



Pension Board

Thursday 7 November 2024 at 6.00 pm

This will be held as an online virtual meeting

The press and public are welcome to follow proceedings online via the live webcast available [HERE](#)

Membership:

Members

David Ewart

Representing

Independent Chair

Councillor Members

Councillor Kabir

Councillor T. Smith

Brent Employer representative

Brent Employer representative

Co-opted Members

Bola George

Chris Bala

Robert Wheeler

Member representative (Unison)

Pension Scheme Members Representative

Member representative (GMB Trade Union)

Vacancy

Employer Member (Non-Brent Council)

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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

Introductions, if appropriate.

Item	Page
1 Apologies for absence	
2 Declarations of interests	
Members are invited to declare at this stage of the meeting, any relevant disclosable pecuniary or personal interests in any matter to be considered at this meeting.	
3 Minutes of the previous meeting	1 - 12
To approve the minutes of the previous meeting held on Tuesday 3 September 2024 as a correct record.	
4 Matters arising (if any)	
Board Reports	
5 Pensions Administration Update	13 - 58
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.	
(Agenda republished to include this item on 31 October 24)	
6 Risk Register	59 - 80
This report presents the updated Risk Register for the Brent Pension Fund Pensions Administration Service.	
7 Local Government Pension Scheme Update	81 - 128
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.	
8 Training Update	127 - 146

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.

Reports Referred from Pension Fund Sub-Committee (8 October 24)

9 Q2 2024 Brent Investment Monitoring Report 147 - 160

To receive the Brent Pension Fund Q2 2024 Investment Monitoring Report.

10 Brent Pension Fund - Annual Report and Accounts 2023/24 161 - 314

This report provides an update on the Pension Fund Annual Report and Accounts for the year ended 31 March 2024.

11 Local Authority Pension Fund Forum (LAPFF) Engagement Report Q2 2024 315 - 336

To present an update on engagement activity undertaken by the Local Authority Pension Fund Forum (LAPFF) on behalf of the Fund.

12 Any other urgent business

Notice of items to be raised under this heading must be given in writing to the Deputy Director Democratic Services or their representative before the meeting in accordance with Standing Order 60.

13 Date of next meeting

To note the date of the remaining Pension Board meeting for the 2024 - 25 Municipal Year, as follows:

- Monday 24 March 2025 at 6:00pm

14 Exclusion of Press and Public

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

Agenda Item 9: Q2 2024-25 Investment Monitoring Report – Fund Manager performance ratings.

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 and 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 report(s) to be considered contain the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely:

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

15 Low Carbon Index-tracking Global Equity Fund selection 337 - 444

As part of the Brent Pension Fund Sub Committee Investment Strategy review, the Sub-Committee agreed to a market review of the passive global equities mandate to have a greater focus on responsible investment. This report provides an analysis of investment options presented to the Sub-Committee.

16 Investment Update 445 - 448

To update members on recent developments regarding Brent Pension Fund investments.

17 London CIV Update 449 - 584

To provide an update on recent developments regarding Brent Pension Fund investments held within the London CIV (CIV).

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MINUTES OF THE PENSION BOARD

Held as an online meeting on Tuesday 3rd September 2024 at 6.00 pm

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

Also Present (in remote attendance): Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance & Resources), Emma Hebblethwaite (Senior Operations Manager LPPA) & Michelle Waldermar (LPPA).

1. Welcome and Apologies for Absence

The Chair took the opportunity to welcome Councillor Tazi Smith as a new member (Brent Council employer representative) of the Board along with Amanda Healy, following her appointment as Brent Council's Deputy Director Investment & Infrastructure).

No apologies of absence were received.

2. Declarations of Interests

David Ewart (as Independent Chair) declared a personal interest as a member of CIPFA.

No further declarations were made during the meeting.

3. Minutes of the Previous Meeting

The minutes of the previous meeting held on Monday 25 March 2024 were **AGREED** as an accurate record.

4. Matters Arising (if any)

None.

5. Pensions Administration Update

Sawan Shah (Head of Finance) introduced the report, which updated the Pension Board on various pension administration matters as part of its remit to oversee the administration of the Brent Pension Fund. The Board was advised that the update included a review of performance against agreed Service Level Agreements (SLAs) for Q4 (Jan – March 24) as well as Q1 (April – June 24), with the Q4 update having been delayed as a result of the Board needing to be rescheduled due to the General Election.

Members noted the Q4 update, and in focussing on overall performance during Q1 2024-25 the Board was advised that performance was high overall, with 98.7% of all

case types being processed, meeting contractual SLA targets as detailed in Figure 2 of the cover report. In terms of ongoing casework performance, whilst this also remained good, the Board was advised of an underlying backlog in cases identified as an area that needed to be addressed. Helpdesk call performance had remained good, with average call wait times in June being 2 minutes and 4 seconds, and over two-thirds of help desk callers (67%) surveyed as being satisfied. Similarly, LPPA's performance in relation to complaints had remained steady. Since the last update to the Board, 38 new complaint cases have been received at a rate of 7.6 per month, with an analysis of case type provided in section 3.5 of the cover report. Whilst the overall level of complaints was recognised as high compared to historical averages, these were noted to be gradually falling. The Board was also pleased to note the increase in scheme members who had now registered for the online pension portal, which was higher than the migrating of the pension administration and workflow system to UPM.

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

- Members were informed that overall operational casework performance remained positive for the first quarter, with a performance average of 98.7% against SLAs and the trend having continued during July. This success was attributed to upskilling, training and recruitment of new staff.
- In noting the performance update in relation to ongoing casework, the Board was advised of the current focus on outstanding cases relating to retirements and bereavements, both of which remained above the 95% SLA. Members were advised that the overall number of outstanding cases reflected the work also being undertaken during Q1 to process and complete Annual Benefit Statements with a further trigger identified as the recent overseas member life benefit certificate process.
- In terms of LPPA contact centre calls performance, the average wait time had consistently been under the target of 4 minutes, with a peak in calls (625) and wait times having been identified within April, which was traditionally one of the busy months given the end of the financial year. Despite this extra pressure, the call wait time in April remained under four minutes, which was attributed to the training of new staff at the help desk. The information provided also included details on the abandoned call rates across LPPA, which it was noted remained low.
- In terms of Customer Satisfaction scores, these were also highlighted as being on an upward trend. It was noted that Contact Centre satisfaction now included overall satisfaction scores as well as for the individual call handlers, which was typically higher than the overall score with scores for Q1 at 92.7% and 63.6% respectively and customer feedback subject to ongoing monitoring to support staff development and training. The Q1 Administration report had also included satisfaction scores for retirements, although it was noted that these scores had been impacted by a majority of those surveyed not having responded with low response rates increasing volatility. Of those who had responded customer satisfaction was 63.6%.

- The Board's attention was also drawn to the number of members signed up to the Member online Pension Portal, with registrations continuing to increase during Q1 and as of June 24, totalling 4,927 which was now higher than under the previous member portal. The trend was predicted to continue as scheme members were encouraged to access their Annual Benefit Statements, update their personal details and seek estimates via the portal. It was felt this had notably improved member experience, with LPPA now providing the feature to view and upload documents online or on mobile devices.
- Regarding complaints, members were informed that they were on a downward trend. In March, Brent had received 9 complaints, which had fallen to 4 in July. Whilst no Internal Dispute Resolution Procedures ("IDRP") were received in Q1 and one outstanding case had been determined and upheld, Brent and LPPA continued to take action to ensure that IDRP cases were resolved swiftly. However, the complex nature of some cases meant that it was not always possible to do so, with each case also reviewed following completion to ensure any lessons are learned and, if necessary, processes and procedures are amended.

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

- Further details were sought on reference within section 3.4.5 of the cover report to the disproportionately high number of deferred pensioners listed as scheme members and whether this may be indicative of any wider issues in terms of a backlog of data involving intra-fund transfers (members moving within the fund whose pension benefits had not been aggregated) or in other areas. In response, the Board were advised this had been recognised as a trend, with more work needed to fully understand its causes. In terms of cases, there were 364 aged over 66 and 115 over 71. In noting the need identified for a more detailed analysis of the reasons, the Board requested a further update for the next meeting.
- Clarification was sought on the reason for the dip in casework performance during August 2023, which had not met the SLA target. In response, Emma Hebblethwaite (LPPA) explained that this reflected the focus and work being undertaken at the time to complete the pension administration system migration and transformation project, which had involved the need to train and upskill staff, with performance having returned to target levels following completion of the project.

The Board then moved on to consider the details and update provided in relation to progress on Annual Benefit Statements (ABS), with the statutory requirement for these to have been issued to all eligible active and deferred members by 31 August annually. The Board was reminded on the requirement for scheme employers to now submit (with effect from April 2023) monthly returns to enable preparation of the ABS within the required timescale. Given the move to monthly returns, officers had been closely monitoring return submissions. A range of employer training sessions had also been delivered to support them in meeting the new requirement, along with regular communication and dialogue in advance of, and following the submission deadlines, with employers who had failed to submit returns. Regarding the current

position, the Board were advised that (with the exception of four) all active employers were up to date with their submissions. It was noted that the four unable to submit monthly returns had been able to submit an annual return, with work continuing to promote the benefits of the monthly return process and a further update to be provided for the Board at its next meeting on the final position.

In terms of the current position in relation to the production of the Annual Benefit Statements, Emma Hebblethwaite advised that of the deferred members who were eligible, 99.9% of scheme members had been completed. For active members, 97.1% had been completed, meaning the overall 98.7% of scheme members had been provided with an ABS to date, which, unless they had opted for a paper version, had been made available via Pension Point. Work was now focussed on dealing with any queries raised as a result, and in finalising any outstanding statements, working with the relevant scheme employers to finalise and address any issues relating to their submissions.

Having invited questions from Board members, the following issues were raised and responses provided:

- The Board sought further details as to how scheme members became aware that statements were ready to view on Pension Point. In response, the Board was advised this included a notice on how and where they could access their statements via a newsletter and also email notification, which would be supported by communication via the Council's internal staff network and postal communication for those not yet registered on the portal. In response to a request, it was agreed that details on the date the emails and notifications had been sent would be provided for the Board along with the recorded access rates.
- Highlighting the difficulties created by the final statutory deadline for issuing the statements and return of final school-based employer submissions during the school holiday period, details were sought on the work being undertaken to support schools and minimise delays. In recognising the concerns highlighted, the Board was advised of the work being undertaken with scheme employers, including schools, to encourage the submission of monthly returns and to provide early reminders of the final deadlines for them needing to prepare and return their final submissions, which commenced in June in order to take account of the school holiday period. Targeted work was also undertaken with those scheme employers where delays had been identified to support them through the process, with monthly returns felt to have improved the position overall and placed the Fund in a better position than previous years. The improvements made were recognised by the Board, with officers and LPPA thanked for their efforts in this respect and the Board requesting to be kept updated on any scheme employers yet to engage in the process or who had failed to comply with their obligations to the Fund or to respond to requests for information.

In turning the Board's attention to the final part of the update, Sawan Shah (Head of Finance, Brent Council), then moved on to update members on a project involving migration of Brent's current in-house pensions payroll to LPPA's UPM system, which had been agreed by the Council's General Purposes Committee in April 2024. Members were advised this would involve extending the existing shared services

agreement for pension administration with LPPA to include their pension payroll service, which it was noted would enable the end-to-end processing of calculation of pension benefits and payment of pensions to be carried out on the same system and negate previous issues experienced in having maintain data across two systems. From a member perspective the Board was advised the integrated pensions and payroll service was expected to deliver benefits in terms of all administration related to pensions now being contained within a single system and all pensioner data being visible on the Pension Point portal. In terms of progress, the Board was advised that the key service design principles (including payment dates, methods and processes for overseas payments, deductions, and payslips) had been agreed with the general ledger reporting requirement also provided to LPPA. Data matching and pre-migration data cleanse was currently ongoing, with priority given to cases where there was no match or members with multiple employments. Payroll data extracts for the first parallel run had been provided, which was planned for the end of September, with two further runs in October and November to assess usability. The expected rollout for the system was planned for January 2025.

Members were advised that the project was managed by a dedicated project manager at LPPA, working closely with officers from Brent's pension and payroll team and Civica, with the high-level project timetable provided in Appendix 3 of the report. Emma Hebblethwaite provided additional assurance regarding the experience of their other clients who had migrated with the system performing as expected. The new payroll portal site would be Pension Point, with members already registered automatically able to view their benefits.

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

- In response to further clarification being sought, confirmation was provided that the migration would only involve the pension payroll and not the main staff payroll function. The migration was not expected to impact on staff within the current payroll team other than providing additional capacity to focus on the main payroll function.

Considering the updates provided, the Chair invited any general comments on the details provided with the following issue highlighted:

- Further details were sought on progress with the data quality project being undertaken by LPPA and any improvements identified as a result of scheme-specific data. In response, Emma Hebblethwaite advised that work was progressing with the aim to improve data quality ahead of scheme valuations and the introduction of the Pensions Dashboard. LPPA had partnered with Civica and Intellica on the project, with work underway to create the relevant systems test environments and to agree on the scope of the Data Validation Checks (DVCs) that would be used to check the integrity of member data. The project was also working towards producing a series of dashboards to provide clear visibility of the integrity and accuracy of the data held to comply with regulatory change (including McCloud) and support the launch of additional self-service and automation for members and employers. It was anticipated that the initial dashboard and data validation results would be available during Q2, with

the data reconciliation process also supported through the pension payroll migration.

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

6. **Chairs Annual Report 2023-24**

David Ewart (as Chair) introduced his Annual Report to the Pension Board, providing an update on the Board's work during 2023-24.

In introducing the report, the Chair highlighted the work of the Board as it related firstly to the review of investment activity and secondly to the performance of the pension administration function with additional roles in relation to risk management and the use of other discretionary powers. In terms of the review of investment activities, it was recognised whilst this had taken up a relatively small part of the Board's work, given the remit of the Pension Fund Sub Committee in this respect, members had continued to receive regular investment updates and been in general agreement with the action being taken by the Sub Committee both in regard to the move to revised asset allocations and also de-carbonisation with members mindful of their duty to effectively scrutinise the investment activity of the fund.

In terms of Pension Administration, the Board had taken the lead in scrutinising the performance of the Fund's pensions administration partner Local Pensions Partnership Administration (LPPA), with the Board continuing to monitor those areas identified as not meeting SLA targets as well as general levels of performance.

Whilst aware of the areas for improvement highlighted and the need to maintain continuous improvement 2023-24 was felt to have been an encouraging year for the Fund, despite the increasing risks and pressures identified, with the funding level continuing to improve and investment returns remaining strong on an absolute basis although slightly underperforming relative to the Fund's benchmark. The Fund had also continued progress against its net zero road map with further improvements in terms of the level of service to Fund members and the quality of data held, although the need to maintain ongoing and continuous improvements had been recognised.

In concluding the presentation of the Annual Report, the Chair also took the opportunity to thank all the Board members and supporting officers for their efforts and ongoing support, with members also taking the opportunity to formally thank the Chair for this role in conducting and managing the Board meetings

Having thanked the Chair and officers for their work, the Board **RESOLVED** to note the Annual Report.

7. **Brent Risk Register**

Sawan Shah (Head of Finance, Brent Council) introduced a report, presenting the revised Risk Strategy and updated Risk Register for the Brent Pension Fund Administration Service. In considering the report, members noted the changes made following a review of the Risk Strategy (attached as Appendix 2 to the report) which

had been designed to reflect changes in the Local Government Pension Scheme and the broader environment, with the main changes including:

- An update section 7 of the strategy to develop key principles of risk management; and
- An update of the risk analysis (Section 10) to adjust the scoring of impact and likelihood to a five-point scale and ensure the descriptions matched those within the Council's risk strategy.

Members were advised that the changes within the revised risk strategy had been designed to assess and score impact across financial impact, service impact and reputational impact with all three elements of each risk being combined and weighed to arrive at a composite score for impact based on the criteria set out within section 3.2.5 of the report.

Following an update of the Strategy, members were advised that key changes had been made to the Risk Register (attached as Appendix 1 to the report). These changes included:

- All risks having been re-scored in line with the updating scoring descriptions in the risk strategy.
- The risk register having been refreshed with similar risks being consolidated to avoid unnecessary duplication.
- The inclusion of a new risk, Item 3.5, to cover the transfer of Brent's pensions payroll to LPPA.

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

- Further updates were sought on the risks that had been RAG rated as red within the refreshed Risk Register relating to cyber security and the geographic and economic risks impacting investments. In terms of cyber risk, the Board was advised that whilst Brent had an established cyber strategy in place and LPPA had also implemented several controls in relation to cyber security, the high risk identified had been designed to reflect the increased threat posed given recent attacks on other public sector organisations and Councils targeting backup systems and third-party suppliers. Whilst mitigations and controls were subject to regular and ongoing review and felt to provide a high level of protection, the risk was still considered to be high given the need to safeguard the integrity, confidentiality and availability of the pension scheme member data stored across both organisations. In response to a further query regarding the Council's ability to withstand and recover from a cyber-attack, the Board was advised that an update would need to be sought from the Council's Shared Technology Service (STS) regarding the specific measures and controls in place although the significant investment made to protect against risk was noted and recognised.

On the topic of geographic and economic risk, whilst recognising the more uncertain nature and volatility created as a result of current geopolitical events and the impact on economic markets, assurance was provided of the work being undertaken by officers in conjunction with the Fund Investment Advisors and actuary to actively monitor these impacts and adjust the Fund investment strategy as required. Members were also reminded that the Fund held a well-diversified investment portfolio, which included a mixture of growth, income, and protection assets, limiting exposure to any specific market based on professional advice. The quarterly investment monitoring updates provided for the Pension Fund Sub Committee and Pension Board also provided the opportunity for regularly monitoring.

