber Essential Plus accreditation, showing that LPPA have processes and procedures in place that keep information and systems secure.
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	Q4 2023/24	Brent Council discuss LPP budget at regular contract monitoring meetings. Update received from LPPA for Q2 2023/24 and budget proposal received for 2024/25.
3	Risk Area Risk Planning	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
3.1	Risk Planning And Monitoring	Not monitoring: a) Risk and the risk plan b) And amending it as required c) Or adding new areas of risk as they appear Will lead to the risk plan being: a) Inaccurate b) Known risks not being accounted for c) No plans to address these risks	1	10	10	Risk Plan	Brent	Quarterly	Q4 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 Officers are currently in the process of reviewing the risk strategy and the revised strategy and register will be presented to the board at the next meeting.
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	2024	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	2024	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	2024	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	2024	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	2	10	20	Brent GDPR Policies	Brent	Annual	2024	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	2024	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	4	10	40	Brent Council Data Security Procedures LPP Cyber Security Procedures	Brent	Annual	2024	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. LPPA have also implemented a number of controls and technologies in relation to cyber security including network firewalls, daily backups online and to tape to protect against the loss of data, system corruption or ransomware and disaster recovery tests.
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 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	Q4 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	Data quality has improved following multiple data cleanse projects and is now being monitored quarterly. The Fund has also commissioned a data cleanse project to carry out data mismatch analysis and record rectification in respect of pension data records held on LPPA's UPM system and Brent's Oracle system with a total 1404 records in scope.
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 2023	Brent	Annual	2024	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 have been rolled out to all employers from April 2023. 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. LPPA have provided the Fund with a dashboard with the status of monthly scheme data returns for all employers. LPPA and officers are regularly contacting employers who have outstanding returns.
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	4	4	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 was impacted due to spikes in work created by the phase 2 migrations however recent performance has improved and the focus is now on sustaining agreed service levels. LPP are providing Brent officers with regular updates in monthly meetings. Updates are also being provided to the Pension Board.
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	2024	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	2024	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 2024/25	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. Scheme employers are chased on a regular basis.	Brent	Annual	2024	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	2024	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	2024	Member data is being dealt with under the Record keeping Plan. Consider address tracing as they approach SPA (people who move tend to move again).
6.4	Monthly End Return	Failure to complete monthly return and submit on time leads to fines	4	10	40	PAS Employer Training Sessions	Brent	Annual	2024	The Fund moved to monthly returns from April 2023. Completion of returns by employers is being monitored by the Fund and employers who are yet to submit a monthly return have been contacted and are being chased for returns by officers. 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	2024	Admission agreements are regularly reviewed by officers in finance and legal to resolve issues encountered in the admission agreement process and progress to completion. Pass-through approach is expected to streamline the process. It has been endorsed by the Pension Fund Sub-committee and is pending approval from General Purposes Committee.
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	2024	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	2024	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	2024	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	2024	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.	3	5	15	Pension Board Training Plan	Brent	Annual	2024	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. The Fund has rolled out e-learning to all pension committee and board members in November 2023, progress is being reported at each meeting.
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	2024	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 2023 d) Scheme Manager e) Pensions Board f) Pensions Sub Committee	Brent	Ongoing	2024	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	2024	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. An updated Administering Authority discretions policy was approved at the February 2024 meeting of the Pension Fund Sub-committee, a template Employing Authority discretions policy has also been prepared.
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.The proposed final valuation report was presented to the Pension Sub-committee in February 2023 and the Pension Board in March 2023.
9.2	Geographical and economic risk in relation to investments	Significant volatility and potential downturn in global investment markets following disruptive geopolitical events and economic uncertainty.	8	8	64	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 events on an ongoing basis and continually assessing risks in relation to geopolitical events. The Fund's investment advisor provides advice and updates to the Pension sub-committee on the Fund's investment strategy and performance at every meeting. The Fund holds a well diversified investment portfolio which includes a mixture of growth, income and protection assets and limits concentration in any one specific market.
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. The scope of McCloud has broadened and the software providers are making progress in implementing the remedy solutions.	8	6	48	Triennial valuation/ Funding Strategy Statement. McCloud remedy solution in UPM	Brent	Quarterly	Ongoing	This risk continues to evolve and two sets of tax rectification regulations have been produced and the Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023 came into effect from 1 October 2023. It is likely that greater administration resource will be required at a cost to the Pension Scheme. Retirees from October 23 onwards will need to be revisited and systems functionality is gradually being delivered in UPM.
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	2024	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	2024	Contributions are monitored on a monthly basis and late or non payers reported. 2023 Revised PAS includes fines for non compliers.
9.6			2	10	20	Annual audit	Brent	Annual	2024	Final accounts for 2022/23 have been published.

9.61	Pension Plan Accounting	Failure to comply with accounting regulations will lead to serious consequences: a) Possible fines b) Loss of reputation	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.	7	4	28	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 however inflation has fallen in recent months incrementally . 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.

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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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 Brent	<p align="center">Pension Board 25 March 2024</p>
	<p align="center">Report from the Corporate Director, Finance and Resources</p>
<p align="center">Pass-Through Policy</p>	
Wards Affected:	All
Key or Non-Key Decision:	Non-key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	2: Appendix 1 - Pass-Through for New Contractors – Discussion Document Appendix 2 - Pass-Through Table
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	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 Finance sawan.shah@brent.gov.uk 020 8937 1955 John Smith, Pensions Manager john.smith@brent.gov.uk 020 8937 1985

1.0 Executive Summary

- 1.1 This report outlines the preferred arrangements for contractors participating in the Brent Pension Fund. Brent Pension Fund's actuary, Hymans Robertson, has prepared a discussion document outlining the principles, benefits and risks of using 'pass-through' for its admission agreements and a comparison with the

current 'traditional' approach. This report considers the advantages and disadvantages of the proposed course of action.

2.0 Recommendation(s)

- 2.1 That the Board notes the proposed pass-through approach as the default for admission agreements in line with the principles as specified in this report and that
- 2.2 The Board notes that the Pension Fund Sub-Committee recommended that the proposed pass-through approach detailed in 2.1 is approved by the General Purposes Committee at its next meeting.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

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

3.2 Content

Foreword

- 3.2.1 Hymans Robertson, in their capacity as actuary to the Fund have prepared a discussion document, attached as Appendix 1, to set out the key factors for the Fund to consider with regards to allowing new admission bodies to participate in the Fund on a 'pass-through' basis.
- 3.2.2 It is important to note that these proposals will affect new admission agreements and any contracts that have already been advertised will proceed on the basis set out in the prospectus. Officers may consider applying pass-through to outstanding admission agreements that have not yet been agreed on a case-by-case basis where the operational benefits can be justified and to do so would not impact on the result of the procurement process. Any existing agreed admission agreements will not be modified.

Background

- 3.2.3 Brent Pension Fund is required to enter into admission agreements when letting authorities outsource a service to a contractor. The Fund's current approach is the traditional approach where the following principles apply:
 - all past service pension benefits in respect of outsourced members are transferred from the letting authority to the new contractor,
 - the contractor is set up on a "fully funded" basis using ongoing assumptions,
 - the starting contribution rate is the cost of future service benefits only,
 - the contribution rate is reviewed and adjusted at every formal valuation,

- any early retirement strains and augmentation costs that arise are met by the contractor via additional lump sum contribution(s),
- a bond or other form of indemnity where considered appropriate is taken out by the contractor and
- at the point of cessation, the resulting cessation valuation may lead to the payment of a cessation debt by the employer (or an exit credit by the Fund).

3.2.4 The paper advocates changing Brent's approach to risk sharing utilising the flexibility in the Funding Strategy Statement (FSS). This involves moving away from the conventional approach to admission agreements, where the contractor bears all the pension risk, and introducing pass-through agreements where the letting authority would agree to retain some of the pension risk.

3.2.5 The main drivers for this change of policy are the practical challenges of setting up conventional admission agreements, the contractors' difficulties in sourcing bonds and the expansion of the Department of Education's pension guarantee for academy trusts on 17th May 2023.

3.2.6 Although it may appear counterintuitive for a letting authority to volunteer to bear more risk, there are sound reasons for believing that risk sharing will deliver better outcomes for everyone concerned.

Legislation, Directions and Guidance

3.2.7 When councils, maintained schools and academies let contracts, they are required to ensure that staff with entitlement to access the LGPS that are transferred pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) have access to suitable pension arrangements.

3.2.8 Schedule 2 part 3 of the Local Government Pension Scheme Regulations 2013 (LGPS Regulations 2013) sets out the entities that can be admitted to the scheme.

3.2.9 If a council or a maintained school outsources a function, The Best Value Authorities Staff Transfers (Pensions) Direction 2007 requires the letting authority to offer the TUPE transferred staff the same, a broadly equivalent or a better pension scheme than the one they had a right to participate in before the change of employer.

3.2.10 New Fair Deal 2013 requires academies and multi academy trusts (MATs) to offer transferring staff access to the same defined benefit pension scheme (Teachers' Pensions Scheme/LGPS).

Pass-through approach

3.2.11 The philosophy behind conventional admission agreements is to pass the investment and moral hazard risks to the contractor.

- 3.2.12 Pass-through covers a spectrum of risk sharing between letting authorities and contractors but the key feature is to pass significantly less pension risk to the contractor and reduce the costs of participation. This means that more of the pension risk remains with the letting authority.
- 3.2.13 Additionally, the traditional outsourcing approach can lead to a great deal of uncertainty over costs for contractors during volatile market conditions and bidders are increasingly aware about such risks therefore by passing less of the pension risks to the contractor, the letting authority should expect that more bidders are encouraged to respond and to receive more competitive bids when tendering services.
- 3.2.14 For the avoidance of doubt, Brent is recommending a balanced hybrid approach with the letting authority taking the investment, ill-health retirement and excess salary accrual (within reason) risks, and the contractor any costs relating to early retirement and pension enhancement. The employer's contribution would be equal to the letting authority's primary contribution (future accrual) rate and it will be reviewed in the light of experience at each triennial valuation.
- 3.2.15 It should be noted that in the absence of outsourcing, the letting authority would retain all of the pension risk, therefore pass-through agreements seek to obtain the correct balance of transferring risks within their control to the contractor while retaining risks which have significant uncertainty with the letting authority that would otherwise be built into the quote.
- 3.2.16 It is proposed that the new policy will be the default for contracts with up to fifteen transferees and an option for larger contracts at the Administering Authority's discretion with the letting authority's agreement.

Analysis of risk

- 3.2.17 The discussion paper attached in Appendix 1 prepared by the Fund Actuary, Hymans Robertson, provides an overview of the benefits and risks together with the key design factors. Appendix 2 further sets out the risks in a table.
- 3.2.18 In summary, pass-through offers several administrative benefits compared to traditional agreements:
- Simplified approach to admitting new bodies and of cessation of contractors.
 - No requirement for a market rate bond which can be difficult for contractors to obtain.
 - Potentially better pricing for letting authorities because contractors have greater certainty over pension risk.
 - Removes the requirement to pay an exit credit if there is a surplus at the end of the contract. This is caveated with the letting authority being

responsible for a deficit, should one materialise, at the end of the contract.

3.2.19 The table below outlines the proposed pass-through policy for the Brent Pension Fund:

Application	Pass-through will be the default for admission agreements with fewer than 15 transferring members. For new contractors with 15 or more transferring members, the administering authority will agree the most suitable arrangement (pass through or traditional approach) with the letting authority.
Investment risk	If the investment risk is passed to the contractor, it is likely that the downside risk will be priced into the contract. Conversely, the letting authority is likely to be able to negotiate a better price for the contract if they retain the investment risk.
Positive investment fluctuation	<p>In the past, the letting authority would retain any surplus and the contractor would pay an exit payment if they were in deficit. That changed when regulation 64B was inserted in the LGPS Regulations 2013 on 23rd September 2020 and the contractor may be paid an exit credit if the contract is in surplus and the requirements in the FSS are satisfied.</p> <p>This change has complicated pensions administration and it is not unheard of for contractors to try to terminate admission agreements early to realise a substantial surplus. Under pass-through, the contractor would pay a fixed employer's contribution rate and there would be no exit payments or exit credits when an admission agreement ends. The net effect would be that the letting authority retains any investment growth.</p>
Ill-health retirement	Brent intends to pool ill-health experience with the letting authority. It believes it can minimise the risk of moral hazard by insisting that the contractor uses Brent's independent registered medical practitioner (IRMP) as it is entitled to do under regulation 36(3) of the LGPS Regulations 2013.
Early retirement	Brent proposes that the risks of early retirement under regulation 30(7) LGPS Regulations 2013, waiving actuarial reductions and switching on the 85-year rule should be passed to the contractor to mitigate the risk of moral hazard. The contractor would be required to pay any strain costs flowing from its decisions.
Pension enhancement	The contractor should bear any costs related to shared cost APCs, shared cost AVCs and meet any strain costs

	in relation to membership awarded under regulation 31 of the LGPS Regulations 2013.
Excessive salary increases	<p>Brent proposes tolerating this risk and taking reasonable steps to mitigate it. The main risk is final salary membership that was accrued before 2014 and it is partly self-limiting as members with substantial membership (say 20 years) will be entering their 50s. It recommends that salary growth should be one of the factors taken into consideration when reviewing employers' contribution rates at the triennial valuation. There are also other levers for controlling salary growth as;</p> <ul style="list-style-type: none"> (1) most contracts are small cleaning/catering contracts where the employer has an interest in restraining the transferred staffs' salaries and (2) contracts with large numbers of staff, of long duration or where the workforce includes high-earners can be earmarked for conventional admission agreements and (3) housing associations/ companies, large maintenance contracts and arms-length companies etc. are suitable for conventional admission agreements as there will be ample advance notice, the professional fees will be modest in comparison the size of the contract and they tend to be longer contracts.
Bonds	Brent will only ask for a bond or other security if the contract is perceived to be high risk or the letting authority insists on one. In these circumstances the contractor will have to make a cash deposit, offer an unencumbered asset or post a bond for a sum equal to six months' employer's and employees' pension contributions.
Employer contribution rate	Brent will set an employer contribution rate that is equal to the letting authority's primary contribution (future accrual) rate. Employer contribution rates can be reviewed in the light of experience at the triennial valuations, thereby minimising the risks of employer excess.
Changes in the underlying actuarial assumptions	Will be borne by the letting authority and mitigated by changes to the employers' contribution rate at each triennial valuation.

Changes in the admitted body's demographic	Will be underwritten by the letting authority. It is inevitable that the average age will rise and there will be fewer contributing members as the admission agreement matures. This may be partially mitigated at the triennial valuations to the extent that its experience is replicated across the fund as whole.
Changes in the scheme's benefit structure	Will be covered by the letting authority. Although the consequences of McCloud and Goodwin will lead to modest improvements in the benefit structure, they will also be taken into consideration in the schemes cost control mechanism. Should there be significant changes that breach the 3% stabilisation window there would be reciprocal reductions in other benefits to restore equilibrium.
Officer's, lawyers and professional advisers	These costs impact on all the stakeholders. Even relatively straightforward conventional admission agreements are very labour intensive and generate large professional fees. One of the advantages of pass-through is that it avoids complex actuarial calculations and a variety of professional fees as we can use a standard template admission agreement. Although the contractor is the prime beneficiary of these savings, the letting authority can take them into account when negotiating the price of the contract.
Accounting for the pension liabilities	They remain the responsibility of the letting authority under pass-through.
The risk of not having simple processes	This affects everyone involved. A pass-through agreement will streamline contract negotiations and there is no reason why an admission agreement cannot be in place as soon as a contract is let. It will remove months/years of uncertainty, ensure that employees' and employer's contributions are paid over and invested promptly and remove unnecessary stress and uncertainty from ill-health retirements and deaths in service.

Summary

3.2.20 Conventional admission agreements require considerable internal administration and legal resource and incur significant actuarial fees.

3.2.21 The advantages of pass-through are that it is transparent, easy to understand and all parties are better informed from the outset. The terms are set out in a template admission agreement that will be disclosed to contractors before they bid.

Conclusion and next steps

- 3.2.22 Pass-through is not new and there are many reasons why its popularity is growing; however, the catalyst seems to have been the revised guidance issued on 23rd September 2020, which confirmed that the Department of Education's guarantee covered pass-through.
- 3.2.23 Pass-through can present stark choices in its purist form; however, Brent has opted for a more nuanced hybrid approach based on the principle of utility. It has tried to strike a balance between offering the contractor transparent pension costs and protecting the letting authority from moral hazard.
- 3.2.24 The proposed policy frees the contractor from the uncertainty of investment risk and the requirement to post a bond while protecting the letting authority from pension enhancement and strain costs. It is not a panacea as it only controls final salary growth indirectly - although this legacy risk will dissipate with the passage of time.
- 3.2.25 It is important to note that pass-through is not suitable for all admission agreements and it will only streamline future outsourcings. Any outstanding admission agreements will have to be worked on a case-by-case basis where the operational benefits can be justified and to do so would not impact on the result of the procurement process.
- 3.2.26 The feedback from authorities who have implemented pass-through is very positive. Nonetheless, if Brent has any reservations about implementing pass-through it could consider trialling it for a reasonable period (say three years) and review the decision in the light of experience.
- 3.2.27 If this proposal is adopted, fund officers will consult with employers in the Fund to explain the pass-through approach, the risks and benefits. This is expected to take 3 weeks. Fund officers will also ensure that the necessary documentation is in place to implement pass-through taking legal advice if deemed necessary. The current working assumption is to go live as soon as practicability possible.

4.0 Stakeholder and ward member consultation and engagement

- 4.1 In view of the nature of the report, there has been no consultation or engagement with stakeholders or ward members to date.

5.0 Financial Considerations

- 5.1 Implementing the pass-through policy will ensure that there is more appropriate risk sharing between letting authorities and contractors, which should result in more competitive pricing for outsourced services, although employers will accept greater risk than under the traditional approach.
- 5.2 While it is not possible to accurately quantify the savings associated with the adoption and implementation of a pass-through policy there will be less of an administrative burden in terms of financial, legal and actuarial resources in

maintaining a pass-through policy than the traditional approach. Therefore it is considered that this approach delivers value for money.

6.0 Legal Considerations

- 6.1 The legal considerations arising from the adoption of pass through of pensions risk are addressed in the body of the report.
- 6.2 Adoption of pass through arrangements for contracts with up to 15 transferees will assist the procurement of such contracts given that providers, particularly smaller providers, often encounter issues in providing bonds and other security in respect of pensions risk.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

- 7.1 There are no adverse equality considerations arising out of this report.

8.0 Climate Change and Environmental Considerations

- 8.1 There are no climate change or environmental considerations arising out of this report.

9.0 Human Resources/Property Considerations (if appropriate)

- 9.1 There are no HR or property considerations arising out this report.

10.0 Communication Considerations

- 10.1 There are no communication considerations arising out of this report.

Report sign off:

Minesh Patel

Corporate Director of Finance and Resources

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London Borough of Brent Pension Fund

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Pass-through for new contractors

Discussion document

Craig Alexander FFA

Peter MacRae FFA

13 February 2024

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Section 1

Background

Introduction

Purpose and scope

This paper has been commissioned by and is addressed to Brent Council as the Administering Authority of the London Borough of Brent Pension Fund (“the Fund”). Its purpose is to set out the key factors for the Fund to consider with regards to allowing new admission bodies (specifically, contractors) to participate in the Fund on a ‘pass-through’ basis.

Pass-through is a way of participating in the Fund where certain risks are shared between the letting authority and the new contractor.

This paper is not a policy document. It should not be shared with any other party, including Fund Employers. This paper should not be read as providing any recommendation on a particular course of action or the preferred design of such an arrangement.

It is recommended that the Fund prepare and publish a policy document setting out the general approach they will take when admitting new contractors into the Fund.

This paper will be updated (specifically, the checklist in Appendix A) following a discussion with Fund officers around the specific design of the Fund’s standard pass-through arrangement.

Current approach

Under the Fund’s current admissions policy for new contractors, the following principles typically apply:

- all past service pension benefits in respect of outsourced members are transferred from the letting authority to the new contractor;
- the contractor is set up on a “fully funded” basis using ongoing assumptions;
- the starting contribution rate is the cost of future service benefits only;
- the contribution rate is reviewed and adjusted at every formal valuation;
- any early retirement strains and augmentation costs that arise are met by the contractor via additional lump sum contribution(s);
- a bond or other form of indemnity is taken out by the contractor (if required by the Fund and/or letting authority); and
- at the point of cessation, the resulting cessation valuation may lead to the payment of a cessation debt by the employer (or an exit credit by the Fund.)

Following cessation, the contractor makes a “clean break” from the Fund with no further obligations other than paying any cessation debt (or receiving an exit credit). The assets and liabilities left behind by the departing contractor revert to the letting authority.

What is pass-through?

The defining feature of a pass-through arrangement is to pass significantly less pension risk onto the contractor to reduce the volatility of the contractor's costs of participation. The consequence is that most of the pension risk 'passes through' the contractor to the awarding authority.

Purpose of pass-through

Letting authorities may choose to outsource services to achieve any of the following:

- Improve service delivery;
- Increase efficiency;
- Reduce service costs; and
- Aid manpower planning.

However, under the current "traditional" approach to outsourcings (set out in the previous page), all of the key pension risks transfer from the letting authority to the contractor for the duration of the contract.

For many contractors, this may be viewed as an unexpected or undesirable by-product, and this leads to additional administrative complexity for the Pension Fund during the contractor's period of participation.

Similarly, the transfer of pension risks from Academies to contractors dilutes the effect of the Academies Guarantee provided by the Department of Education (see Appendix B).

The traditional outsourcing approach can lead to a great deal of uncertainty over costs for contractors during volatile market conditions e.g. large increases to regular contributions, big cessation debts etc. Bidders for contracts are increasingly aware of these problems and may seek to price them into contracts via additional service charges which can undermine the purpose of the outsourcing.

The letting authority will want to obtain the best price for the outsourced service. Offering contractors pass-through as a means for removing some of the uncertainty of the cost for paying for the outsourced member's pension benefits may be a way of helping to achieve this.

Whether using the standard approach or pass-through, the letting authority still retains long term responsibility for the risks as all the members' accrued benefits transfer back to the letting authority at the end of the contract.

Furthermore, the letting authority remains the ultimate guarantor for all pension obligations throughout the contract in the event of the contractor becoming insolvent. This is unchanged whether adopting the standard approach or using pass-through.

Section 2

Benefits and risks

Benefits and risks of pass-through

Benefits of pass-through

For the Letting Authority

- Letting authority may be able to negotiate better contract terms.
- Easier to understand their pension responsibilities.
- Retains upside potential (i.e. retaining surpluses at end of contract).
- Clearer and more consistent tendering process.
- Avoids exit credits

For the Contractor

- The contractor bears less pension risk.
- Greater certainty of contributions
- No potential cessation debt to pay at the end of the contract.
- Reduced administrative costs as no requirement for a market risk bond.

For the Administering Authority

- Ease of administration with stakeholders.
- Reduction in time and costs of monitoring and administering bonds.
- Further protections in respect of academy outsourcings from the newly extended academy guarantee (see Appendix B)

Risks of pass-through

For the Letting Authority

- Responsibility for a potential cessation debt at the end of contract.
- Depending on design, the letting authority may be required to meet the cost of changes to LGPS benefits e.g. any strains relating to early retirements and augmentations.
- Mispricing the contract (eg if fixed rate was too low, in hindsight)
- Assets and liabilities remain on accounting balance sheet.

For the Contractor

- Loss of a potential exit credit at the end of contract.
- Potential for overpaying pension costs during the contract period

For the Administering Authority

- New documentation required, including maintenance of a clear policy on pass-through
- If implemented as a 'default' or 'optional' approach – the benefits may not be realised if letting authorities defer to traditional admission approaches.

Section 3 Design

Designing a pass-through arrangement for the Fund

Introduction

There are many ways in which a pass-through arrangement can be designed which are specific to the pension fund and to each individual employer in the Fund.

We understand it is the Fund is considering **a default arrangement to be in place for new outsourcings**, in order to realise the full benefits of pass-through and to mitigate against the new risks that may arise from this.

In the absence of a clear policy on pass-through, letting authorities and contractors have, historically, designed these arrangements without the Fund's support. These have typically been documented via a side letter to the Admission Agreement or within the commercial contract for services. Under this approach, the Fund treats the contractor as a 'standalone' scheme employer and the letting authority & contractor are then responsible for ensuring the terms of the side letter or commercial contract are adhered to. The Administering Authority is not a counterparty to this agreement and so is not responsible for ensuring the terms of the side letter are met. However, in practice the existence of a variety of pass-through arrangements in a single fund can create an administrative burden for Administering Authorities.

The remainder of this section looks at the various key design factors to assist the Fund when deciding on the parameters that could under a new pass-through policy.

Design factors

There is no single definition of a 'pass-through agreement'. The following factors distinguish between the various types of pass-through arrangements that can be implemented:

- **Application** (optional / default / mandatory?)
- **Size of contractor** (only apply to smaller admissions - fewer than X members?)
- **Types of risks shared** (between letting authority & contractor)
- **Contribution rates** (how to set and frequency of review?)
- **Bond / indemnity requirements** (redundancy only or waive requirement?)
- **Documentation** (policy documents and admissions agreement)
- **Allocation of assets** (between letting authority & contractor)
- **Legacy admission bodies** (amend old agreements?)

Application

Description

Should pass-through be the **default** approach, will it be one of many **options**, or could it be **mandatory** for all future admissions?

Key design factors

If pass-through was set as **the default approach** for new admissions, letting authorities may be able to opt-out of this default arrangement (although not encouraged to do so by the Fund). Is it therefore unlikely that letting authorities will elect for contractors to participate on the 'traditional' (non pass-through) basis.

- If pass through was to be offered as an **option to letting authorities**, take-up may be low and specific to the department letting the contract. This may increase the administrative burden on the Fund (i.e. to track which new admissions are on the 'traditional' basis and which are on a pass-through basis).
- It may be difficult for the Fund to **mandate** pass-through for new contractors (as responsibility for the outsourcing and its pricing rests with the letting authority, rather than the Fund). Legal advice may therefore be required if the Fund wish to do this.

Size of contractor

Description

Should the new policy apply to **all contractors**, or only **smaller contractors**. Will **different forms of pass-through** apply to different sizes of employer?

Should pass-through apply to contractors from all **types of ceding employer**, or only apply to specific groups (e.g. Academies and/or Council employers)?

Key design factors

- The Fund may wish to set a cap on the number of active members where pass-through will apply e.g. under 100 active members only. This gives the Fund and the ceding employer the ability to consider applying the traditional, or a more bespoke pass-through, arrangement for larger outsourcings (where the cost and underlying pension liabilities may be significant).
- The Education & Skills Funding Agency (ESFA) has recently confirmed that the existing DfE Academy Guarantee applies to academy outsourcings in specific scenarios where the contractor participates in the Fund on a pass-through basis. See Appendix B for further information.
- We would expect the Fund to consult with affected employers prior to implementation and so, if a particular employer group (eg Council departments) are likely to object to pass-through, it may be appropriate to apply the policy to academies only.

Types of risks shared

Description

Which risks will be **retained by the letting authority** and which **risks will pass to the contractor**?

Key design factors

The table shown on the right of the page sets out the different risks that could be shared between the letting authority and the contractor in a specific pass-through arrangement.

- The more risks retained by the letting authority, the more straight forward the arrangement, and the greater the potential governance & cost savings that will be achieved by the Administering Authority.
- The more risks passed to the contractors, the more the pass-through arrangement will feel like a 'traditional' admission, and the lower the potential governance and cost savings that will be achieved by the Administering Authority and the contractor.

Risks	Comment
Ill health retirement experience	The calculated cost of strain amounts calculated following ill health early retirements.
Non ill-health early retirements	The calculated cost of strain amounts following early retirements due to redundancy, efficiency or voluntary where actuarial reductions are waived.
Changes to LGPS benefits	Any changes to the LGPS benefits structure, which lead to a change in the costs of the scheme. Could include the effect of rectification events such as McCloud
Additional pension / augmentation	The additional liability arising from any decision taken by the contractor to award additional pension or otherwise augment benefit entitlement, as permitted under LGPS Regulations.
Pre-contract risks, including <ul style="list-style-type: none">- Price inflation- Cash commutation- Withdrawal- Pay experience	The effect of member experience, relative to assumptions set at the previous actuarial valuation, leading to an increase in the past service liabilities.

Contribution rates

Description

How will the **pass-through contribution rate** be set and how often will this be reviewed going forward?

Key design factors

A simple approach would be to set the **rate payable by the contractor equal to that payable by the letting authority**. A variation of this would be for the contractor to pay the letting authority's Primary Rate only ie the expected cost of future service benefits. No actuarial work would be required to calculate the rate payable and this would be known in advance of any tender exercise.