- Responding to a query on the risk to investments created by climate change and global warming, the Board were advised that this had been recognised as an issue with the Pension Fund Sub Committee having already begun to evolve the Fund's Investment Strategy to take account of both the risks and opportunities identified as a result of climate risk. Referring to the update included on the Board agenda, which had been considered by the last Pension Fund Sub Committee regarding the progress being made on the Fund's Net Zero Road Map, the Board were advised, as an example, of the work being undertaken with the London CIV to develop an infrastructure fund with a significant renewable component along with the development of Environmental, Social and Governance (ESG) guidelines in the management of assets held through them and the introduction of an allocation by the Fund into BlackRock's Low Carbon equity fund as an initial step towards more responsible investment focussed more actively around reducing the carbon intensity of the fund. In addition, the Board were advised of work being undertaken to review the passive global equities portfolio held by the Fund, given the impact that reducing emissions in that area would have in supporting the Fund moving towards its net zero ambitions and on which a further update was due to be provided for the Pension Fund Sub Committee at their next meeting.
- In response to further clarification regarding the RAG rating scale, the Board was advised that a key would be included in future reports. The basic scale involved green representing risk levels assessed as 1 or 2, yellow as 3 or 4, orange as 4 to 8, dark orange as 9 to 14 and red anything 15 or above.

The Board welcomed the report, and as no further issues were raised, it was **RESOLVED** to note the overall report, including the key changes to the Risk Register (as detailed in Appendix 1 and set out in section 3.2.8 of the report), and to agree on the updated Risk Strategy (as detailed in Appendix 1 of the report).

8. Local Government Pension Scheme Update

George Patsalides (Finance Analyst, Brent Council) introduced 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. In terms of key updates, the following issues were highlighted:

- The recent pension review announced by the government as part of its mission to 'boost growth and make every part of Britain better off'. The Board were advised that the review would look at how to 'unlock the investment potential of

the £360 billion LGPS' with the Government to also consider legislating to mandate pooling if insufficient progress was made by March 2025.

- The parallel exercise run by the Scheme Advisory Board (SAB) to the scheme cost assessment which had been undertaken by the Government Actuary's Department (GAD). This had resulted in the SAB having assessed costs as being 20.5% of pensionable pay, which was 1% above the 19.5% target. Although this had been within the range where the SAB could recommend changes in the benefit structure, members were advised that they had decided against doing so.
- Finally, the Board were advised of a case (Farley v Paymaster) which had highlighted the importance in maintaining data quality and accuracy in terms of communication between scheme administrators. This had involved members taking legal action against their scheme administrator due to confidential information being sent to the wrong addresses and seen by a third party.

The Chair thanked George Patsalides for the comprehensive update provided and then welcomed contributions from members, with the resultant discussion summarised below:

- Whilst commenting on the level of detail and complex nature of many of the issues included in LGPS bulletins, the Board recognised the balance needing to be achieved in terms of the different audiences being targeted through the bulletins and good practice in providing Board Members with a general overview of the key issues and recent developments impacting the LGPS provided within them.

With no additional issues or comments raised, the Board welcomed the update provided and **RESOLVED** to note the overall report.

9. Training Update – Member Learning & Development

George Patsalides (Finance Analyst, Brent Council) introduced the report, which provided an update on the provision of the Local Government Pensions Scheme (LGPS) online pensions learning facility. As context, members were reminded that as part of the Fund's Training Strategy, all those involved in the governance of the Fund were expected to be able to evidence they had the knowledge, skills and commitment to carry out their role effectively. In order to support members in meeting this requirement, the Fund had subscribed to the LGPS Online Learning Academy (LOLA), which included eight modules designed specifically for Sub Committee and Board Members, with progress by members in terms of the completion of each module set out within section 3.7 of the report.

In welcoming the progress being made, the Board was advised that the original plan for completion of the training programme had been refreshed to recognise the newer members who had joined the Board with the updated plan and timescales detailed within Appendix 3 of the report. Members were encouraged to ensure they completed the required modules in line with the updated plan with officers advising members to contact them in the case of any issues.

In response to a request from Board members, George Patsalides advised that he would arrange for the updated Training Plan and content scheduled to be circulated to each member following the meeting as a further reminder.

Having welcomed and thanked George Patsalides for the update, the Board **RESOLVED** to note the report and support the continued learning programme as outlined within the training timetable.

Before moving on to the remaining items on the agenda the Chair reminded Board members that agenda items 10, 11, 12, 13, and 18 were reports referred to the Pension Board for information following their consideration at the Brent Pension Fund Sub Committee.

10. **Quarterly Monitoring Report – Q1 2024**

Sawan Shah (Head of Finance, Brent Council) introduced the Brent Pension Fund Investment Q1 Investment Monitoring Update which covered the first quarter of 2024 from January to March. Whilst noting the update covered Q1 (with Q2 due to be provided in October) the Board were advised that highlights included the fund having posted positive returns over the quarter, with fund assets at £1.26billion. The main driver in terms of returns had been the Fund's growth assets, which had delivered a return of 4.1% overall. The Monitoring Update also included details on the Fund's Asset Allocation, which it was noted remained broadly in line with the overall Investment Strategy. Estimated funding was noted to have significantly improved since Q1 2022 (97%), now at 119%. This was driven by liabilities remaining broadly stable whilst assets had grown over the same period. Members also noted the update provided in relation to each Fund Manager's performance, with the most significant contribution to performance having been achieved through LGIMs Global Equity Fund as well as the LGIM UK Equity and BlackRock World Low Carbon Funds. In terms of those Funds identified as underperforming, these (which included the Capital Dynamics Infrastructure Fund and UBS and Fidelity Property Funds) members were advised that given the relatively small allocations of each within the total Fund, they had not materially detracted from the Funds overall performance.

Having thanked Sawan Shah for the update, the Chair invited comments from the Board, with the consequent discussion summarised below:

- Regarding the Fund's ongoing involvement with underperforming investments such as Capital Dynamics and highlighted Property Funds members were advised that, in most cases, the private equity investments were mature investments now coming towards the end of their life cycle. The Pension Fund Sub Committee was already looking to derisk away from these investments as and when the relevant opportunity was identified to exit the holding, recognising the individual nature of each holding and need to ensure best value was obtained.
- In response to clarification being sought on the role of the Board in relation to Investment Fund monitoring, the Chair advised members that whilst the Pension Fund Sub Committee had responsibility for managing the Fund's investment process and strategy, the Board also had a remit in terms of scrutinising the role of the Sub Committee in this respect. Members welcomed the high level of support and co-operation between the Sub Committee and

Board in terms of this role and in ensuring effective governance, management and oversight of the Fund's investment activity and also administration of the scheme.

In noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 1 August 2024 the Board **RESOLVED** to note the Q1 Investment Monitoring Update.

11. **Draft Pension Fund Year End Accounts 2023-24**

The Board received a report that detailed the draft Pension Fund Annual Accounts for the year ended 31 March 2024. Members were advised that the draft accounts had been published a month earlier than last year to reflect the earlier statutory deadline for publication of 31 May 2024, although publication had been slightly delayed beyond the statutory deadline due to additional general fund valuations needing to be undertaken for the 2023-24 Statement of Accounts compared to recent years. It was, however, noted that this had not resulted in delay to the external audit work, which had commenced in June 2024 and was currently in progress with no significant issues having been identified to date. At this stage and subject to the outcome of the audit process it was anticipated that final sign-off of the accounts would be completed by October.

Officers were commended for their work to complete the draft accounts and in noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 1 August 2024 the Board **RESOLVED** to note the Draft Pension Fund Statement of Accounts and Audit Plan 2023-24.

12. **Update on the Net Zero Road Map**

The Board received a report providing an update on the Fund's Net Zero Road Map and updated London CIV Responsible Investment Policy, which it was noted provided an overview of the risks and opportunities around net zero and the achievements made so far.

In noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 1 August 2024 the Board **RESOLVED** to note the updated provided within the report and progress being made in relation to the roadmap.

13. **Local Authority Pension Fund Forum Engagement Update**

The Board received a report providing an update on the engagement activity undertaken by the Local Authority Pension Fund Forum (LAPFF) on behalf of the Fund, as detailed with the Q1 LAPFF Engagement Report included as Appendix 1 to the cover report.

In noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 1 August 2024 the Board **RESOLVED** to note the report and update on LAPFF engagement activity.

14. **Training Plan**

The Board was advised that consideration of this item had been withdrawn from the agenda on the basis it duplicated the separate update which had been dealt with under Item 9 above.

15. **Meeting Dates 2024-25**

The Committee NOTED the dates of the remaining Pension Board meetings for the 2024-25 Municipal Year, as follows:

- Thursday 7 November 2024 at 6:00pm
- Monday 24 March 2025 at 6:00pm

16. **Any Other Urgent Business**

The Chair advised members that as Sunil Ghandi no longer represented an employer member (Non-Brent Council) in the scheme his position as Board Member had become vacant. Officers were now in the process of seeking to fill the vacancy with the Board placing on record their formal thanks for his service and support whilst serving as a member of the Board.

17. **Exclusion of the Press and Public**

At this stage in the proceedings, the Pension Board was asked to consider whether they wished to exclude the press and public for consideration in the final report on the agenda. Given that the following item had been submitted for information and 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.

18. **London Civ Update**

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

The meeting closed at: 19:39pm

DAVID EWART
Chair

	Pension Board 07 November 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. Quarterly Administration Report – Q2 2023/24 2. Payroll onboarding timeline
Background Papers:	Not applicable
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Minesh Patel, Corporate Director, Finance and Resources 020 8937 4043 minesh.patel@brent.gov.uk Amanda Healy, Deputy Director of Finance 020 8937 5912 amanda.healy@brent.gov.uk Sawan Shah, Head of Finance 020 8937 1955 sawan.shah@brent.gov.uk John Smith, Pensions Manager 020 8937 1985 john.smith@brent.gov.uk

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 Local Pensions Partnership Administration (LPPA) against agreed Service Level Agreements (SLA's) during the period July to September 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 LPPA have migrated both its pension administration and workflow systems to UPM.

3.3.2 Although migration was disruptive initially, the LPPA has adjusted to the new system and it is business as usual.

3.3.3 The figures reported have improved incrementally but it must be noted that the LPPA only reports on the cases it is able to complete, not the volume of work it receives.

3.3.4 Brent is liaising with the LPPA to refine its performance metrics, which should benefit everyone.

3.3.5 Overall, the service is improving but there are still areas that need attention.

3.4 LPPA Quarter 2 performance report

3.4.1 Brent Pension Fund had 24,138 members on 30th September 2024 of which:

- 6,452 were active members,
- 10,158 were deferred members, and
- 7,528 were pensioner and dependant members.

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

Figure 1:



3.4.3 This shows that most of the working age active members fall into the 35 to 60 age groups while, as would be expected, 35-60 is the cohort with the highest number of deferred members.

3.4.4 It is interesting to note that 57% of the active members are over 46, and 44% are over 51, as the costs of providing pension benefits increase with age. This indicates a maturing fund which may have long-term implications for the Fund's cash flow. The long-term trends will be assessed by the actuary in the upcoming valuation in 2025.

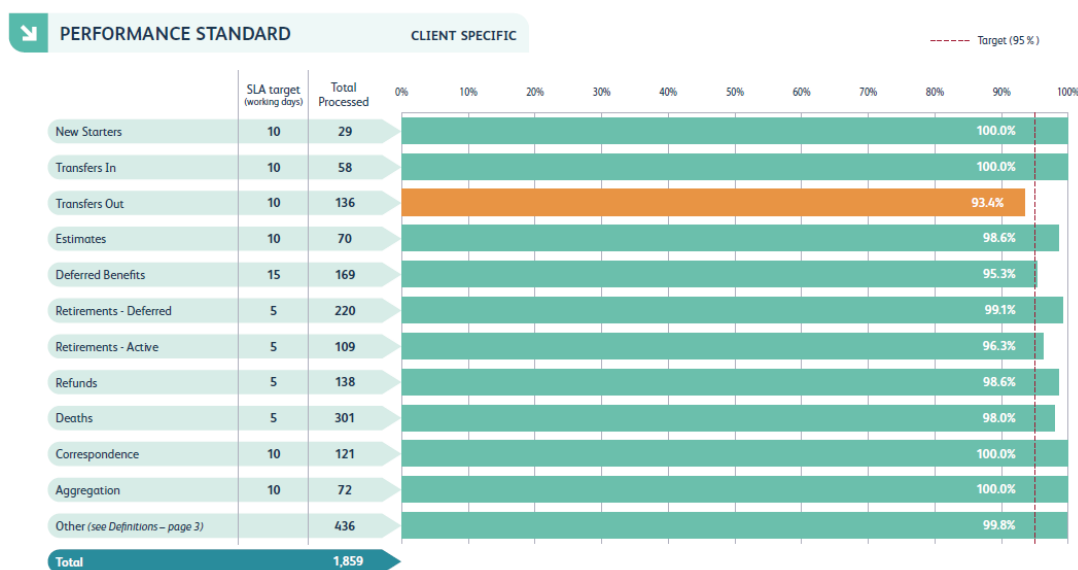
3.4.5 For pensioner and dependant members, the numbers in the 65-75 banding are broadly the same before progressively declining gently with age.

Key statistics

3.4.6 The average percentage of cases processed on time was reported as 98.4% in July, 98.1% in August and 98.2% in September.

3.4.7 The Fund's perception is that the service is gradually improving, and it notes that only transfers-out (93.4%), which are less critical, fell below SLA (95%). Figure 2

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



3.4.8 An important aspect of service delivery is how the administrators respond to difficult complaints. The LPPA's performance in this area has been good with key officers taking ownership and resolving them promptly.

3.4.9 The Helpdesk call performance measures the average wait time and calls answered. During the quarter wait times were 2 minutes 6 seconds in July, 1 min 58 seconds in August and 2 mins 46 seconds in September.

Complaints

3.4.10 Since the last Pension Board, 14 new complaint cases have been received at a rate of 4.6 per month. The number of complaints received during the quarter is analysed by case type as shown in table 1 below. This is better than the previous quarter and the numbers are gradually falling.

Table 1 - complaints received by month:

Month	Delays	General Service	Total
July 24	1	3	4
August 24	0	4	4
September 24	0	6	6

3.4.11 No Internal Dispute Resolution Procedure ("IDRP") cases were received in the quarter, but one outstanding case was determined. One Pensions Ombudsman case was determined in September.

3.5 Annual benefit statements (ABS)

- 3.5.1 It is a statutory requirement for the scheme manager to issue an Annual Benefit Statement (ABS) to all eligible active and deferred members by 31 August each year.
- 3.5.2 Scheme employers are required to submit monthly returns within agreed timescales to enable LPPA to produce an ABS. After submitting their returns, employers may be required to respond to queries on the return before an ABS can be produced. It is therefore important that monthly returns are received promptly as delays may result in ABS not being issued by the deadline.
- 3.5.3 Employer training sessions were delivered for monthly returns to support them in submitting their returns and resolving queries.
- 3.5.4 The Fund moved to monthly returns in April 2023 and all the active employers were up to date in April 2024, save four. The four who were unable to submit monthly returns submitted annual returns.
- 3.5.5 A lot of work has gone into promoting monthly returns over the course of the year and officers believe that the Fund is in a better position than it was last year.
- 3.5.6 The Fund was able to produce 97.1% of active members' ABS and 99.9% of deferred beneficiaries ABS. This shows an incremental improvement over the 95% for active members and 99% for deferred members in 2022/23.
- 3.5.7 Overall, the exercise went well and the few ABS that were missed are not considered to be material or a reportable breach because:
- Performance comfortably exceeded 95%;
 - Performance has improved when compared to 2022/23;
 - Officers have been monitoring the situation and proactively working with employers to ensure returns are submitted;
 - Employers have been encouraged to change their payroll providers where performance is falling short;
 - Implementing monthly returns to enable data issues to be corrected throughout the year;
 - The Fund will consider using the powers set out in the Pensions Administration Strategy where employers are not complying with the standards expected.

3.6 Pensions Payroll Migration

- 3.6.1 General Purposes Committee approved to extend the existing shared service arrangements for pensions administration to include pensions payroll in April and the project to move from Brent's Oracle payroll to LPPA's UPM payroll is underway.

- 3.6.2 This will facilitate the end-to-end processing of calculation of pension benefits and payment of pensions to be carried out on the same system and negate the issues experienced over many years with having maintain data across two systems.
- 3.6.3 From a member's perspective, an integrated pension payroll and pension administration system will enable an improved service and all administration related to pensions will be contained within a single team and all pensioner data will be visible on the existing PensionPoint portal.
- 3.6.4 The data cleanses required to facilitate the payroll migration have helped to improve the Fund's conditional data.
- 3.6.5 Updates on the project:
- In September 2024, data cut 1 was submitted and the first parallel run was successfully completed and signed off.
 - Preparations for data cut 2 and the second parallel run are underway in October 2024.
 - Letters and communications to Brent pensioners pre and post migration have been agreed.
 - General Ledger reporting requirements for the monthly payroll have been agreed and the requirements for single payments are close to finalisation.
 - We are awaiting HMRC to set-up a new PAYE reference for the pension fund and NatWest to set-up a new BACS service user number.
- 3.6.6 The project is being managed by a dedicated LPPA project manager, who is working closely with the Brent pension team, the payroll team, the LPPA teams and Civica. Weekly project meetings are held to discuss work in progress, impending deadlines, risks, issues and dependencies. At the time of writing, the project appears to be on schedule. The high-level project timetable is attached in Appendix 2.

3.7 McCloud

- 3.7.1 The LPPA has placed eligibility flags on all records that have been identified as being within scope for the remedy.
- 3.7.2 They are applying the underpin and calculating benefits for active members retiring with an eligibility flag, and whose data has been verified as being correct.
- 3.7.3 Where the underpin applies, early results show that the underpin is driving a small increase in benefits (c. £300 p.a. on average) in a small percentage of cases (c. 4%) where the member had a significant salary increase in the remedy period.
- 3.7.4 However, there have been significant increases in affected transfer values, which seem to be due to the lower retirement ages in the final salary scheme and, consequently, higher factors.

3.8 Pensions Dashboard

3.8.1 Public sector schemes must connect to the Pensions Dashboard by 31 October 2025. The project is in flight and LPPA have a full-time project manager in place.

3.8.2 Work is progressing well and includes:

- systems requirement (including the rules for partial matching of records and the treatment of AVCs); and
- business readiness aspects of the project (dealing with new enquiries relating to dashboard).

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 Equality, 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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Quarterly Administration Report

Brent Pension Fund

1 July - 30 September 2024

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DEFINITIONS

Page 9

Total Fund Membership

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

Page 10 & 11

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 13

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 14

Casework Performance - Standard

'Deaths' are included as a specific process, but it is important to highlight that processing can take a significant amount of time to complete fully. Furthermore, there can be seasonal aspects which impact case volumes ie. higher mortality rates during winter.