- Alternatively, the contractor could be required to **pay a rate based on its own specific membership** and (possibly) market conditions as at the commencement date. This would require actuarial advice to calculate the contribution rate payable.
- Rates could be **reviewed at triennial valuations**, or, for simplicity, may be fixed for the duration of the contract. If fixed, there is a risk that the cost of LGPS benefits changes significantly over the period of the contract.
- Another simple approach would be to **set a fixed rate** (say 25% of pay) for all pass through admissions. No actuarial advice would be required, but it introduces risk due to the rate not being related to that of the underlying letting authority.
- Other pass-through options include contractor-specific rates that are set and reviewed at each triennial valuation, but are subject to a **floor and/or a cap** over the period of the contract. The management of this over time may be onerous.

Bond / indemnity requirements

Description

Will the new pass-through admission body be required to **obtain a bond or provide an indemnity** in respect of its participation in the Fund, or will this **requirement be waived**?

Key design factors

- LGPS Regulations require a bond or indemnity to be in place for admitted bodies. However the need for a market-risk bond may be waived given the existence of an effective guarantee from the letting authority as per the pass-through arrangement. A redundancy bond may still be appropriate to protect against contractor insolvency costs.
- For Academy outsourcings, the existence of the Academies Guarantee may allow the Fund letting authority to waive the need for a bond, as per the expectations of the Education & Skills Funding Agency (see Appendix B).
- For Council outsourcings, the letting authority may be comfortable waiving the need for a bond given the size of the outsourcing and the ability to recognise this in the contract terms (as removing the bond requirement is likely to make the contract more attractive to potential bidders and would be expected to remove this expense from contract pricing).

Documentation

Description

A **formal policy document** setting out the Fund's approach to pass-through is necessary. This can be included in the Fund's admission policy.

How will the **terms of the pass-through admission be documented?**

Key design factors

- Historically, pass-through arrangements were documented via a side agreement to the admission agreement.
- A cleaner approach, especially if pass-through were to be set as the default approach for new outsourcings, would be to reflect the pass-through arrangement in the admission agreement.
 - Legal support would be required to prepare a new template pass-through admission agreement for use by the Fund.
 - The Fund's formal pass-through policy document would form the basis of a consultation with affected employers. This document would be appended to, and referenced in, the Funding Strategy Statement.
 - The Fund's internal process around pass-through, including how costs are met and the details of any monitoring framework, should be fully documented the formal policy document.

Allocation of assets

Description

How will **assets be allocated** between the letting authority / contractor during the period of participation?

This may affect the **treatment of surpluses / deficits at cessation** and/or the **accounting treatment** of the contractor's pension obligations.

Key design factors

- The transferring staff will move to the new contractor's location code on the administration system (as is the case currently). Contractor contributions will also be assigned to the new location.
- Assets and liabilities are tracked for the contractor but pooled with the letting authority for future funding (and accounting) valuations.
- The contractor may retain eligibility for an exit credit at the point of cessation, even if the agreement indemnifies the contractor against the need to pay any cessation debt.

Section 4

Next steps

Next steps

There is no single definition of ‘pass-through’ and the advice provided in this report is designed to assist Fund officers when designing a standard pass-through arrangement for the future admission of contractors to the Fund.

This paper should assist in both the decision to implement pass-through as a potential default admission arrangement as well as with the design of the pass-through arrangement. For completeness, the design factors to be considered are summarised in the **checklist** in Appendix A, alongside some of the comments made in our meeting with fund officers on 24 January 2024.

The Fund will be **asking the Sub-Committee** to approve the pass-through in principle in line with the key design decisions laid out in Appendix A.

Following this, the Fund will **consult with the relevant employers** (specifically, the potential letting authorities that will be affected by this) and work through **the legal documentation** to implement (including a potential formal policy document, updated Funding Strategy Statement and an updated pass-through admission agreement template).

Assuming the Sub-Committee approves, re-approval from Sub-Committee will not be sought unless there are material changes to the key design decision.



Appendices

Appendix A - Decision checklist

Design factor	Fund comments (following meeting with Hymans Robertson on 24 January 2024)
Application – option / default / mandatory?	Pass-through will be the default arrangement in the absence of a preferred approach from the letting authority.
Which employers? - only apply to smaller employers? - apply to Academies / Councils or all types of letting authority?	Default pass-through will apply to all contractors with fewer than 15 transferring members. For new contractors with 15 or more transferring members, the administering authority will agree the most suitable arrangement with the letting authority. Default pass-through will apply to contracts let by all types of letting authority.
Types of risks shared – between letting authority & contractor?	The letting authority will retain all risks, except for those brought on by the contractor (i.e. the award of excessive pay increases, additional pension / augmented benefits and the award of unreduced early retirement (non-ill-health)). To pass-through ill-health retirements risk to the letting authority, contractors must use the Fund's independent registered medical practitioner (IRMP)
Contribution rates – how they are set and frequency of review?	Contribution rate always set equal to the in-force primary rate of the letting authority, which may change at each triennial valuation.
Bond / indemnity requirements – waive requirement (consider redundancy risk only)?	Bond in place for “high-risk” contracts at the Fund’s discretion or if required by the letting authority.
Documentation – policy document (and associated comms and process notes) and admission agreement	Policy principles to be agreed by Sub-Committee at the February meeting and officers to finalise and implement following consultation with employers.
Allocation of assets – between the letting authority / contractor?	Liabilities (with corresponding fully funded assets) are assigned to the contractor and tracked for its period of participation. However, for funding and accounting purposes, the contractor assets and liabilities are pooled with the letting authority.

Appendix B – Academy guarantee and outsourcings

The Education & Skills Funding Agency (ESFA) recently released a policy paper regarding the operation of the DfE Academy Guarantee and its application to academy outsourcings. The statement (“the DfE Academy Trust LGPS Guarantee policy”) can be found here: www.gov.uk/government/publications/academies-and-local-government-pension-scheme-liabilities/dfe-local-government-pension-scheme-guarantee-for-academy-trusts-pensions-policy-for-outsourcing-arrangements

The headlines from the new policy are:

An **explicit statement that pension liabilities associated with academy outsourcings in the below scenarios are now guaranteed by the DfE**. This is an important development as previously outsourcings in scenarios 2 and 3 below were not being covered by the guarantee. This meant that the academy could not be a guarantor to the admission agreement. This issue is now resolved.

- The scenarios covered are set out below. This is only applicable to staff who are eligible for LGPS and if the **admission is operating under a ‘pass-through’ arrangement**.
 1. Staff currently working for an academy transfer to an outsourced contractor under TUPE
 2. Staff who transfer to an outsourced contractor under TUPE before the academy converted (ie when it was still a maintained school) and the outsourcing contract passes to the academy following conversion.
 3. Staff who currently work for the local authority which is providing services to the academy under a contract, but the contract is then awarded to another third-party contractor and the staff transfer to the contractor under TUPE.
- Academies **do not need to request ESFA approval** in the above scenarios. If the outsourcing is not covered under the scenarios, then academies still must contact ESFA for approval.
- ESFA’s view is that this now **removes the need for a bond** for outsourcings in these scenarios. If an administering authority still insists on a bond then the contractor has to provide it as academies cannot provide bonds for LGPS liabilities.
- The policy is **retrospective** in its application.

Reliances & limitations

Reliances and limitations

We have been commissioned by Brent London Borough Council (“the Administering Authority”) to provide advice on the benefits, risks and key design considerations relating to the implementation of a standard pass-through arrangement for new contractors.

This report is addressed to the Administering Authority. It has been prepared by us as actuaries to the Fund and is solely for the purpose of setting out the key factors for the Fund to consider with regards to allowing new admission bodies (specifically, contractors) to participate in the Fund on a ‘pass-through’ basis.

It has not been prepared for any other third party or for any other purpose. We make no representation or warranties to any third party as to the accuracy or completeness of this report, no reliance should be placed on this report by any third party and we accept no responsibility or liability to any third party in respect of it.

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The following Technical Actuarial Standards apply to this advice, and have been complied with where material and to a proportionate degree. They are:


- TAS100 – Principles for technical actuarial work

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Risk	Letting authority	Contractor	Shared	Mitigation
Investment risk	Letting authority			The letting authority must extract a good price for the contract. There is no other mitigation for systemic investment risk.
Positive Investment fluctuation		Contractor		The letting authority retains any exit credit.
Ill-health retirement	Letting authority			The contractor will be obliged to use Brent's IRMP.
Early retirement/strain costs		Contractor		There is no mitigation (To remain with the contractor)
Pension enhancement (SCAPCs/SCAVCS/R31)		Contractor		There is no mitigation (To remain with the contractor)
Excess salary awards	Letting authority			This is partially self-limiting and can be managed at the valuation.
Bonds	Letting Authority			It is important to negotiate a good contract price as there is no mitigation if an employer becomes insolvent.
Employer's contribution rate	Letting authority			Reviewed at the valuation in the light of experience.
Changes to underlying actuarial assumptions	Letting authority			The changes will be incorporated in the primary contribution rate at the valuation.
Changes in the admission agreement's demographic	Letting authority		These changes may feed through to the generic employer's contribution rate at the valuation	The average age of active members will inevitably rise in a closed admission agreement.
Fewer contributing members	Letting authority		This is a natural decline in a small subset	Voluntary retirement and employees changing jobs will naturally reduce the contribution pool as a closed AA matures.
Changes to the benefit structure due over/undershooting the 3% cost window			This should be cost neutral as the overall benefits package will be adjusted (up or down) to keep the overall cost within the window	This would only be triggered by significant changes and the latest figures suggest that the cost of the scheme is falling.
Accounting for pension liabilities	Letting authority			The letting authority will have to retain the admitted bodies pension liabilities in their accounts.

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 Brent	<p align="center">Pension Board 25 March 2024</p>
	<p align="center">Report from the Corporate Director, Finance and Resources</p>
<p align="center">Administering Authority and Employing Authority Discretions</p>	
Wards Affected:	All
Key or Non-Key Decision:	Non-key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	3: Appendix 1 - Administering Authority Discretions Appendix 2 - Employing Authority Discretions Template Appendix 3 - How to Exercise Discretion
Background Papers:	N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	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 Finance sawan.shah@brent.gov.uk 020 8937 1955 John Smith, Pensions Manager john.smith@brent.gov.uk 020 8937 1985

1.0 Executive Summary

- 1.1 The Local Government Pension Scheme Regulations give the administering authority and employing authorities a range of discretions in relation to pension matters. The Pension Fund has prepared Brent's Administering Authority

Discretions and a template for Employing Authority discretions with the decision fields left blank. The template can be used as a framework by all the employers in the pension fund to develop their own policies.

2.0 Recommendation(s)

That the Board notes:

- 2.1 The Pension Fund Sub-Committee approved Brent's Administering Authority Discretions as contained in Appendix 1.
- 2.2 The Pension Fund Sub-Committee noted the Employing Authority Discretions Template at Appendix 2 together with the Guidance note at Appendix 3.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

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

3.2 Background

- 3.2.1 The Local Government Pension Scheme Regulations give the administering authority and the employing authorities a range of options in relation to pension matters that are known as discretions. They fall into three categories; (1) a relatively small number that are mandatory and a policy must be published, (2) a slightly larger number that are mandatory but there is no requirement to publish a policy and (3) the largest group are non-mandatory (optional).
- 3.2.2 Under Regulation 60 of the Local Government Pension Scheme Regulations 2013, a Scheme Employer must prepare a written statement of its policy in relation to the exercise of its functions under regulations 16(2)(e) and 16(4)(d) (funding of additional pension), 30(6) (flexible retirement), 30(8) (waiving of actuarial reductions) and 31 (award of additional pension).
- 3.2.3 An Administering Authority must prepare such a statement in relation to the exercise of its functions under regulation 30(8) (waiving of actuarial reductions) in cases where a former employer has ceased to be a Scheme employer.
- 3.2.4 A discretion is a choice and any option relating to an administering or employing authority that is prefixed by a "may" is a discretion.
- 3.2.5 In addition to any legal requirement, it is best practice to publish a policy about how an administering/employing authority intends to exercise its discretions as it ensures consistency in decision making and helps to guard against challenges and appeals from discontented parties. It also demonstrates good governance and provides clarity to members of the scheme.

- 3.2.6 The proposed discretions for the administering authority in relation to requirements under the various acts and regulations relating to the Local Government Pension Scheme set out are attached in Appendix 1.
- 3.2.7 The employing authority template is attached in Appendix 2 which leaves the decision field blank so that it can be populated by the employer. Employers can design their own bespoke policy or use the template as a framework for developing their own policies.
- 3.2.8 Any employing authority considering writing a new policy will be referred to the two-page introductory document; “How to exercise discretion” attached in Appendix 3, before drafting it.
- 3.2.9 The employing/administering authority can change its policy from time-to-time in response to changes in legislation or in the light of experience.

4.0 Stakeholder and ward member consultation and engagement

- 4.1 There are no direct considerations arising out of this report.

5.0 Financial Considerations

- 5.1 Application of discretions including where discretions are applied to individual cases will be considered on their own merits. Where a discretion is applied there may be a financial cost attached however given the nature of discretions it is not possible to estimate the cost. Employers should be aware that use of employer discretions can also attract a financial cost and advice can be sought from Pension Fund officers if necessary.

6.0 Legal Considerations

- 6.1 As detailed at paragraph 3.2.2, Regulation 60 of the Local Government Pension Scheme Regulations 2013 places an obligation on a Scheme Employer and an Administering Authority to prepare a written statement of its policy in relation to the exercise of various functions under LGPS legislation.
- 6.2 Officers have reviewed possible LGPS discretions and detailed at Appendix 2 is a list of Administering Authority discretions together with details of the legislation creating the discretions. Officers have suggested possible ways to in which the discretions could be exercised for Pension Fund Sub-Committee review and approval.
- 6.3 Pension Fund Sub-Committee is required to keep the list of Administering Authority discretions under review.
- 6.4 Officers have also drafted a list of discretions for which Scheme Employers should have a written policy for note.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 There are no equality considerations arising out of this report.

8.0 Climate Change and Environmental Considerations

8.1 There are no climate change and environmental considerations arising out of this report.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 There are no HR or property considerations arising out this report.

10.0 Communication Considerations

10.1 There are no communication considerations arising out of this report.

Report sign off:

Minesh Patel

Corporate Director, Finance and Resources

Appendix 1

Administering Authority Discretions

List of discretionary policies applicable from 1 April 2014 in relation to post 31 March 2014 active members (excluding councillor members) and post 31 March 2014 leavers (excluding councillor members), which are discretions exercised under -

Part 1

- [LGPS Regulations 2013 \[SI 2013/2356\] \[R\]](#)
- [LGPS \(Transitional Provisions, Savings and Amendment\) Regulations 2014 \[SI 2014/525\] \[TP\]](#)
- [LGPS \(Administration\) Regulations 2008 \[SI 2008/239\] \[A\]](#)
- [LGPS \(Benefits, Membership and Contributions\) Regulations 2007 \(as amended\) \[SI 2007/1166\] \[B\]](#)
- [LGPS \(Transitional Provisions\) Regulations 2008 \[SI 2008/238\] \[T\]](#)
- [LGPS Regulations 1997 \(as amended\) \[SI 1997/1612\]](#)

Discretion	Regulation	Policy
Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or Care Quality Commission.	R4(2)(b)	Brent may agree to an admission agreement in accordance with its Funding Strategy Statement and each case will be considered on its merits.
Whether to agree to an admission agreement with a body applying to be an admission body.	R3(1A), R3(5) & RSch2, Part 3, para 1	Brent may agree to an admission agreement in accordance with its Funding Strategy Statement and each case will be considered on its merits.
Whether to agree that an admission agreement may take effect on a date before the date on which it is executed.	RSch2, Part 3, para 14	Brent may agree to a backdated admission agreement and each case will be considered on its merits.
Whether to terminate an admission agreement in the event of: - insolvency, winding up or liquidation of the body. - breach by that body of its obligations under the admission agreement. - failure by that body to pay over sums due to	RSch 2, Part 3, para 9(d)	Brent may terminate an admission agreement and each case will be considered in accordance with its Funding Strategy Statement and assessed on its merits.

Discretion	Regulation	Policy
the Fund within a reasonable period of being requested to do so.		
Define what is meant by "employed in connection with".	RSch 2, Part 3, para 12(a)	<i>"Employed in connection with" in relation to a contract let by a scheme employer to an admitted body shall mean that a member devotes at least 50% of their working time to the transferred function.</i>
Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g. where the sum being paid is very small and could be paid as a single payment).	R16(1)	Brent will only consider contracts for very small sums in exceptional circumstances.
Whether to require a satisfactory medical before agreeing to an application to pay an APC / SCAPC.	R16(10)	Brent will require a satisfactory medical report for APCs/SCAPCs, unless the contract/lump sum relates to lost days (e.g. approved leave without pay (LWOP)).
Whether to turn down an application to pay an APC / SCAPC if not satisfied that the member is in reasonably good health.	R16(10)	Brent will decline an APC/SCAPC in the absence of a satisfactory medical report.
Decide to whom any AVC/SCAVC monies (including life assurance monies) are to be paid on death of the member.	R17(12)	Brent may, at its absolute discretion, consider paying any monies due to the member's nominee, personal representatives or any person appearing to the authority to have been a relative or dependent of the member and each case will be considered on its merits.

Discretion	Regulation	Policy
Pension account may be kept in such form as is considered appropriate.	R22(3)(c)	The pension account will be administered in accordance with best practice.
Where there are multiple ongoing employments, in the absence of an election from the member within 12 months of ceasing a concurrent employment, decide to which record the benefits from the ceased concurrent employment should be aggregated.	TP10(9)	Brent may make an election on behalf of a member and each case will be considered on its merits.
Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement	R30(8)	Brent will only waive actuarial reductions in exceptional circumstances.
Whether to waive in whole or in part actuarial reductions to benefits paid on flexible retirement. This is only an administering authority discretion if the employing authority has ceased to exist.	R30(8)	Brent will only waive actuarial reductions in exceptional circumstances
Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member only has post 31 March 2014 membership). This is only an administering authority discretion if the employing authority has ceased to exist.	R30(8)	Brent will only waive actuarial reductions in exceptional circumstances.
Whether to require any strain on Fund costs to be paid “up front” by employing authority following payment of benefits under R30(6) (flexible retirement), R30(7) (redundancy / business efficiency), or the waiver (in	R68(2)	Any strain costs must be paid at retirement in accordance with the Funding Strategy Statement.

Discretion	Regulation	Policy
<p>whole or in part) under R30(8) of any actuarial reduction that would otherwise have been applied to benefits which a member voluntarily draws before normal pension age or to benefits drawn on flexible retirement.</p>		
<p>Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (other than on the grounds of flexible retirement). This is only an administering authority discretion if the employing authority has ceased to exist.</p>	<p>TPSch 2, para 1(2) & 1(1)(c)</p>	<p>Brent will only switch on the 85-year rule in exceptional circumstances.</p>
<p>Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement (where the member has both pre-1 April 2014 and post 31 March 2014 membership):</p> <p>a) on compassionate grounds (pre-1 April 2014 membership) and / or, in whole or in part on any grounds (post 31 March 2014 membership) if the member was not in the Scheme before 1 October 2006,</p> <p>b) on compassionate grounds (pre-1 April 2014 membership) and / or, in whole or in part on any grounds (post 31 March 2014 membership) if the member was in the Scheme before 1 October 2006, will not be 60 by 31 March 2016 and will not attain 60 between 1 April 2016 and 31 March 2020 inclusive,</p>	<p>TP3(1), TPSch 2, para 2(1), B30(5) & B30A(5)</p>	<p>Brent will only waive actuarial reductions in exceptional circumstances.</p>

Discretion	Regulation	Policy
c) on compassionate grounds (pre-1 April 2016 membership) and / or, in whole or in part on any grounds (post 31 March 2016 membership) if the member was in the Scheme before 1 October 2006 and will be 60 by 31 March 2016, d) on compassionate grounds (pre 1 April 2020 membership) and / or, in whole or in part on any grounds (post 31 March 2020 membership) if the member was in the Scheme before 1 October 2006, will not be 60 by 31 March 2016 and will attain 60 between 1 April 2016 and 31 March 2020 inclusive. This is only an administering authority discretion if the employing authority has ceased to exist.		
Whether to require any strain on Fund costs to be paid “up front” by employing authority if the employing authority “switches on” the 85-year rule for a member voluntarily retiring (other than flexible retirement) prior to age 60, or waives an actuarial reduction on compassionate grounds under TPSch 2, para 2(1).	TPSch 2, para 2(3)	Any strain costs must be paid at retirement in accordance with the Funding Strategy Statement.
Whether to extend the notice period (three months) which a member must give if they wish to draw benefits before normal pension age or upon flexible retirement.	R32(7)	Brent will only extend the time limit in exceptional circumstances.
Decide whether to trivially commute a member’s pension under section 166 of the Finance Act 2004 (includes pension credit members where the effective date of the Pension Sharing Order is after 31 March 2014 and the debited	R34(1)(a)	Brent may commute a member’s pension benefits in accordance with guidance and each case will be considered on its merits.

Discretion	Regulation	Policy
member had some post 31 March 2014 membership of the 2014 Scheme).		
Decide whether to trivially commute a lump sum death benefit under section 168 of the Finance Act 2004.	R34(1)(b)	Brent may commute a member's pension benefits in accordance with guidance and it will consider each case on its merits.
Decide whether to pay a commutation payment under regulations 6 (payment after relevant accretion), 11 (de minimis rule for pension schemes) or 12 (payments by larger pension schemes) of the Registered Pension Schemes (Authorised Payments) Regulations 2009 (excludes survivor pensions and includes pension credit members where the effective date of the Pension Sharing Order is after 31 March 2014 and the debited member had some post 31 March 2014 membership of the 2014 Scheme.	R34(1)(c)	Brent may commute a member's pension benefits in accordance with guidance and each case will be considered it will be considered on its merits.
Approve medical advisors used by employers (for ill health benefits).	R36(3)	Brent will maintain a list of approved medical practitioners/providers.
Whether to use a certificate produced by an IRMP under the 2008 Scheme for the purposes of making an ill health determination under the 2014 Scheme. This is only an administering authority discretion if the employing authority has ceased to exist.	TP12(6)	Brent will ask the IRMP to use the correct certificate.
Decide whether deferred beneficiary meets criteria of being permanently incapable of former job because of ill health	R38(3)	Brent will consider each case on its merits having regard for the IRMP's opinion.

Discretion	Regulation	Policy
and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is the sooner. This is only an administering authority discretion if the employing authority has ceased to exist.		
Decide whether a suspended ill health tier 3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health. This is only an administering authority discretion if the employing authority has ceased to exist.	R38(6)	Brent will consider each case on its merits having regard for the IRMP's opinion.
Decide to whom a death grant is paid.	TP17(5) to (8), R40(2), R43(2) & R46(2)	Brent may, at its absolute discretion, pay the death grant to or for the benefit of the member's nominee, personal representatives or any person appearing to the authority to have been a relative or dependent of the member and each case will be considered on its merits.
Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership (no double entitlement).	R49(1)(c)	Brent may make an election on behalf of a member and each case will be considered on its merits.
Whether to set up a separate admission agreement fund.	R54(1)	Brent will only consider a separate fund if there is a strong operational or financial benefit in doing so.
Governance Compliance Statement must state whether	R55	

Discretion	Regulation	Policy
<p>the admin authority delegates their function or part of their function in relation to maintaining a pension fund to a committee, a sub-committee or an officer of the admin authority and, if they do so delegate, state: - the frequency of any committee or sub-committee meetings, - the terms, structure and operational procedures appertaining to the delegation, and - whether representatives of employing authorities or members are included and, if so, whether they have voting rights. The policy must also state: - the extent to which a delegation, or the absence of a delegation, complies with Sec of State guidance and, to the extent it does not so comply, state the reasons for not complying, and - the terms, structure and operational procedures appertaining to the local Pensions Board.</p>		<p>Brent has published a Governance Compliance Statement and it will be reviewed at least annually.</p>
<p>Decide on Funding Strategy for inclusion in funding strategy statement.</p>	<p>R58</p>	<p>Brent has published a Funding Strategy Statement and it will be reviewed at least every three years.</p>
<p>Whether to have a written pensions administration strategy and, if so, the matters it should include. (N.B. This is currently [2024] optional but it is expected to become a requirement).</p>	<p>R59(1) & (2)</p>	<p>Brent has published a Pension Administration Strategy and it will be reviewed periodically.</p>
<p>Communication policy must set out the policy on provision of information and publicity to, and communicating with, members, representatives of members, prospective members and Scheme employers; the format, frequency and method of communications; and the</p>	<p>R61</p>	<p>Brent has published a Communications Policy and it will be reviewed periodically.</p>

Discretion	Regulation	Policy
promotion of the Scheme to prospective members and their employers.		
Whether to extend the period beyond 6 months from the date an Employer ceases to be a Scheme Employer, by which to pay an exit credit.	R64(2ZAB)(b)	Brent may extend the deadline if the exiting body agrees and each case will be considered on its merits.
Whether to suspend (by way of issuing a suspension notice), for up to 3 years, an employer's obligation to pay an exit payment where the employer is again likely to have active members within the specified period of suspension.	R64(2A)	Brent may suspend an obligation to pay an exit payment for up to three years in accordance with its Funding Strategy Statement and each case will be considered on its merits.
Whether to obtain revision of employer's contribution rate if there are circumstances which make it likely a Scheme employer will become an exiting employer.	R64(4)	Brent may obtain a revision of employer's contribution rate if it looks as though it may exit the fund and each case will be considered on its merits.
Decide frequency of payments to be made over to Fund by employers and whether to make an administration charge or a charge relating to the employer's level of performance.	R69(1)	Brent may vary the frequency of payments or levy a charge relating to an employer's level of performance and each case will be considered on its merits.
Decide form and frequency of information to accompany payments to the Fund.	R69(4)	Standard forms must be used, monthly contribution returns must be posted on UPM and employers should publish their discretions.
Whether to issue employer with notice to recover additional costs incurred as a result of the employer's level of performance.	R70&TP22(2)	Brent may issue an employer with a notice to recover additional costs incurred due to its level of performance and each case will be considered on its merits.

Discretion	Regulation	Policy
Whether to charge interest on payments by employers which Are overdue.	R71(1)	Brent may charge interest on late payment and each case will be assessed on its merits.
Decide procedure to be followed by admin authority when exercising its stage two IDRP functions and decide the manner in which those functions are to be exercised.	R76(4)	Appeals will be heard by a senior officer who has had no previous involvement in the case.
Whether administering authority should appeal against employer decision (or lack of a decision).	R79(2)	Brent may appeal against an employer decision or lack thereof to the Secretary of State and each case will be considered on its merits.
Specify information to be supplied by employers to enable administering authority to discharge its functions.	R80(1)(b) & TP22(1)	Standard forms must be used for each process, monthly online contribution returns must be completed on UPM and employers should publish their discretions.
Whether to pay the whole or part of the amount that is due to the personnel representatives (including anything due to the deceased member at the date of death) to: the personal representatives, or anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than amount specified in S6 of the Administration of Estates (Small Payments) Act 1965.	R82(2)	Brent may pay the whole or part of any amount that is due to the personal representatives or anyone appearing to be beneficially entitled to the estate and each case will be considered on its merits.
Whether, where a person is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.	R83	Brent may pay the whole or part of a pension to a person caring for the pensioner, or such other person as the authority may determine for the pensioner's benefit. It will require an enduring

Discretion	Regulation	Policy
		power of attorney or other compelling evidence.
Agree to bulk transfer payment	R98(1)(b)	Brent may agree to a bulk transfer payment subject to actuarial advice .
Extend normal time limit for investigating a transfer value beyond 12 months from joining the LGPS.	R100(6)	Brent will only extend the normal time limit in exceptional circumstances.
Allow transfer of pension rights into the Fund. (Please note that club transfers cannot be declined).	R100(7)	Brent may accept transfer values, but it may decline them if it believes that the transfer is disproportionate or the member is selecting against the fund and each case will be assessed on its merits.
Where member to whom B10 applies (use of average of 3 years pay for final pay purposes) dies before making an election, whether to make that election on behalf of the deceased member.	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & B10(2)	Brent may make elections under regulation 10 where the member is deceased and each case will be assessed on its merits.
Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre 1 April 2008).	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & TSch 1 & L23(9)	Brent may make final pay elections in relation to certificates of protection where the member is deceased and each case will be assessed on its merits.
Decide to treat child (who has not reached the age of 23) as being in continuous full-time education or vocational training despite a break.	RSch 1 & TP17(9)(a)	Brent may treat a child under 23 as being in continuous full-time education or vocational training despite a break and each case will be determined on its merits.
Decide evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of	RSch 1 & TP17(9)(b)	Brent will consider each case on its merits. It will endeavour to be objective, consistent and fair.