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

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

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 15

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 are not limited to, the deletion of a process, or changes to the process category that a case is assigned to).

From Q1 2024/25, "Deaths" include over / under payments, and updates to pension and payroll processes (multiple associated processes can be triggered within a case, including the setup of multiple beneficiaries, and making multiple payments to individuals).

Page 21 & 22

Contact Centre Performance

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

Page 24 & 25

Contact Centre Call Satisfaction

Members are given the option to answer two questions, following a call with the LPPA Contact Centre (these relate to general satisfaction with LPPA, and satisfaction with the adviser they have spoken to – both responses follow a three-point rating scale).

Page 26 & 27

Retirement Satisfaction

Graphs show a breakdown of quarterly retirement surveys (emails issued and responses received).

- Retirements processed / completed - members can have multiple process counts.
- Surveys issued - does not equal retirement processes for several reasons; ill health retirements do not receive a survey; not all members provide an email address; members with multiple retirement processes only receive one survey email; there is a planned delay in issuing surveys to allow for initial payments to be paid).

Satisfaction / Dissatisfaction is included as a % of email surveys issued. This demonstrates that a significant number of surveys are not completed (work is ongoing to encourage an increase in the number of responses to email surveys issued).

The Satisfaction Scores highlighted in green and red compare the satisfied / dissatisfied responses received, as a % of total survey responses - this is the true measure of member satisfaction.

Satisfied responses include satisfied (with the service) and very satisfied.

Dissatisfied responses include dissatisfied and very dissatisfied.

Neutral responses are not included in the data tables.

Page 29

Member Online Portal

The number of member records by status, that are registered for LPPA's member self-service portal, PensionPoint.

Page 31

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 (basic details that are specific to the Member) and Scheme Specific Data (data that is related to a member's data and specific circumstances surrounding their record).

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](#) (The Pensions Regulator) 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.



STATUTORY DEADLINES

✓ COMPLETED 📅 DUE

Page 25

	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25
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							📅					

EXECUTIVE SUMMARY

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

This performance report covers the reporting period of Q2 2024/25 (July – September 2024)

Casework SLA performance

Overall operational casework performance was 98.2 % against overall Service Level Agreements (SLAs) for the quarter. Focus continues to be on driving further improvements to the member experience.

Contact Centre

Contact Centre wait times have been consistently under the targeted 4-minute wait time with an average wait time over the quarter of 2 minutes 16 seconds.

Satisfaction scores

The majority of those surveyed about their retirement experience do not respond. Of those that responded to the survey, the customer satisfaction was 22.2 % for Actives into Retirement and 77.3 % for Deferred into Payment. Low survey responses can lead to high volatility in the satisfaction scores.

Contact Centre satisfaction now includes both overall satisfaction and satisfaction with the individual call handler that the member spoke to. Satisfaction with the individual call handler is typically higher than overall satisfaction, with satisfaction rates for the quarter at 92.2 % and 75.0 % respectively.

Statutory deadlines

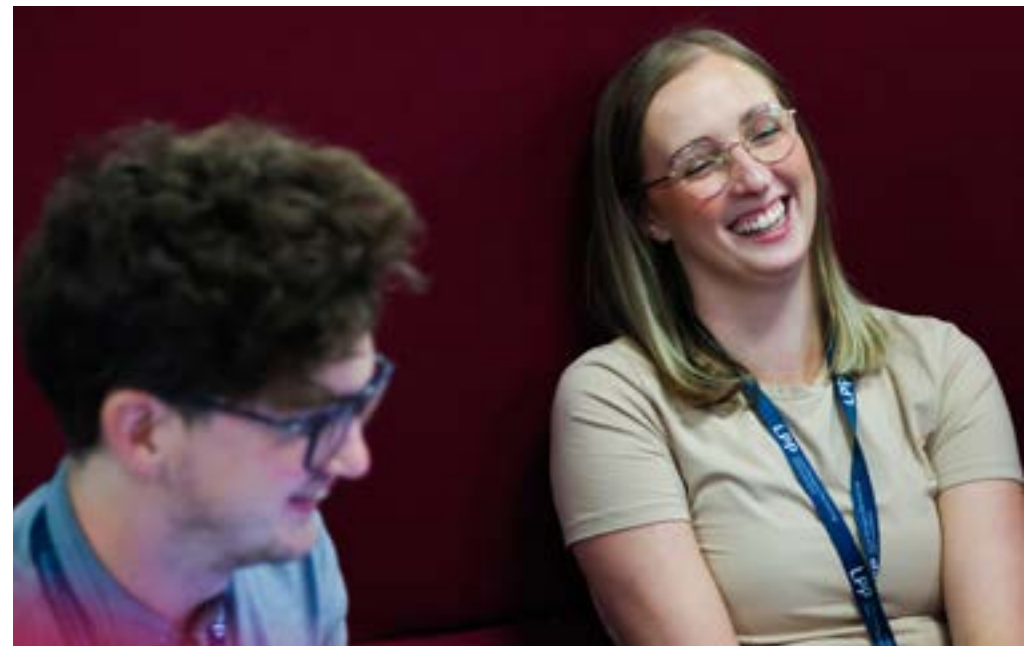
All regulatory and statutory deadlines due in the reporting period were met including:

- Production and distribution of Annual Benefit Statements (ABS) for active and deferred members for the 31 August deadline.

Outlook

Activity levels are, and are expected to remain high, due to:

- Embedding of monthly returns for all employers and managing the associated spikes in work driven by the late and concentrated submission of monthly return files from some employers.
- Efficiency and Service Improvement Programme (ESIP) of work.
- Activity to continue to improve the member experience in key areas.
- Significant regulatory change including implementation of McCloud remedy and the Pensions Dashboard.
- Preparation for LG valuation data submission in 2025.



LPPA PROJECTS - UPDATE

McCloud Remedy

Following the McCloud judgment, changes to all public service pension schemes that provided transitional protections to older members, including the LGPS came into force on 1 October 2023. The changes were designed to rectify unlawful discrimination against younger scheme members. In the LGPS, the impact is an extension of the underpin to all eligible members. The national timeline for revisiting all member cases is Oct 23 – Aug 25.

A dedicated project manager and team remains in place overseeing and delivering all the key areas of the project including:

- Data capture and data cleanse from employers to ensure that hour changes and service breaks have all been recorded correctly.
- System design and development is thoroughly tested prior to release into the live environment.
- Appropriate communication plans are in place and delivered.
- Contact Centre and Operational colleague training and business readiness.

Current position

- Eligibility flags are in place to identify all members in scope for remedy.
- We are now calculating benefits and applying the underpin for active members retiring (for those members with a McCloud eligible flag, and whose data has been verified as being present and correct).
- Of those cases where the underpin applies, early results show that the underpin is driving a small increase in benefits (c.£300pa on average) in a small number of cases (c.4% of cases) and those cases are where the member had a significant salary increase in the remedy period and/or retired early.

Efficiency and Service Improvement Programme

LPPA mobilised an Efficiency and Service Improvement Programme (ESIP) shortly after the move to the new administration system (UPM). ESIP is designed to leverage the investment in UPM, delivering automation and improved self-service capability. ESIP currently has 9 projects in flight. ESIP's automation of Deferred Retirement Quote was launched in July (this is the third process of automation and enables members to receive deferred retirement quotes instantly by email). Work is underway on similar functionality for active members. Other activity in flight includes work to improve the monthly returns process and the member and employer online portals.

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

Data project

LPPA is partnering with Civica and Intellica on a data project to improve data quality ahead of valuation and the introduction of the Pensions Dashboard. Work on the creation of test environments is complete. Data Validation Checks (DVCs) that we will check the integrity of member data against have been scoped and built. The results from the DVCs will be shared with Funds in Q3.

The project is working towards producing a series of dashboards to give us clear visibility of the integrity and accuracy of the data that we hold to comply with regulatory change and to enable us to launch more self-service and automation for members and employers.

Pensions Dashboard

The Pensions Dashboard will enable individuals to access their pensions information online, securely and all in one place. The connection date for public sector schemes to connect to the Pensions Dashboard is 31 October 2025. The dashboard project is in flight with a full-time project manager. Work is well underway on the project, including:

- Systems requirements (including the rules for partial matching of records and the treatment of AVCs); and
- The business readiness aspects of the project (e.g. readiness to deal with new inbound enquiries relating to dashboard).

Civica are LPPA's Integrated Service Provider (ISP) for dashboard connection.

Fund Membership

In this section...

- Total fund membership
- Current age demographic

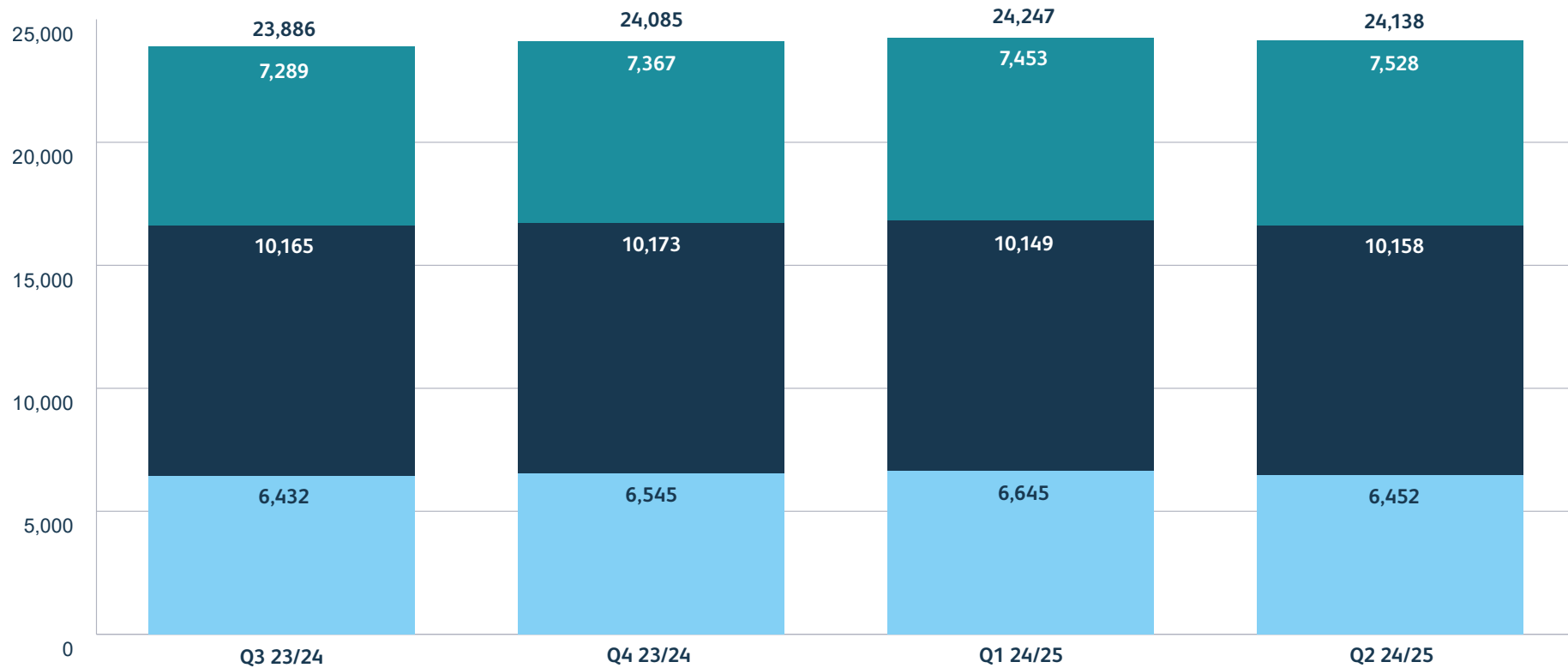
TOTAL FUND MEMBERSHIP



TOTAL FUND MEMBERSHIP

CLIENT SPECIFIC

Active Contributors Deferred Beneficiaries Pensioners & Dependants



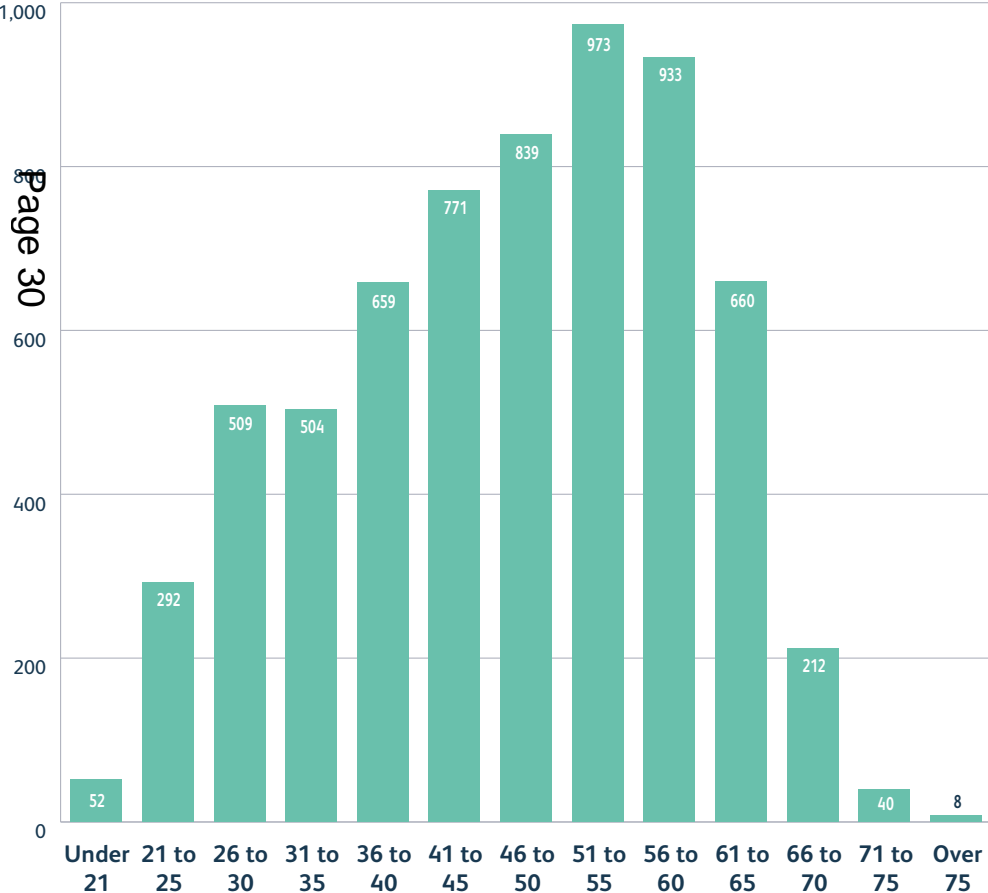
TOTAL FUND MEMBERSHIP



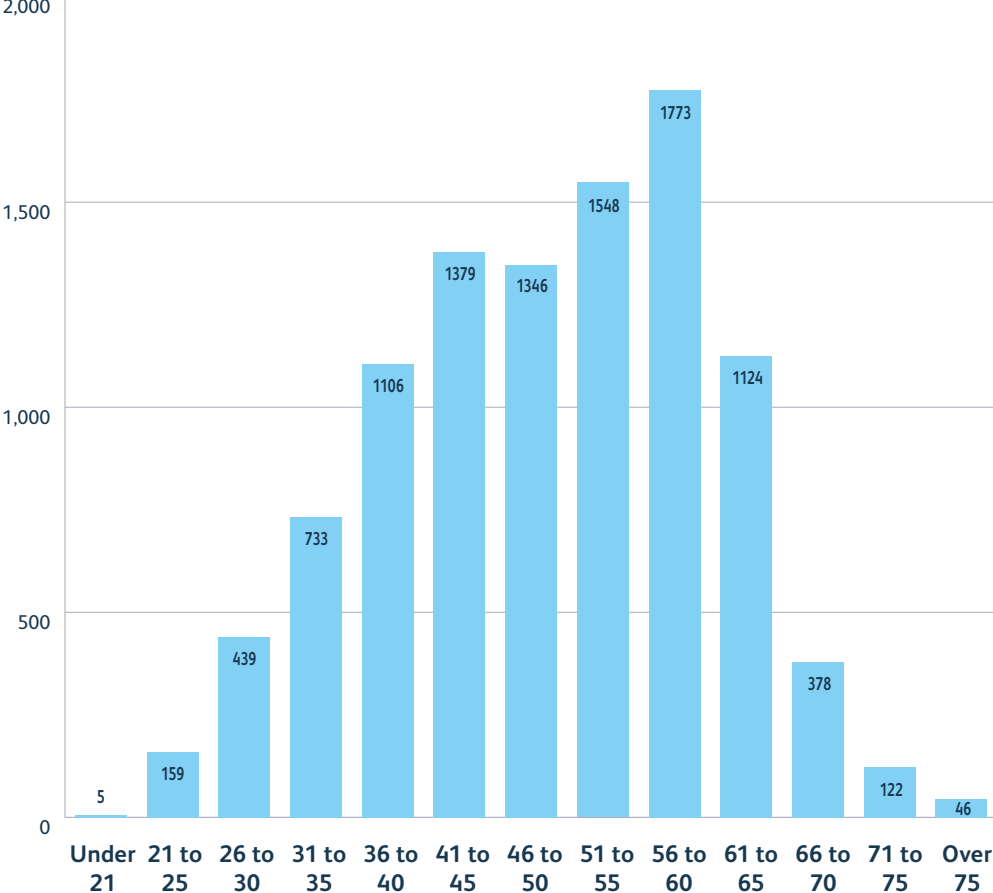
CURRENT AGE DEMOGRAPHIC

CLIENT SPECIFIC

Active



Deferred



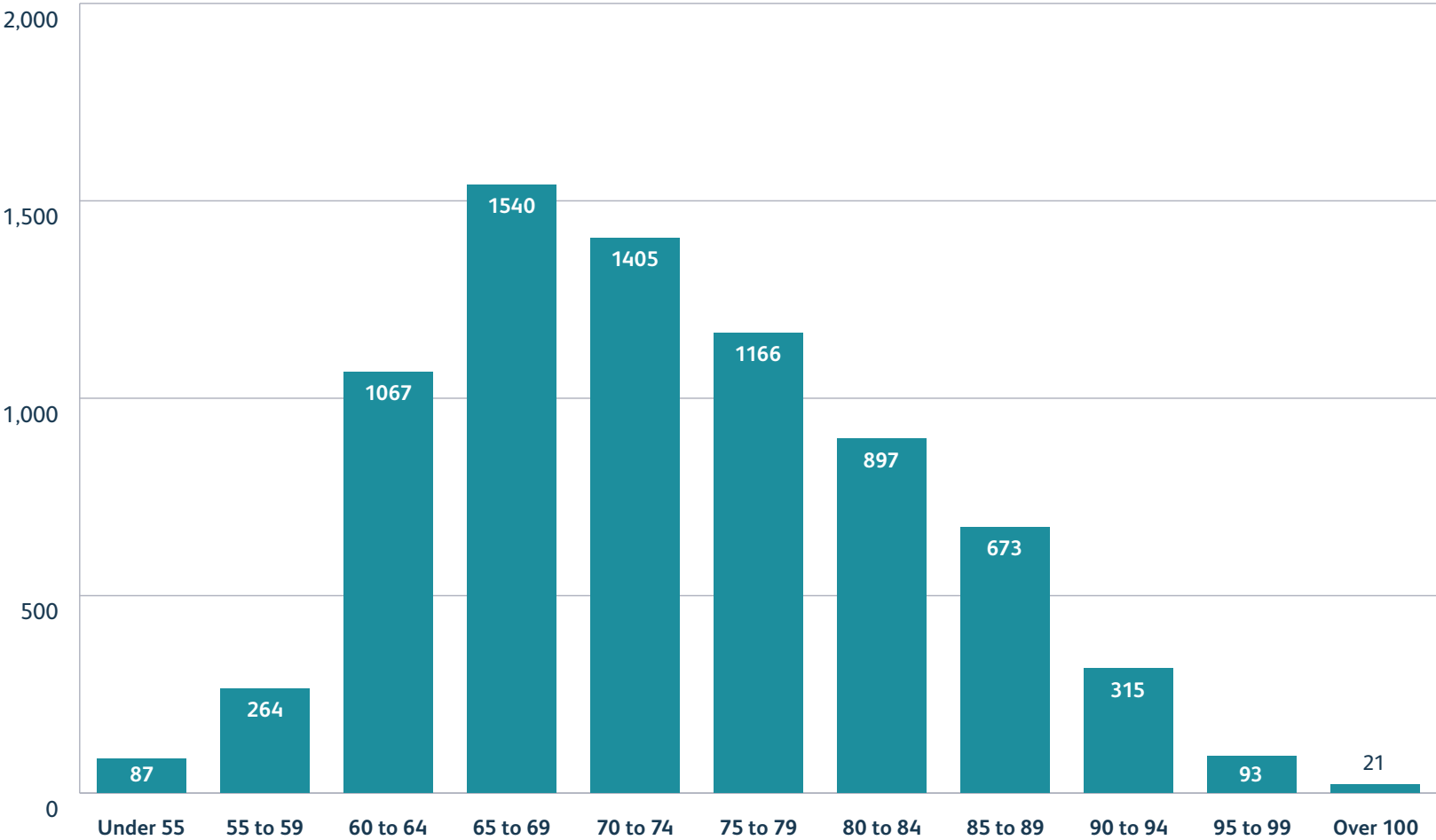
TOTAL FUND MEMBERSHIP



CURRENT AGE DEMOGRAPHIC

CLIENT SPECIFIC

Retired



Casework Performance

In this section...

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

CASEWORK PERFORMANCE



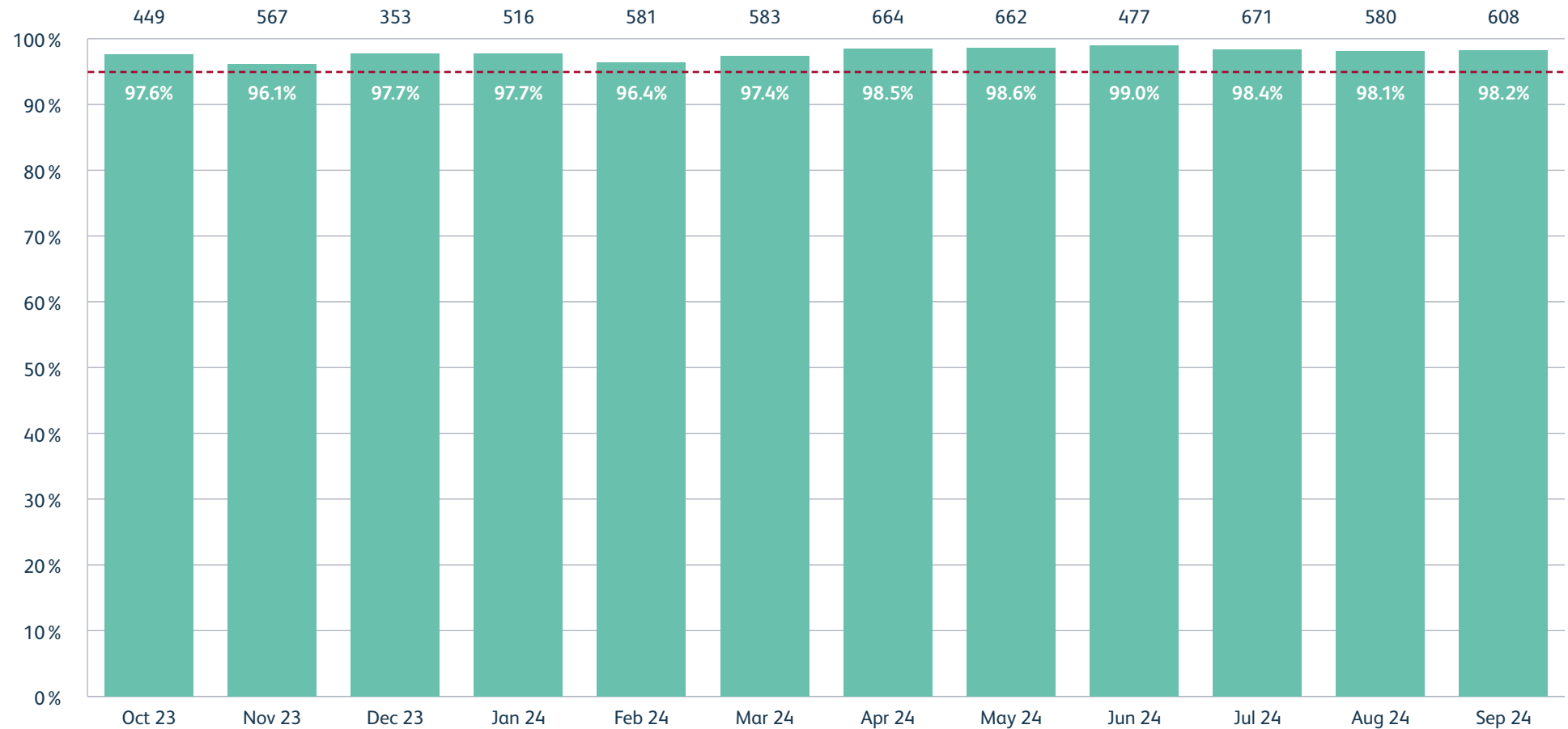
PERFORMANCE – ALL CASES

CLIENT SPECIFIC

----- Target

The quarterly SLA performance was **98.2%**

Total completed cases included for each month.



CASEWORK PERFORMANCE

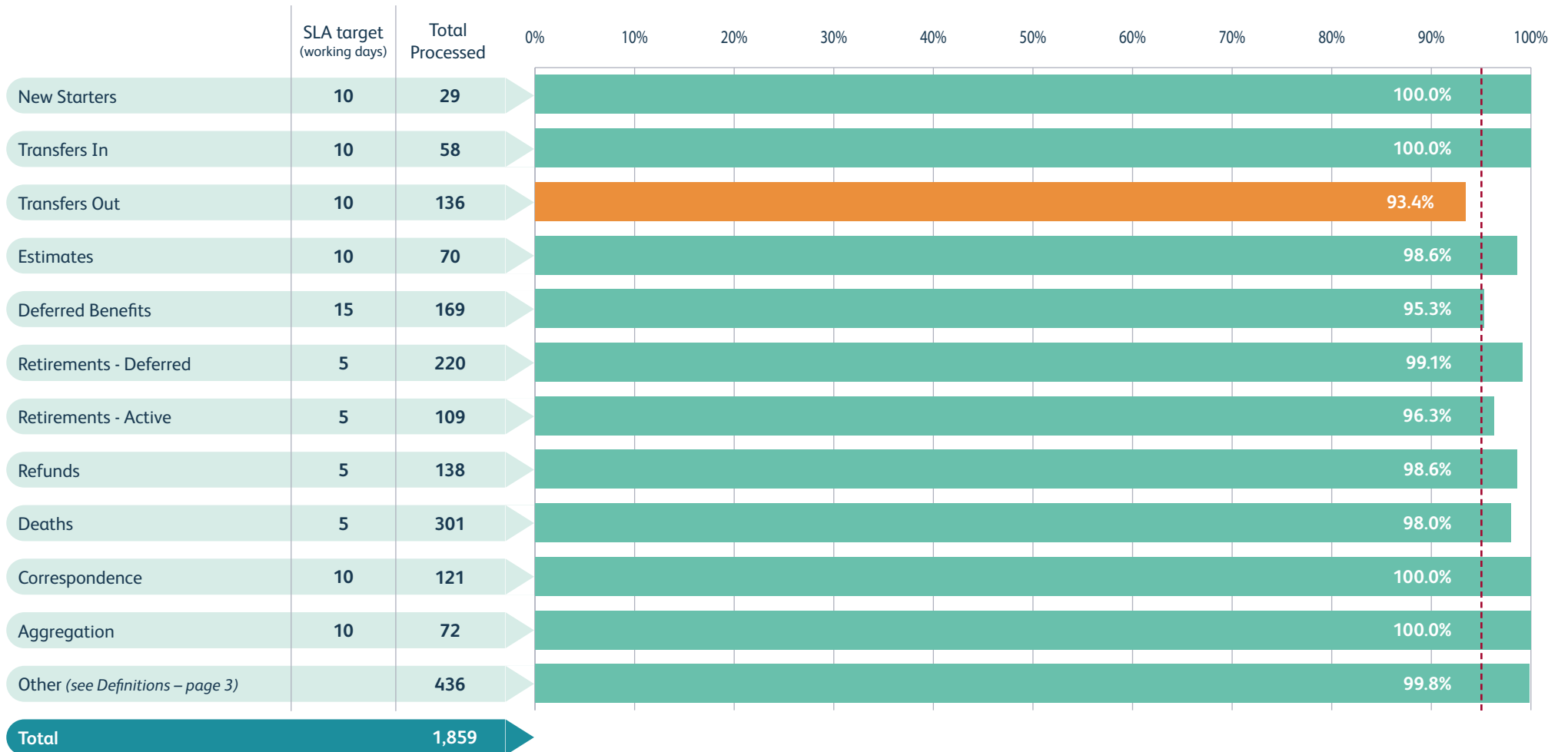


PERFORMANCE STANDARD

CLIENT SPECIFIC

----- Target (95 %)

Page 34



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.

	Brought Forward at 01/07/24	Received (Inbound)	Completed (Outbound)	Outstanding as of 30/09/24
New Starters	1	36	31	6
Transfers In	173	92	95	170
Transfers Out	235	176	172	239
Estimates	15	82	79	18
Deferred Benefits	298	273	287	284
Retirements - Deferred	257	240	344	153
Retirements - Active	89	120	114	95
Refunds	93	183	186	90
Deaths	495	354	335	514
Correspondence	119	189	199	109
Aggregation	115	106	118	103
Other	51	466	455	62
Total	1,941	2,317	2,415	1,843

Active to Retirement Processes - Cases Processed Within 30 Days

In this section...

- Employer retirement notifications - notified on-time vs. late
- On-time notification - cases processed
- Late notification - cases processed

ACTIVE TO RETIREMENT

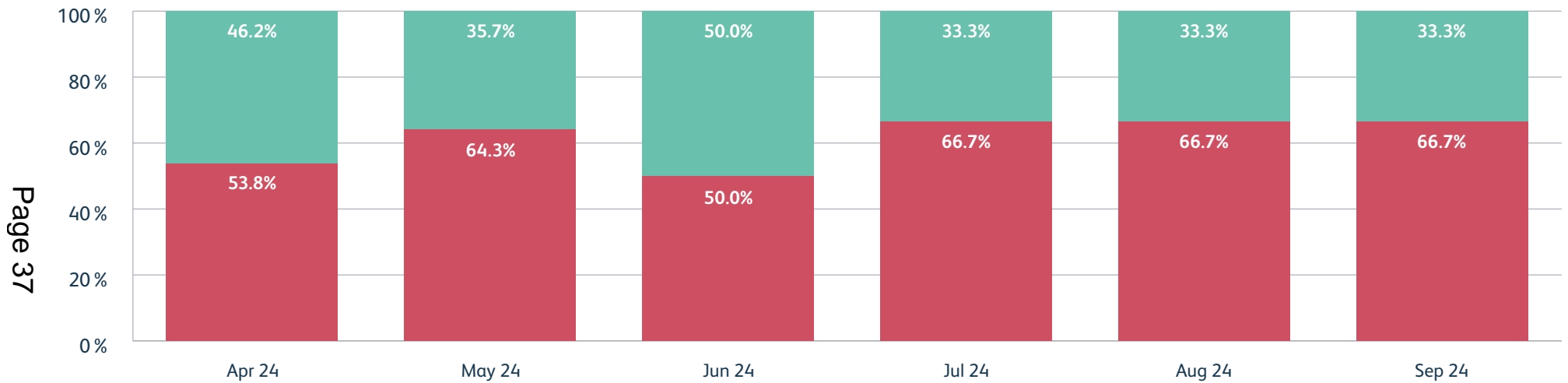
Please note:

LPPA require at least 30 days notice prior to an active member retirement date, to be able to pay a member their first payment within 30 days of their retirement date. The chart below shows the number / % of on-time notifications vs. the number / % of late notifications from employers in the month (late being received within 30 days or after the retirement date).



EMPLOYER RETIREMENT NOTIFICATIONS

CLIENT SPECIFIC



	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24
Retirement Notifications	13	14	6	6	9	12
Received Late (Number)	7	9	3	4	6	8
Received Late (%)	53.8 %	64.3 %	50.0 %	66.7 %	66.7 %	66.7 %
Received On-Time (Number)	6	5	3	2	3	4
Received On-Time (%)	46.2 %	35.7 %	50.0 %	33.3 %	33.3 %	33.3 %

Data based on retirement notifications received from employers in the month.

ACTIVE TO RETIREMENT

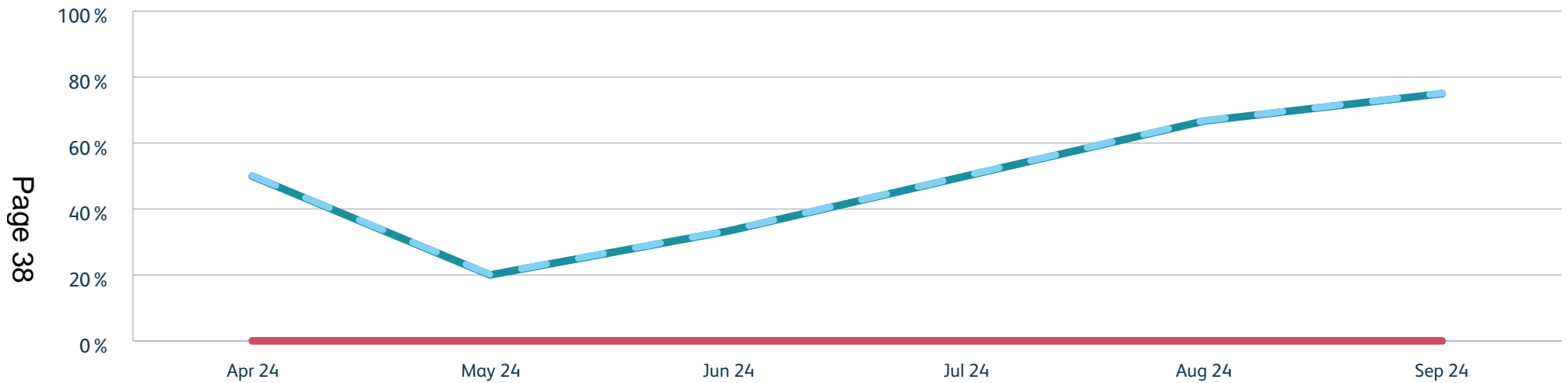
Please note:

% of cases processed within 30 days of retirement date – where LPPA receives the leaver notification from the employer with at least 30 days notice.



ON-TIME NOTIFICATION - CASES PROCESSED

CLIENT SPECIFIC



	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24
No. of cases where member has an AVC	0	0	0	0	0	0
No. of cases processed with no AVC	6	5	3	2	3	4
% of cases processed within 30 days – with AVC	N/A	N/A	N/A	N/A	N/A	N/A
% of cases processed within 30 days – no AVC	50.0 %	20.0 %	33.3 %	50.0 %	66.7 %	75.0 %
% of cases processed within 30 days – combined	50.0 %	20.0 %	33.3 %	50.0 %	66.7 %	75.0 %

Data based on processes completed in the month.