Discretion	Regulation	Policy
cohabiting partner and scheme member.		
Decide policy on abatement of pre-2014 element of pensions in payment following re-employment.	TP3(13) & A70(1) & A71(4)(c)	Brent will not abate pensions.
Extend the time period for capitalising added years contracts	TP15(1)(c) & TSsc1 & L83(5)	The period for capitalising added years contracts (three months to elect plus one month to pay) will only be extended in exceptional circumstances.
Decide whether to delegate any administering authority functions under the Regulations.	R105(2)	Any delegated functions must be agreed by the Pension Fund Committee.
Decide whether to establish a joint local pension board (if approval has been granted by the Secretary of State).	R106(3)	Brent has no plans to establish a joint local pension board.
Decide procedures applicable to the local pension board	R106(6)	The procedures are set out in the Board's terms of reference.
Decide appointment procedures, terms of appointment and membership of local pension board.	R107(1)	The procedures are set out in the Board's terms of reference.

Part 2 Members (excluding councillor members) who ceased active membership after 1st April 2008 and before 1st April 2014 which are discretions exercised under -

- [The Local Government Pension Scheme \(Administration\) Regulations 2008 \[SI 2008/239\] \[prefix A\]](#)
- [The Local Government Pension Scheme \(Benefits, Membership and Contributions\) Regulations 2007 \(as amended\) \[SI 2007/1166\] \[prefix B\]](#)
- [The Local Government Pension Scheme \(Transitional Provisions\) Regulations 2008 \[SI 2008/238\] \[prefix T\]](#)
- [The Local Government Pension Scheme \(Transitional Provisions, Savings and Amendment\) Regulations 2014 \[SI 2014/525\] \[prefix TP\]](#)
- [The Local Government Pension Scheme Regulations 2013 \[SI 2013/2356\] \[prefix R\]](#)
- [The Local Government Pension Scheme Regulations 1997 \(SI 1997/1612\) \(as amended\) \[prefix L\]](#)

Discretion	Regulation	Policy
Extend the time limit for capitalising an added years contract where the member leaves his employment on the grounds of redundancy.	TR15(1)(c) & TSch1 & L83(5)	The period for capitalising added years contracts (three months to elect plus one month to pay) will only be extended in exceptional circumstances.
Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits.	A45(3)	Brent may recover the contributions from benefits, with the member's consent, or as a simple debt.
Whether to pay the whole or part of the amount that is due to the personnel representatives (including anything due to the deceased member at the date of death) to: (1) personal representatives, or (2) anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than amount specified in s6 of the Administration of Estates (Small Payments) Act 1965.	A52(2)	Brent may pay the whole or part of an amount that is due to the personal representatives or anyone appearing to be beneficially entitled to the Estate and each case will be considered on its merits.

Discretion	Regulation	Policy
Approve medical advisors used by employers (for early payment, on grounds of ill health, of a deferred benefit or a suspended Tier 3 ill health pension).	A56(2)	Brent will maintain a list of approved medical practitioners/providers.
Decide procedure to be followed by administering authority when exercising its stage two IDRPs functions and decide the manner in which those functions are to be exercised.	TP23 & R76(4)	A senior officer who has had no previous involvement in the case will hear stage 2 appeals.
Whether administering authority should appeal against employer decision (or lack of a decision).	TP23 & R79(2)	Brent may appeal to the Secretary of State against an employer decision or the lack thereof.
Specify information to be supplied by employers to enable administering authority to discharge its functions.	TP23, TP22(1) & R80(1)(b)	Information must be submitted using standard forms, and employers are asked to publish discretion policies.
Decide policy on abatement of pensions following re-employment.	TP3(13) & A70(1) & A71(4)(c)	Brent will not abate pensions.
Where member to whom B10 applies (use of average of 3 years pay within the period of 13 years ending with the last day of active membership for final pay purposes) dies before making an election, whether to make that election on behalf of the deceased member.	B10(2)	Brent may make a decision on behalf of a deceased member under regulation B10(2) and each case will be considered on its merits.
Whether to pay the whole or part of a child's pension to another person for the benefit of that child	B27(5)	Brent may pay the whole or part of a child's pension to another person for the benefit of the child upon receipt of a power of attorney or other relevant documents.

Discretion	Regulation	Policy
Whether, where a person (other than an eligible child) is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.	A52A	Where a person, other than an eligible child, is incapable of managing their affairs Brent may pay the whole or part of their pension to another person for their benefit upon receipt of a power of attorney or other relevant documents.
Whether to "switch on" the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before age 60. This is only an administering authority discretion if the employing authority has ceased to exist.	TPSch 2, para 1(2) & 1(1)(c)	Brent will only switch on the 85-year rule in exceptional circumstances.
Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30 (member). This is only an administering authority discretion if the employing authority has ceased to exist.	B30(5), TPSch 2, para 2(1)	Brent will only waive actuarial reductions in exceptional circumstances.
Whether to "switch on" the 85-year rule for a pensioner member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60. This is only an administering authority discretion if the employing authority has ceased to exist.	TPSch 2, para 1(2) & 1(1)(c)	Brent will only switch on the 85-year rule in exceptional circumstances.
Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A (pensioner member with deferred benefits). This is only an administering authority discretion if the employing authority has ceased to exist.	B30A(5), TPSch 2, para 2(1)	Brent will only waive actuarial reductions in exceptional circumstances.

Discretion	Regulation	Policy
Whether to require any strain on Fund costs to be paid “up front” by employing authority if the employing authority “switches on” the 85 year rule for a member voluntarily retiring prior to age 60, or waives an actuarial reduction on compassionate grounds under TPSch 2, para 2(1).	TPSch 2, para 2(3)	Brent will require employers switching on the 85-year rule to pay a strain cost at retirement.
Decide whether deferred beneficiary meets permanent ill health and reduced likelihood of gainful employment criteria. This is only an administering authority discretion if the employing authority has ceased to exist.	B31(4)	Brent will consider each case on its merits having regard for the IRMP’s opinion.
Decide whether a suspended ill health tier 3 member is permanently incapable of undertaking any gainful employment. This is only an administering authority discretion if the employing authority has ceased to exist.	B31(7)	Brent will consider each case on its merits having regard for the IRMP’s opinion.
Decide to whom a death grant is paid.	B23(2), B32(2), B35(2), TSch1 & L155(4)	Brent, at its absolute discretion, may pay a death grant to or for the benefit of the member’s nominee or personal representatives, or any person appearing to the authority to have been his relative or dependant at any time and each case will be considered on its merits.
Decide the evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member.	RSch1 & TP17(9)(b)	Brent will consider each case on its merits. It will endeavour to be objective, consistent and fair.

Discretion	Regulation	Policy
Decide to treat child (who has not reached the age of 23) as being in continuous education or vocational training despite a break.	RSch 1 & TP17(9)(a)	Brent will consider each case on its merits.
Decide whether to trivially commute a member's pension under section 166 of the Finance Act 2004.	B39(1)(a) & T14(3)	Brent may trivially commute pensions in accordance with guidance and each case will be assessed on its merits.
Decide whether to trivially commute a lump sum death benefit under section 168 of the Finance Act 2004. R39(1)(b)	R39(1)(b)	Brent may trivially commute a lump sum death benefit in accordance with guidance and each case will be assessed on its merits.
Decide whether to pay a commutation payment under regulations 6 (payment after relevant accretion), 11 (de minimis rule for pension schemes) or 12 (payments by larger pension schemes) of the Registered Pension Schemes (Authorised Payments) Regulations 2009 (excludes survivor pensions and pension credit members).	R39(1)(c)	Brent may trivially commute pensions in accordance with guidance and each case will be assessed on its merits.
Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership (no double entitlement).	B42(1)(c)	Brent may make an election on behalf of the member and each case will be considered on its merits.
Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre 1 April 2008).	TSch 1 & L23(9)	Brent may make an election on behalf of a deceased member and each case will be considered on its merits.

Part 3 Members who ceased employment after 1st April 1998 and before 1st April 2008 which are discretions exercised under -

- [The Local Government Pension Scheme Regulations 1997 \(as amended\) \[SI 1997/1612\]](#)
- [The Local Government Pension Scheme \(Transitional Provisions\) Regulations 2008 \[SI 2008/238\] \[prefix T\]](#)
- [The Local Government Pension Scheme \(Administration\) Regulations 2008 \[SI 2008/239\] \[prefix A\]](#)
- [The Local Government Pension Scheme Regulations 2013 \[SI 2013/2356\] \[prefix R\]](#)
- [The Local Government Pension Scheme \(Transitional Provisions, Savings and Amendment\) Regulations 2014 \[SI 2014/525\] \[prefix TP\]](#)

Discretion	Regulation	Policy
Frequency of payment of councillors' contributions.	12(5)	Councillors are no longer eligible to participate in the scheme.
Extend normal 12 month period following the end of relevant reserve forces leave for a "cancelling notice" to be submitted by a councillor member requesting that the service should not be treated as relevant reserve forces leave.	17(4), (7), (8), 89(4) & Sch 1.	Councillors are no longer eligible to participate in the scheme.
Whether to "switch-on" the 85-year rule for a deferred member voluntarily drawing benefits on or after 55 and before 60 (although there is no requirement under R60 the LGA believes that this is an oversight). This is only an administering authority discretion if the employing authority has ceased to exist.	TPSch 2, para1(2) & 1(1)(f) & R60	Brent will only "switch-on" the 85-year rule in exceptional circumstances.
Waive on compassionate grounds the actuarial reduction applied to deferred benefits paid early. This is only an administering authority discretion if the employing authority has ceased to exist.	31(5) & TPSch 2 para 2(1)	Brent will only waive actuarial reductions in exceptional circumstances.

Discretion	Regulation	Policy
Decide to whom death grant is paid. 38(1) & 155(4)	38(1) & 155(4)	Brent, at its absolute discretion, may make payments to or for the benefit of the member's nominee or personal representative or any person appearing to the authority to have been his relative or dependant at any time and each case will be considered on its merits.
Decide to treat child (who has not reached the age of 23) as being in continuous education or vocational training despite a break.	TP17(9)(a) & RSch 1 A	Brent may treat a period of education as continuous despite a break and each case will be assessed on its merits.
Apportionment of children's pension amongst eligible children.	47(1)	The pension will usually be divided equally between the children, but each case will be assessed on its merits.
Pay child's pension to another person for the benefit of the child.	47(2)	Brent may pay the pension to another person for the child's benefit upon receipt of a power of attorney or other relevant documents.
Decide whether to trivially commute a member's pension under pre-1 April 2008 leavers or Pension Credit members where the effective date of the Pension Sharing Order was pre-1 April 2014 or where the effective date of the Pension Sharing Order is after 31 March 2014 but the debited member had no post 31 March 2014 membership of the 2014 Scheme).	49(1) & T14(3)	Brent may trivially commute pension benefits in accordance with guidance and each case will be assessed on its merits.
Decide whether to trivially commute a lump sum death	49(1)	Brent may trivially commute pension benefits in accordance with

Discretion	Regulation	Policy
benefit under section 168 of the Finance Act 2004.		guidance and each case will be assessed on its merits.
Decide whether to commute benefits due to exceptional ill-health (including Pension Credit members where the effective date of the Pension Sharing Order was pre 1 April 2014 or where the effective date of the Pension Sharing Order is after 31 March 2014 but the debited member had no post 31 March 2014 membership of the 2014 Scheme).	50 and 157	Brent may commute pension benefits on the grounds of exceptional ill-health but each case will be assessed on its merits.
Whether acceptance of AVC election is subject to a minimum payment (councillors only). 60(5)	60(5)	Councillors are no longer eligible to participate in the scheme.
Whether to require any strain on Fund costs to be paid “up front” by employing authority following early voluntary retirement of a councillor, or early payment of a deferred benefit on health grounds or from age 50 and prior to age 55 with employer consent.	80(5)	Any strain cost must be paid at the time of retirement.
Whether to require any strain on Fund costs to be paid “up front” by employing authority if the employing authority “switches on” the 85 year rule for a member voluntarily retiring on or after age 55 and prior to age 60, or waives an actuarial reduction on compassionate grounds under TPSch 2, para 2(1).	TPSch 2, para 2(3)	Any strain cost must be paid at the time of retirement.
Frequency of employer’s payments to the fund (in respect of councillor members). 81(1)	81(1)	Councillors are no longer eligible to participate in the scheme.

Discretion	Regulation	Policy
Form and frequency of information to accompany payments to the Fund (in respect of councillor members).	81(5)	Councillors are no longer eligible to participate in the scheme.
Whether to charge interest on payments by employers overdue by more than 1 month (in respect of councillor members). 82(1)	82(1)	Councillors are no longer eligible to participate in the scheme.
Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits.	89(3)	Contributions may be recovered from benefits, with the member's consent, or as a simple debt (after one year).
Timing of pension increase payments by employers to fund.	91(6)	Any payments will be recharged quarterly.
Whether to pay the whole or part of the amount that is due to the personnel representatives (including anything due to the deceased member at the date of death) to: (1) the personal representatives, or (2) anyone appearing to be beneficially entitled to the estate without need for a Grant of Probate / Letters of Administration where payment is less than the amount specified in Section 6 of the Administration of Estates (Small Estates) 1965.	95	Brent may make payment under Section 6 to the personal representatives, or any person or persons appearing to be beneficially entitled to the estate without the production of a grant of probate or letters of administration of his estate - and each case will be assessed on its merits.
Approve medical advisors used by employers.	97(10)	Brent maintains a list of approved medical practitioners/providers.
Decide procedure to be followed by admin authority when exercising its stage two	TP23 & R76(4)	A senior officer who has had no previous involvement in the case will hear stage 2 appeals.

Discretion	Regulation	Policy
IDRP functions and decide the manner in which those functions are to be exercised.		
Whether administering authority should appeal against employer decision (or lack of a decision)	TP23 & R79(2)	Brent may appeal to the Secretary of State against an employer decision or lack of a decision and each case will be considered on its merits.
Specify information to be supplied by employers to enable administering authority to discharge its functions.	TP23 & TP22(1) & R80(1)(b)	The standard forms should be used and employers should publish their discretions.
Date to which benefits shown on annual deferred benefit statement are calculated.	106A(5)	The date the Pensions Increase award is effective from.
Abatement of pensions following re-employment.	TP3(13), A70(1) & A71(4)(c)	Brent will not abate pensions.
Retention of Contributions Equivalent Premium (CEP) where member transfers out.	118	Brent will not retain the CEP if a member transfers-out (it is no longer possible to pay a CEP).
Discharge Pension Credit liability. (Note; a pension credit can be used to purchase a pension credit in the scheme or a CETV can be used to acquire pension benefits with an appropriate alternative provider).	147	Brent may discharge its liability by either (1) awarding a pension credit in the LGPS or (2) by <i>"paying the amount of the credit to the person responsible for a qualifying arrangement with a view to acquiring rights under that arrangement for the person entitled to the credit"</i> and each case will be assessed on its merits.

**Part 4 Members who ceased membership before 1st April 1998
which are discretions exercised under -**

- The Local Government Pension Scheme Regulations 1995 (as amended) [SI 1995/1019]
- The Local Government Pension Scheme (Transitional Provisions) Regulations 1997 [SI 1997/1613] [prefix TL]
- The Local Government Pension Scheme Regulations 1997 [SI 1997/1612] (as amended) [prefix L]
- The Local Government Pension Scheme (Administration) Regulations 2008 [SI 2008/239] [prefix A]
- LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 [SI 2014/525] [TP]
- The Local Government Pension Scheme Regulations 2013 [SI 2013/2356] [prefix R]

Discretion	Regulation	Policy
Grant application for early payment of deferred benefits on or after age 50 on compassionate grounds. Although the common provisions of the 1997 transitional Provisions do not specify D11(2)(c) the intention was that it should apply. This is only an administering authority discretion if the employing authority has ceased to exist.	TP3(5A)(vi), TL4, L106(1) & D11(2)(c)	Brent will only agree to compassionate retirement in exceptional circumstances and only below age 55 in truly exceptional circumstances (if it is paid before age 55 it may be an unauthorised payment).
Decide to whom death grant is paid.	E8	Brent may pay or apply the whole or any part of the lump sum death grant payable under regulations E1(1), E2(1), E3(1) or E4(1) to or for the benefit of all or any of the surviving spouse, children, dependants, relatives, personal representatives or nominated beneficiaries of the deceased member in such shares as the administering authority

Discretion	Regulation	Policy
		shall at its absolute discretion decide and each case will be considered on its merits.
Whether to pay spouse's pensions for life (rather than ceasing during any period of remarriage or co-habitation).	F7	Brent will pay spouses pensions for life.
Decide to treat child (who has not yet reached the age of 23) as being in continuous education or vocational training despite a break.	TP17(9)(a) & RSch 1	Brent may decide that education is continuous despite a break and each case will be considered on its merits.
Apportionment of children's pension amongst eligible children.	G11(1)	Brent will usually divide the pension equally between the children, but each case will be considered on its merits.
Pay child's pension to another person for the benefit of the child.	G11(2)	Brent may pay the pension to another person for the child's benefit upon receipt of a power of attorney or other relevant documents.
Abatement of pension following re-employment	TP3(13), A70(1) & A71(4)(c)	Brent will not abate pensions.
Decide procedure to be followed by administering authority when exercising its stage two IDRPs functions and decide the manner in which those functions are to be exercised.	TP23 & R76(4)	A senior officer who has had no previous involvement in the case will hear stage 2 appeals.
	TP23 & R79(2)	

Discretion	Regulation	Policy
Whether administering authority should appeal against employer decision (or lack of a decision).		The Administering Authority may appeal to the Secretary of State and each case will be considered on its merits.
Specify information to be supplied by employers to enable administering authority to discharge its functions.	TP23, TP22(1) & R80(1)(b)	The standard forms should be used and the employer should publish its discretions.

Part 5 Discretionary policies in relation to former employees of an employing authority that is a body that is a scheduled body, a designate body, or a body that is deemed to be a scheduled body under the LGPS Regulations 2013 and equivalent predecessor regulations (excluding admitted bodies) where such discretions are exercised under -

- **The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended) [SI 2000/1410]**

Discretion	Regulation	Policy
Agree to pay annual compensation on behalf of employer and recharge payments to employer.	31(2)	Any compensation will be recharged quarterly.

Part 6 Discretionary policy to be maintained by administering authority where discretions are exercised under -

- **The Registered Pension Schemes (Modification of Scheme Rules) Regulations 2011 [SI 2011/1791]**

Discretion	Regulation	Policy
To decide whether it is legally able to offer voluntary scheme pays (to determine legality see paragraph 223 onwards of the Annual Allowance guide published under the 'Guides and sample documents page of www.lgpsregs.org); and, if so, to decide the circumstances (if any) upon which it would do so.	The Registered Pension Schemes (Modification of Scheme Rules) Regulations 2011 - regulation 2	Brent may consider voluntary scheme pays in relation to LGPS scheme benefits and each case will be considered on its merits. Brent understands that it may do this using its general powers of competence under the Localism Act 2011, notwithstanding regulation 84 (non-assignability).

Appendix 2

No.	Area	Regulation	Discretion	Policy Summary	Explanation
1	Whether to vary an employee's contribution band	Regulations 9 and 10 Pensions Regulations	Members must pay pension contributions at the appropriate rate set on 1 st April or the first day of active membership, if later. The employer may vary the contribution rate if there is a change in employment or a material change that affects the member's pensionable pay.		Contribution bands are set on 1 st April, but the employer may change them if a member changes jobs or has a material pay increase / decrease.
2	Whether to increase assumed pensionable pay in certain specific circumstances	Regulation 21(5), 21(5A) and 21(5B) Pension Regulations	If a member is absent because of illness, child related leave or reserve forces leave their pension benefits may be based on assumed pensionable pay (APP). If, in the employer's opinion, the member's APP is materially lower than their pay in the twelve months preceding the absence they can either include (1) a "regular" lump sum received during that period or (2) substitute a higher pensionable pay having regard for their earnings in that period.		If a member's APP is lower than their regular pensionable pay the employer can either substitute a higher rate of pay, based on the pay they received in the year before the absence began, or include regular lump sums received during that period.

No.	Area	Regulation	Discretion	Policy Summary	Explanation
3	Funding of Additional Pension Contributions	Regulations 16(2)(e) and 16(4)(d) Pensions Regulations,	<p>Whether to fund, in whole or in part, a shared cost additional pension contributions (SCAPC) on behalf of an active member by regular contributions (Regulation 16(2)(e)) or by lump sum (Regulation 16(4)(d)).</p> <p>Note: The amount of additional pension that may be credited to an active member's pension accounts may not exceed the overall additional pension limit of £7579 (1st April 2023 and uplifted annually).</p>		The employing authority can choose to pay additional pension contributions on behalf of active employees.
4	Shared Cost Additional Voluntary Contributions (SCAVCs)	Regulation 17(1) and Schedule 1 (definition of SCAVC) Pension Regulations.	Whether to contribute towards a Shared Cost Additional Contribution arrangement. Pre-2014 SCAVCs also fall under Regulation 17 by virtue of Regulation 15(2A) Transitional Regulations.		An employer can choose to contribute towards a SCAVC.

No.	Area	Regulation	Discretion	Policy Summary	Explanation
5	Whether to grant early payment of pension on compassionate grounds (pre-1st April 1998 leavers)	Regulation D11(2)(c) of 1995 Regulations	Whether to agree to early payment of pension benefits on or after age 50 on compassionate grounds. The employer should note that pension benefits paid before age 55 may attract an unauthorised payments surcharge and they may have to pay a strain cost because the pension benefits cannot be reduced.		The employer may agree to payment from age 50, but they may incur an unauthorised payments surcharge and/or a capital cost.
6	Whether to grant early payment of pension (leavers from 1st April 1998 to 31st March 2008)	Regulation 31(1)/(2) of 1997 Regulations	Whether to agree to early payment of pension benefits on or after age 50 and before age 55 on compassionate grounds. The employer should note that pension benefits paid before age 55 may attract an unauthorised payments surcharge.		The employer may agree to payment from age 50 to 55, but they may incur an unauthorised payments surcharge.

No.	Area	Regulation	Discretion	Policy Summary	Explanation
7	Flexible Retirement	Regulation 30(6), Pensions Regulations Regulations 11(2) and (3) of Transitional Regulations	Whether to agree to an employee aged 55 or over reducing their hours of work or their grade so that they may receive all or some of their retirement pension while still employed. Whether, in addition to any pre-1 st April 2008 pension benefits which the member must draw, to permit the member to draw; (a) all, part or none of benefits accrued between 1 st April 2008 and 31 st March 2014 and (b) all, part or none of the pension benefits built up after 31 st March 2014		The employing authority can agree to an employee aged 55 or over drawing all or some of their pension and continuing to work on reduced hours or pay. The employer should note that granting consent would trigger the 85-year rule and may require a capital payment.
8	Switching-on the 85-year rule	Schedule 2 of Transitional Regulations	Whether to switch on the 85-year rule under Regulation 1(2) and 1(3) of Schedule 2 of the Transitional Regulations.		The employer can agree to switch on the 85-year rule, which may mitigate reductions that would, otherwise, apply but the employer may have to make a capital payment.

No.	Area	Regulation	Discretion	Policy Summary	Explanation
9	Waiving of Actuarial Reduction to Pensions	<p>Regulation 30(8), Pensions Regulations</p> <p>Schedule 2 of Transitional Regulations</p>	<p>(Post 2014) Whether to agree to waive, in whole or in part, any actuarial reduction that would otherwise apply to the pension paid to a former employee aged 55 or over under 30(5) or 30(6) [flexible retirement] using regulation 30(8) of the Pension Regulations.</p> <p>(Pre-2014) Whether to waive actuarial reductions entirely under 30(5) or 30A(5) [deferred pensioner members] of the Benefits Regulations and Regulation 2(1), of Schedule 2 of the Transitional Regulations.</p>		<p>The employing authority can agree to waive reductions to the pension of a member aged 55 or over who has left employment or been granted flexible retirement.</p> <p>The employer may be required to make a capital payment if they do so.</p>

10	Award of Additional Pension	Regulation 31, Pensions Regulations	<p>To award additional pension at full cost to the employer:</p> <ul style="list-style-type: none"> (1) an active member; or (2) a former active member who was dismissed by reason of redundancy, business efficiency or mutual consent on grounds of business efficiency. <p>Note: Any additional pension awarded (including any additional pension purchased by the employer or the member under Regulation 16 of the Pensions Regulations) may not exceed the overall additional pension limit of £7,579 (1st April 2023 and uplifted annually).</p> <p>Additionally, in the case of a member falling within (2) above, the resolution to award additional pension must be made within 6 months from the date on which the employment ended.</p>		<p>This means the employing authority has the power to award additional pension to an active member.</p> <p>The employer can also award additional pension to members who leave on the grounds of redundancy, business efficiency or mutual consent on grounds of business efficiency – up to six months after termination; however, care would need to be exercised in relation to the <u>Guidance on Special Severance Payments</u>.</p> <p>The employer would be required to make a capital payment (in addition to the cost of purchase) if the</p>
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No.	Area	Regulation	Discretion	Policy Summary	Explanation
					member retired early on any grounds apart from permanent ill-health.
11	Aggregation of Benefits: Concurrent Employments	Regulation 22 (7)(b), Pensions Regulations	Whether to allow an active member with concurrent employments, who ceases an employment with an entitlement to a deferred pension, more than 12 months to elect not to have their deferred pension aggregated with their active member's pension account.		The employing authority can allow a member who leaves one of two (or more) employments - held at the same time - longer than 12 months to elect not to combine the deferred pension with the ongoing active pension.

No.	Area	Regulation	Discretion	Policy Summary	Explanation
12	Aggregation of Benefits: Deferred Member becoming Active Member	Regulation 22 (8)(b), Pensions Regulations	Whether to allow a deferred member who becomes an active member longer than 12 months in which to elect not to have their deferred benefits aggregated with the benefits in their active member's pension account.		<p>The benefits are usually aggregated (joined-up) unless the member elects to keep them separate.</p> <p>The employing authority can agree to a former member having longer than 12 months to choose not to combine their pensions.</p>

No.	Area	Regulation	Discretion	Policy Summary	Explanation
13	Aggregation of Benefits: Deferred Member becoming Active Member (pre-2014 membership)	Regulation 10(6)(b) Transitional Regulations	Whether to allow a deferred member who becomes an active member longer than 12 months in which to elect for their pre-2014 deferred benefits to be aggregated with their active member's pension account (but, technically, they would lose the final salary link if they have not made an election under 5(5) Transitional Regulations within twelve months of becoming an active member of 2013 scheme).		<p>The pre-2014 preserved benefits will be kept separate unless the member makes a positive election to aggregate them.</p> <p>The employing authority can agree to a former member having longer than 12 months to choose to combine their pensions.</p>
14	Whether to recover any monetary obligation	A 74(2)	Whether to recover from Fund any monetary obligation or, if less, the value of the member's benefits (other than transferred in pension rights or AVCs/SCAVCs) where the obligation was incurred because of a criminal, negligent or fraudulent act or omission in connection with the employment and as a result of which the person has left employment		Where a person is leaves employment because of a criminal or fraudulent act the employer can try to recover the loss from their pension benefits.

No.	Area	Regulation	Discretion	Policy Summary	Explanation
15	Inward Transfer of Pension Rights	Regulation 100, Pensions Regulations	<p>Whether to allow an employee who has been an active member in their current employment for more than 12 months to ask for the transfer of certain accrued pension rights to be considered.</p> <p>Note: Regulation 100(6) of the Pensions Regulations requires that a request must be made within 12 months beginning with the date on which the member first became an active member in an employment or such longer period as the employer and the Administering Authority may allow. The discretion is, therefore, only exercisable if both the Employing Authority and the Administering Authority agree.</p>		Members who have been in the pension scheme for more than twelve months can ask for a transfer-in to be considered - but it will only be investigated if both the employing authority and the administering authority agree.

No.	Area	Regulation	Discretion	Policy Summary	Explanation
16	Spouse's CAY pensions	21(7) The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended)	Whether to cancel the suspension rule where the spouse of a person who ceased employment before 1 April 1998 remarries, enters a new civil partnership or cohabits after 1 April 1998.		Spouse's pensions based on pre-1998 CAY may be suspended during periods of remarriage or cohabitation.
17	Compensatory added years (CAY)	Regulation 19 The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended)	How to reduce a pensioner's annual compensatory added years' pension and lump sum if, following the cessation of a period of re-employment in local government, they can count more membership than they could have accrued had they worked to 65.		CAY pensions may be reduced when re-employment ends if the member's total pension exceeds the amount they could have received had they worked to 65.

No.	Area	Regulation	Discretion	Policy Summary	Explanation
18	Redundancy Payments	Regulation 5, Compensation Regulations 2006	Whether to base redundancy pay on actual pay if it exceeds the statutory maximum under the Employment Rights Act 1996 (£643 per week from 6 th April 2023).	.	The employer can base the calculation of a week's pay for redundancy on actual pay if it exceeds the statutory limit.