ACTIVE TO RETIREMENT

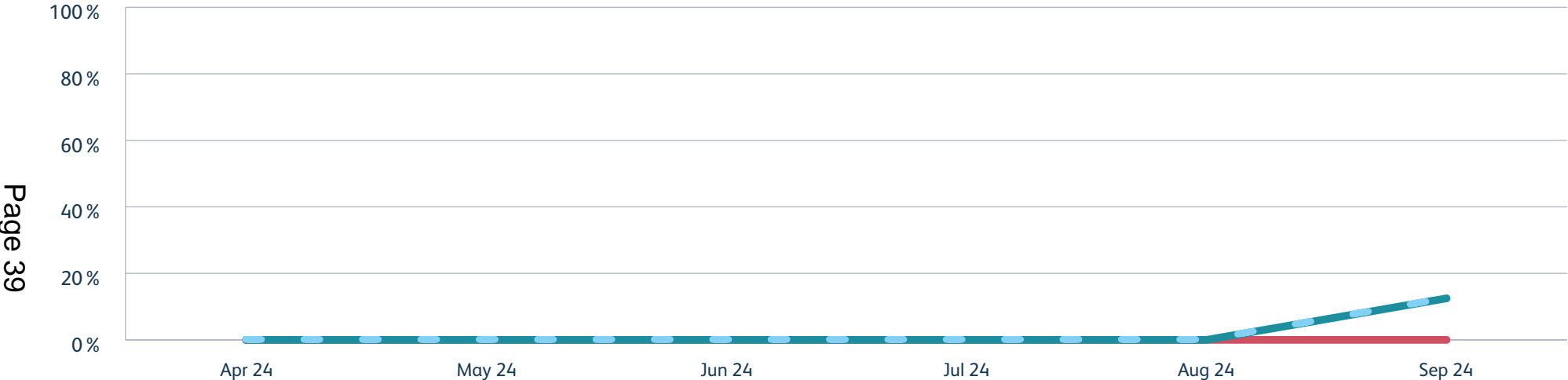
Please note:

% of cases processed within 30 days of retirement date – where LPPA receives the leaver notification from the employer with less than 30 days notice, or after the actual retirement date.



LATE NOTIFICATION - CASES PROCESSED

CLIENT SPECIFIC



	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24
No. of cases where member has an AVC	0	0	0	0	0	0
No. of cases processed with no AVC	7	9	3	4	6	8
% of cases processed within 30 days – with AVC	N/A	N/A	N/A	N/A	N/A	N/A
% of cases processed within 30 days – no AVC	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	12.5 %
% of cases processed within 30 days – combined	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	12.5 %

Data based on processes completed in the month.

Contact Centre Calls Performance

The Contact Centre deals with all online enquiries and calls from members for all funds that LPPA provides administration services for.

In this section...

- Wait time range
- Calls answered

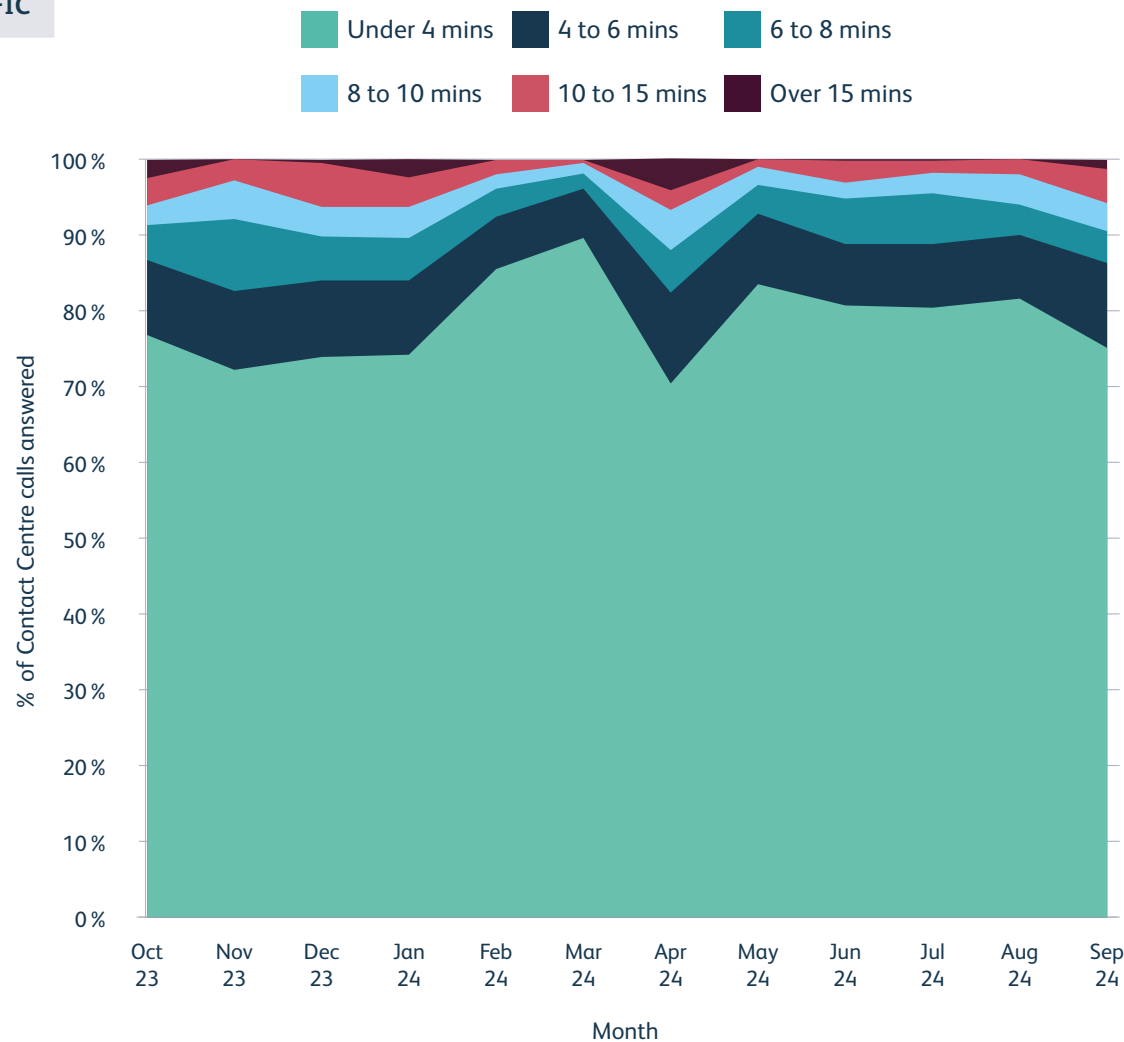
CONTACT CENTRE CALLS PERFORMANCE



WAIT TIME RANGE

CLIENT SPECIFIC

	Under 4 mins	4 to 6 mins	6 to 8 mins	8 to 10 mins	10 to 15 mins	Over 15 mins
Oct 23	76.8%	9.9%	4.6%	2.6%	3.6%	2.4%
Nov 23	72.2%	10.4%	9.5%	5.1%	2.8%	0.0%
Dec 23	73.9%	10.1%	5.8%	3.9%	5.8%	0.4%
Jan 24	74.2%	9.8%	5.6%	4.1%	3.9%	2.4%
Feb 24	85.5%	6.9%	3.7%	1.9%	1.9%	0.0%
Mar 24	89.6%	6.5%	2.0%	1.4%	0.4%	0.0%
Apr 24	70.4%	12.0%	5.6%	5.3%	2.6%	4.2%
May 24	83.5%	9.3%	3.8%	2.4%	1.0%	0.0%
Jun 24	80.7%	8.1%	6.0%	2.1%	2.9%	0.2%
Jul 24	80.4%	8.4%	6.7%	2.7%	1.6%	0.2%
Aug 24	81.6%	8.4%	4.0%	4.0%	2.0%	0.0%
Sep 24	75.1%	11.2%	4.2%	3.7%	4.5%	1.2%



CONTACT CENTRE CALLS PERFORMANCE



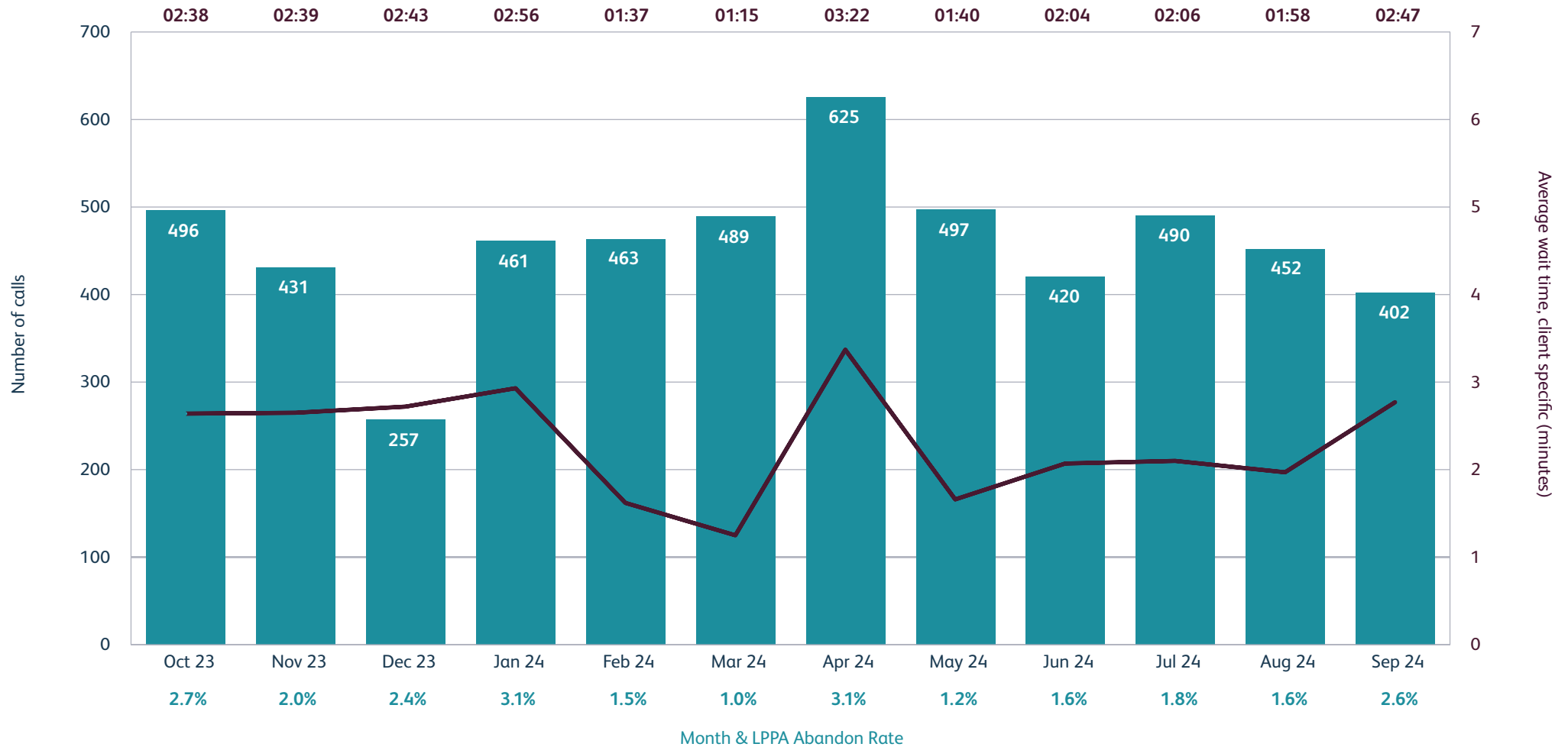
CALLS ANSWERED

CLIENT SPECIFIC

— Average wait time (mm:ss)

Quarterly average wait time was 2 minutes 16 seconds

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Average wait time, client specific (minutes)

Customer Satisfaction Scores

In this section...

- Contact Centre calls satisfaction
- Contact Centre calls satisfaction - Agent
- Retirements - Active
- Retirements - Deferred

CUSTOMER SATISFACTION SCORES

Please note:

The graph measures monthly member satisfaction with LPPA ("How satisfied are you with the overall service you have received from LPPA?").

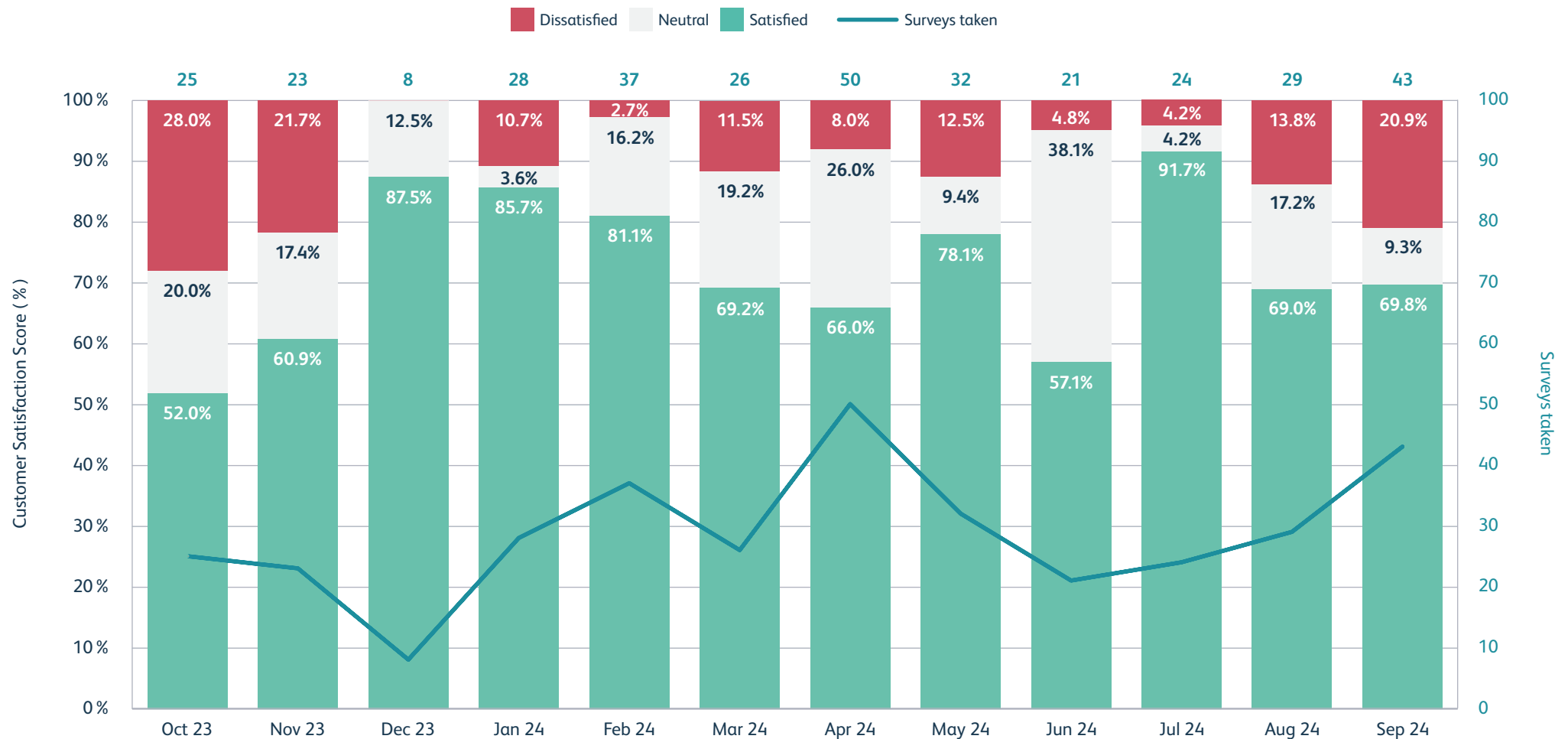


CONTACT CENTRE CALLS SATISFACTION - OVERALL

CLIENT SPECIFIC

Overall member satisfaction for the quarter was **75.0%**

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CUSTOMER SATISFACTION SCORES

Please note:

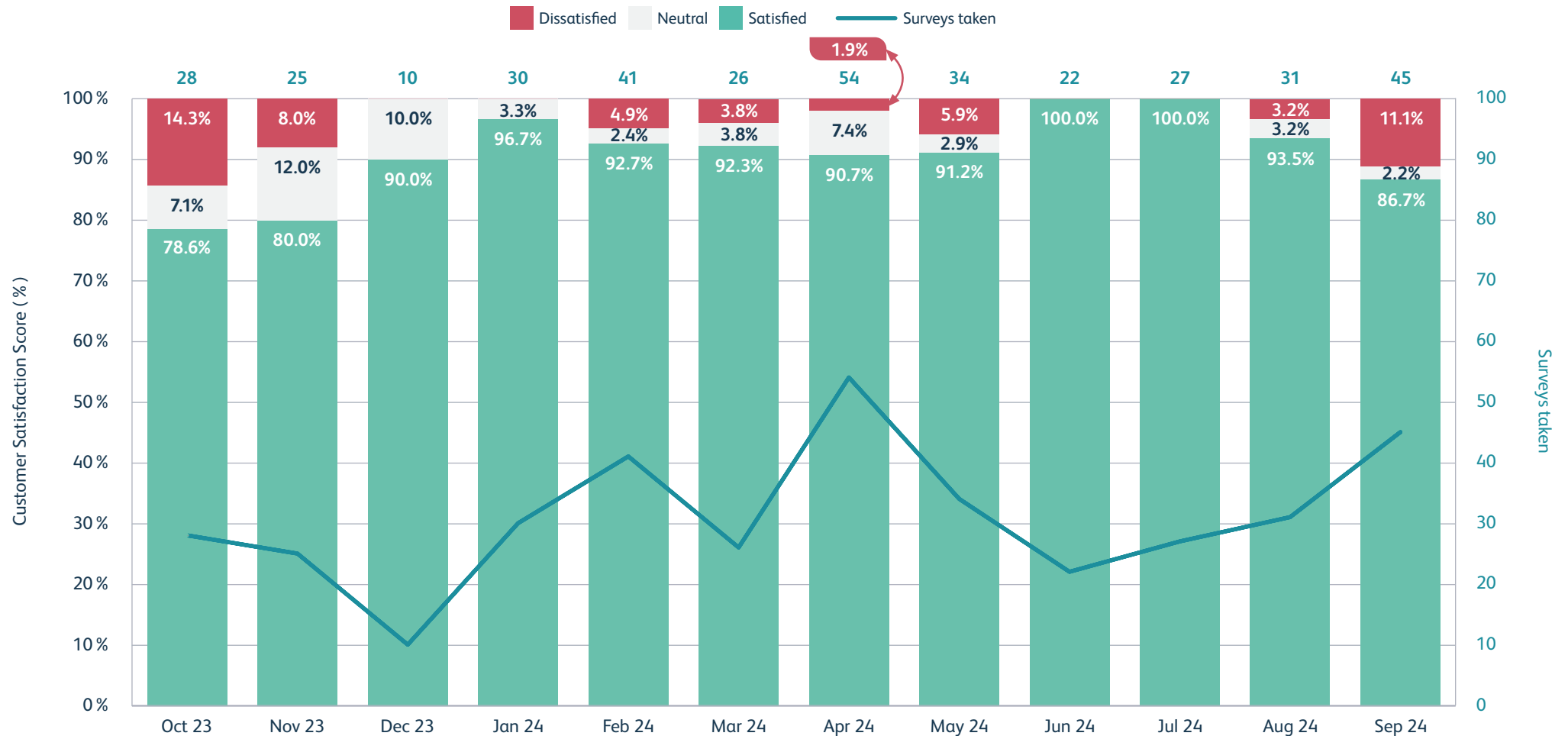
The graph measures monthly member satisfaction with the Contact Centre adviser ("In connection with the adviser you have just spoken to, how satisfied are you with the service they provided?").



CONTACT CENTRE CALLS SATISFACTION - AGENT

CLIENT SPECIFIC

Agent specific member satisfaction for the quarter was **92.2%**

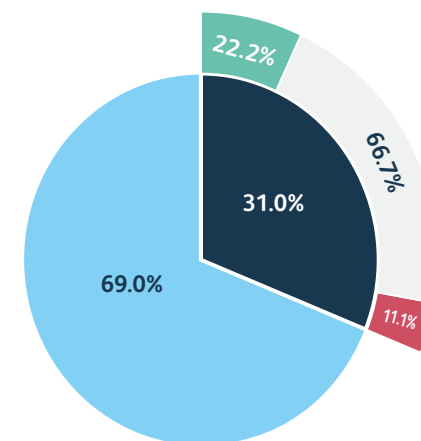
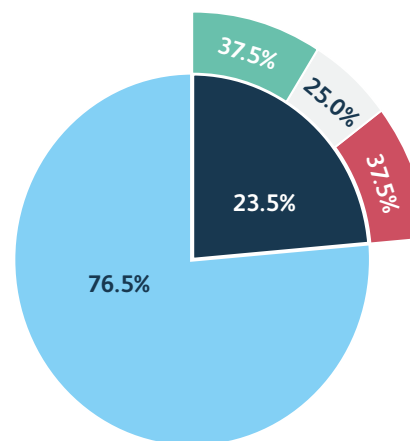
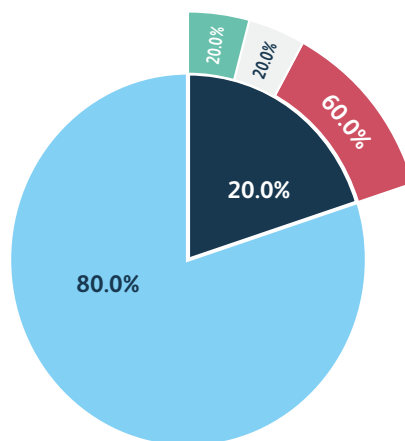
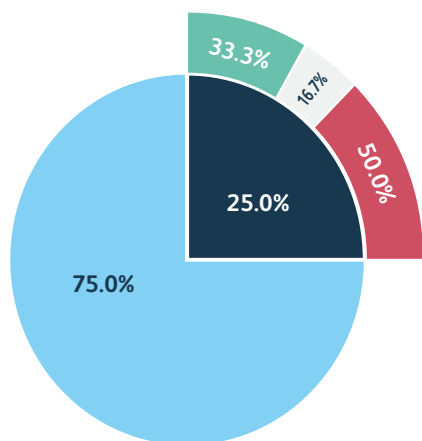


CUSTOMER SATISFACTION SCORES



RETIREMENTS - ACTIVE

CLIENT SPECIFIC



Retirements processed, completed	33	
Surveys issued and as a % of retirements	24	72.7%
Satisfied responses (as a % of surveys issued)	2	8.3%
Dissatisfied response (as a % of surveys issued)	3	12.5%
Non responses and as a % of surveys issued	18	75.0%
Responses and as a % of surveys issued	6	25.0%
Satisfied responses and as a % of responses	2	33.3%
Neutral responses and as a % of responses	1	16.7%
Dissatisfied responses and as a % of responses	3	50.0%

Q3 23/24	
Retirements processed, completed	33
Surveys issued and as a % of retirements	24
Satisfied responses (as a % of surveys issued)	2
Dissatisfied response (as a % of surveys issued)	3
Non responses and as a % of surveys issued	18
Responses and as a % of surveys issued	6
Satisfied responses and as a % of responses	2
Neutral responses and as a % of responses	1
Dissatisfied responses and as a % of responses	3

Q4 23/24	
Retirements processed, completed	33
Surveys issued and as a % of retirements	25
Satisfied responses (as a % of surveys issued)	1
Dissatisfied response (as a % of surveys issued)	3
Non responses and as a % of surveys issued	20
Responses and as a % of surveys issued	5
Satisfied responses and as a % of responses	1
Neutral responses and as a % of responses	1
Dissatisfied responses and as a % of responses	3

Q1 24/25	
Retirements processed, completed	45
Surveys issued and as a % of retirements	34
Satisfied responses (as a % of surveys issued)	3
Dissatisfied response (as a % of surveys issued)	3
Non responses and as a % of surveys issued	26
Responses and as a % of surveys issued	8
Satisfied responses and as a % of responses	3
Neutral responses and as a % of responses	2
Dissatisfied responses and as a % of responses	3

Q2 24/25	
Retirements processed, completed	31
Surveys issued and as a % of retirements	29
Satisfied responses (as a % of surveys issued)	2
Dissatisfied response (as a % of surveys issued)	1
Non responses and as a % of surveys issued	20
Responses and as a % of surveys issued	9
Satisfied responses and as a % of responses	2
Neutral responses and as a % of responses	6
Dissatisfied responses and as a % of responses	1

Please note:

Graphs show a breakdown of quarterly retirement surveys:

- Retirements processed / completed (members can have multiple process counts).
- Surveys issued (does not equal retirement processes as not all members provide an email address; members with multiple retirement processes only receive one survey email; ill health retirements do not receive a survey email; there is a planned delay in issuing surveys to allow for initial payments to be paid). We extended this period in Q4, which explains the drop in the number of email surveys issued.
- The satisfaction scores highlighted in green and red compare the satisfied / dissatisfied responses received, as a % of total responses (the true measure of member satisfaction).*

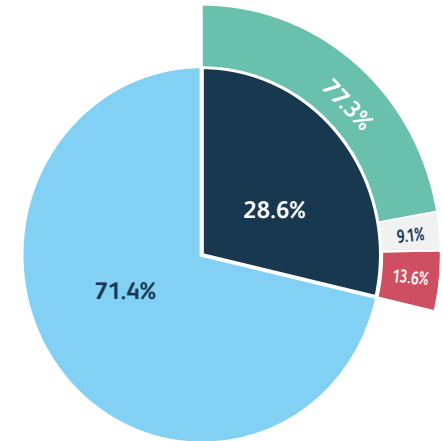
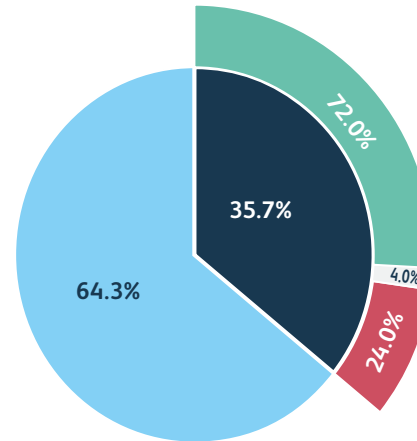
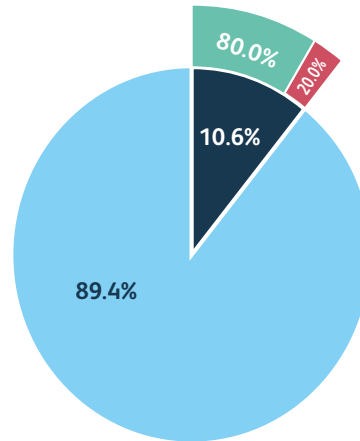
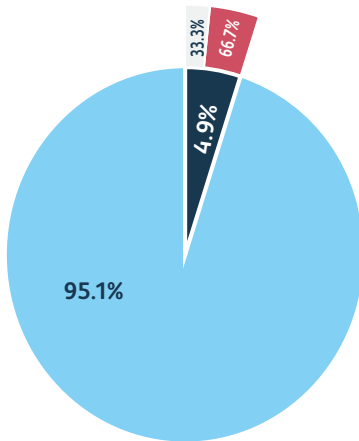
CUSTOMER SATISFACTION SCORES



RETIREMENTS - DEFERRED

CLIENT SPECIFIC

Satisfied
 Neutral
 Dissatisfied
 Responses
 Non responses



Retirements processed, completed
Surveys issued and as a % of retirements
Satisfied Responses (as a % of surveys issued)
Dissatisfied Response (as a % of surveys issued)
Non responses and as a % of surveys issued
Responses and as a % of surveys issued
Satisfied responses and as a % of responses
Neutral responses and as a % of responses
Dissatisfied Responses and as a % of responses

Q3 23/24	
102	
61	59.8%
0	0.0%
2	3.3%
58	95.1%
3	4.9%
0	0.0%
1	33.3%
2	66.7%

Q4 23/24	
99	
47	47.5%
4	8.5%
1	2.1%
42	89.4%
5	10.6%
4	80.0%
0	0.0%
1	20.0%

Q1 24/25	
112	
70	62.5%
18	25.7%
6	8.6%
45	64.3%
25	35.7%
18	72.0%
1	4.0%
6	24.0%

Q2 24/25	
91	
77	84.6%
17	22.1%
3	3.9%
55	71.4%
22	28.6%
17	77.3%
2	9.1%
3	13.6%



Member Online Portal

In this section...

- Total members registered

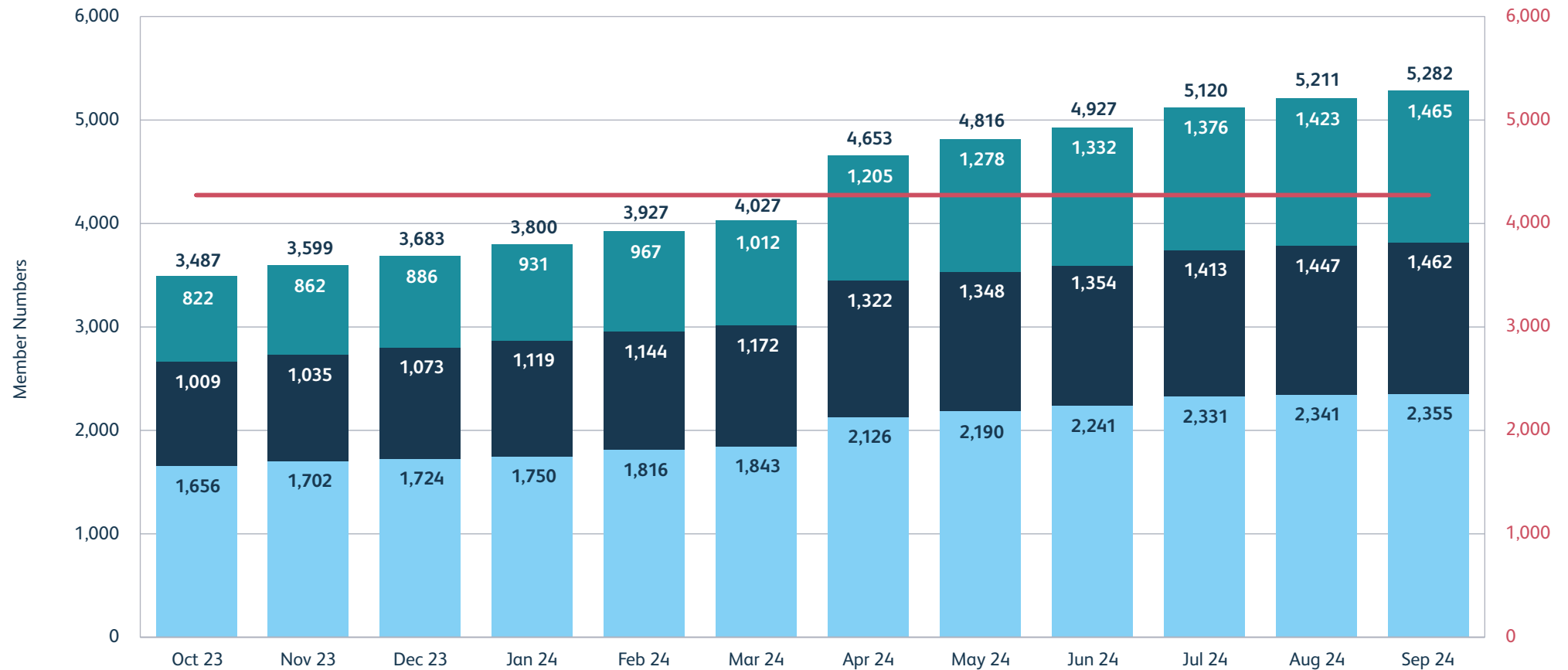


TOTAL MEMBERS REGISTERED

CLIENT SPECIFIC

Active Deferred Pensioner

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



Employer Engagement & Member Communication Activity

In this section...

- Delivered
- Scheduled
- Engagement communications (employers & members)

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED

ALL LPPA

- Member training sessions were delivered, including Making Sense of Your (LGPS) Pension, and Making Sense of Your Retirement.
- Employer training sessions were successfully delivered including:
 - Monthly Returns (successfully submitting files and resolving data queries)
 - LGPS Scheme Essentials (including support with calculating final pay, CARE pay and assumed pensionable pay)
 - Scheme Leavers (support with submitting leaver details using the employer portal)
 - Employer Responsibilities (support with ongoing pension administration responsibilities)
 - Absence and Ill Health (support with managing different types of absence in the LGPS)
- The 2024 Active and Deferred online newsletter was issued to members which communicated how they can access their 2024 ABS.
- An employer email was issued to confirm how to update LPPA on role changes in the Monthly Return file.
- McCloud Remedy web pages were updated on the LPPA website to reflect national guidance.
- Pension Pulse, the LPPA employer newsletter, was issued in July and September, with the latter including features on:
 1. The LPPA Employer Forum
 2. Flexible Retirement
 3. Monthly Returns
 4. Employer Toolkit
 5. The Pensions Dashboard.

- The LPPA member letters project was ongoing, with key letters reviewed / updated (retirements, bereavements, early leavers and complaints). Retirement letters were reviewed by the Plain English Campaign and awarded their 'Crystal Mark' (seal of approval for the clarity of a document).
- LPPA were shortlisted in the LAPF Investment Awards (2024), as a finalist in the Pensions Administration Award, which celebrates achievements within the administration sector of the Local Government Pension Scheme.
- The LPPA online employer toolkit was updated to provide ABS communications for employers to use for internal communications.
- Annual Allowance and Pension Saving Statement communications were issued to eligible members.
- A redundancy page was added to the LPPA website, with links from the redundancy calculator on PensionPoint.



SCHEDULED

ALL LPPA

- The letter review project is ongoing, with bereavement, aggregation and early leavers letters scheduled to be reviewed.
- Employer Portal enhancements are planned for testing and implementation, including the bulk management of worktray queries, and improvements to the user-experience.
- Further improvements will be made to the LPPA pensions website.

Data Quality

In this section...

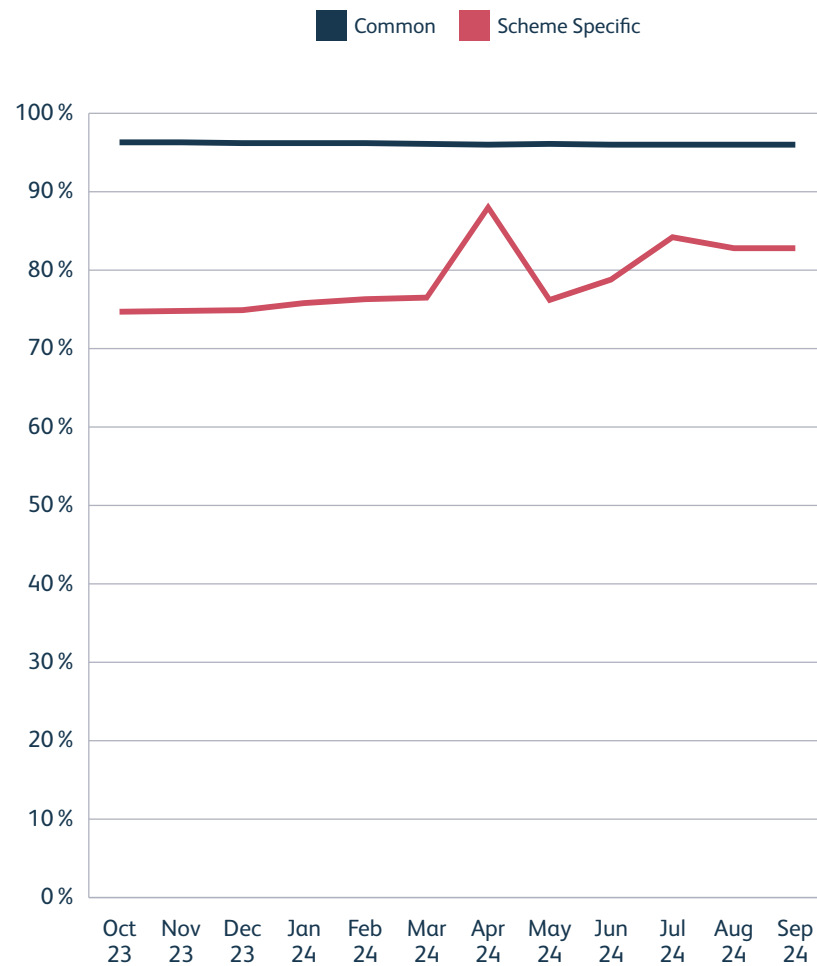
- TPR data scores
- Common data
- Scheme specific data

DATA QUALITY



TPR DATA SCORES

CLIENT SPECIFIC



	Common (Target 95%)	Scheme Specific (Target 90%)
Oct 23	96.3%	74.7%
Nov 23	96.3%	74.8%
Dec 23	96.2%	74.9%
Jan 24	96.2%	75.8%
Feb 24	96.2%	76.3%
Mar 24	96.1%	76.5%
Apr 24	96.0%	88.0%
May 24	96.1%	76.2%
Jun 24	96.0%	78.8%
Jul 24	96.0%	84.2%
Aug 24	96.0%	82.8%
Sep 24	96.0%	82.8%