19	Compensation for loss of Employment	Regulation 6, Compensation Regulations 2006	<p>Whether to pay compensation to a person whose employment ceases</p> <ul style="list-style-type: none"> - by reason of redundancy; - in the interests of the efficient exercise of the employing authority's functions; or <p>in the case of a joint appointment, because the other holder of the appointment leaves</p> <p>Note: Compensation may not be paid under this Regulation if:</p> <ul style="list-style-type: none"> - a person has been awarded additional pension by the employer under Regulation 31 of the Pension Regulations; or (by virtue of the Interpretation Act 1978) - a person's period of membership of the Pension Scheme has been increased under Regulation 12 of the Benefits Regulations 2007; or - a person has been awarded an additional pension under Regulation 13 of the Benefits Regulations 2007. 	<p><i>Note: the employer should be aware of age discrimination issues when formulating a policy.</i></p> <p><i>It should not use redundancy ready reckoner for any other type of leaver. This is because it is only exempt from age discrimination legislation for redundancy and only then in its original form (not multiples thereof).</i></p> <p><i>If it is used for any other purpose, the ready reckoner may be directly discriminatory (the weekly multiplier increases with age) and indirectly discriminatory (only</i></p>	The employing authority can make an award of up to 104 week's pay (less any redundancy payment payable).
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No.	Area	Regulation	Discretion	Policy Summary	Explanation
			<ul style="list-style-type: none"> - The amount of compensation paid under this Regulation may not exceed 104 weeks' pay <u>less</u> any redundancy payment payable. - In all cases the decision to pay compensation under this Regulation must be made no later than 6 months after the date the person's employment terminates. 	<i>older members can accrue the maximum 20 years).</i>	

20	Injury Allowances	14(1) of the Compensation Regulations 2011	<p>Scheme employers (LGPS employers), apart from admission bodies, must formulate, publish and keep under review a policy on:</p> <ol style="list-style-type: none"> 1. whether to make an injury award to those who sustain an injury or contract a disease because of anything they were required to do in performing the duties of their job and in consequence of which they: <ul style="list-style-type: none"> ○ suffer a reduction in remuneration, or ○ cease to be employed because of an incapacity which is likely to be permanent and which was caused by the injury or disease, or ○ die leaving a surviving spouse, civil partner or dependant, and <p>if the Scheme employer has a policy to make such payments, how it will determine the amount of injury</p>		An employing authority may award an injury allowance to employees who contract an injury or illness related to their employment.
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No.	Area	Regulation	Discretion	Policy Summary	Explanation
			allowance to be paid and whether and when to terminate it.		

Appendix 3

How to exercise discretion

Although it may seem daunting, completing a discretions policy is not as challenging as you may think. In essence, a discretion is a choice and the key to exercising discretion properly is maintaining your freedom to choose.

With this in mind, we recommend that you complete your discretions policy by choosing one of three stock phrases -

If you would like to do something you can employ: **“The employing authority may award (discretion) but each case will be considered on its merits.”**

If you do not want to do something you can say: **“The employing authority will only award (discretion) in exceptional circumstances.”**

If you are not sure about whether you will or will not do something you can deploy: **“The employing authority will not generally award (discretion) but each case will be considered on its merits.”**

The point of these phrases is that they indicate intent without restricting the employer's freedom to choose. An employer may be inclined to do something, but they might not want to do it for an employee who has defrauded them. Equally, they might not want to do something but find themselves confronted by a particularly sensitive case. Moreover, discretion can only be exercised lawfully if the employer maintains their freedom to choose and, if they say they will always do this or never do that, they have restricted their freedom to choose and are said to have “fettered their discretion”.

You should also be mindful of the Equalities Act 2010, which requires you treat all staff equally, regardless of age, unless any divergence can be objectively justified.

One last point to consider is that it is always a good idea to record the decision-making process, particularly when it is a contentious case. This is necessary to resist challenges from disappointed active, deferred and pensioner members who may try to identify a comparator whose case has been approved. That is why you should always set out your reasons when considering a case that justifies making an exception to your published policy.

The keys to exercising discretion properly are;

- Acting in good faith and for a proper purpose
- Complying with legislative procedures
- Considering only relevant considerations and ignoring irrelevant ones
- Acting reasonably and on reasonable grounds
- Making decisions based on supporting evidence

- Giving adequate weight to a matter of great importance but not giving excessive weight to a matter of no great importance
- Giving proper consideration to the merits of the case
- Ensuring that the person affected by the decision is dealt with in a way that provides procedural fairness and
- Exercising the discretion independently and not under the dictation of a third person or body.

In short, you should aim for a decision that a reasonable person acting reasonably would make having regard for the principles set out above.

NB This document has been prepared on the Pension Fund's understanding of the LGPS Regulations; therefore whilst it represents the views of the Pension Fund it should not be treated as a complete and authoritative statement of the law. Employers may wish, or will need, to take their own legal advice on the interpretation of any particular regulations. No responsibility whatsoever will be assumed by the Fund for any liability, financial or otherwise, incurred by employers relying on this statement. The Pension Fund does not accept any responsibility for reliance on the contained, or referred to, in this document.

London Borough of Brent Pension Fund

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H2 2023 Investment Monitoring Report

Kenneth Taylor, Senior Investment Consultant

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Executive Summary

Performance Summary

The assets combined to return 6.0% over the second half of the year to 31 December 2023.

Global equities rose 7.3% over the period, largely driven by a shift in rate expectations. Markets anticipated a lower-than-expected inflation outlook, resulting in a positive impact on economic activity.

UK equities also rose 5.2% over the period. However, the UK lagged the global market due to its large exposure to the energy sector and sterling strength weighing on a high proportion of overseas earnings.

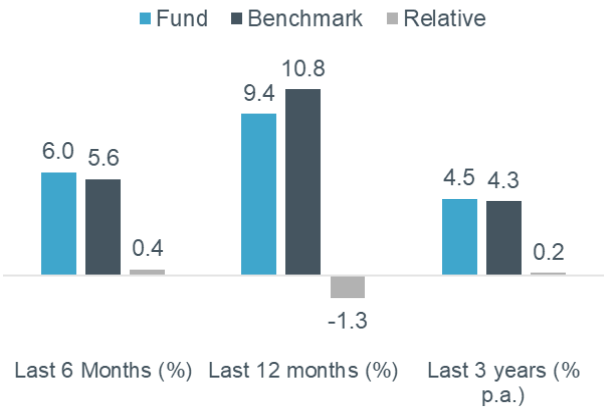
H2 also saw emerging market rise 4.7%, despite falls in Chinese equities due to mounting growth concerns.

Towards the end of Q3, the bond market fell due to expectations that interest rates may need to remain elevated for longer. However, during Q4, expectations of easing monetary policy led to strong bond performance.

Key points to note

- The Fund has posted a positive return over H2, ending the period with a valuation of £1,203.0m up from £1,125.7m at the end of Q2 2023.
- The Fund’s passive global equity exposure was the main driver of positive return on an absolute basis, along with its exposure to UK equities and UK government bonds. Within the income assets, the Fund’s private debt and multi-asset exposure contributed to performance on an absolute basis; however the property mandates detracted from the total Fund return.
- On a relative basis the Fund outperformed its benchmark by 0.4%. The Fund is behind its composite benchmark over the past 12 months. Over the long-term, the Fund remains slightly ahead of its benchmark.
- The cash held by the Fund increased over the period to £36.0m.

Fund performance vs benchmark/target



High Level Asset Allocation

	Actual	Benchmark	Relative
Growth	52.8%	58.0%	-5.2%
Income	29.0%	25.0%	4.0%
Protection	15.2%	15.0%	0.2%
Cash	3.0%	2.0%	1.0%

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.

The Fund's current target allocations are as follows:

Interim

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

Long-term

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

Once complete, we recommend the interim targets are reviewed and updated to reflect the changes recommended in our separate strategy paper, as well as the steady reduction in the private equity allocation.

Following the quarter end, the LCIV infrastructure fund's four-year ramp up period since the first investment was made has elapsed. The fund will now enter its distribution phase and capital will begin to return to the Fund.

The LCIV private debt fund remains in the ramp up phase. We expect the Fund's commitments to continue to be drawn down over 2024.

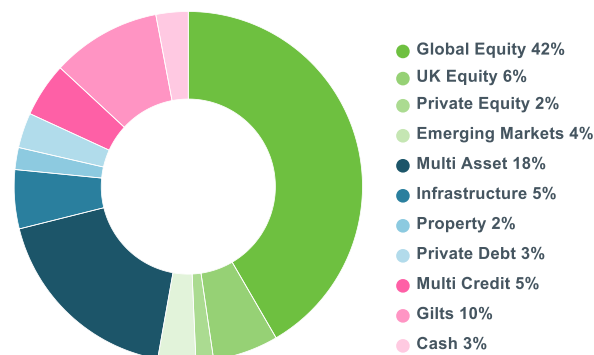
During H2, allocations to multi-asset credit and gilts were topped-up to their respective targets using £74m that was disinvested from the LGIM Global Equity Fund.

Asset allocation

Manager	Valuation (£m)		Actual Proportion	Benchmark	Relative
	Q2 2023	Q4 2023			
LGIM Global Equity	508.3	468.4	38.9%	40.0%	-1.1%
LGIM UK Equity	69.5	73.1	6.1%	5.0%	1.1%
Capital Dynamics Private Equity	21.8	19.6	1.6%	5.0%	-3.4%
LCIV JP Morgan Emerging Markets	42.2	42.3	3.5%	5.0%	-1.5%
Blackrock Acs World Low Crbn	29.4	32.0	2.7%	3.0%	-0.3%
Total Growth	671.2	635.4	52.8%	58.0%	-5.2%
LCIV Baillie Gifford Multi Asset	121.1	126.7	10.5%	6.0%	4.5%
LCIV Ruffer Multi Asset	92.1	93.4	7.8%	6.0%	1.8%
Alinda Infrastructure	16.9	17.9	1.5%	0.0%	1.5%
Capital Dynamics Infrastructure	2.3	2.3	0.2%	0.0%	0.2%
LCIV Infrastructure	39.1	45.2	3.8%	5.0%	-1.2%
Fidelity UK Real Estate	13.8	13.4	1.1%	1.5%	-0.4%
UBS Triton Property Fund	11.4	11.0	0.9%	1.5%	-0.6%
LCIV Private Debt Fund	36.0	39.1	3.2%	5.0%	-1.8%
Total Income	332.7	349.0	29.0%	25.0%	4.0%
LCIV CQS MAC	42.7	60.4	5.0%	5.0%	0.0%
BlackRock UK Gilts Over 15 yrs	49.7	122.1	10.2%	10.0%	0.2%
Total Protection	92.4	182.5	15.2%	15.0%	0.2%
Cash	29.4	36.0	3.0%	2.0%	1.0%
Total Scheme	1125.7	1203.0	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

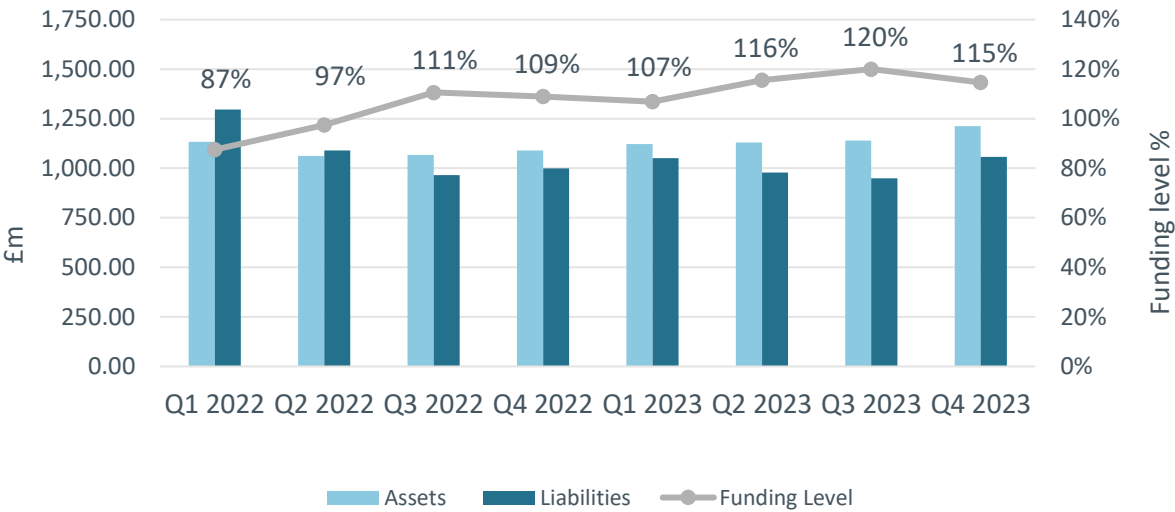


As at 31 December 2023, we estimate the funding level to be 115%.

The graph shows the funding level has increased from 87% in Q1 2022 to 115% at the end of Q4 2023.

Please note the asset value shown (for the funding level calculation) may differ from the actual asset value as it is an estimate based on estimated cashflows. However, the estimate is consistent with liabilities, therefore gives more reliable estimate of the funding position.

Funding level progression



Latest funding level summary

	30 Jun 2023	30 Sep 2023	31 Dec 2023
Assets	1,130	1,139	1,212
Liabilities	978	949	1,057
Surplus/(deficit)	152	190	155
Funding Level	116%	120%	115%

Source: Hymans Robertson funding update report as at 31 December 2023.
Please see report for full details of approach used and reliances and limitations.

The total Fund return over the past 6 months was positive on an absolute and relative basis. Performance over the past 12 months remains slightly behind benchmark. 3-year performance remains positive, however has fallen behind the composite benchmark.

Global equities continued to provide positive returns, returning 7.6% over H2 and maintaining double-digit performance over the last 12 months.

Capital Dynamics' private equity mandate posted positive returns over H2, however fell short of its benchmark. However, it is worth noting that the allocation is in run down and represents a small allocation within the Fund.

Yield volatility remained high during Q3 and into Q4, due to higher-for-longer interest rate expectations. However, during Q4, expectations of easing monetary policy led to a decline in interest rate expectations. This resulted in strong bond performance over the end of Q4. This also contributed to the performance of the LCIV Multi-Asset funds.

The property market fell over the period as income was offset by capital value declines in the retail office and industrial sectors.

Manager performance

	Last 6 Months (%)			Last 12 months (%)			Last 3 years (% p.a.)		
	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative
Growth									
LGIM Global Equity	7.6	7.6	0.0	17.5	17.6	-0.1	9.9	9.9	-0.1
LGIM UK Equity	5.2	5.2	0.0	8.0	7.9	0.1	8.7	8.6	0.0
Capital Dynamics Private Equity	0.4	7.9	-7.0	-10.7	18.4	-24.6	7.3	11.3	-3.6
LCIV JP Morgan Emerging Markets	0.3	4.4	-3.9	0.4	3.6	-3.1	-4.7	-2.8	-2.0
Blackrock Acs World Low Crbn	8.5	7.3	1.2	17.3	16.8	0.4	-	-	-
Income									
LCIV Baillie Gifford Multi Asset	4.6	3.6	1.0	4.7	6.8	-2.0	-1.3	4.1	-5.2
LCIV Ruffer Multi Asset	1.4	3.6	-2.1	-6.3	6.8	-12.2	3.4	4.1	-0.7
Alinda Infrastructure	-	-	-	11.8	5.9	5.6	17.1	8.6	7.9
Capital Dynamics Infrastructure	-	-	-	9.2	5.9	3.0	-10.7	8.6	-17.7
LCIV Infrastructure	-	-	-	3.1	5.9	-2.7	7.0	8.6	-1.4
Fidelity UK Real Estate	-2.7	-2.7	0.0	-6.9	-6.9	0.0	-	-	-
UBS Triton Property Fund	-3.1	-3.1	0.0	-	-	-	-	-	-
LCIV Private Debt Fund	7.4	3.0	4.3	3.7	6.0	-2.2	-	-	-
Protection									
LCIV CQS MAC	6.7	3.6	3.0	11.0	6.8	4.0	1.6	4.1	-2.3
BlackRock UK Gilts Over 15 yrs	7.6	7.9	-0.3	1.4	1.6	-0.2	-17.4	-17.3	-0.1
Total	6.0	5.6	0.4	9.4	10.8	-1.3	4.5	4.3	0.2

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

Performance from Alinda, Capital Dynamics and the LCIV Infrastructure funds is based on information provided by Northern Trust. For such investments, we focus on longer term performance. There are also alternative measures to assess performance detailed in the individual manager pages. This is also the case for Private Equity and Private Debt (see below) as asset classes.

Source: Fund performance provided by Investment Managers and is net of fees.
Benchmark performance provided by Investment Managers and DataStream
The property benchmarks return are set equal to the actual return for Q3 and Q4.

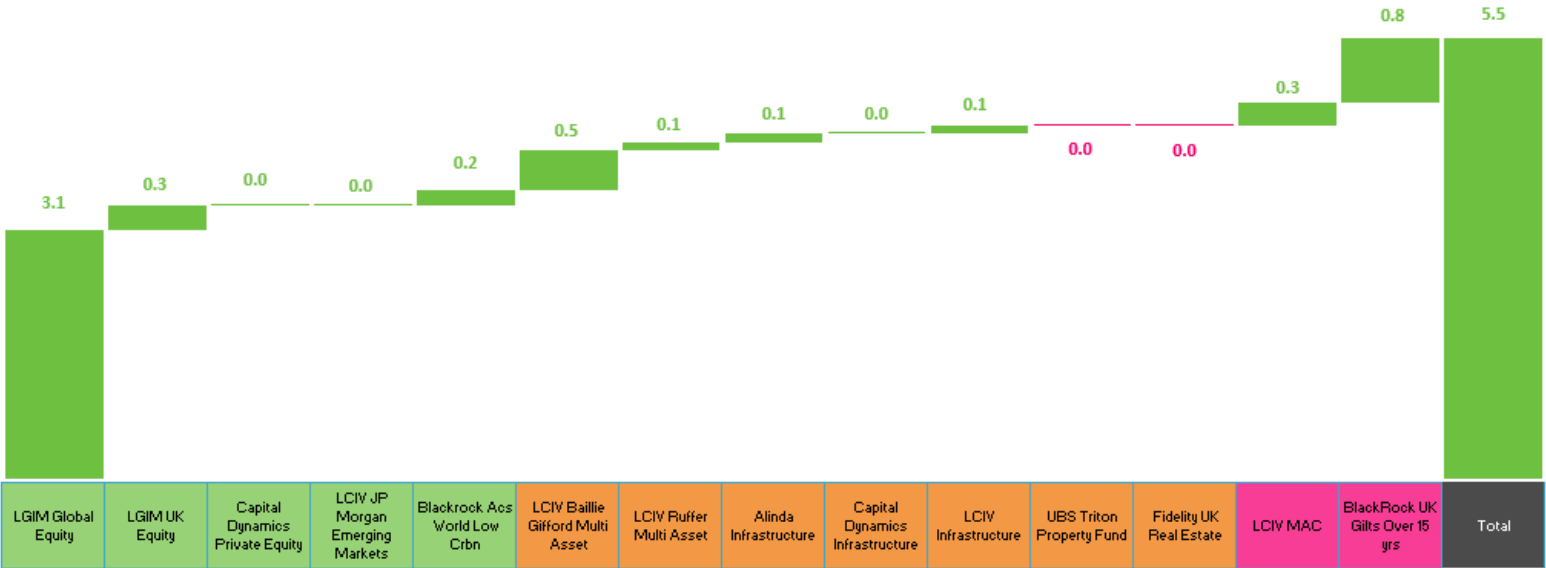
This chart highlights each mandate's contribution to the Fund's absolute performance over the second half of 2023, according to their allocation.

The largest contributor to performance over the period remains LGIM's Global Equity fund, given its positive performance and its sizeable allocation of c.40%.

The Fund also saw positive contributions to performance from the LGIM UK Equity Fund, LCIV Baillie Gifford Multi-Asset Fund and BlackRock UK Gilts Fund.

Despite negative returns posted by the UBS Triton and Fidelity UK Real Estate Funds, these mandates have relatively small allocations of c1% each, 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.

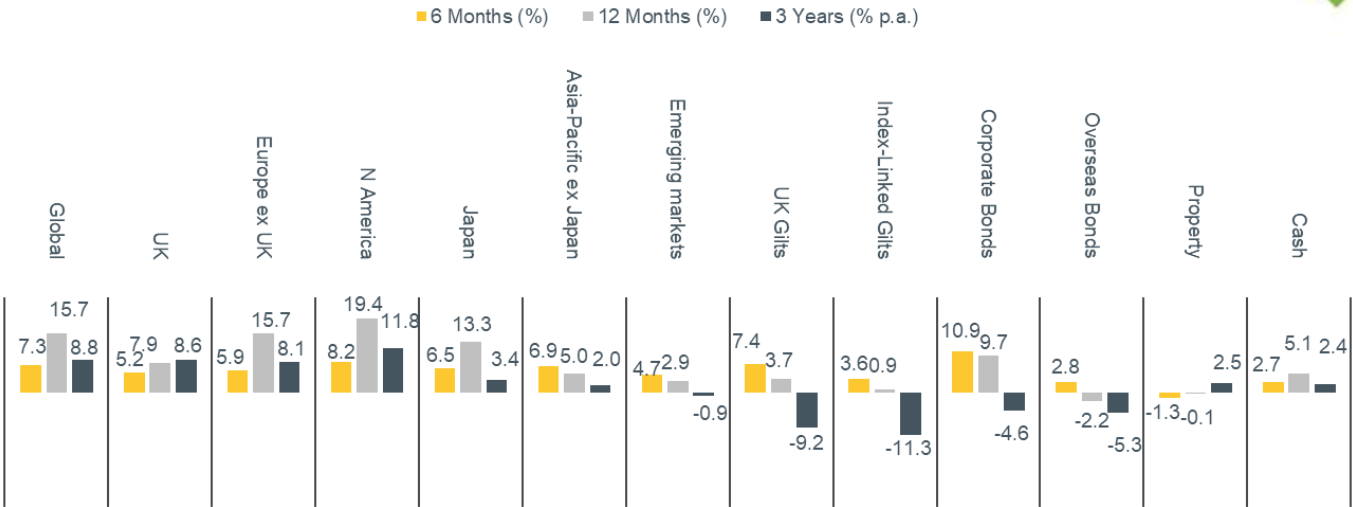
Global growth was more resilient than expected in H2 2023, as strong labour markets and fiscal support buoyed consumer spending, particularly in the US. Business surveys highlighted that activity was stronger in the labour-intensive service sector than in the capital and energy-reliant manufacturing sector. Europe has been a particularly weak spot, given the region's greater exposure to the latter.

Year-on-year headline CPI in the UK and eurozone fell to 3.9% and 2.4% in November, from 7.9% and 5.5% in June, respectively. US headline rose from 3.0% in June to 3.1% in November but was still lower than expected. Core inflation, which excludes volatile energy and food prices, fell to 5.1% 4.0%, and 3.6% in the UK, US and eurozone.

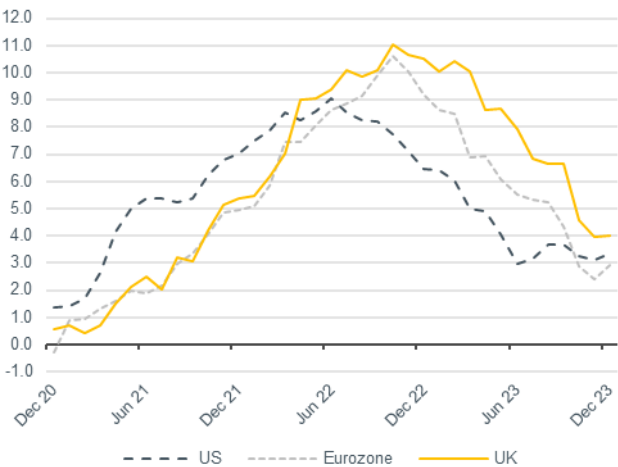
The Federal Reserve and Bank of England both raised rates 0.25% pa in Q3, to 5.5% pa and 5.25% pa, respectively, while the European Central Bank raised its deposit rate by 0.5% pa, to 4.0% pa. Given larger-than-expected falls in inflation, the major central banks left rates unchanged in Q4, and the extent of interest-rate cuts expected by the markets in 2024 rose dramatically towards the end of the year.

Given shifts in expected interest rates, the trade-weighted US dollar and sterling fell by 1.1% and 0.8%, respectively, while the equivalent euro measure rose by 0.8%. Trade-weighted Japanese yen rose 0.9% as bond yields rose in Japan while they fell or stayed the same elsewhere.

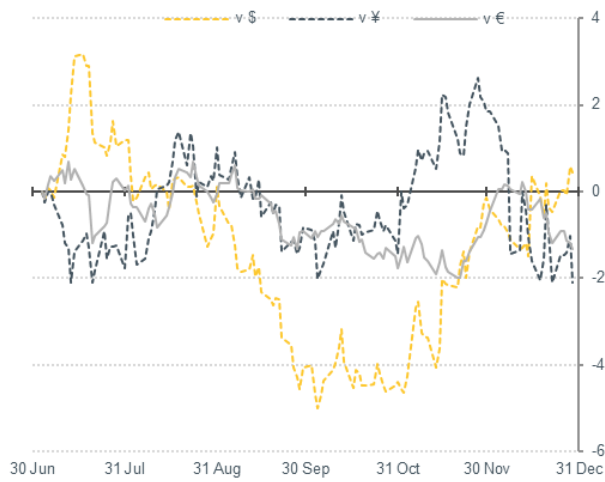
Historic returns for world markets ^[1]



Annual CPI inflation (% year on year)



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

UK 10-year yields fell 0.9% pa, to 3.5% pa, while equivalent German yields fell around 0.4% pa, to 2.0% pa. After reaching post-Global Financial Crisis highs in October, US 10-year yields fell dramatically. Yields ended the period where they started, at 3.9% pa. Japanese 10-year yields rose 0.2% pa, to 0.6% pa, as the Bank of Japan loosened its yield curve control policy.

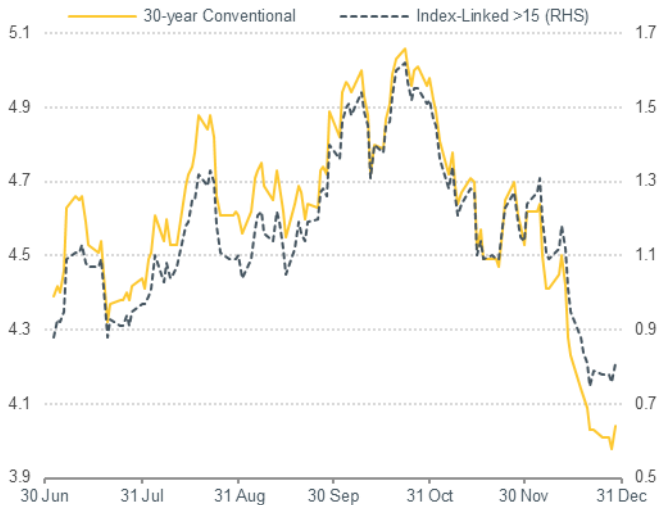
Credit spreads fell as global recession and debt affordability concerns eased. Sterling investment-grade yields fell 1.4% pa, as a 0.4% pa fall in credit spreads supplemented the fall in underlying gilt yields. Global speculative-grade credit spreads declined by 0.7% pa, to 3.8% pa.

The FTSE All World Total Return Index rose 6.9% in local-currency terms. North American equities notably outperformed, given their exposure to the technology sector. All other regions underperformed but still produced positive returns. Europe ex-UK faced the worst underperformance, given the relatively weaker economic backdrop and exposure to goods and manufacturing. Alongside technology, financials also outperformed. The more defensive sectors were the largest underperformers.

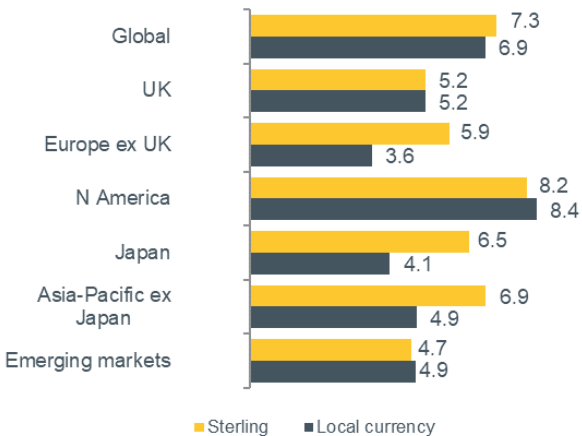
Oil prices rose 4.3%, to \$77.69 per barrel, while gold rose 7.8%, perhaps deriving some support from rising geopolitical tensions in the Middle East.

The MSCI UK Monthly Property Index fell 1.3% over the last 6-month period as income was offset by capital value declines. Values fell most sharply in the retail and office sectors, which are down 5.6% and 16.6%, respectively, over the last 12-months. Industrial capital values also fell 0.2% in H2 2023, following seven consecutive months of growth, before stalling in October.

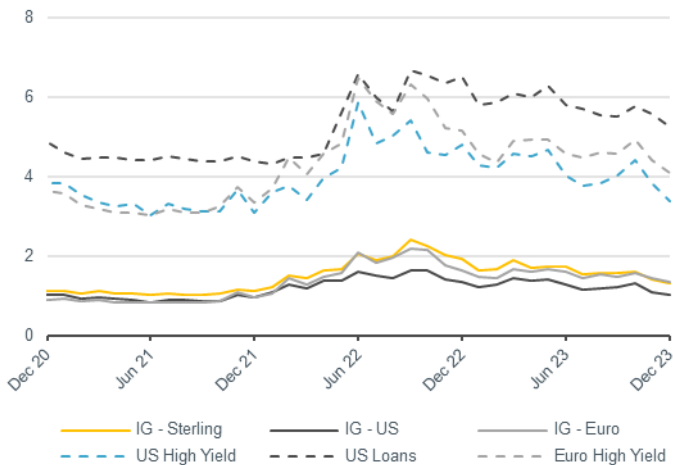
Gilt yields chart (% p.a.)



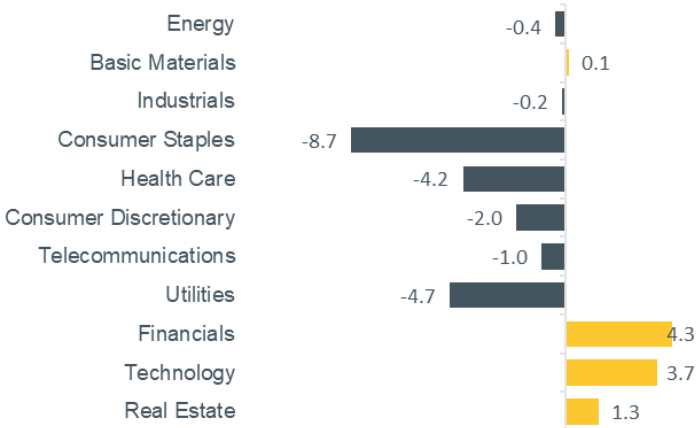
Regional equity returns [1]



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.

Risk Warning

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

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

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Geometric v Arithmetic Performance

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

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

Some industry practitioners use the simpler arithmetic method as follows:

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

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

The difference between the arithmetic mean return and the geometric mean return increases as the volatility increases.

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London Borough of Brent Pension Fund

Funding update report at 31 December 2023

This report is addressed to the Administering Authority of the London Borough of Brent Pension Fund. This document should be read in conjunction with the fund's current Funding Strategy Statement.

The purpose of this report is to provide the funding position of the London Borough of Brent Pension Fund as at 31 December 2023 and show how it has changed since the previous valuation at 31 March 2022. This report has not been prepared for use for any other purpose and should not be so used. The report should not be disclosed to any third party except as required by law or regulatory obligation or with our prior written consent. Hymans Robertson LLP accept no liability where the report is used by or disclosed to a third party unless such liability has been expressly accepted in writing. Where permitted, the report may only be released or otherwise disclosed in a complete form which fully discloses the advice and the basis on which it is given.

The figures presented in this report are prepared only for the purposes of providing an illustrative funding position and have no validity in other circumstances. In particular, they are not designed to meet regulatory requirements for valuations.

This report also contains the data and assumptions underlying the results and the reliances and limitations which apply to them.

1 Results

1.1 Funding position update

The table below shows the estimated funding position at 31 March 2022 and 31 December 2023.

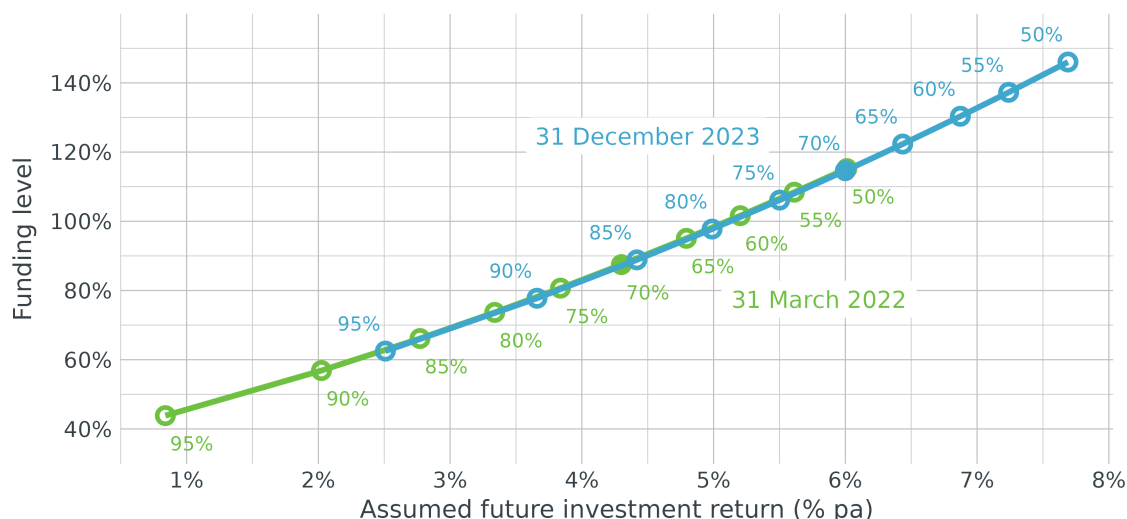
Please note that the asset value at 31 December 2023 shown in this report may differ to the actual asset value at that date because it is an estimate based on estimated cashflows (see section 3.2) and estimated investment returns (see section 3.3). However, the estimated value is consistent with the liabilities and therefore gives a more reliable estimate of the funding position than the actual asset value at the same date.

The table also shows what assumed investment return would be required at each date for the deficit to be exactly zero, along with the likelihood of the investment strategy achieving this return. An increase in this likelihood corresponds to an improvement in the funding position.

Monetary amounts in £bn	Ongoing basis	
	31 March 2022	31 December 2023
Assets	1.13	1.21
Liabilities		
– Active members	0.35	0.29
– Deferred pensioners	0.37	0.27
– Pensioners	0.58	0.49
Total liabilities	1.30	1.06
Surplus/(deficit)	(0.16)	0.15
Funding level	87%	115%
Required return assumption (% pa) for funding level to be 100%	5.1%	5.1%
Likelihood of assets achieving this return	62%	79%

1.2 Funding level range chart

The chart below shows how the funding level varies with the assumed rate of future investment returns, comparing the position at 31 March 2022 with the updated position at 31 December 2023. The percentages next to each point show the likelihood of the investment strategy achieving that return (for further details see section 3.4). The solid coloured point indicates the assumed future investment return and funding level on the Ongoing basis.



1.3 Funding level progression

The chart below shows the estimated funding level (ratio of assets to liabilities) over time between 31 March 2022 and 31 December 2023. It allows for changes in market conditions and other factors described in Appendix A. If the fund has moved to a different basis since 31 March 2022 this may give rise to step changes in the funding level on the date of the change.



2 Next steps

2.1 Understanding the results

The results at 31 December 2023 in this report are estimates based on rolling forward the fund's funding position from 31 March 2022. You should understand the methodology and limitations of this approach described in appendices A and B.

Decisions should not be based solely on these results and your Hymans Robertson LLP consultant should be contacted to discuss any appropriate action before any is taken. Please also bear in mind that the information is estimated and consider other factors beyond the funding level or surplus/deficit. These could include, but are not limited to, changes to investment strategy, membership profile and covenant strength (where relevant).

Please get in touch with your usual Hymans Robertson contact if you wish to discuss the results in this report further.

3 Data and assumptions

3.1 Membership data

The membership data underlying the figures in this report was supplied by the fund for the purpose of the valuation at 31 March 2022 and is summarised below:

31 March 2022	Number	Average age	Accrued benefit (£k pa)	Payroll (£k pa)
Active members	5,720	53.0	22,170	148,740
Deferred pensioners	10,377	54.0	20,303	
Pensioners and dependants	6,695	69.0	36,780	

The membership is assumed to evolve over time in line with the demographic assumptions described in the Funding Strategy Statement. Please see Appendix A for details of the rollforward methodology which includes the estimated changes in membership data which have been allowed for.

3.2 Cashflows since the valuation at 31 March 2022

We have allowed for the following cashflows in estimating the assets and liabilities at 31 December 2023. Cashflows are assumed to be paid daily. Contributions are based on the estimated payroll, certified employer contributions (including any lump sum contributions) and the average employee contribution rate at 31 March 2022. Benefits paid are projections based on the membership at 31 March 2022.

Estimated cashflows (£k)	31 March 2022 to 31 December 2023
Employer contributions	93,366
Employee contributions	18,241
Benefits paid	87,204
Transfers in/(out)	0

3.3 Investment returns since the valuation at 31 March 2022

Investment returns are based on actual returns where available and index returns otherwise.

Investment strategy	Actual/index	From	To	Return
Whole fund	Actual	1 April 2022	30 June 2023	(2.13%)
Whole fund	Index	1 July 2023	31 December 2023	6.85%

The total investment return for the whole period is 4.57%.

3.4 Financial assumptions

The financial assumptions used to calculate the liabilities are detailed below. For further details please see the Funding Strategy Statement.

Assumption	31 March 2022	31 December 2023
Funding basis	Ongoing	Ongoing
Discount rate methodology	Expected returns on the Main Fund strategy over 20 years with a 70% likelihood	Expected returns on the Main Fund strategy over 20 years with a 70% likelihood
Discount rate (% pa)	4.3%	6.0%
Pension increase methodology	Expected CPI inflation over 20 years with a 50% likelihood	Expected CPI inflation over 20 years with a 50% likelihood
Pension increases (% pa)	2.7%	2.2%

Salary increases are assumed to be 0.3% pa above pension increases, plus an additional promotional salary scale.

3.5 Demographic assumptions

Demographic assumptions are set out in the Funding Strategy Statement. All demographic assumptions, including longevity assumptions, are the same as at the most recent valuation at 31 March 2022.

Life expectancies from age 65, based on the fund's membership data at 31 March 2022, are as follows. Non-pensioners are assumed to be aged 45 at that date.

Life expectancy from age 65 (years)	Ongoing basis	
	Male	Female
Pensioners	22.1	24.8
Non-pensioners	23.4	26.3

Appendix A - Technical information

A.1 Funding update methodology

The last formal valuation of the fund was carried out as at 31 March 2022. The results in this report are based on projecting the results of this valuation forward to 31 December 2023 using approximate methods. The rollforward allows for

- estimated cashflows over the period as described in section 3.2;
- investment returns over the period (estimated where appropriate) as described in section 3.3;
- changes in financial assumptions as described in section 3.4;
- estimated additional benefit accrual.

The CARE, deferred and pensioner liabilities at 31 December 2023 include a total adjustment of 11.4% to reflect the difference between actual September CPI inflation values (up to 30 September 2023) and the assumption made at 31 March 2022. The adjustment for each year's actual inflation is applied from 31 October that year, cumulative with prior years' adjustments, which may lead to step changes in the funding level progression chart.

In preparing the updated funding position at 31 December 2023 no allowance has been made for the effect of changes in the membership profile since 31 March 2022. The principal reason for this is that insufficient information is available to allow me to make any such adjustment. Significant membership movements, or any material difference between estimated inputs and actual ones, may affect the reliability of the results. The fund should consider whether any such factors mean that the rollforward approach may not be appropriate.

No allowance has been made for any early retirements or bulk transfers since 31 March 2022. There is also no allowance for any changes to Local Government Pension Scheme (LGPS) benefits except where noted in the formal valuation report or Funding Strategy Statement.

A.2 Sensitivity of results to assumptions

The results are particularly sensitive to the real discount rate assumption (the discount rate net of pension increases) and the assumptions made for future longevity.

If the real discount rate used to value the accrued liabilities was lower then the value placed on those liabilities would increase. For example, if the real discount rate at 31 December 2023 was 1.0% pa lower then the liabilities on the Ongoing basis at that date would increase by 18.2%.

In addition, the results are sensitive to unexpected changes in the rate of future longevity improvements. If life expectancies improve at a faster rate than allowed for in the assumptions then, again, a higher value would be placed on the liabilities. An increase in life expectancy of 1 year would increase the accrued liabilities by around 3-5%.

Appendix B - Reliances and limitations

The last formal valuation of the fund was carried out as at 31 March 2022 and these calculations rely upon the results of that valuation. The reliances and limitations that applied to that valuation apply equally to these results. The results of the valuation have been projected forward using approximate methods. The margin of error in these approximate methods increases as time goes by. The method may not be appropriate if there have been significant data changes since the previous formal valuation (for example redundancy exercises, significant unreduced early retirements, ill health retirements and bulk transfers). The methodology assumes that actual experience since the valuation at 31 March 2022 has been in line with our expectations.

The data used in this exercise is summarised in section 3. Data provided for the purposes of the formal valuation at 31 March 2022 was checked at the time for reasonableness and consistency with other sources. Data provided since then (eg actual investment returns) has been used as-is. The data is the responsibility of the Administering Authority and the results rely on the data.

The results in this schedule are based on calculations run on 7 February 2024 using the data set out in section 3. Any other factors coming to light after this report was prepared have not been allowed for and could affect the results. If any data has materially changed since 7 February 2024 the results could be materially different if they were recalculated.

Some financial assumptions may be based on projections from our Economic Scenario Service (ESS) model which is only calibrated at each monthend. Results between monthends use the latest available calibration, adjusted in line with the movement in market conditions. This adjustment is approximate and there may be step changes at monthend dates when a new ESS calibration is factored in.

The methodology underlying these calculations mean that the results should be treated as indicative only. The nature of the fund's investments means that the surplus or deficit identified in this report can vary significantly over short periods of time. This means that the results set out should not be taken as being applicable at any date other than the date shown.

As with all modelling, the results are dependent on the model itself, the calibration of the underlying model and the various approximations and estimations used. These processes involve an element of subjectivity and may be material depending on the context. No inferences should be drawn from these results other than those confirmed separately in writing by a consultant of Hymans Robertson LLP.

Decisions should not be based solely on these results and your Hymans Robertson LLP consultant should be contacted to discuss any appropriate action before any is taken. Hymans Robertson LLP accepts no liability if any decisions are based solely on these results or if any action is taken based solely on such results.


This report complies with the relevant Technical Actuarial Standards.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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	Brent Pension Fund Sub-Committee 21 February 2024
	Report from the Corporate Director of Finance and Resources
DLUHC Consultation Outcome on LGPS Investments and TPR General Code of Practice	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	One: Appendix 1 - Hymans Robertson – Results of the Consultation on LGPS investments: Next Steps
Background Papers:	N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	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 Finance sawan.shah@brent.gov.uk 020 8937 1955

1.0 Executive Summary

- 1.1 The Department for Levelling Up, Housing and Communities (DLUHC) have published the outcome to the consultation on proposals relating to the investments of the Local Government Pension Scheme (LGPS). Additionally, the Pensions Regulator has published its General Code of Practice.

2.0 Recommendation(s)

- 2.1 To note the consultation outcome proposals relating to the investments of the LGPS.

2.2 To note the update on The Pensions Regulator General code of practice.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

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

3.2 Outcome to Next steps on investments consultation

3.2.1 The Department for Levelling Up, Housing and Communities (DLUHC) published a consultation on the next steps for LGPS investments on 11 July 2023.

3.2.2 The consultation sought views on proposals relating to asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments.

3.2.3 As outlined at the previous committee meeting, officers prepared a formal response to the consultation on behalf of the Brent Pension Fund and this was submitted to DLUHC. The period for responses to the Consultation closed on 2 October 2023.

3.2.4 As part of the Autumn Statement, the government released the outcome to the consultation¹. The response confirmed the government's intention to proceed with most of the proposals including:

- a March 2025 deadline for the pooling of assets, however this is now on a 'comply or explain' basis.
- to revise guidance to encourage Funds to invest a 10 per cent allocation to private equity, however this is an ambition and not mandatory
- implementing a requirement in guidance to set a training policy for pensions committee members and to report against the policy.

3.2.5 The Fund's investment advisors have prepared a short briefing note on the results of the consultation which is attached in Appendix 1.

3.2.6 Finally, none of the proposals have yet to come into effect and the Fund is awaiting details on amendments to existing LGPS regulations and/or statutory guidance.

3.3 The Pensions Regulator (TPR) General code

¹ <https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-next-steps-on-investments/outcome/local-government-pension-scheme-england-and-wales-next-steps-on-investments-government-response>

3.3.1 The Pensions Regulator's (TPR) long awaited General code of Practice was laid before parliament on 10 January, nearly three years after the original consultation. The code is expected to come into force on 27 March 2024. It replaces Code of Practice 14 for Public Sector Pension Schemes and brings together 10 previous TPR Codes into one single Code.

3.3.2 The General code covers all governance (including investment governance) and administration conduct and practices required of an LGPS fund and TPR has categorised the new code into five areas:

- The Governing Body
- Funding and investment
- Communications and disclosure
- Administration
- Reporting to TPR

3.3.3 Fund officers are currently reviewing the requirements of the new code and will provide a detailed update to the meeting of the Pension Board in March.

4.0 Stakeholder and ward member consultation and engagement

4.1 There are no direct considerations arising out of this report.

5.0 Financial Considerations

5.1 There are no direct financial considerations arising out of this report.

6.0 Legal Considerations

6.1 There are no legal considerations arising out of this report.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 There are no equality considerations arising out of this report.

8.0 Climate Change and Environmental Considerations

8.1 There are no climate change or environmental considerations arising out of this report.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 There are no HR or property considerations arising out this report

10.0 Communication Considerations

10.1 There are no communication considerations arising out of this report.

Report sign off:

Minesh Patel

Corporate Director of Finance and Resources

60-second summary

Results of the consultation on LGPS investments: next steps



Iain Campbell
Senior Investment Consultant

The government has published the [results](#) of its consultation on LGPS investments, confirming its vision for the future on a range of important issues. A vast array of guidance will now be drafted. This short note provides a summary of the government's response to the feedback.

For background on the consultation launch, see our [60-second summary](#), a longer [briefing note](#), our [webinar](#) and our own [response](#).

Pooling

Fewer pools of at least £50bn in size, with scale achieved by pool merger where required – the government has confirmed its intention to proceed with this but has stated there's no intention to force any mergers in the medium term. It also mentions the potential for pools to have £200bn of assets by 2040, when it's been forecast that the LGPS will have total assets of £950bn.

Requirement to pool listed assets by 31 March 2025 – this has also been confirmed; however, it will be on a "comply or explain" basis, with any explanation taking into account value-for-money considerations.

Delegation of manager selection and strategy implementation – the government will produce strengthened guidance on increased levels of delegation to pools in these areas.

Pools providing investment advice to funds – despite the majority of feedback being negative, the government remains in favour of this proposal.

Preferred model of pooling – feedback for the government's specification of a single model of pooling was largely negative. Guidance will, therefore, be provided, focusing on "characteristics and outcomes" rather than specifying a single structure.

Passive assets – these will fall within the "comply or explain" requirement and so may remain outside pools. However, funds must report the nature of the arrangement, the value-for-money case for holding the assets outside the pool, and the date when the arrangement will be reviewed. For any passive assets under the oversight of pools, funds must set out how that is exercised, and report these assets as "under pool management".

Investing in other pools, through your own pool – the government will set out under what circumstances it will be appropriate to invest through your own pool in another pool's product. Funds will not be permitted to invest in other pools' products directly, as the government wishes to prevent competition between pools.

Levelling Up

Definition of Levelling Up investments – the broad definition suggested in the consultation will remain to provide flexibility for funds in finding investments that meet this definition. The government states that investments are “generally expected to provide good returns” but lower-returning investments can also be made under existing guidance on non-financial factors. The guidance will be to increase investment into private markets – public-market investments in providers such as housebuilders will generally not count.

Issues of scale – much of the feedback noted the potential for Levelling Up investments to be too small in scale to access, particularly for pools. The government acknowledges that funds may choose to invest in these opportunities outside of the pool, but encourages as much pool involvement as possible, such as in conducting due diligence and to help manage conflicts of interest.

Up to 5%, or more if you like – the government has confirmed that “an ambition” of 5% is not a limit. Similarly, funds can invest less if they don't find sufficient investment opportunities.

Fiduciary duty – it's made clear that the government doesn't see these requirements as going against fiduciary duty, and that funds should consider investments in Levelling Up projects as they do any other investment.

Private equity

“Allocation ambition” – despite noting the largely negative feedback, the government will push ahead with encouraging funds to invest 10% of assets in private equity. This will not be forced, but funds will be set an allocation ambition.

UK or not? – it's made clear that the purpose of this measure is to encourage investment in the UK; however, this will not be mandated.

Private equity or private markets? – the government recognises that private equity isn't the only asset class that can help boost economic growth in the UK while providing strong returns. Funds can decide where they wish to invest.

British Business Bank (BBB) – pools will be encouraged to work with the BBB to explore investment opportunities in venture and growth capital. A government-led investment vehicle to support pension fund investment in these areas is being explored.

Other issues

There are also requirements placed on funds in relation to committee training and increased reporting, including:

- All funds to publish formal training policies for their committees and report on the training undertaken.
- The government will work with the Scheme Advisory Board to create more transparent and consistent reporting on fund asset allocation and returns. The use of single standardised benchmarks for asset classes has been dropped.
- Funds must also provide an annual update on pooling progress in their annual reports.
- In their investment strategy statements, funds will need to set out a plan for investing up to 5% of assets in Levelling Up projects. And in annual reports they must report on their progress.

Summary

While it's helpful to have some clarity around this wide range of important matters, it appears that, despite noting major concerns put forward by respondents, the government is proceeding with all of the issues set out in the original consultation. Some are softened by taking the form of “comply or explain” or voluntary measures, but a number of key challenges have not been addressed. It remains to be seen what form the guidance will take.


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 Brent	<p align="center">Brent Pension Fund Sub-Committee 21 February 2024</p>
	<p align="center">Report from the Corporate Director of Finance and Resources</p>
<p align="center">LAPFF Engagement Report</p>	
Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	Two: Appendix 1 - LAPFF Engagement Report Q3 2023 Appendix 2 - LAPFF Engagement Report Q4 2023
Background Papers:	N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	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 Finance sawan.shah@brent.gov.uk 020 8937 1955 George Patsalides, Finance Analyst george.patsalides@brent.gov.uk 020 8937 1137

1.0 Executive Summary

- 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 to achieve its objectives.

2.0 Recommendation(s)

- 2.1 The Committee is recommended to note this report.

3.0 Contribution to Borough Plan Priorities & Strategic Context

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

4.0 Background of LAPFF

- 4.1 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.
- 4.2 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.
- 4.3 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.

5.0 Engagements Conducted by LAPFF

- 5.1 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. The full report is attached in Appendix 1 (for Q3 2023) and Appendix 2 (for Q4 2023) and highlights the achievements during relevant periods.

Mining Communities and Workers

- 5.2 LAPFF have engaged with several mining conglomerates such as Anglo American, BHP, Glencore and Rio Tinto and have impressed the importance of managing human rights risks and the environmental impacts of their operations. LAPFF have since expanded their engagements to meet with representatives from Grupo Mexico, after being approached by community members affected by the 2014 leak at one of the mining company's tailings ponds in Sonora, Mexico.
- 5.3 Following a direct engagement with the chair of Grupo Mexico, LAPFF have met with Sonora community groups affected by local mining operations, where a platform will be created to improve human rights practices of Grupo Mexico. The overall aim will be to avoid further environmental damage caused by its industrial activity and mitigate the potential reputational risks which may affect its investors.

Minimum Wage

- 5.4 In June 2023, the Department of Business and Trade had investigated a number of companies in breach of wage floor requirements, which included listed firms such as WH Smith, Marks & Spencer, Argos and Whitbread. In a letter to these four companies, LAPFF had requested details outlining how such incidents occurred, the actions taken to address these breaches and how they will be prevented in the future.
- 5.5 LAPFF place emphasis on the intrinsic need for good employment practices, which engender corporate prosperity and long-term investment value. In recognition of these values, all four firms submitted prompt responses to LAPFF, which will continue to monitor and approach companies found to be in transgression of labour laws.

Taylor Wimpey

- 5.6 Housing is a major contributor to greenhouse gas emissions and is therefore a point of focus for environmental regulation. LAPFF seeks to engage housebuilders on having credible transition plans to manage the climate risks associated with overall emissions and the specific consumer and regulatory risks faced by housing companies.
- 5.7 LAPFF met directly with the Chair of Taylor Wimpey to discuss the company's approach to climate change. Following LAPFF's last engagement with the housebuilding firm, Taylor Wimpey has since produced a transition plan which outlines its emissions targets and a commitment to achieving net zero by 2045. By extension, this plan covered their approach to mitigating operational and residual emissions, as well as emissions from when homes are sold and peripheral supply chain emissions from the use of concrete and diesel.

Shell

- 5.8 Shell has suffered from historically poor investment performance over the last 20 years, which has been indicative of substandard long-term decision making,

prompting the company to become the subject of special focus from LAPFF. This is particularly due to Shell's size, both in terms of the scale of its emissions and its systemic importance as a producer of oil and gas. LAPFF has provided critique in its voting alerts since 2020, highlighting the waning investment prospects facing Shell if it does not respond accordingly to the demands of net zero transition. This coincides with recent commentary from Shell executives at the Shell AGM in May 2023, where scrutiny was placed on refining the firm's business model and revising expectations for future revenue growth.

Water Companies and Sewage Pollution

- 5.9 Water companies are facing considerable reputational risks and regulatory scrutiny surrounding their environmental performance, in particular their use of storm overflow drains. These drains are designed to stop water backing up domestic residences during periods of heavy rainfall, however there is the potential of causing sewage being released into waterways. As water companies are effectively regional monopoly suppliers subject to environmental and economic regulation, there are considerable regulatory risks, not least those driven by current reputational perceptions and public concern.
- 5.10 LAPFF Chair, Cllr Doug McMurdo, met with the Chair of Severn Trent to discuss the issues currently facing the industry. Cllr McMurdo welcomed news that the water supplier was ahead of its targets on reducing overflows, as well as refining its long-term plans to address climate change, such as capturing emissions from the sewage treatment process. While there is significant negative publicity surrounding sewage leaks, LAPFF continues to press water suppliers to carry their plans forward to address the environmental implications of their operations.

National Grid

- 5.11 LAPFF has been working alongside two major investors of the CA100+ Working Group, the Church of England and Northern Trust, in order to improve transparency of the National Grid's disclosures on direct and indirect lobbying. The CA100+ benchmark places the National Grid below its peer companies on lobbying. In June 2023, the National Grid pledged to publish its trade association memberships and updated climate policy ahead of its next AGM.
- 5.12 LAPFF has also engaged with the National Grid's Chief Sustainability Officer, who outlined the positive developments of new regulatory changes which permitted an outstanding backlog of grid connections to be cleared. In addition, regulatory easing will allow non-performing projects to be terminated and to fast-track projects which are viable. Overall, these changes are expected to contribute towards the goal of decarbonising power systems by 2030.

SAP

- 5.13 The governance of new technology is a well-recognised investment risk, an issue which has gathered significant attention following advances in AI technologies. Alongside the potential benefits of AI, it also has the potential to

adversely impact employment and create human rights risks, such as those surrounding recruitment discrimination. As with other human rights risks, LAPFF expects technology companies to have due diligence policies in place to prevent negative impacts.

- 5.14 LAPFF executive Heather Johnson met with German technology firm SAP to discuss contingency planning for adverse impacts of AI, including the avoidance of discrimination of legally protected characteristics during hiring processes. LAPFF will continue to hold technology firms accountable to ensure appropriate frameworks and safeguards are in place to mitigate the risks posed by new innovations.

6.0 Stakeholder and ward member consultation and engagement

- 6.1 There are no direct considerations arising out of this report.

7.0 Financial Considerations

- 7.1 There are no direct financial considerations arising out of this report.

8.0 Legal Considerations

- 8.1 There are no legal considerations arising out of this report.

9.0 Equity, Diversity & Inclusion (EDI) Considerations

- 9.1 There are no equality considerations arising out of this report.

10.0 Climate Change and Environmental Considerations

- 10.1 The Brent Pension Fund is committed to being a responsible investor, which involves engaging with and encouraging companies to take positive action on environmental, social and governance (ESG) issues.

11.0 Human Resources/Property Considerations (if appropriate)

- 11.1 There are no HR or property considerations arising out this report.

12.0 Communication Considerations

- 12.1 There are no communication considerations arising out of this report.