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	2	27	16
Gender is not male or female	24	1	0
Duplicate entries in status history	19	52	30
Missing (or known false) date of birth	0	0	0
Date joined scheme is greater than first status entry	8	1	4
Missing surname	0	0	0
Incorrect gender for member's title	0	0	0
Invalid date of birth	8	0	0
No entry in the status history	1	0	0
Last entry in status history does not match current status	36	11	6
Member has no address	73	520	35
Missing forename(s)	0	6	1
Missing state retirement date	24	1	0
Missing postcode	73	560	55
Missing date joined pensionable service	0	0	0
Total fails	270	1,258	177
Individual fails	150	689	118
Total members	6,452	10,158	7,528
Accuracy rate	97.7%	93.2%	98.4%
Total accuracy rate	96.0%		



SCHEME SPECIFIC DATA

CLIENT SPECIFIC

Data Item	Fails
Divorce records	0
Transfer in	103
AVCs/additional contributions	19
Deferred benefits	8
Tranches (DB)	675
Gross pension (pensioners)	48
Tranches (pensioners)	644
Gross pension (dependants)	79
Tranches (dependants)	81
Date of leaving	235
Date joined scheme	241
Employer details	3
Salary	635
Crystallisation	152
CARE data	237
CARE revaluation	1
Annual allowance	831
LTA factors	163
Date contracted out	5
Pre-88 GMP	688
Post-88 GMP	575
Total fails	5,423
Individual fails	4,141
Total members	24,138
Accuracy rate	82.8%

LPP


Local Pensions Partnership
Administration

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APPENDIX 2 - TIMELINE OF PAYROLL ONBOARDING

Month	Activity
February 24	LPPA to understand Brent's existing payroll arrangements incl overseas member's position
April 24	LPPA and Brent to agree overall proposal
May 24	Brent provide to provide LPPA with 1st Brent Data cut
June 24	LPPA to identify & address 1st data cut actions with Brent
July 24	Design and system setup to commence
August 24	Data Extracts to provided
	Create communication plan and agree service design
September 24	LPPA & Brent to prepare for 1st parallel payroll run
October 24	LPPA & Brent to fix any 1st parallel run actions
	LPPA & Brent to prepare for 2nd payroll run
November 24	LPPA & Brent to fix any 2nd parallel run actions
	LPPA & Brent to prepare for 3rd payroll run
January 25	First full payroll run completed by LPPA
February 25	LPPA & Brent post go live review & identification of any follow up action requirements
	LPPA & Brent complete any post go live actions

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 Brent	<p style="text-align: center;">Pension Board 07 November 2024</p>
	<p style="text-align: center;">Report from the Corporate Director, Finance and Resources</p>
<p>Brent Risk Register</p>	
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:	Two 1) Appendix 1 – Risk Register 2) Appendix 2 – Risk Strategy
Background Papers:	
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	<p>Minesh Patel, Corporate Director, Finance and Resources (minesh.patel@brent.gov.uk)</p> <p>Amanda Healy, Deputy Director of Finance (amanda.healy@brent.gov.uk)</p> <p>Sawan Shah, Head of Finance (sawan.shah@brent.gov.uk)</p> <p>John Smith, Pensions Manager (john.smith@brent.gov.uk)</p>

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 risk strategy was revised this earlier this year and is attached to this report in Appendix 2.

- 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 attached in Appendix 1:

Item 1.1 Business Continuity - comment updated
Item 3.1 Scheme Data – control expanded
Item 3.2 Record Keeping – comment updated to reflect recent data cleanse activity
Item 3.5 Pensions Payroll Migration – comment updated to reflect recent activity
Item 3.6 Re-enrolment – comment updated to reflect the Re-enrolment exercise currently taking place
Item 4.2 Annual Benefit Statements – risk of likelihood lowered by 1 and comment updated following the 2024 ABS exercise
Item 4.4 Monthly contribution returns – comment updated
Item 5.4 Governance – controls updated
Item 5.5 Discretions – risk outline and comment updated
Item 6.5 Annual Audit - comment updated to reflect progress on the audit of the financial statements

- 3.2.5 There have been other changes made to the Risk Register to keep the document up to date. These changes are highlighted in blue.

- 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 Equality, 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

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The London Borough of Brent Pension Fund Risk Register 2024									
Index	A	B	C	D	E	F	G	H	I
1	Risk Area Business Continuity	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Date of Review	Comment
1.1	Business Continuity	LPP Financial Standing	1	5	5	LPP Service Contract	Brent	Oct-24	Brent Council discuss LPP budget at regular contract monitoring meetings.
1.2	Operational Disaster Recovery Plans Brent	Loss of or unable to access admin systems for: a) Pensions b) Payroll c) Pensioner payroll	1	4	4	Brent Council Business Continuity Procedures	Brent	Aug-24	Brent Council disaster recovery plan in place
1.21		Pension Systems I.T.	1	4	4	Database of all: a) Advisors b) Suppliers c) Contracts	Brent	Aug-24	Held as hard copy by Brent Council's Legal Department
1.3	Operational Disaster Recovery Plans LPP	Loss of or unable to access LPP admin systems for pensions	1	4	4	LPP Shared Service Agreement.	LPP	Aug-24	From 1 October 2018 LPP disaster recovery plan in place as part of their Shared Service Agreement with Brent Council
1.31		LPP Pensions Admin System (UPM) used by Brent Council Employers, Maintained Schools and Academies	1	4	4	LPP Shared Service Agreement	LPP	Aug-24	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 Data Security	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Date of Review	Comment
2.1	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 Not backing up data regularly using secure backup systems	2	5	10	Brent Council and LPPA Data Back Up Procedures	Brent	Aug-24	Procedures on data security in place, systems kept up to date with latest security updates. Data is backed up on an incremental basis daily, Brent STS have invested in an enhanced backup solution.
2.11		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 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	2	4	8	Brent Council Data Security Procedures Mandatory clear desk policy and documents secured Annual data security refresher training Laptops password protected and encrypted	Brent	Aug-24	Possibility of: a) Sensitive data being seen by unauthorised persons b) Data theft or large losses of sensitive data c) GDPR breached d) Brent Council's reputation put at risk e) Breach of Council's policies and dismissal from service
2.2	General Data Protection Regulations	General Data Protection Regulations (GDPR) came into effect 25 May 2018, failure to comply with GDPR will lead to: a) Complaints b) Data breaches c) Possible fines d) Loss of reputation	1	5	5	Brent GDPR Policies Annual data security refresher training	Brent	Aug-24	Brent has GDPR policies in place and publishes GDPR privacy notices: a) Online b) Viva Engage (formerly Yammer) c) In news letters d) In communications to its members, employers, academy's, maintained schools
2.21		Sending sensitive data by email ensuring it will be sent to the right recipient and encrypted, or using a secure transmission system	2	4	8	Brent GDPR Policies	Brent	Aug-24	Sensitive data being sent to an unauthorised person or business leading to breach of GDPR
2.3	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	4	16	Brent Council Data Security Procedures (e.g. Implemented tools to monitor and detect abnormal activity, Security Logging and Endpoint Management, Enhanced awareness and training across specialist IT and all Brent users.) LPP Cyber Security Procedures	Brent	Aug-24	STS and Brent have cyber strategies in place and are in the process of updating those strategies considering the prevailing threats. The protection in place for the Council to prevent an intrusion is considered high however, recent attacks impacting councils and other public sector organisations have targeted backup systems and third party suppliers. 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.

3	Risk Area Pension Administration	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Date of Review	Comment
3.1	(Employer and 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 and the actuary using prudent assumptions.	3	4	12	LPP Data Check Regular data cleanses and projects (e.g. McCloud). Monthly contribution returns drive more accurate data. Employer Engagement Employers Forum PAS 2023	Brent/L PP	Oct-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. Employers to export data monthly to LPP system highlighting data problems by import validation, also reporting from the admin systems of missing files leads to early indication of employers having data problems. 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. A concerted programme of encouraging employers to complete monthly contribution returns has led to almost all employers complying and the few who failed to do so completing annual returns. 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.
3.2	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	1	3	3	TPR Data Scores, Data cleanse project Regular data cleanses and projects (e.g. McCloud) Monthly contribution returns drive more accurate data.	Brent	Oct-24	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. Monthly contribution returns promise better data going forward. A total of 307 cases with multiple records were corrected as part of the payroll Migration data cleanse exercise. The project is on track with collateral benefits for Brent's data quality.
3.3	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.	3	4	12	Structured Training Plan Key members of staff are mapping processes and maintaining folders of key documents, training notes and commentaries on the respective regulations. Regular cross-training between staff.	Brent	Aug-24	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. There are regular in-house training sessions and the experienced officers mentor their colleagues, maintain process maps and collate key documents and relevant extracts from the regulations in folders as part of the team's succession planning. External Support is available to mitigate this risk, both from external advisors and LPP who manage the fund's administration
3.4	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.	1	2	2	Brent Council Business Continuity Procedures LPP Business Continuity Procedures Hymans Robertson Business Continuity Plan (as Fund Actuary and Investment Advisors) Resilience and flexibility developed during the Covid-19 pandemic.	Brent	Aug-24	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.
3.5	Transfer of Brent's Pensions Payroll to the LPP	Risk in transferring of payroll data to LPP: a) Delays in timely completion of transfer leading to delays and pensions not being paid b) Inaccurate transfer of scheme data from one system to the other leading to incorrect tax codes and Pensions Increase awards c) Member's pensions being incorrect or delayed d) Increase in complaints e) Places an unwarranted and costly drain on Brent resources of providing support to its pensioners	2	5	10	Risk and Project Plan LPP data cleanse In-house team data cleanse Parallel runs on both payroll systems to eradicate errors	Brent/L PP	Oct-24	The Pensions Payroll is migrating from Oracle to the LPP. It is being delivered by a dedicated team of project managers and ringfenced project roles to ensure no impact to the pension administration function. There will be three parallel runs before the data is migrated. LPP are providing Brent officers with regular updates in weekly meetings. Updates are also being provided to the Pension Board. The in-house team are cleansing the Pension Payroll data in preparation for the move. In September 2024, the first parallel run was successfully completed and signed off. Preparations for data cut 2 and the second parallel run are underway in October 2024.

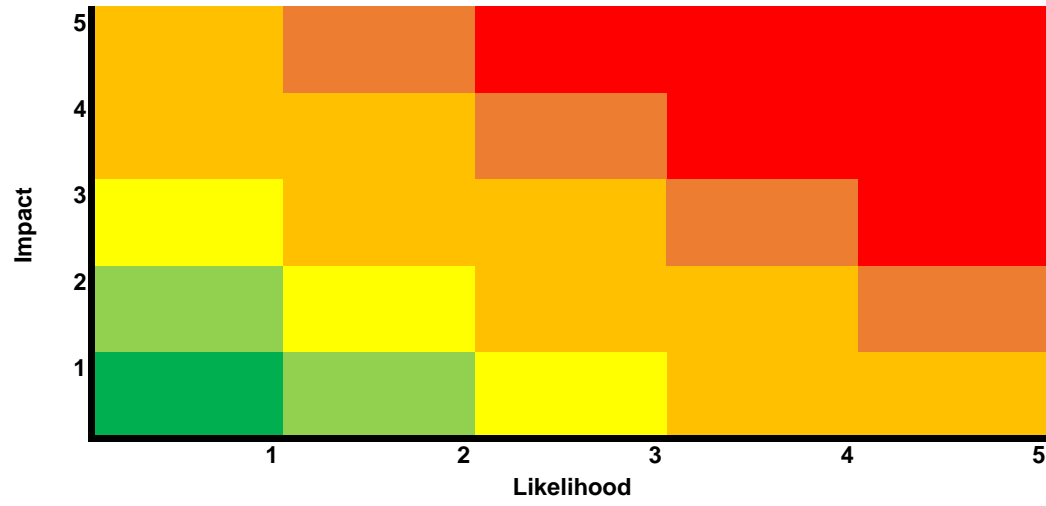
3.6	Auto Enrolment / Re-Enrolment	Failure to process auto enrolment / re-enrolment on time leads to: a) Member complaints b) Members unable to opt-out or in c) Delayed administration d) Possible action by the regulator to improve or be fined	3	2	6	Auto Enrolment Procedures Planning meetings to manage re-enrolment. Communications prepared in anticipation of re-enrolment.	Brent	Oct-24	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 e) Re-enrolment triennially Brent and the maintained schools are re-enrolling certain members, who have opted-out of the pension scheme or joined the 50-50 scheme, on 1 November 2024. There has been a series of communications within the Council and to schools to keep members up to date.
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4	Risk Area Plan Events	Risk Outline	Likelihood	Impact	Score	Control	Owner	Date of Review	Comment
4.1	Pension 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 g) Re-enrolment	2	4	8	Plan Calendar Prepare employers Plan communications	Brent	Aug-24	Plan Calendar to identify events: a) What work is required b) What recourses will be used c) Completion and sign off
4.11		Pension projects such as: a) Changes in legislation that needs to be actioned b) McCloud	2	4	8	Plan Calendar	Brent	Aug-24	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
4.2	Annual Benefits Statements 2023/24	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 c) Inaccurate ABS based on out-of date figures (e.g. last year's pay)	2	5	10	LLP Shared Service Agreement and PAS. Scheme employers are chased on a regular basis. Regular data cleanse and projects (e.g. McCloud) Monthly returns drive more accurate and up-to-date data.	Brent	Oct-24	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 monthly returns, albeit a small number submitted annual returns, 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. The 2024 ABS exercise showed incremental improvements with 97.1% of active members and 99.9% of deferred members having statements produced.
4.21		Annual Benefits Statement dependant on: a) Common Data b) Scheme Specific data c) Data being improved from the Record Keeping Plan (RKP)	2	5	10	LLP Shared Service Agreement	Brent	Aug-24	Improvement to common and Scheme Specific data being carried out under RKP. There have been numerous data cleansing projects designed to improve the quality of our data. Monthly contribution returns will ensure that we have more accurate data going forward.
4.3	Deferred Member Benefit Statements 2023/24	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.	2	5	10	LLP Shared Service Agreement Periodic address tracing.	Brent	Aug-24	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).
4.4	Monthly Contribution Return	Failure to complete monthly return and submit on time leads to fines	2	5	10	PAS Employer Training Sessions Regular monitoring of performance by LPP and the Pensions Team.	Brent	Oct-24	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. Only four active employers had to complete annual returns in 2023/24 . Training sessions are provided to employers to assist completion. Almost all employers are up to date and only three or four are trying to catch up .
4.5	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	2	5	10	Internal Controls Regular monitoring meetings Introduction of pass-through to streamline process.	Brent	Aug-24	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.
4.51		Not having procedures and 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	2	5	10	Internal Controls Regular monitoring meetings Introduction of pass-through to streamline process. Pensions Team to collaborate in drafting template admission agreements	Brent	Aug-24	Admission agreements are regularly reviewed by officers in finance and legal to resolve issues encountered in the admission agreement process and progress to completion.
4.52		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	2	5	10	Internal Controls Regular monitoring meetings	Brent	Aug-24	Overseeing of the legal team on admission agreement by the Scheme Manager to ensure no delays and prompt processing of agreement becomes a priority
4.53		Failure to keep to rules and regulation on admission agreement will require this failure to be reported to the TPR	2	5	10	Internal Controls Regular meetings Pensions Team participate in drafting admission agreements	Brent	Aug-24	Breaches log to bring attention of failing and lessons learned in processing admission agreements. Pass-through is expected to mitigate/resolve this issue.

5	Risk Area Regulatory	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Date of Review	Comment
5.1	Anti Fraud Initiatives Mortality Existence	Benefits paid to people not entitled to benefits from the LGPS	2	3	6	Brent Counter-fraud plan 2024/25 Annual life certificates for overseas pensioners Tell us once (TUC), Target mortality screening and NFI reports Life certificates issued if correspondence/pension payments returned.	Brent	Aug-24	Administration processes check for fraud Brent Anti-fraud plan 2024/25 Life certificate issued if letter/pension payment returned Annual life certificates to overseas pensioners TUC, Target Mortality screening and National Fraud Initiative (NFI) reports Rigorous vetting of payees
5.2	Pension Board Training	Pension Board members not having the appropriate degree of knowledge and understanding to perform their duties. Pension Board member not having the right knowledge to make informed decisions and challenge Officers of the Council.	1	3	3	Pension Board Training Arrange training immediately before meetings Keep a log of attendees	Brent	Aug-24	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.
5.3	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	2	2	Register of interests Arrange training Regular reviews	Brent	Aug-24	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.
5.4	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	5	5	Multi areas cover governance: a) Scheme regulations b) Business Plan c) PAS 2023 d) Funding Strategy Statement e) Scheme Manager f) Pensions Board g) Discretions policies	Brent	Oct-24	Governance is monitored by: a) Scheme Manager b) Pensions Board c) Pensions Sub Committee d) Internal and External Controls
5.5	Discretions	There are two groups of discretions; Administering Authority (Fund) discretions and Employer discretions. They cover a wide range of employer choices, usually indicated by a "may" in the regulations. The employer discretions include whether to pay pensions, enhance pension benefits, waive reductions, accept late transfers and a range of other decisions.	2	3	6	Corporate Director, Finance and Resources	Brent	Oct-24	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 March 2024 meeting of the Pension Fund Sub-committee, and a template Employing Authority discretions policy has also been prepared. Brent is at an advanced stage of preparing its employing authority discretions and other employers are expected to follow suit. The discretions template encourages employers to carefully consider any discretions that generate pension costs.
5.6	Data Protection Breaches	Breaches not recorded and failure to report a breach to the regulator can lead to fines and loss of reputation	2	5	10	Breaches Log / policy	Brent	Aug-24	Breaches log to monitor all breaches and report material breaches to the regulator Breaches policy

6	Risk Plan Funding & Accounting	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Date of Review	Comment
6.1	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	5	10	Public Sector Payroll Controls	Brent	Aug-24	Contributions are checked on a monthly basis. Overdue Contributions for employers including academies and maintained schools are actively chased.
6.11			1	5	5	The Funding Strategy Statement Regular meetings with Fund's actuaries	Brent	Aug-24	Preliminary meeting with our actuaries for the 2025 valuation has taken place. Liaising with employers as necessary. Numerous data cleanses to ensure that the Fund's data is accurate. 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.
6.12			1	5	5	Fund's Funding Level Assessment	Brent	Aug-24	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.
6.2	Geographical and economic risk in relation to investments	Significant volatility and potential downturn in global investment markets following disruptive geopolitical events and economic uncertainty.	4	4	16	The Fund holds a well-diversified portfolio of assets, which has been invested in line with the investment strategy statement	Brent	Aug-24	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. The investment performance of the Pension Fund is brought to each Pensions Sub-committee for consideration.
6.3	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.	4	2	8	Triennial valuation/ Funding Strategy Statement. McCloud remedy solution in UPM	Brent	Aug-24	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.
6.4	Pension Contributions not Paid by: Maintained Schools Academies Employers a) On time b) Or not at all c) Refusal to pay	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	5	10	PAS	Brent	Aug-24	Procedures in place to deal with pension contributions not being made or late.
6.41			2	5	10	PAS	Brent	Aug-24	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
6.42			2	5	10	PAS	Brent	Aug-24	Contributions are monitored on a monthly basis and late or non payers reported. 2023 Revised PAS includes fines for non compliers.
6.5	Pension Plan Accounting	Failure to comply with accounting regulations will lead to serious consequences: a) Possible fines b) Loss of reputation	1	5	5	Annual audit	Brent	Oct-24	Draft accounts for 2023/24 have been published. The audit work for the accounts is complete and the anticipated opinion on the financial statements is unmodified. The auditors are unable to issue their final opinion until the Council's audit is complete.
6.51			1	5	5	Triennial valuations	Brent	Aug-24	2022 triennial completed. Next triennial valuation 2025
6.52			1	5	5	The Funding Strategy Statement	Brent	Aug-24	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.
6.6	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.	4	3	12	Triennial valuations Investment Strategy Cashflow modelling	Brent	Aug-24	Inflation rose significantly in 2022 due labour shortages, supply chain issues, and high energy prices however inflation has fallen in recent months and is now at the Bank of England's 2% target. Inflation is reviewed at each triennial valuation and the actuary is challenged as required. The Fund's investment strategy is routinely reviewed and the Fund is a long-term investor and takes a long-term view on market conditions and inflation. A significant proportion of the Fund's assets are growth assets which are expected to outperform inflation over the longer term. The pension fund completed a review of its investment strategy following the 2022 valuation.