Report sign off:

Minesh Patel

Corporate Director of Finance and Resources

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Quarterly Engagement Report

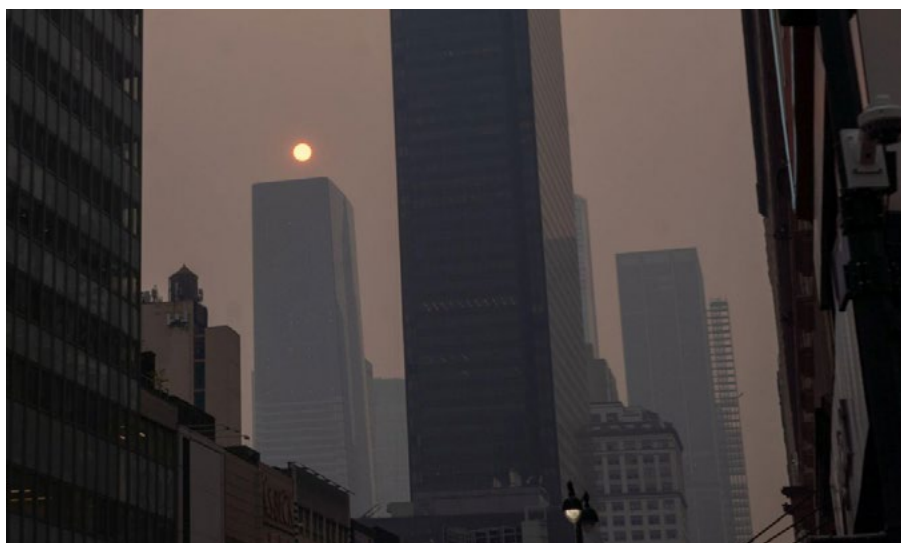
July-September
2023

Local
Authority
Pension
Fund
Forum

Climate and Finance Engagement, Minimum Wage, Water Companies, New Member

UPDATES

Smoke from Canadian wildfires blows south over New York, June 2023



Climate and Finance

Objective: LAPFF has been engaging with financial institutions on climate for a number of years now. Most notably, it has issued voting alerts for Barclays, HSBC, and Standard Chartered in recent years. In 2020, LAPFF also sent letters to 11 insurers asking how they approached climate change from a strategic perspective. Discussions with these companies suggested that they tended to approach climate in terms of its effect on the companies rather than in terms of the companies' effects on climate.

While investors are clearly interested in the impact climate change is having on insurers, LAPFF's approach is to ask first what companies' impacts are on climate. This approach aligns with the approach set out in the UN Guiding Principles on Business and Human Rights, which call for companies to assess their impacts on human rights and rights holders before assessing the impact of human rights on their businesses. This framing is supported not least because risks to the business are missed if the human rights and impact analysis is not undertaken. In LAPFF's experience, the same logic applies in relation to climate change. LAPFF therefore began a process of following up with the eleven insurers, but also expanded the engagement to cover additional insurers of global impact in which LAPFF holds a significant number

Cover image: ask first what companies' impacts are on climate

of shares. It also wrote to large global banks in which members have large holdings. Finally, in line with a growing interest of the LAPFF membership in biodiversity and environmental impacts of climate change, the engagement will explore these companies' strategies in relation to natural resources and their link to climate.

Achieved: LAPFF has now written to 13 global insurers to engage on their approaches to decarbonisation and natural resources. There have been responses from four companies so far. One company with which LAPFF will clearly not be engaging is Berkshire Hathaway. Its pro forma email stated that no one is reading messages sent to the investor relations email address, and no one is likely to respond to a letter sent to the company's physical address. LAPFF would have hoped for more from Mr. Buffett, but LAPFF found this response to be in line with that of many US companies, which tend to be less willing to engage in a meaningful way than companies in many other markets, including the UK and Australia. For a full list of companies approached so far through this engagement, please see the company engagement table at the back of this report.

In Progress: LAPFF will continue to send letters and set up meetings with these companies over the course of the year.

New Member

LAPFF would like to welcome its newest member, the ACCESS pool. LAPFF's membership now comprises 87 LGPS funds and seven pooled companies, the vast majority of the LGPS family. The more LGPS funds who become LAPFF members, the greater leverage LAPFF gains in engaging with investee companies in relation to their environmental, social, and governance practices as they impact on financial returns. With a membership that in aggregate holds over £350 billion in assets under management, LAPFF's financial clout is already equivalent to that of one of the top ten largest global pension funds. However, any additional members can only help.

Local Authority Pension Fund Forum

MID YEAR CONFERENCE 2023

12 July
Church House,
Westminster

Given the success of LAPFF's annual conference in Bournemouth, LAPFF decided to hold its first mid-year conference at Church House in London. This event also proved to be a success with speakers from Unseen UK, Rathbones, and DiCello Levitt. The sessions covered a summary of the 2023 AGM season, the link between climate and executive pay, modern day slavery, investor litigation in Europe, and the ESG backlash in the US.

COMPANY ENGAGEMENTS



Investors are often not provided with a specific vote on company climate plans for shareholder approval

Say on Climate

Objective: It is almost universally recognised that climate change poses significant systemic and company-level risks. Yet, despite the level of investment risks and the need for capital expenditure to deliver the transition, investors are not provided with a specific vote on their climate plans for shareholder approval.

Issuers are increasingly setting out their climate ambitions within a transition plan. It is also something regulators are looking at. For example, the UK's Transition Plan Taskforce, established by HM Treasury, is developing a 'gold standard' for climate transition plans.

Over the past two years, LAPFF has sent letters to the FTSE All-Share companies requesting a vote on climate transition plans. While LAPFF has been encouraged by the substantive responses, such resolutions during 2023 were far from standard practice, including among high-emitting companies.

Achieved: To continue to encourage companies to provide shareholders with

such a vote, LAPFF organised a letter to 35 companies in high-emitting sectors considered to face heightened climate risks, whose actions are essential to the accelerated action required to meet the Paris goals and where the risks investors face are substantial.

The letter, like the previous one, was supported by CCLA Investment Management, Sarasin & Partners and the Ethos Foundation. LAPFF gained the support of a wider group of investors and in total had 18 signatories which collectively represented £1.8 trillion in assets under management. The letter stressed the climate-related risks to investors. It also urged companies to provide such votes to enable shareholders to first express their view on climate strategies through a specific AGM vote rather than immediately voting against the chair or another board member. The letter requested a response so that the signatories could make an informed assessment of the company's position.

In Progress: LAPFF will be tracking the responses to the letter and will continue to engage with companies about holding a climate transition plan vote. This could

become an important area of shareholder focus if the recommendations of the Transition Plan Taskforce are introduced. LAPFF supports such votes becoming mandatory and will raise the issue where appropriate with policymakers.

Mining and Human Rights

Objective: While LAPFF is continuing to engage with **Anglo American, BHP, Glencore, Rio Tinto, and Vale** on their human rights practices, LAPFF has picked up a new mining company engagement with **Grupo Mexico**. LAPFF has been approached by community members affected by a 2014 leak at one of the company's tailings ponds in Sonora, Mexico.

The main objective of these engagements is to ensure that the companies understand that any failure to respect human rights and environmental impacts could have financial consequences for them and for their shareholders. One of the main milestones LAPFF is looking for is how well the companies acknowledge and engage with the workers and communities they affect. Effective stakeholder engagement is important to LAPFF both as a human rights imperative and because it can expedite less costly solutions to operational, reputational, legal, and financial concerns at companies.

LAPFF is pleased that both the Anglo American and Vale groups in the PRI Advance initiative have recognised the importance of stakeholder engagement. There are plans for both groups to engage with relevant affected stakeholders.

Achieved: LAPFF met a Grupo Mexico representative for the first time. LAPFF Chair, Cllr Doug McMurdo, spoke with an investor relations contact, who he found to be open to the engagement. It was interesting to hear that the company has been approached by a number of investors in relation to environmental, social, and governance (ESG) issues of late. This increase in attention on ESG issues might not be a coincidence as the company is one of those chosen for inclusion in PRI's Advance human rights initiative.

As with many mining companies, LAPFF's view is that Grupo Mexico has a number of processes in place, some of which appear to be sound on paper.

COMPANY ENGAGEMENTS

However, there appears to be significant work to be done in practice. Once again, the company accounts of its human rights practices and the community accounts differ drastically.

In relation to its PRI engagements, LAPFF has reached out to a couple of non-governmental organisations and community representatives on behalf of the Anglo American PRI Advance group to see if they would be willing to meet the group. There have been positive responses.

In Progress: Cllr McMurdo is now seeking to speak with the Sonora community group affected by Grupo Mexico's operations. As LAPFF has done in other such engagements, it will use the community and company perspectives to form a view of how to encourage improved human rights practices at the company.

LAPFF will now work to set up the community meetings for both the Anglo American and Vale PRI Advance groups.

Water Companies and Sewage Pollution

Objective: Water companies are currently facing considerable reputational risks and regulatory scrutiny around their environmental performance. The focus of concern centres on the use of storm overflow drains. These drains are used to stop water backing up into people's homes when there is heavy rain but result in sewage being released into the waterways. As water companies are effectively regional monopoly suppliers subject to environmental and economic regulation, there are considerable regulatory risks, not least those driven by current reputational perceptions and public concern. The sector has faced further recent public scrutiny when financial concerns about Thames Water came to light.

The main objective of the engagement activity, which started in 2022, is to ensure that these risks are being appropriately addressed and that environmental performance improves. An important focus was ensuring plans were in place and progress is being made in reducing the amount of sewage being released into waterways. In addition, LAPFF sought to ensure companies had



Water companies are currently facing considerable reputational risks

credible climate transition plans and progress was being made against them.

Achieved: During the quarter, LAPFF's chair, Cllr Doug McMurdo, met with the Chair of **Severn Trent**, Christine Hodgson. The meeting was held against the backdrop of the problems facing Thames Water and covered the challenges facing the sector as a whole. This meeting was very constructive, and it was welcome news that the company was ahead of its targets on reducing overflows. The discussion covered the company's longer-term plans and targets and capital investment. The company also set out how it was addressing climate change, including through capturing emissions from the sewage treatment process.

LAPFF met with the chair of **United Utilities**, David Higgins. The meeting was positive despite the significant challenges that remain in the sector. The company outlined how it had reduced the number of overflows in the past couple of years. The meeting also covered plans to reduce overflows further and investment to address overflow issues. As with the discussion with Severn Trent, issues facing the sector were raised. The company also set out its plans regarding climate adaptation and mitigation.

LAPFF's chair also met the Head of Environment and Sustainability at **Northumbrian Water**. The company is owned by three holding companies, two of which (CK Hutchinson and CK

Asset Holdings Limited) a large number of LAPFF members hold. It was a useful meeting which covered the company's plans and targets to reduce storm overflows and capital investment required to do so. The meeting also covered the company's wider environmental performance and its climate change ambitions.

In Progress: While there is progress, significant risks remain. Adverse publicity and concerns about sewage overflows show few signs of diminishing while there is continued focused from regulators. LAPFF therefore will be continuing to engage with the companies on their progress and plans.

COMPANY ENGAGEMENT ACTIVITY

Electric Vehicles and Human Rights

Objective: Continuing its engagement with electric vehicle manufacturers to better understand how they are addressing the risks associated with minerals for batteries for their vehicles, LAPFF wrote to a number of companies seeking further engagement with those it has already engaged on this issue and to meet others for the first time.

Achieved: LAPFF met with **Volkswagen** (VW) and **Volvo Group** (trucks and HGVs) this quarter, both for the first

COMPANY ENGAGEMENTS

time. LAPFF had a detailed discussion with Volkswagen, which published its third iteration of its raw materials report this year. The discussion covered the company's overall human rights programme and more focussed attention on individual minerals. LAPFF also broached questions about the scrutiny VW faced for one of its joint ventures linked to auto manufacturer supply chains allegedly associated with Uyghur forced labour in Xinjiang. VW has publicly announced that it will be undertaking a social audit of this factory, although it has faced scrutiny from various NGOs and labour groups that social audits in China are ineffective based on political pressures.

Volvo provided a high-level overview of its human rights programme, which in terms of reporting, appears to be lacking compared to some of its peers, particularly on risk management of human rights in critical mineral and material supply chains. Despite this lack of transparency in reporting, Volvo provided a promising conversation on its aspirations to improve various parts of its human rights work.

In Progress: More and more legislative instruments pertaining to corporate sustainability are being enacted around the world, such as the EU Battery Regulation which came into effect in August 2023. These new regulations impose sustainability, recycling, and safety requirements on all battery manufacturers, importers and distributors in the EU. Responsibility and due diligence requirements are also extended to supply chains for materials like cobalt, lithium and nickel. The EU's Corporate Sustainability Due Diligence Directive, whilst still in development, will require companies to conduct due diligence on, and take responsibility for, human rights abuses and environmental harm throughout their global value chains. Therefore, LAPFF will continue to monitor and engage on how companies are set to meet these requirements, including for minerals and materials being used in the production of electric vehicles, where human rights abuses continue to be a major source of concern.



A number of companies not adhering to wage floor requirements including listed companies such as M&S. Above: M & S in Truro City centre in Cornwall

Minimum Wage

Objective: LAPFF believes that good employment practices are linked to long-term corporate prosperity and hence the creation of investment value. It is therefore concerning when investee companies are found to be in breach of statutory national minimum wage standards. In June, the Department of Business and Trade announced that an investigation had found a number of companies not adhering to wage floor requirements including listed companies such as **WH Smith, Marks & Spencer, Argos** (which is owned by **Sainsbury's**) and Whitbread. LAPFF therefore sought to ensure that changes were in place to avoid future incidents.

Achieved: LAPFF wrote to the four companies requesting details around how the incidents occurred, what actions were taken to address the breach, and how they would be prevented in the future. All four companies responded and provided information about the nature of the breaches. Companies provided details of actions taken and gave assurances about seriousness with which they took the issue.

In Progress: LAPFF will continue to monitor breaches in labour law and engage companies where any issues are found to ensure that they are addressed.

Biodiversity

Objective: Alongside writing to financial institutions regarding their role in supporting positive developments on biodiversity and climate change, LAPFF has also sought to understand approaches to biodiversity at companies in other industries. For example, Procter & Gamble was recently reported to have removed policy commitments not to buy wood pulp from degraded forests. This action comes three years after a majority of investors supported a non-binding shareholder resolution at the company's AGM requesting that Procter & Gamble assess how it could improve efforts to eliminate deforestation and forest degradation in its supply chains. LAPFF also aimed to find out more about Nestlé's approach to regenerative agriculture.

Achieved: LAPFF has written to **Procter & Gamble** regarding this engagement. LAPFF also wrote to **Nestlé**, who hosted the Forum at its chair's roundtable in March 2023. The request seeks to discuss the company's plans for regenerative agriculture and how it contributes to the company's pathway to halve its greenhouse gas emissions by 2030 and reach net-zero by 2050.

In Progress: Deforestation is becoming an increasingly important topic for LAPFF members and wider investors,

COMPANY ENGAGEMENTS



A city park owned by the Proctor and Gamble company in Cincinnati, Ohio

particularly as the Taskforce on Nature-related Financial Disclosures (TNFD) published its final recommendations in September 2023. TNFD will have implications for a wide range of market participants. LAPFF will be monitoring how relevant companies incorporate the TNFD recommendations and will seek to engage those lagging behind on biodiversity and deforestation.

Shell

Objective: Further to Shell's rowing back from its already unsatisfactory Energy Transition Plan, the company is now a point of special focus, given both its size and importance as an investment, as well as the scale of its emissions. LAPFF continues to aim to have the company understand its role in the energy transition and take action accordingly.

Achieved: LAPFF has met with the chair of Shell with some meeting of minds on some issues. Comments from the new leadership at the Shell Annual General meeting, that Shell does not have enough

visibility on some putative sources of future revenue and growth to attach numbers to, does accord with LAPFF's critique in LAPFF's voting alerts since 2020.

In Progress: Given Shell's historically poor investment performance (over 20 years barely better than a bond return), which is indicative of poor investment decision making, alongside no appreciable record or prospect of investment, further effort will be put into understanding the numbers and the business model as well as direct engagement.

Centrica

Objective: Growing energy prices following the end of Covid lockdowns and since the start of the war in Ukraine have become a major business, economic, social and political issue. Rising costs have been a driver of inflation and reduction in the household standard of living. With prescribed economic regulations this backdrop has led to

mounting scrutiny of energy companies' practices, especially those related to low-income households. LAPFF sought to understand how energy companies were managing the regulatory and reputational risks around the cost-of-living crisis, including changes needed to support those on low incomes or in arrears.

Achieved: LAPFF wrote to Centrica one of the major UK energy suppliers and owner of British Gas. The company responded by setting out how it is supporting customers through the cost-of-living crisis. The company also outlined ongoing support and advice that it provides low-income customers.

In Progress: With energy prices remaining high, LAPFF will be seeking to meet the major UK energy suppliers on their approaches to supporting households and managing the ongoing risks.

COMPANY ENGAGEMENTS



One of LAPFF's main concerns is to ensure that the National Grid's transition plan allows for a sufficiently speedy transition for the users of its grid

National Grid

Objective: LAPFF has continued its engagement with National Grid through the CA100+ forum. One of LAPFF's main concerns is to ensure that the company's transition plan allows for a sufficiently speedy transition for the users of its grid.

Achieved: LAPFF's view is that the company is missing some opportunities to decarbonise more quickly, so LAPFF issued a voting alert for National Grid ahead of the company AGM in July. LAPFF cited three main concerns in the voting alert: the company's confusing approach to the use of gas, delays in connecting clean energy projects to the grid, and disclosure on the energy transition. Consequently, LAPFF recommended opposition to the company report and accounts and to the resolution on political donations.

In Progress: LAPFF will continue to engage National Grid on its transition plan, including on the specific points mentioned above.

SSE

Objective: LAPFF has a longstanding engagement with SSE and has found the company to be open and responsive to engagement. Because it is progressive on a number of issues, including a fair and just transition, LAPFF seeks to maintain this relationship and push the company to entrench its leadership role in areas such as just transition and living wage.

Achieved: LAPFF Executive member, John Anzani, attended SSE's AGM again this year and asked a two-pronged question about SSE's approach to a just transition. First, he asked whether the SSE is looking to review its just transition principles in the near future. Second, he asked about capital allocation and whether money being spent on carbon capture and storage (CCS) could be better spent elsewhere.

In Progress: LAPFF has requested a follow-up meeting to discuss SSE's responses in greater detail.

Taylor Wimpey

Objective: Housing is a major contributor to greenhouse gas emissions and a focus of environmental regulation. To reduce the climate risks associated with overall emissions and the specific consumer and regulatory risks companies face, LAPFF therefore seeks to engage housebuilders on having credible transition plans. Following concerns from consumers and policymakers around leasehold arrangements and fire safety LAPFF also seeks to ensure the issues were being managed.

Achieved: The LAPFF Chair, Cllr Doug McMurdo, met with the Chair of Taylor Wimpey to discuss the company's approach to climate change. Since LAPFF last met the company, Taylor Wimpey has produced a transition plan, which has emission targets covering scopes 1-3 emissions and with a net zero by 2045 commitment. The meeting was informative and covered the company's progress and plans for reducing operational emissions, its approach to residual emissions, emissions from its homes when sold, and supply chain emissions such as from concrete and diesel. The issue of the just transition was raised as was putting the company's transition plan to a vote. The meeting also covered issues and costs associated with the agreement with the CMA on leaseholds and works related to fire safety.

In Progress: LAPFF will continue to meet with companies in the sector to ensure they have credible plans in place.

Unilever

Objective: Unilever has received quite a lot of press regarding its decision to remain in Russia after Russia's invasion of Ukraine. LAPFF heard from Total last year about that company's difficulties in deciding whether to leave Myanmar and recognises the significant challenges companies face in taking these decisions. Therefore, LAPFF wanted to understand better Unilever's challenges in deciding whether to remain in or exit Russia.

Achieved: LAPFF's Chair, Cllr Doug

COLLABORATIVE ENGAGEMENTS

McMurdo, met with Unilever Chair, Nils Anderson, to discuss Unilever's challenges in Russia. Mr. Anderson was not only open about the obstacles the company faces in Russia but also appeared to be open to working with LAPFF and others to determine appropriate solutions.

In Progress: LAPFF is continuing to participate in investor webinars on human rights and conflict zones. It will also continue to work with Unilever on this issue and will likely seek to partner with other investors who have been investigating the role of companies in conflict zones over the last couple of years.

COLLABORATIVE ENGAGEMENTS

FAIRR

Objective: The FAIRR initiative is a collaborative investor network that raises awareness of material ESG risks and opportunities caused by intensive animal

production. The initiative's engagements have a wide-reaching impact on how business models contribute to material risks for investors. LAPFF aims to increase its understanding of the material ESG risks and opportunities and to engage with relevant companies associated with this issue.

Achieved: LAPFF has re-signed onto a FAIRR engagement focusing on working conditions at food producers, mainly in North and South America. LAPFF has also signed onto two new engagement streams, one examining antimicrobial resistance in animal pharmaceutical industry and the other analysing quick-service restaurant antibiotic policies, both with a focus on the concern about increasing global antimicrobial resistance. More than 20 companies have been contacted across these three workstreams.

In Progress: LAPFF will join calls as appropriate in due course which are being coordinated by FAIRR.



Farm land in Uruguay. This is the result of intensive livestock business in South America

Asia Research and Engagement's Energy Transition Platform

Objective: LAPFF joined calls hosted through Asia Research and Engagement's Energy Transition Platform which seeks to engage both financial companies and coal-exposed power companies. During the second quarter of 2023, LAPFF joined calls with **Mizuho Financial Group**, **China Construction Bank (CCB)**, and **Huaneng Power**.

Achieved: Engagement with Mizuho assessed the feasibility of the company discontinuing all financing of oil and gas projects, and how the company was exploring its reduction targets for upstream activities within these industries. During the engagement, LAPFF raised inquiries regarding Mizuho's transition risk rating matrix, specifically inquiring about the scoring criteria applied to its clients. Additionally, investors sought insights into Mizuho's approach to navigating national policy restrictions, allocating budgets for the development of new green technologies, and leveraging its internal expertise in sustainable finance.

The conversation with CCB revolved around inquiries into CCB's environmental, social, and governance (ESG) rating system for clients, its disclosure practices concerning credit exposure linked to high-carbon industries, and the establishment of green sector targets. Similar to the discussion with Mizuho, this dialogue also delved into considerations related to national policy boundaries and restrictions.

The call with Huaneng Power covered questions around the company's previous disclosures on reaching peak emissions by 2024, as well as continuing aspirations for the company's targets for renewable energy production by the end of China's 14th Five-Year Plan, which comes to an end in 2025.

In Progress: Whilst there are many difficulties with aligning investor expectations with company progress in various markets due to challenging and conflicting national policies, ARE's Energy Transition Platform continues to build positive and meaningful

COLLABORATIVE ENGAGEMENTS

engagement with a variety of financial institutions and coal-exposed power companies.

Nature Action 100

Objective: Nature loss is a financially material risk. As the world's GDP is highly reliant on nature and its services, biodiversity loss creates significant risks for investors. As such, LAPFF's workplan seeks to engage companies to promote positive environmental impacts and reduce the operational, reputational and regulatory risks associated with nature loss.

Achieved: Alongside our own engagement work on biodiversity, this quarter saw LAPFF sign onto a major new collaborative initiative Nature Action 100. The global investor-led engagement initiative led by Ceres and IIGCC seeks to reverse biodiversity loss and drive nature action. The initiative sent letters to 100 companies from eight key sectors systemically important in reversing nature loss. The letter supported by over 190 investors sets out the initiative's expectations.

In Progress: LAPFF will seek to be involved in engagements as part of its participation in Nature Action 100.

30% Club Investor Group

Objective: LAPFF continues to support the 30% Club Investor Group. Initially, the group focused on enhancing gender diversity within UK boards, advocating for a minimum representation of 30 percent women on FTSE 350 boards and senior management positions within FTSE 100 companies. Over recent years, its scope has expanded to cover racial equity in UK boardrooms and promote gender diversity in global boardrooms.

Achieved: LAPFF is supporting the Group's Global Workstream, which looks to markets outside of the UK, namely in the USA and Asia, where boardroom diversity is lacking compared to the EU and UK. Through this workstream, LAPFF wrote to KKR & Co Inc. and Shinhan Financial Group asking the companies to set targets for diversity at board level and seeking to discuss individual company approaches to diversity more widely.

In Progress: LAPFF hopes to secure meetings with both companies in the fourth quarter of 2023 and continues to support other meetings held by the 30% Club Investor Group on an ad hoc basis as appropriate.

Valuing Water Finance Initiative

Objective: LAPFF is co-chair of the Valuing Water Finance Initiative (VWFI), a global investor-led effort, facilitated by the NGO Ceres, to engage companies with a significant water footprint to value and act on water as a financial risk and drive the necessary large-scale change to better protect water systems.

Achieved: Along with other members of the VWFI, LAPFF met with Burberry Plc during the quarter to discuss the company's approach to water stewardship. A headline aim of the VWFI is to work with companies so as not to negatively impact water availability or water quality in areas across their value chain. Water scarcity poses a material risk throughout Burberry's cotton and leather supply chains whilst disposal of wastewater at manufacturing sites and dye houses risks polluting local watersheds. The company outlined its process for assessing risk at a commodity, regional and individual facility level. The outcome of the assessment resulted in the facilities with the highest risk being designated a hot spot. The company has subsequently set a target for zero hot spots within its supply chain by 2030. Burberry has made good progress in identifying water risk in recent years.

In Progress: The VWFI will release a detailed assessment and benchmark of all focus companies by the end of October 2023, including Burberry. LAPFF will assess the benchmark to identify potential shortcomings in the company's approach to managing water risk and follow up accordingly. The VWFI benchmark will provide a means through which performance on this issue can be tracked over time.

SIGN-ON LETTERS AND STATEMENTS

CDP - Science-Based Targets Campaign

LAPFF signed onto the CDP's science-based targets campaign for the third straight year. This campaign offers CDP investor signatories and Supply Chain members the opportunity to accelerate the adoption of science-based climate targets, by collaboratively engaging companies on this matter.

WDI – ISSB Letter

LAPFF signed onto a letter to the International Sustainability Standards Board (ISSB) requesting that the body 'prioritise researching' human capital and human rights indicators in its work plan.

Bank Track – Investor Statement on Global Human Rights Benchmark

Bank Track has finalised its investor statement on banks and human rights and is encouraging signatories to use it as a basis of engagement with banks on human rights. LAPFF is a signatory.

POLICY UPDATES

Letter to the UK Prime Minister

LAPFF signed onto a letter organised by the PRI, IIGCC and UKSIF regarding a statement by the Prime Minister on climate change.

Climate Risks

An updated briefing note for members was produced on LAPFF and climate risks. The briefing document includes an overview of LAPFF expectations of companies regarding climate change and how LAPFF supports change through engagement. The document is available to members on the member section of the website.

Water Risks

During the quarter LAPFF met with the Director of Investor Relations at Ofwat. In a highly regulated sector, Ofwat and

COLLABORATIVE ENGAGEMENTS

other regulators play an important role in shaping what individual companies can do and charge. At the meeting LAPFF discussed issues around capital expenditure, affordability, delivery of investment plans, the resilience of the sector, and the impact of climate change.

Reliable Accounts

Objective: LAPFF has continued to focus on policy making in the area of reliable accounts, given problems with accounting standards and standards of auditing. The focus also extends to climate change aspects of accounts, including decarbonisation. There are cross-cutting issues with capital markets (see later) given the impact that two Parliamentary Committees have given to the effect of pension fund accounting on pension fund asset allocations away from UK equities.

Achieved: The concept of Paris aligned accounts is now a mainstream issue. Two Parliamentary Committees, the DWP Select Committee of the Commons and the Industry and Regulators Committee put the accounting standards at the centre of their criticisms of the regulatory and advisory environment.

Freedom of Information Act requests are revealing more troublesome insights into the way Ministers have been briefed by officials at the Department of Business Energy and Industrial Strategy (BEIS), now the Department for Business and Trade (DBT). Requests first made in the summer of 2021 have elicited new information that had been held back but now released in July 2023 given interjection by the Information Commissioner. Further developments are expected and will be reported in full when the sensitivity of a live case has been settled. There are strong parallels with the circumstances of the Freedom of Information Act requests done in 2015 and 2016 which revealed that the Financial Reporting Council was not portraying the position of His Majesty's Government lawyers properly.

In Progress: The focus on the Freedom of Information Act requests continues, and Parliamentarians have been kept updated. See also capital markets working group (later).

Capital market reform and Capital Markets Working Group

Objective: LAPFF has for over a decade been concerned about the dropping of standards required of companies listing on UK capital markets, with specific problems with certain mining and extractive companies. More recently a group of City of London interests bereft of asset owner representation has made efforts to drop standards even further. There are overlapping issues with the poor quality of some companies coming to the UK for listing, as with NMC Health which joined the FTSE 100 and then collapsed, and poor-quality accounting. There are also ongoing issues given the work being done by the DWP Select Committee on pensions.

Achieved: LAPFF made strong response to the Financial Conduct Authority's consultation on relaxing the Listing Regime further. That response was met by equally strong condemnation of the FCA proposals by other large asset owners, including RailPEN. In the light of this, the LAPFF Executive has decided to set up a Capital Markets Working Group.

In Progress: With Parliament coming out of recess for the autumn session, attention will be given to this area, in association with the newly formed Capital Markets Working Group.

Party conference fringe events

Objective: LAPFF hosts fringe events at the political conferences. The meetings are a valuable way for LAPFF to engage with national politicians and stakeholders. The focus of this year's meetings was greenwashing. LAPFF has raised concerns about greenwashing, including in specific company engagements, and the fringe meetings provided the opportunity to raise such concerns with policymakers.

Achieved: Within the quarter, LAPFF held a meeting at the Lib Dem party conference. Alongside the chair of LAPFF, other speakers included Lord Robin Teverson, Lords Spokesperson Energy

and Climate Change, Cllr Keith Melton, Chair of the Green Lib Dems, and Sarah George, Deputy Editor of Edie. LAPFF outlined the work it undertakes, how investors can tackle greenwashing by companies, and the role governments and policymakers could play. The discussion covered how regulations can guard against greenwashing, green taxonomies and labels, the importance of transparency and the role of reporting.

Progress: Meetings at the Conservative and Labour party conferences were planned for the following quarter. LAPFF will also continue to engage national policymakers on the issue and around the importance of reporting and corporate governance standards.

CONSULTATION RESPONSES

UN Consultation on Investors, ESG, and Human Rights

LAPFF has responded to the UN Working Group on Business and Human Rights consultation on investors, ESG, and human rights. The Working Group is tasked with identifying ways to implement the UN Guiding Principles on Business and Human Rights and has been increasingly interested in the role investors can play in this regard. LAPFF set out a range of measures it employs to supporting both ESG and human rights. You can find LAPFF's response posted here on its website.

MEDIA COVERAGE

Climate

Net Zero Investor: [UK stewardship stocktake: engagement at a gridlock?](#)

Human Rights

Corporate Secretary/IR Magazine: [Trillion-dollar coalition calls for human and worker rights focus at ISSB](#)

Investments & Pensions Europe: [Investors urge ISSB to focus on human and labour rights](#)

Edie: [Investment giants press for new global disclosure standards on human rights](#)

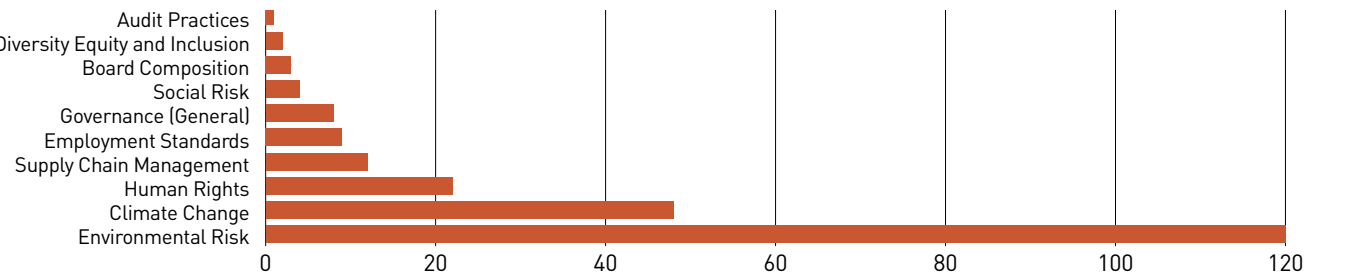
COMPANY PROGRESS REPORT

182 companies were engaged over the quarter. This number includes collaborative engagement letters sent to companies as part of the LAPFF-led Say on Climate initiative and the Nature Action 100 initiative. Excluding these engagement letters, LAPFF engaged with 54 companies.

Company/Index	Activity	Topic	Outcome
AIA GROUP LTD	Sent Correspondence	Environmental Risk	Awaiting Response
ALLIANZ SE	Sent Correspondence	Environmental Risk	Awaiting Response
ALPHABET INC	Sent Correspondence	Diversity Equity and Inclusion	Awaiting Response
APPLE INC	Sent Correspondence	Diversity Equity and Inclusion	Awaiting Response
ASSOCIATED BRITISH FOODS PLC	Received Correspondence	Human Rights	No Improvement
AVIVA PLC	Sent Correspondence	Environmental Risk	Awaiting Response
AXA	Sent Correspondence	Environmental Risk	Awaiting Response
BARRATT DEVELOPMENTS PLC	Sent Correspondence	Climate Change	Awaiting Response
BAYERISCHE MOTOREN WERKE AG	Sent Correspondence	Supply Chain Management	Awaiting Response
BERKSHIRE HATHAWAY INC.	Sent Correspondence	Environmental Risk	Awaiting Response
BOOKING HOLDINGS INC.	Sent Correspondence	Human Rights	Dialogue
BURBERRY GROUP PLC	Meeting	Environmental Risk	Small Improvement
CENTRICA PLC	Received Correspondence	Social Risk	Dialogue
CHINA CONSTRUCTION BANK CORP	Meeting	Climate Change	Dialogue
CHINA LIFE INSURANCE (CHN)	Sent Correspondence	Environmental Risk	Awaiting Response
DEVON ENERGY CORPORATION	Sent Correspondence	Environmental Risk	Dialogue
FEDEX CORPORATION	Alert Issued	Climate Change	Dialogue
FORD MOTOR COMPANY	Sent Correspondence	Human Rights	Awaiting Response
GENERAL MOTORS COMPANY	Sent Correspondence	Human Rights	Awaiting Response
GRUPO MEXICO SA DE CV	Meeting	Human Rights	Dialogue
HENNES & MAURITZ AB (H&M)	Received Correspondence	Human Rights	Dialogue
J SAINSBURY PLC	Received Correspondence	Employment Standards	Satisfactory Response
KKR & CO INC	Sent Correspondence	Board Composition	Awaiting Response
LEGAL & GENERAL GROUP PLC	Meeting	Environmental Risk	Awaiting Response
LLOYDS BANKING GROUP PLC	Sent Correspondence	Environmental Risk	Awaiting Response
MARKS & SPENCER GROUP PLC	Received Correspondence	Employment Standards	Satisfactory Response
MERCEDES-BENZ GROUP AG	Sent Correspondence	Human Rights	Awaiting Response
META PLATFORMS INC	Sent Correspondence	Human Rights	Awaiting Response
METLIFE INC.	Sent Correspondence	Environmental Risk	Awaiting Response
MIZUHO FINANCIAL GROUP INC	Meeting	Climate Change	Small Improvement
MUENCHENER RUECK AG (MUNICH RE)	Meeting	Environmental Risk	Awaiting Response
NATIONAL GRID GAS PLC	AGM	Climate Change	Dialogue
NESTLE SA	Sent Correspondence	Climate Change	Awaiting Response
NORTHUMBRIAN WATER GROUP	Meeting	Environmental Risk	Moderate Improvement
OCCIDENTAL PETROLEUM CORPORATION	Sent Correspondence	Environmental Risk	Dialogue
PERSIMMON PLC	Sent Correspondence	Climate Change	Awaiting Response
PING AN INSURANCE GROUP	Sent Correspondence	Environmental Risk	Awaiting Response
PRUDENTIAL PLC	Sent Correspondence	Environmental Risk	Awaiting Response
RENAULT SA	Sent Correspondence	Human Rights	Awaiting Response
RIO TINTO GROUP (AUS)	Sent Correspondence	Human Rights	Dialogue
RYANAIR HOLDINGS PLC	Alert Issued	Remuneration	No Improvement
SALESFORCE INC	Sent Correspondence	Board Composition	Awaiting Response
SEVERN TRENT PLC	Meeting	Environmental Risk	Moderate Improvement
SHINHAN FINANCIAL GROUP LTD	Sent Correspondence	Board Composition	Awaiting Response
SSE PLC	AGM	Climate Change	Dialogue
SUZANO SA	Meeting	Climate Change	Small Improvement
TAYLOR WIMPEY PLC	Sent Correspondence	Climate Change	Awaiting Response
TESLA INC	Sent Correspondence	Human Rights	Awaiting Response
THE PROCTER & GAMBLE COMPANY	Sent Correspondence	Environmental Risk	Awaiting Response
TOTAL ENERGY SERVICES INC	Sent Correspondence	Human Rights	Dialogue
UNILEVER PLC	Meeting	Human Rights	Small Improvement
UNITED UTILITIES GROUP PLC	Meeting	Environmental Risk	Moderate Improvement
VALE SA	Sent Correspondence	Human Rights	Dialogue
VOLKSWAGEN AG	Meeting	Human Rights	Small Improvement
VOLVO AB	Meeting	Human Rights	Small Improvement
WH SMITH PLC	Received Correspondence	Audit Practices	Satisfactory Response
WHITBREAD PLC	Received Correspondence	Employment Standards	Satisfactory Response
ZURICH INSURANCE GROUP AG	Sent Correspondence	Environmental Risk	Awaiting Response

ENGAGEMENT DATA

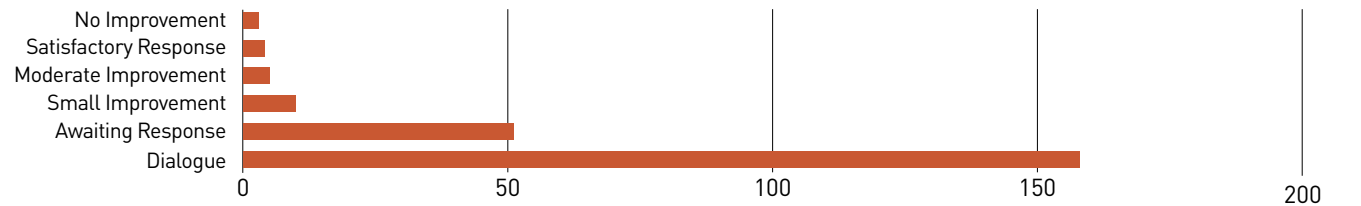
ENGAGEMENT TOPICS



ACTIVITY



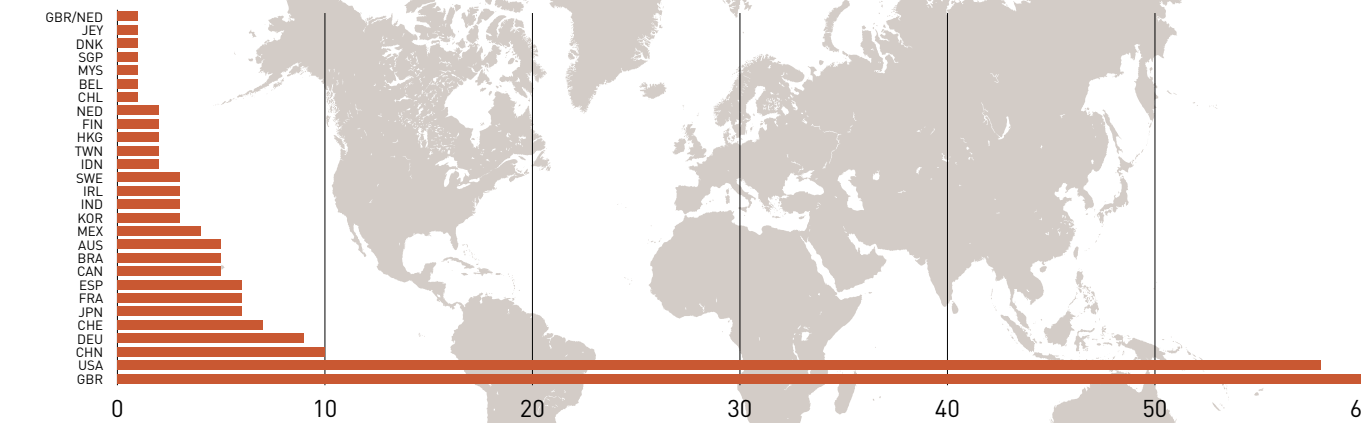
MEETING ENGAGEMENT OUTCOMES



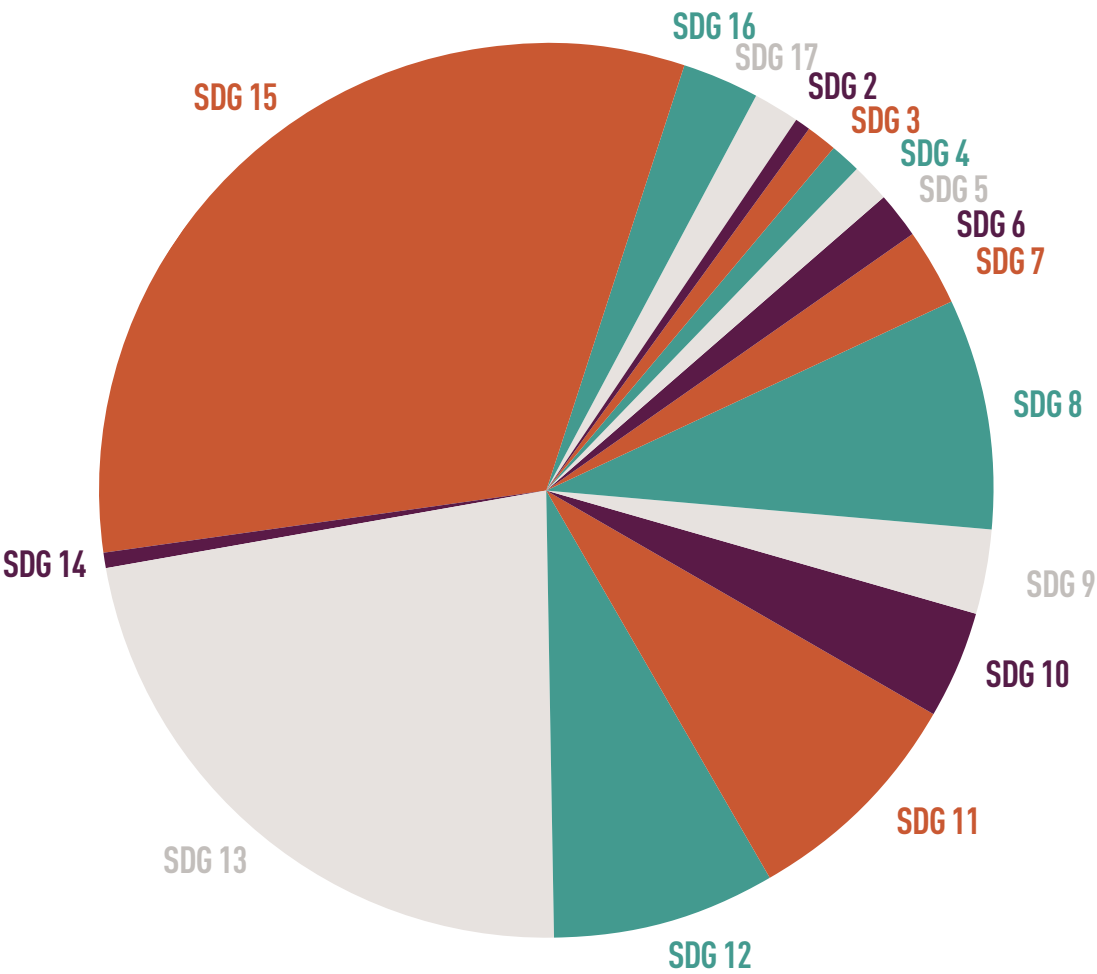
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	0
SDG 2: Zero Hunger	2
SDG 3: Good Health and Well-Being	4
SDG 4: Quality Education	4
SDG 5: Gender Equality	4
SDG 6: Clean Water and Sanitation	6
SDG 7: Affordable and Clean Energy	9
SDG 8: Decent Work and Economic Growth	27
SDG 9: Industry, Innovation, and Infrastructure	10
SDG 10: Reduced Inequalities	13
SDG 11: Sustainable Cities and Communities	27
SDG12: Responsible Production and Consumption	27
SDG 13: Climate Action	73
SDG 14: Life Below Water	2
SDG 15: Life on Land	106
SDG 16: Peace, Justice, and Strong Institutions	9
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	5

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

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



Quarterly Engagement Report

October-December
2023

Local
Authority
Pension
Fund
Forum

Say on Climate, National Grid, BP, UN Forum on Business and Human Rights, Rio Tinto

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LAPFF Conference

LAPFF held its 2023 annual conference in Bournemouth, covering a range of topics with a particular focus on climate-related issues. On the first afternoon, delegates heard from Richard Eadie and Simon Davy on how water companies can better deliver environmental value. This was followed by a discussion panel on how LGPS funds are managing climate-related financial risks. The first day closed with a review of the 2023 shareholder resolutions and a glimpse of the ones to come in 2024.

The second day kicked off with a discussion panel on the significance of proxy voting choices for investors in passive funds and the breakthrough introduction of passthrough voting. This allows asset owners to adopt their own

voting policies in pooled funds. Delegates then heard from asset managers on how they respond to the recent headline phenomenon of an ESG backlash. This was followed by a deep dive from Sir Philip Augar on whether investors should be concerned about the listing rules review.

The afternoon had a strong climate-related focus, opening with a discussion on how clean and equitable EV supply chains can be ensured, an emerging area of importance in the endeavor to decarbonise. This was accompanied by a session on how nature-related risks and the biodiversity crisis are managed and tackled. Another session outlined the role of alternatives in the race to achieving net zero by 2050. Also in the afternoon,

delegates engaged in a poignant discussion on investors' role in ending modern-day slavery, highlighting the pressing need and methods to take action and make change.

The final morning of the conference opened with a session with economic commentator, Will Hutton, on the great pay divide between executives and employees, followed by a discussion on the Living Wage with a representative from the Living Wage Foundation. This was followed by a presentation from LGA adviser, Barry Quirk, on levelling up. The conference closed with an inspirational story by Dave Fishwick about his journey to creating the Bank of Dave to help local businesses and communities in the wake of the 2008 financial crisis.

COMPANY ENGAGEMENTS

CLIMATE ENGAGEMENTS

LAPFF engages on climate change through both policy and company engagement channels. This dual approach is necessary to ensure that companies have an enabling environment to promote their climate change mitigation and adaptation work.

Say on Climate

Objective: Despite the significant investment risks of climate change, investors are not provided with a specific vote by investee companies on how they are seeking to decarbonise their business models. Against the backdrop of growing climate risks, rising expectations from investors for companies to outline their climate strategy, continued ratcheting up of climate regulations and emerging recommendations from the Transition Plan Taskforce, LAPFF has been engaging companies for the past few years on putting their transition plans to a shareholder vote. Last quarter, LAPFF coordinated an investor letter to 35 FTSE companies in high emitting sectors requesting such a vote. The letter was signed by 18 other investors with around £1.8tn AUM.

Achieved: LAPFF has received substantive responses to the letter, with some companies outlining their approach to climate and stating that they are considering such a vote for their AGM next year. Some companies outlined previous votes and their intention to continue to hold similar votes in the future. However, others stated either that they did not plan to hold such a vote and engaged shareholders through other means or that while having a vote in the past, they did not have immediate plans to do so again.

In progress: Despite additional companies having transition plan votes, they are not standard practice and often absent at AGMs where climate risks are most acute. LAPFF will continue to work with other investors engaging companies on having transition plan votes to enable investors to have a specific say on the climate strategies of investee companies.

LAPFF's main company engagements on climate this quarter were with National Grid and BP.

National Grid

Objective: LAPFF, along with two other investors of CA100+ Working Group, Church of England and Northern Trust, has been seeking to improve National Grid's disclosure and accountability on direct and indirect lobbying. The CA100+ benchmark on National Grid places it below its peer companies under indicator 7 on lobbying. In June 2023, National Grid pledged to publish its trade association memberships and updated climate policy ahead of the next AGM. LAPFF therefore is seeking to ensure the company's disclosure is timely and of a high standard.

LAPFF has also been seeking to ensure the company is more transparent about its plans to support the energy transition and reducing grid connection. The objective was to encourage disclosure and to offer the opportunity to provide feedback on the company's approach in both respects. LAPFF also sought a separate climate meeting with the company and to write a lobbying letter to National Grid seeking disclosure of industry associations and an updated climate policy.

Achieved: In November, LAPFF together with the Church of England wrote to the company, stating expectations for its upcoming lobbying report.

At the end of November, LAPFF met the Chief Sustainability Officer of National Grid. In this meeting LAPFF asked for an update on the backlog of grid connections and an update on the transition plan. The recent change in regulations has enabled the backlog to start to be cleared. This has been a main concern as the average time between requesting a connection and being offered one has increased from 18 months in 2019-20 to 5 years in 2023, as reported by the company. The easing of regulations will allow the company to terminate projects not progressing and push projects which are ready to the front of the queue.

Given that the expected power to be generated from these held-up contracts is as much as 400 Gigawatts with connection dates of 2030 or later, this

change will help towards decarbonising the power systems by 2030. However, there is still a challenge in speeding up building necessary infrastructure to physically enable the grid connections. LAPFF will monitor the effect of lifting these regulations and how quickly the company clears the backlog and is also looking for clarity in its infrastructure development plans.

The meeting also discussed the new transition plan to be published next year. LAPFF welcomed the fact that this is likely to be updated next year and will be put to a shareholder vote. LAPFF also encouraged the company to ensure the report is not only about reducing emissions but how the company can facilitate new infrastructure to be built, and its wider role in the energy transition. The company also recognised a challenge in reaching long-term targets of net zero by 2040 in absence of a pathway for gas distribution in the US.

In Progress: The release of the lobbying disclosure report next year in good time before the AGM is expected and will enable the Forum to assess the progress made in the company on this area. So far National Grid appears to be responding well.

LAPFF also expects the new transition report to be released and to address the points have raised here. A key outstanding issue is gas distribution in the US, where the company asserts the ongoing importance of gas networks to the business due to its existing infrastructure and cost efficiency and envisage both hybrid solutions and clean gas. To address this LAPFF will seek to understand the US energy market in more detail. On engagement specifics, LAPFF is organising a wider CA100+ meeting in January and will arrange some direct follow up meetings through 2024.

BP

Objective: With the surprise departure of Chief Executive Bernard Looney, LAPFF requested a meeting with the Chair, Helge Lund, to help ascertain whether that departure affected BPs climate commitments.

Achieved: LAPFF attended a meeting with Lund in November, where we were told that the departure of the CEO had

COMPANY ENGAGEMENTS

not changed BPs climate commitments.

In Progress: Since that meeting COP28 has strengthened the emphasis for solutions to the transition away from fossil fuels, which emerged as a last-minute compromise instead of the original goal to “phase out fossil fuels.” Prior commitments were in the form of far more malleable goals of “net zero by 2050” and complicating matters with Scope 1, Scope 2 and Scope 3 emissions. LAPFF’s policy for several years has been that fossil fuel components of businesses need to be put into managed decline.

With a closer match between COP and LAPFF policy, the emphasis on phase out will be the focus of BP and other oil and gas companies. Scope 3 emissions, originating from the products sold by fossil fuel companies, have been obfuscated by a focus on the comparatively minor Scope 1 and Scope 2 emissions, missing the obvious point that less Scope 3 extraction naturally leads to less Scope 1 and Scope 2.

Housebuilding also has a large impact on climate change. As part of an ongoing engagement with the sector, LAPFF met with **Persimmon** this quarter.

Persimmon

Objective: Minimising the investment risks associated with climate change involves decarbonising housing stock. Housebuilders therefore play an important role in reducing emissions as well as facing regulatory risks if they fail to prepare for higher energy efficiency and emissions standards. As part of LAPFF’s engagements with UK housebuilders, LAPFF seeks to ensure that adequate transition plans are in place. With the vast majority of emissions not coming from their own activities, the engagements focus on plans for decarbonising supply chains and decarbonising homes in use.

Achieved: LAPFF met with representatives from the FTSE100 housebuilder Persimmon. In the meeting LAPFF had an open discussion about target setting which covered issues around embodied carbon. The meeting covered transition planning and plans. The discussion touched on so-called hard to abate sectors within the supply chain, such as cement and offsetting,



Persimmon housing estate Suffolk, UK trial schemes for net zero homes, and engagement with smaller suppliers on the transition.

In progress: LAPFF will be following the development of housebuilders’ transition plans and delivering on the targets that they have set.

CLIMATE & INSURANCE

LAPFF has also re-started its 2020 engagement with insurance companies on their climate strategies and practices. After meeting with Munich Re last quarter to discuss the company’s progress on assessing its impact on climate change and integrating climate considerations into corporate strategy and operations, LAPFF met with AIA, AXA, Legal & General, Lloyds Banking Group, and Ping An to discuss the same issues. Given the interest of LAPFF members in natural resources – and specifically biodiversity – LAPFF also asked these insurers how they are addressing natural resources within their climate strategies.

While there has been some progress in insurers’ understanding of the need to assess their impacts on climate change in order to understand their climate-related business risks (otherwise known as double materiality), in LAPFF’s view there has not been enough progress on this front. In particular, insurers are focusing almost exclusively on their investment businesses in relation to climate mitigation. This approach makes sense at face value, but LAPFF would like

to see greater consideration given to the role the insurance products can play in mitigating climate change through setting societal expectations of risk.

All companies engaged are at the beginning of understanding the relationship between climate and natural resources and how to bring natural resources into business decision-making. Therefore, LAPFF will aim to engage with the remaining large insurance holdings before moving on its largest bank holdings under this engagement.

Because there is an increasing recognition of the impact that climate change has on natural resources, LAPFF has engaged a range of companies on their impacts on nature.

TJX Companies – Deforestation

Objective: As a retailer specialising in brand-name clothing, home goods, and outdoor products, TJX Companies is exposed to various commodities that potentially link to deforestation in its supply chain. However, it currently lacks a public deforestation policy and does not address this issue in its vendor code of conduct.

Achieved: LAPFF initiated a dialogue with TJX Companies and met with representatives for the first time to discuss the development of such a policy. The conversation began with an overview of the company’s sustainability priorities,

COMPANY ENGAGEMENTS

focusing on climate and energy, before shifting to the topic of deforestation.

In Progress: This marks the commencement of ongoing discussions with TJX, a company substantially held by LAPFF. The Forum aims to continue engaging with TJX to advocate for the benefits of imposing deforestation requirements on its vendors.

Nestlé – Regenerative Agriculture and Climate Change

Objective: In the context of the agri-food sector's shift towards more sustainable practices, LAPFF sought a meeting with Nestlé to assess and understand the integration of regenerative agriculture into its strategy. This includes understanding the company's specific goals, initiatives, and progress in implementing regenerative practices, as well as its contributions to climate change mitigation and biodiversity conservation.

Achieved: During LAPFF's meeting with Nestlé, the Forum gained insights into the strategies and initiatives involved in implementing regenerative agriculture. Discussions looked at how this would be incorporated into their broader climate strategy and covered biodiversity more widely. While the long-term efficacy of these actions is yet to be measured, the conversations indicated a strong commitment from Nestlé, although further evaluation will be required in the future to gauge the impacts of strategies.

In Progress: LAPFF will continue to engage with Nestlé, focusing on monitoring the implementation of their regenerative agriculture practices. LAPFF will also look more widely across the agri-food sector as others are incorporating this into their business strategies as new methods and technologies become available.

Chipotle – Water Stewardship

Objective: LAPFF has been engaged with Chipotle on its approach to water stewardship since 2019. The initial engagement objective was met during 2022, with the company undertaking an



Chipotle Mexican Grill at Pineapple Commons, Stuart, Florida

ingredient level water risk assessment to identify areas of water stress within the supply chain. The risk assessment found that a significant proportion of the company's suppliers operate in areas of water stress. LAPFF now considers it imperative that the company utilise the results of this risk assessment to set measurable and time-bound targets in order to reduce negative impacts on freshwater.

Achieved: In October 2023, CERES published a corporate benchmark assessing the water stewardship practices of 72 companies against the six Corporate Expectations for Valuing Water, including Chipotle. Chipotle underperformed relative to the quick service restaurant (QSR) peer group. LAPFF Executive member John Anzani met with the company in December to discuss progress in adopting a more ambitious approach to its water stewardship practices.

In Progress: LAPFF is the lead investor for Chipotle as part of the Valuing Water Finance Initiative (VWFI) and will continue to engage with Chipotle on this basis during 2024. It is LAPFF's expectation that Chipotle leverages the work it has undertaken in mapping exposure to water stress in order to set ambitious targets, particularly given that during Q4 2023 the science-based targets network has released guidance for companies to set the relevant freshwater targets.

HUMAN RIGHTS ENGAGEMENTS

Similar to the climate space, human rights policy and practice must align for companies to be able to implement their human rights responsibilities. Legislation requiring mandatory human rights and environmental due diligence, including the imminent Corporate Sustainability Due Diligence Directive (also known as the 'CS triple D'), makes the need for this alignment pressing. LAPFF has taken a number of measures this quarter to work toward this alignment.

LAPFF's view is that investors are still struggling to understand the link between human rights and financial materiality. LAPFF sees this link more and more clearly, particularly through its work with mining companies. LAPFF regularly undertakes various avenues of engagement on human rights, and will continue to seek in its engagements with both companies and investors to clarify this link. The goal is that human rights become an investor imperative to the extent that climate change is, not least because of the need for a just transition.

UN Forum and Working Group on Business and Human Rights

On the policy front, LAPFF was again

COMPANY ENGAGEMENTS

invited to present its work at the UN Forum on Business and Human Rights in Geneva on 27 November. LAPFF's video about its visit to Brazil to see communities affected by tailings dams was selected for screening out of, reportedly, a huge number of potential options. The video was well-received, with attendees stating that they would share it with colleagues, clients, and law students to drive home the on-the-ground impact that mining companies can have on people in host communities.

LAPFF also submitted a response to a UN Working Group on Business and Human Rights consultation on investors, ESG, and human rights. The goal of this consultation is exactly to push alignment between law and practice on human rights. One of the main points LAPFF made is that corporate and commercial legal frameworks must align with international human rights law principles, for example of joint ventures, to facilitate good corporate practice.

COMPANY ENGAGEMENTS MEETINGS

In terms of company engagements, **Glencore** and **Grupo Mexico** were companies of focus this quarter. LAPFF generally has at least an annual meeting with the Glencore Chair. This meeting was its second with Chair Kalidas Madhavpeddi. Although LAPFF had requested a meeting with CEO Gary Nagle to discuss both climate and human rights performance at Glencore, Mr. Madhavpeddi was accommodating and helpful. LAPFF asked about the company's engagement with affected communities, but Mr. Madhavpeddi did not share much on this front.

LAPFF subsequently held a seminar for investors with communities from Colombia and Peru who are affected by Glencore's Cerrejon and Antapaccay projects, respectively. It has also been in touch with IndustriALL representatives who worked with investors last year to bring a climate-related resolution to Glencore's AGM. LAPFF's view from speaking to these stakeholders is that in the coming year, Glencore is likely to be the target of a concerted union and community campaign because of its human rights and environmental practices. Therefore, LAPFF has reached out to the company for a follow up

meeting to discuss these stakeholder concerns and to push the company to build and disclose stronger stakeholder engagement mechanisms and climate practices.

TECHNOLOGY COMPANIES AND HUMAN RIGHTS

Objective: Governance of new technology is well recognised as an investment risk. However, such risks have come to the fore again with significant advances in AI technologies. Alongside the significant potential benefits of AI, it has the potential to adversely impact people's employment and creates human rights risks, not least around discrimination. These risks are often greatest at companies developing and selling AI services and products. As with other human rights risks, LAPFF expects technology companies to have due diligence policies in place to prevent negative impacts.

Achieved: LAPFF executive member Heather Johnson met with the German tech company SAP. The company faces specific risks related to AI, including products which support HR functions. The meeting covered how the company was managing the risks of adverse human rights impacts, including discrimination. The discussion covered identification of risks and the company set out the framework and processes it has in place for preventing negative impacts. The

Sonora, Mexico: 40,000 cubic meters of copper sulfate were spilled into a dam, property of Grupo Mexico

meeting also covered how the company had responded to the German Supply Chain Due Diligence Act.

In progress: AI is an emerging technology with risks likely to become greater and more complicated. LAPFF will continue to engage technology companies in how these risks are being managed to ensure appropriate frameworks and safeguards are in place.

RESPONSIBLE MINERALS – ELECTRIC VEHICLE MANUFACTURERS (FORD, RENAULT AND MERCEDES)

Objective: As highlighted, there is an increasing trend in international regulations to impose the responsibility for human rights due diligence on companies. These regulations highlight the electric vehicle industry's obligation to ensure ethical and sustainable practices, particularly in supply chains. This development is part of a broader global movement towards enhanced corporate accountability and transparency. Over recent years, LAPFF has consistently engaged with various electric vehicle manufacturers on this matter, advocating for improved due diligence and transparency as these regulations have evolved.

Achieved: LAPFF has maintained ongoing dialogues with Ford, Renault, and Mercedes, meeting with Ford and Renault for the second time, and with Mercedes for the third time on this



COMPANY ENGAGEMENTS

issue. All three companies have shown notable progress in their human rights management processes and efforts to comply with regulations, especially in the depth of their public reporting. Despite some areas still requiring improvement, it would appear they are more actively engaging with suppliers and pursuing ethical sourcing to meet international human rights standards.

In Progress: LAPFF will continue to monitor and seek engagement with those companies exposed to the various human rights risks associated with electric vehicles, which become ever more evident as production is scaled up.

COLLABORATIVE ENGAGEMENTS PRI ADVANCE

LAPFF continued its engagement with **Vale** and **Anglo American** through the PRI Advance human rights initiative, including through bringing investors in other PRI Advance groups into stakeholder engagement meetings on Glencore, BHP, and **Rio Tinto**. These initiatives are moving quite slowly, in part in LAPFF's view, because investors are generally less aware of and less attuned to human rights considerations than they are corporate governance and environmental issues. Therefore, they are still considering how best to engage companies on human rights, which tend to deal with 'soft' issues such as illegal discrimination and freedom of association rather than 'hard' issues like clear financial costs.

LONDON MINING NETWORK AND COMMUNITIES AFFECTED BY MINING

LAPFF continues to find great value in engaging with community groups affected by mining company operations. The meeting with communities affected by Glencore operations in Colombia and Peru was the first in-person meeting of this kind that LAPFF had held since the Covid pandemic. Most community meetings are online because affected community members tend to be in developing countries, and everyone has limited travel budgets (not least for climate reasons). However, LAPFF



workers stock the shelves at a Home Depot store

coordinated with London Mining Network to hold an in-person seminar which six investors attended. The Colombian and Peruvian community members shared the severe environmental impacts Cerrejon was having on its rivers and soil, which is leading to significant health concerns in both countries. A LAPFF representative also met with communities with continued concern about BHP's practices in Brazil.

LAPFF held online meetings with communities from Brazil and Mexico. LAPFF continues to engage with the community members with whom it visited in Brazil, particularly in relation to the reparations at Samarco-affected communities. Although over 100 houses have reportedly been built in one of the resettlements – Bento Rodrigues – these community members continue to be concerned that the quality of the houses is poor, and they report that they don't know who to contact at Vale or BHP to complain. Part of the problem is that the Renova Foundation CEO with whom LAPFF met in Brazil has been sacked but not replaced successfully. His immediate successor lasted two months, according to the community members. LAPFF is waiting to hear whether a permanent, successful CEO has now been appointed or whether the search continues.

In relation to Mexico, LAPFF was assured earlier in the year that **Grupo Mexico** had met its reparations obligations in relation to its 2014 tailings

pond leak in Sonora, Mexico. However, LAPFF was alerted by a community representative and a news article about a Mexican government lawsuit to reinstate the reparation fund due to inadequate reparations payments. LAPFF has tried three times this quarter to obtain a meeting with the company but has been met with silence. Meanwhile, LAPFF met with the community representative at the UN Forum on Business and Human Rights at the end of November to receive a further update on the case. It appears that LAPFF will now need to investigate options to escalate its engagement with Grupo Mexico, but it will need to do so in consideration of safety concerns for the affected communities.

In Progress: LAPFF's view is that investors are still struggling to understand the link between human rights and financial materiality. LAPFF sees this link more and more clearly, particularly through its work with mining companies. Therefore, LAPFF will continue to seek in its engagements with both companies and investors to clarify this link so that human rights become an investor imperative to the extent that climate change is, not least because of the need for a just transition.

INVESTOR ALLIANCE FOR HUMAN RIGHTS

LAPFF continued to work closely with the

COLLABORATIVE ENGAGEMENTS

Investor Alliance for Human Rights, both in relation to the Uyghur Group and in relation to conflict-affected and high-risk areas (CAHRA).

Investor Alliance for Human Rights – The Home Depot Inc

Objective: As a part of the Investor Alliance for Human Rights' Uyghur Working Group, LAPFF led on an engagement with The Home Depot, which was implicated in allegations of Uyghur forced labour in its luxury vinyl tile (LVT) flooring supply chains, with PVC derived from Xinjiang. LAPFF sought to understand how Home Depot responded to these allegations, and how the company has undertaken work to eliminate forced labour risks and comply with human rights standards.

Achieved: LAPFF, alongside other investors, met with Home Depot for a second time following reports in August that shipments of LVT from Asia were being blocked by US Customs, including those destined for Home Depot. During the call, LAPFF sought answers on what the company was doing to ensure that its company supply chain was free of forced labour, potential implications of bifurcation of supply chains, and what new methods Home Depot was implementing to have sufficient audit procedures in place.

In Progress: LAPFF will continue to monitor the company's approach to global human rights due diligence and seek further engagement in due course for updates on the issue, with a focus on the company's implementation of enhanced audit procedures.

CAHRA PILOT PROJECT

LAPFF was invited to join IAHR's CAHRA pilot project. The project has been initiated in part because of the escalation of conflicts globally, including in Ukraine, Nagorno Karabakh, and Israel and Gaza, which reignited this quarter. LAPFF had already been attending a number of IAHR webinars on this topic to understand better how to engage companies on CAHRA issues, so the opportunity to participate in this pilot is welcome, especially given LAPFF's engagements with companies operating in Russia,

Myanmar, and the Occupied Palestinian Territories.

VOTING ALERTS

LAPFF also issued a voting alert for BHP expressing concern that the company's rhetoric and practices on climate are not aligned and expressing concerns about the corporate culture in respect of human rights. BHP is currently the subject of potentially costly litigation in Brazil, the UK, and Australia in relation to its failings related to the Samarco tailings dam collapse alone. LAPFF continues to have serious concerns that the company is not taking appropriate accountability and responsibility for its human rights and environmental practices, and that this omission could lead to large financial losses for both the company and investors.

JUST TRANSITION ENGAGEMENTS

LAPFF's aim is to move away from siloed ESG engagements in recognition of the overlap between these three areas in pursuing a just transition. There are currently two dedicated work streams covering a just transition specifically, although the climate and human rights work by definition addresses just transition to a degree.

RIO TINTO SHAREHOLDER RESOLUTION

Within the quarter LAPFF explored the option of filing a just transition shareholder resolution at Rio Tinto's 2024 AGM requesting the company undertake independent water impact assessments at its mine sites. The proposed resolution sought to ensure that the company adequately assesses its impacts on water resources so that it can properly identify operational, reputational, legal, and consequently financial risks to the business and investors.

In the end, LAPFF did not file the resolution. LAPFF is currently in dialogue with Rio Tinto, and Rio Tinto has issued a water impact assessment in relation to its QMM operation in Madagascar. Although the company is not fully meeting the

resolution's request, LAPFF is encouraged that the company is willing to discuss how to move forward on the request and continues to be hopeful that the company will meet it. LAPFF is pursuing further dialogue with the company on this issue and will take a view after the 2024 AGM whether the resolution filing process needs to be resumed.

EQUINOR

As part of its involvement with World Benchmarking Alliance just transition initiative, LAPFF participated in a collaborative call with Norwegian energy company, Equinor. Equinor has a policy commitment to a just transition and the engagement provided a useful opportunity to discuss how the policy was being implemented. The meeting covered the company's approach to assessing and mitigating negative social impacts of the energy transition, governance of just transition issues, just transition planning and metrics and targets.

In Progress: As part of LAPFF's involvement in the WBA initiative, it will continue oil and gas companies on just transition plans. LAPFF will continue to engage mining companies on undertaking independent water impact assessments.

BOARD DIVERSITY ENGAGEMENTS

Objective: It is well-documented at this point, both in academic literature and in the corporate governance world, that board diversity improves corporate performance. Diversity covers a range of areas, including gender, cultural, and economic (for example workers on boards). Consequently, LAPFF engages companies on board diversity and composition as a matter of course to work toward improved financial returns across member portfolios.

Achieved: LAPFF is a long-standing member of the 30% Club Investor Group, which began with a focus on gender diversity and has now expanded its work to include racial diversity on boards. Over time, this group has also expanded from focusing on UK companies to engaging

COLLABORATIVE ENGAGEMENTS

companies in other countries. The latest round of engagements has been with a range of Asian companies, including KKR & Co and Shinhan Financial Group.

LAPFF also questioned Glencore on its board composition this quarter. The company has a small board compared to its peers in the mining sector, and LAPFF wondered if its small size allowed for enough diversity of views. Although three of the eight board members are female, LAPFF is also looking, for example, for board members with backgrounds in climate change and human rights who are sufficiently independent to challenge the board on its climate, human rights, and internal controls systems, especially given the corruption challenges the company is continuing to face.

In Progress: Board diversity is a continuing workstream for LAPFF, as it pushes companies to move from merely appointing certain numbers of diverse board members to truly considering and integrating their views into company strategy and practice. This objective relies on cultural change which takes a long time to achieve so is something at which LAPFF chips away each quarter on different fronts. LAPFF has also secured a meeting with KKR & Co for Q1 or 2024 to discuss diversity targets.

GOVERNANCE ENGAGEMENT

Barclays

Objective: In October, former Barclays executive Jes Staley was banned by the FCA from holding senior positions in financial services and charged with a £1.8m fine for allegedly misleading the watchdog about his past relationship with convicted sex offender Jeffrey Epstein. In turn, LAPFF felt it imperative to engage with Barclays to discuss learnings from this tumultuous episode and sought to see actions the bank had taken to strengthen corporate governance at both board and management level.

Achieved: LAPFF met with the Chair of Barclays, Nigel Higgins, at the end of October. The Chair openly discussed the event and actions the bank had taken, including freezing deferred bonuses

to Stanley at the time of investigation. The company stated it has strengthened their board recruitment practices and remained vigilant. However, LAPFF will be monitoring the governance going forward. More widely, LAPFF requested an update of Barclays's climate policy and have arranged to have a specific meeting on this topic separately.

In Progress: Following the recent board changes earlier this year at Barclays, including the appointment of new executives, LAPFF will continue to watch the corporate governance nominations and succession plans of the company board. LAPFF maintains a cordial dialogue with the chair and aims to continue engaging on this topic.

PUBLIC HEALTH ENGAGEMENT

FAIRR Initiative's Restaurant Antibiotics Engagement – Restaurant Brands International (RBI)

Objective: FAIRR's Restaurant Antibiotics engagement focuses on reducing the use of antibiotics in protein supply chains. This initiative involves companies within the fast-food and casual dining sector, with the aim of mitigating the risks associated with antibiotic resistance due to the overuse of antibiotics in livestock. The objective is to safeguard public health.

Achieved: LAPFF joined a call with FAIRR and other investors with Restaurant Brands International (RBI). As a first call with the company, investors shared key asks of the engagement and pushed for enhanced transparency on the company's efforts to reduce antibiotics in its supply chain.

In Progress: LAPFF signed onto a series of letters sent by FAIRR and will seek to join meetings as appropriate when they become available. LAPFF is also hoping to continue supporting engagement with RBI as the dialogue develops.

Taskforce on Social Factors

LAPFF's chair is a member of the Taskforce on Social Factors, which was established by the DWP with cross-departmental and multi-regulator involvement. The taskforce was established to outline how trustees could and should address social risks and opportunities. Specifically, the group has looked at the materiality of such issues, data on social factors, and the actions pensions funds can take. During the quarter, the group's initial findings were published for consultation. Within the report a series of recommendations were set out to pension trustees, the investment industry, regulators, government, civil society and businesses.

MEDIA COVERAGE

ESG Investor: [ESG Overload – ESG Investor](#)

Room 151: [LAPFF alongside other investors call for climate vote at high-emitting companies – Room 151](#)

IPE: [Investors coalition creates platform to strengthen human rights stewardship | News | IPE](#)

The Point: [Global perspective: is ESG paying lip service to human rights? | The Point ESG News](#)

Environmental Finance: [CCLA, LAPFF call for climate votes at 'high-emitting' sectors](#)

Pensions & Investments: [U.K. investors turn up the heat on boards for climate transition plans](#)

Sustainable Times: [Investors Managing £1.8 Trillion Rally for Climate Strategy Votes at Upcoming FTSE 350 AGMs](#)

IPE: [Investor group calls for climate vote at high-emitting companies](#)

Net zero investor: [£1.8trn investors call for climate vote at high-emitting companies](#)

Funds- Europe.com: [Investors seek climate votes at high-risk firms](#)

Pensions Age Magazine: [Investor group calls for climate vote at high carbon emitting FTSE 350 firms](#)

TheMJ.co.uk: [Council pension funds call for climate vote](#)

LocalGov.co.uk: [Council pension funds call for climate vote](#)

Investment Week: [Investors overseeing £1.8tn in assets call for AGM votes on climate transition plans](#)

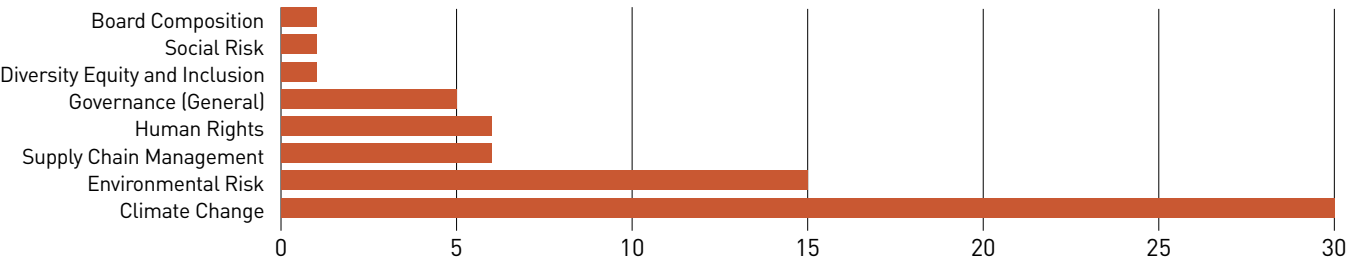
COMPANY PROGRESS REPORT

44 companies were engaged over the quarter.

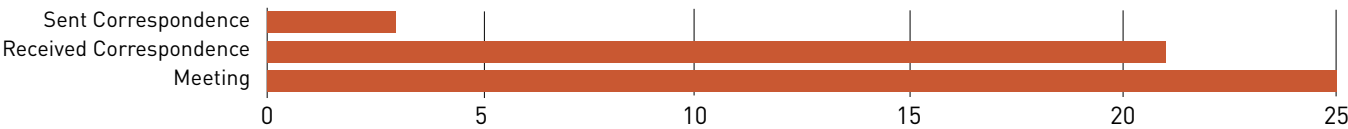
Company/Index	Activity	Topic	Outcome
Company/Index	Activity	Topic	Outcome
AIA GROUP LTD	Meeting	Environmental Risk	Dialogue
ASTON MARTIN LAGONDA GLOBAL HOLDINGS PLC	Received Correspondence	Climate Change	Dialogue
AVIVA PLC	Meeting	Climate Change	Dialogue
AXA	Meeting	Climate Change	Moderate Improvement
BAE SYSTEMS PLC	Received Correspondence	Climate Change	Dialogue
BAKKAVOR GROUP PLC	Received Correspondence	Climate Change	Dialogue
BARCLAYS BANK PLC	Meeting	Governance (General)	Dialogue
BARCLAYS PLC	Received Correspondence	Climate Change	Dialogue
BP PLC	Meeting	Governance (General)	Dialogue
CENTAMIN PLC	Received Correspondence	Climate Change	Dialogue
CHIPOTLE MEXICAN GRILL INC	Meeting	Environmental Risk	Change in Process
CRH PLC	Received Correspondence	Climate Change	Dialogue
EASYJET PLC	Received Correspondence	Climate Change	Dialogue
ENERGEAN PLC	Received Correspondence	Climate Change	Dialogue
EXXON MOBIL CORPORATION	Sent Correspondence	Social Risk	Awaiting Response
FORD MOTOR COMPANY	Meeting	Supply Chain Management	Dialogue
FRESNILLO PLC	Received Correspondence	Climate Change	Dialogue
GLENCORE PLC	Meeting	Board Composition	Dialogue
HARBOUR ENERGY PLC	Received Correspondence	Climate Change	Dialogue
HSBC HOLDINGS PLC	Received Correspondence	Climate Change	Dialogue
INTERNATIONAL DISTRIBUTIONS SERVICES PLC	Sent Correspondence	Governance (General)	Awaiting Response
JOHN WOOD GROUP PLC	Received Correspondence	Climate Change	Dialogue
KKR & CO INC	Received Correspondence	Diversity Equity and Inclusion	Small Improvement
LEGAL & GENERAL GROUP PLC	Meeting	Environmental Risk	Dialogue
LLOYDS BANKING GROUP PLC	Meeting	Environmental Risk	Small Improvement
MERCEDES-BENZ GROUP AG	Meeting	Human Rights	Small Improvement
NATIONAL GRID GAS PLC	Meeting	Climate Change	Dialogue
NATWEST GROUP PLC	Received Correspondence	Climate Change	Dialogue
NESTLE SA	Meeting	Environmental Risk	Change in Process
PERSIMMON PLC	Meeting	Climate Change	Dialogue
PING AN INSURANCE GROUP	Meeting	Climate Change	Change in Process
PRUDENTIAL PLC	Meeting	Climate Change	Change in Process
RENAULT SA	Meeting	Supply Chain Management	Moderate Improvement
RESTAURANT BRANDS INTERNATIONAL INC	Meeting	Supply Chain Management	Dialogue
RIO TINTO PLC	Meeting	Environmental Risk	No Improvement
ROLLS-ROYCE HOLDINGS PLC	Received Correspondence	Climate Change	Dialogue
SANOFI	Received Correspondence	Environmental Risk	Substantial Improvement
SAP SE	Meeting	Human Rights	Dialogue
SHELL PLC	Received Correspondence	Climate Change	Dialogue
STANDARD CHARTERED PLC	Received Correspondence	Climate Change	Dialogue
THE HOME DEPOT INC	Meeting	Supply Chain Management	Moderate Improvement
THE TJX COMPANIES INC.	Meeting	Environmental Risk	Small Improvement
TI FLUID SYSTEMS PLC	Received Correspondence	Climate Change	Dialogue
VALE SA	Meeting	Human Rights	Dialogue

ENGAGEMENT DATA

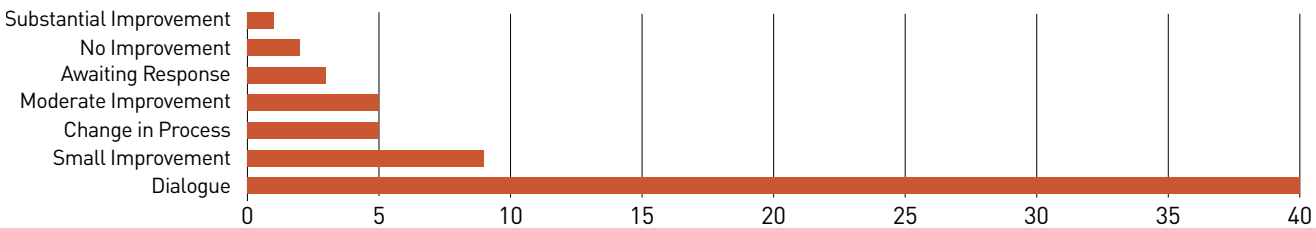
ENGAGEMENT TOPICS



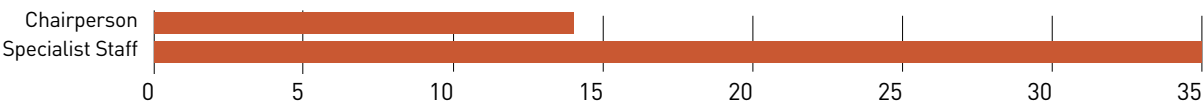
ACTIVITY



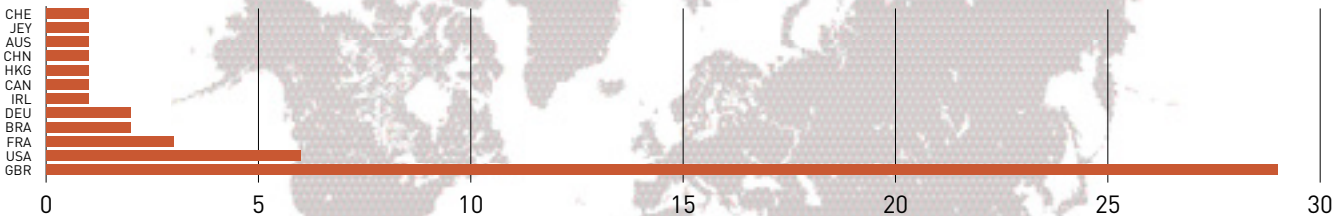
MEETING ENGAGEMENT OUTCOMES



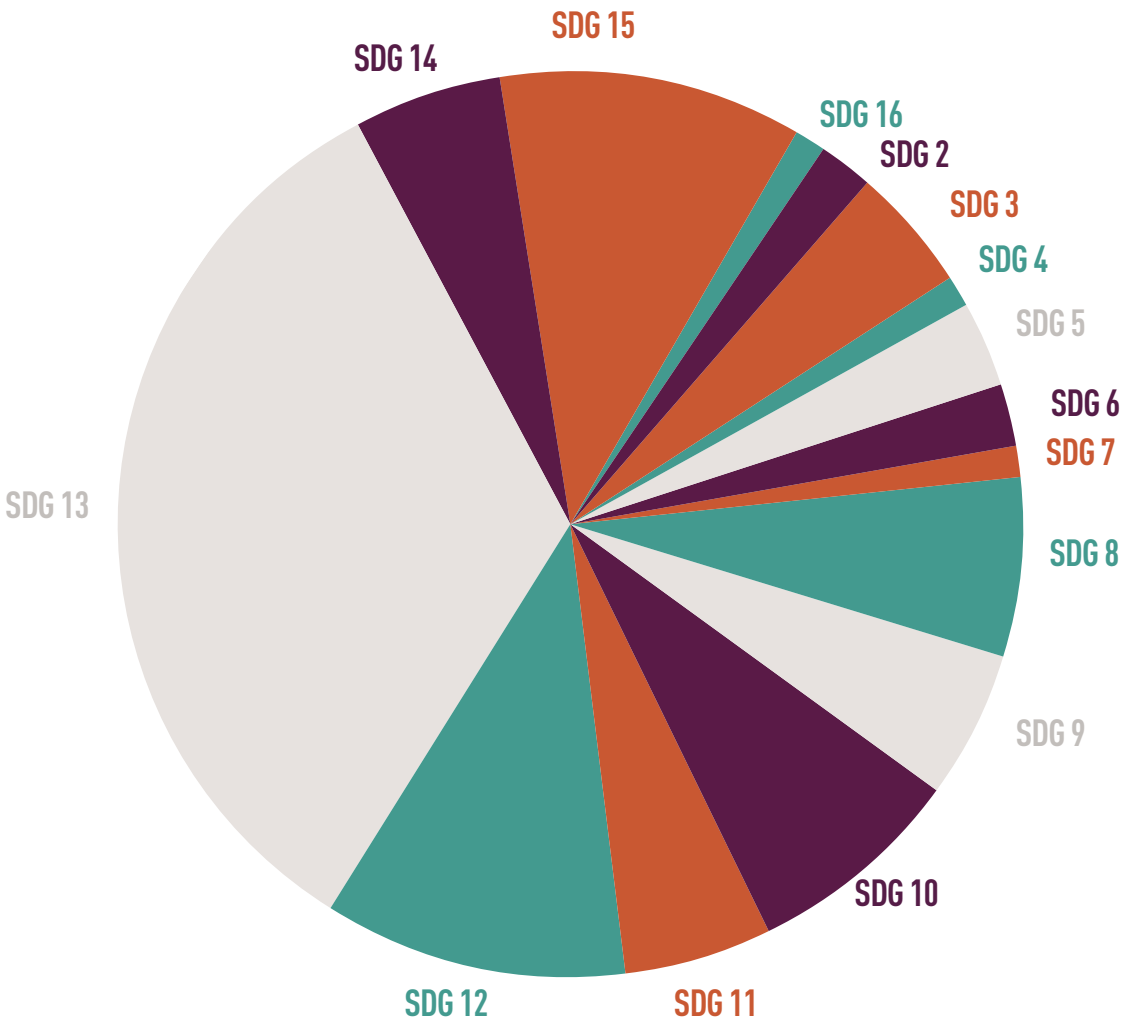
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	0
SDG 2: Zero Hunger	2
SDG 3: Good Health and Well-Being	4
SDG 4: Quality Education	4
SDG 5: Gender Equality	3
SDG 6: Clean Water and Sanitation	2
SDG 7: Affordable and Clean Energy	1
SDG 8: Decent Work and Economic Growth	6
SDG 9: Industry, Innovation, and Infrastructure	5
SDG 10: Reduced Inequalities	7
SDG 11: Sustainable Cities and Communities	5
SDG12: Responsible Production and Consumption	10
SDG 13: Climate Action	31
SDG 14: Life Below Water	5
SDG 15: Life on Land	10
SDG 16: Peace, Justice, and Strong Institutions	1
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

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

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