Risk Heat Map



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Brent

**London Borough of
Brent
Risk Strategy**

Brent Risk Strategy August 2024

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1. Introduction

The London Borough of Brent Pension Fund ("the Fund") participates in the Local Government Pension Scheme ("LGPS"). The LGPS is a statutory defined benefit pension scheme.

This is the Risk Management Strategy of Brent Pension Fund which is 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 philosophy guiding the management of the fund and its attitude and appetite for risk
- how risk is managed and mitigated
- risk management responsibilities
- the procedures that are incorporated 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. Scope

This strategy applies to all members of the Pension Fund Sub-committee and the Pension Board and all officers involved in the management of the Fund.

Officers involved in the daily management of the Fund and administration of the LGPS will be required to have an appropriate understanding of risk management, which will be determined by the Section 151 Officer.

Advisers and suppliers to the Fund are expected to be aware of the strategy and to help officers, Committee and Board members meet its objectives.

3. Strategy objectives

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

- integrate risk management into the culture, procedures 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, advisers, 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 practise and tPR guidance on risk
- ensure consistent application of the risk management methodology across all Fund activities, including projects and partnerships.

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's Single Code of Practice.

4. Purpose of the strategy

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 practise in governance
- improve financial management
- ensure high quality administration
- minimise risk and the effect of adverse conditions
- identify and maximise opportunities for improvement that may arise
- minimise threats

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

5. Effective date

This policy is to go before the Pension Board on 3 September 2024 for approval and will be in effect from that date.

6. Review

To be reviewed quarterly by the Scheme Manager and the Pensions Board and updated as required, unless the risk management arrangements, or other matters included within the strategy, merit reconsideration.

7. Risk Management Philosophy

The Fund recognises that it cannot deliver a high-quality service by avoiding risk. Risk is inherent in everything the pension fund does and we need to invest in a considered risk management policy designed to balance opportunity and risk effectively.

The Fund must embed risk management in its culture and promote openness and transparency. It must question conventional tropes and encourage constructive challenge and incisive scrutiny. This strategy must be underpinned by an ethos of cooperation and collaboration.

Key principles

Risk management shall;

- be fundamental to how the Pension Fund is directed, managed and controlled
- be an integral part of decision making and setting objectives
- be collaborative and informed by the best available information and professional advice
- enable identifying and assessing risks accurately
- assist the design and application of effective risk monitoring and timely and precise risk reporting
- facilitate the careful assessment and treatment/mitigation of risk

- continuously evolve and improve in the light of experience

In managing risk, the Administering Authority will:

- involve stakeholders in decision making
- be open and transparent about the nature of risks and how it is addressing them
- act proportionately and consistently
- base treatments mitigations on relevant evidence and expert advice
- ensure that risks are managed and mitigated by the officers best able to control them
- adopt a system that will enable the Fund to anticipate and respond positively to change
- ensure that there is a proper balance between risk taking and the opportunities to be gained
- minimise loss and damage to the Fund and its stakeholders
- make sure that any new areas of activity (investment strategies, joint-working, framework agreements etc.), are only undertaken if the risks are fully understood and accounted for in decision making.

The benefits of sound risk management include better decision-making, improved performance, better delivery of services, more effective use of resources and avoiding reputational damage.

8. CIPFA and the Pensions Regulator's Requirements

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 Pension Regulator's Single Code of Practice

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 Single Code of Practice (the code) 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 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 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.

The Administering Authority adopts the principles contained in CIPFA’s Managing Risk in the LGPS document and the Pension Regulator’s Code of Practice. 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.

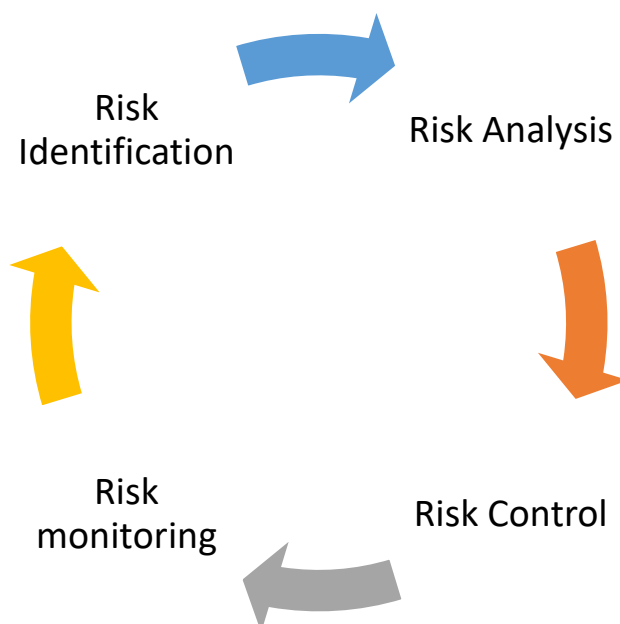
9. Responsibility

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

The Administering Authority's risk management process is consistent 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.



Risk identification (1)

The risk identification process is both proactive and reactive. Risks are identified by several 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
- findings of internal and external audit and other adviser reports
- feedback from the Pension Board, employers and other stakeholders
- liaison with other organisations, regional, national associations, and professional groups

- legal determinations including those of the Pensions Ombudsman, the Pensions Regulator and court cases

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.

Risk analysis (2)

The three main consequences of risk are;

- Financial impact
- Service impact
- Reputational impact

Once the potential risks have been identified, the next stage is to analyse and profile each one. The elements of each risk will then be bundled and weighed to arrive at a composite score for impact. The final stage is to consider the likelihood of the risk occurring and the consequences if it does occur, with the score for likelihood being multiplied by the score for impact to determine the current overall risk rating, as illustrated in the table below.

Impact Scoring Criteria			
Score	Descriptor		
	Financial	Service Delivery	Reputation
5	Major Financial loss (above £2m)	Major disruption to a number of critical services	Long term damage – e.g. adverse national publicity.
4	Significant Financial loss (above £1m)	Major disruption to a critical service.	Medium to long term damage – e.g. adverse local publicity.
3	Moderate Financial Loss (less than £1m)	Moderate disruption to a critical service	Medium term damage
2	Small Financial loss (less than £500k)	Moderate disruption to an important service.	Short term damage
1	Minor financial loss (less than £100k)	Brief disruption to important service	Some damage to specific functions

Likelihood Scoring Criteria

Score	Level	Descriptor
5	Very Likely	<i>This event is expected to occur in most circumstances.</i>
4	Likely	<i>There is a strong possibility this event will occur.</i>
3	Possible	<i>This event might occur at some point and/or there is history of occurrence of this risk at this and/or other Councils.</i>
2	Unlikely	<i>Not expected, but there's a slight possibility it may occur at some point.</i>
1	Rare	<i>Highly unlikely, but it may occur in exceptional circumstances. It could happen, but probably never will.</i>

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

Risk control (the five “Ts”) (3)

The Head of Finance 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:

- Terminate - for example, ceasing an activity or course of action that would give rise to the risk.
- Treat - 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.
- Take - positive opportunities to mitigate the risk
- Transfer - for example, transferring the risk to another party either by insurance or through a contractual arrangement.
- Tolerate – do nothing as the cost outweighs the benefits or it is something outside the Fund's control

The Fund's risk register details all further action in relation to a risk and the owner for that action.

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

11. Reporting and monitoring

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 presented to the Pension Board each quarter.


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

The Administering Authority will review the delivery of the requirements of this Strategy quarterly to determine whether the objectives of this policy are being met. In doing so it will take any feedback from the Pensions Board and the Pensions Sub Committee into consideration.

12. Key risks to the effective delivery of the strategy

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 embedded in the day-to-day management of the Fund and consequently the objectives of the Policy are not delivered
- Changes in Pension Sub-committee/Board membership and/or senior officers lead to key risks not being identified due to lack of knowledge
- Insufficient resources are available to satisfactorily assess and take appropriate action or to mitigate 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 that 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 or new risks that have been identified are not recorded, monitored and mitigated, will lead to risk not being managed in accordance with the Risk Strategy.

 Brent	<p align="center">Pension Board 7 November 2024</p>
	<p align="center">Report from the Corporate Director, Finance and Resources</p>
<p>LGPS Update Report</p>	
<p>Wards Affected:</p>	<p>All wards</p>
<p>Key or Non-Key Decision:</p>	<p>Non-Key</p>
<p>Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small></p>	<p>Open</p>
<p>List of Appendices:</p>	<p>Four: Appendix 1 - LGPC Bulletin – August 2024 Appendix 2 - LGPC Bulletin – September 2024 Appendix 3 – LGPC Response to Call for Evidence Appendix 4 – SAB Response to Call for Evidence</p>
<p>Background Papers:</p>	<p>None</p>
<p>Contact Officer(s): <small>(Name, Title, Contact Details)</small></p>	<p>Minesh Patel, Corporate Director, Finance and Resources 020 8937 4043 minesh.patel@brent.gov.uk</p> <p>Amanda Healy, Deputy Director of Finance 020 8937 5912 amanda.healy@brent.gov.uk</p> <p>Sawan Shah, Head of Finance 020 8937 1955 sawan.shah@brent.gov.uk</p> <p>John Smith, Pensions Manager 020 8937 1985 john.smith@brent.gov.uk</p>

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

Pensions review – call for evidence

3.2.1 On 4 September 2024, the Government published a call for evidence for the first phase of its Pensions Review.

3.2.2 The review aims to boost investment, increase individual pensions and eradicate waste. It focuses on defined contribution workplace schemes and the LGPS.

3.2.3 The first phase of the review is exploring measures to accelerate asset pooling and increasing LGPS funds investment in 'productive finance'.

It focuses on;

- scale and consolidation
- costs versus value
- investing in the UK.

3.2.4 The LGPC submitted its response on behalf of the LGA (Appendix 3). The scheme advisory board (SAB) also prepared a response which is attached in Appendix 4.

3.2.5 The second stage of the Pensions Review is expected to look at the issue of pension adequacy, fairness and the consequences of the gender pensions gap.

3.2.6 On 2 September 2024, MHCLG published their guidance notes for the LGPS fund account return (SF3). They would like the data for 2023/24 by 13 September 2024.

3.2.7 The information is used to provide a benchmark on administration and fund management, compiling the national accounts and illustrate the role of the LGPS in the economy.

Review of the 2022 Fund Valuations – GAD Section 13 Report Published

- 3.2.8 The Government Actuary's Department (GAD) has published its report to the Ministry of Housing, Communities and Local Government (MHCLG) on the 2022 fund valuations. The examined whether the fund valuations have achieved the following aims: compliance, consistency, solvency and long-term cost efficiency.
- 3.2.9 GAD's analysis found the LGPS is in a strong financial position with many funds in surplus. GAD provided 3 recommendations for the Scheme Advisory Board to consider including whether greater consistency should be achieved to allow easier comparison between funds and to refine the climate change principles in advance of the 2023 valuations.

General updates

- 3.2.10 It has been proposed that fair Deal might be extended to Local Government (again) and there may be some form of pension provision for councillors.
- 3.2.11 MHCLG has signalled its intention to address discrimination by removing the age 75 limit on death grants and giving widower's pensions parity with widow's/same sex partners following the Goodwin ruling in the Teachers' Pensions Scheme.
- 3.2.12 MHCLG is considering enhancing the separation between the Pension Fund and Council's Accounts, as is already the case in Scotland and Wales.
- 3.2.13 The National LGPS Framework for Additional Voluntary Contribution (AVC) Services is split into two Lots; AVC services and AVC Consultancy services, which are designed to help administering Authorities to access AVC services and assist with issues relating to AVC provision, respectively.
- 3.2.14 The Government passed The Local Government Pension Scheme (Information) Regulations 2024 in August, which retrospectively removed the requirement to include McCloud underpins in annual benefit statements (ABS) with effect from 1st October 2023.

Errors in Teachers' Pensions transfer calculations

- 3.2.15 The Teachers' Pension Scheme (TPS) has alerted practitioners to errors in Club transfer out quotations that they have provided for members affected by the McCloud remedy. They do not appear to be isolated instances and the LGA suggests putting these cases on hold until we have more information.

Money and Pensions service

- 3.2.16 On 9 September 2024 the Money and Pension Service (MAPS) launched digital Pension Wise appointments. They will offer equivalent guidance to telephone and face-to-face appointments. They are aimed at people aged 50 plus with a defined contribution pension.

Tell us Once

- 3.2.17 Tell Us Once is an official verification of death Tell Us Once (TUO) enables people to notify partner organisations of a verified registered death. The instant notification avoids the need for people to contact central Government, local government (including LGPS administering authorities) and other public sector partners individually. TUO is an official notification and there is no need to request a death certificate.

Pensions Dashboard

- 3.2.18 On 5 September 2024, The Pensions Regulator (TPR) published: Pensions dashboards compliance and enforcement policy, in response to a consultation, and updated breach of law guidance.
- 3.2.19 The policy focuses on ensuring that occupational pension schemes comply with their dashboard legal duties. It sets out the principles that will drive TPR's approach, key risk areas, what it expects schemes to do to comply, how it will monitor compliance and manage non-compliance.
- 3.2.20 It is important to note that the updated breach of law guidance contains an example of how TPR will approach non-alignment of illustration dates between main scheme benefits and additional voluntary contributions (AVCs).
- 3.2.21 We understand that big public sector schemes have asked to defer connection to the Pensions Dashboard.
- 3.2.22 TPR expects schemes to connect to the dashboards ecosystem in line with the timeline set out in DWP's guidance on connection; "the stage timetable".
- 3.2.23 The timeline has been designed to reduce delivery risk to industry, but it will also ensure that the system can be thoroughly tested to ensure the successful launch of dashboards.

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 Equality, 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

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LGPC Bulletin 254 – August 2024

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

- [Updated flexible retirement guidance](#) (England and Wales)
- [McCloud update – teachers with excess service](#) (England and Wales)
- [GAD transaction data – underpin payments](#)
- [New lump sum tools – member website](#)
- [Pensions Awareness week – template member presentation](#)
- [Dashboards connection guide and AVCs and Dashboards guide](#)
- [Institutional investment into affordable housing survey](#) (England & Wales)
- [Pension committee chairs event](#) (England & Wales)

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

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LGPS England & Wales

Annual benefits statements and McCloud

Further to the articles in [Bulletin 252](#) and [Bulletin 253](#), the Ministry of Housing, Communities and Local Government (MHCLG) laid the [LGPS \(Information\) Regulations 2024](#) on 28 August 2024. The regulations come into force on 23 September 2024, with backdated effect to 1 October 2023.

The regulations remove the requirement to include estimated underpin information in the 2023/24 statements. However, there is a discretion to provide the information for certain members or classes of members if you are able to. The changes apply to annual benefit statements (ABS) for active, deferred, deferred pensioner and pension credit members.

The regulations also provide a discretion not to include estimated underpin information in the 2024/25 statements for a particular member or class of members. Authorities using this discretion will need to decide before 31 August 2025 and tell affected members. We understand MHCLG is still considering whether to issue guidance on the circumstances in which it may be appropriate to use this discretion.

TPR has confirmed there will be no requirement to report a breach of law for not including estimated underpin information in the 2023/24 statements. However, it encourages authorities to report breaches where they are having problems complying with ABS requirements and administration in general. It is keen to get an accurate picture of the challenges public service pension schemes are facing.

We will update the timeline regulations shortly.

Updated flexible retirement guidance

On 16 August 2024, Rachel Abbey emailed stakeholders letting them know that MHCLG has issued updated flexible retirement guidance. This replaces the guidance dated 28 April 2016 and is effective immediately.

The guidance has been updated to cover:

- how the McCloud remedy affects flexible retirement calculations
- the calculation of a death grant in respect of a member who dies after taking flexible retirement.

You can find the guidance on the [Actuarial guidance](#) page of www.lgpsregs.org.

Action for administering authorities

Review the updated guidance and implement the changes to your calculations.

McCloud update – teachers with excess service

The Teachers' Pension Scheme (TPS) sent an [updated timeline for excess service cases](#) to their administering authority contacts earlier this month. TPS has contacted employers in groups based on region. The updated timeline confirms when initial communications and reminders were/will be sent to employers in each region. The TPS update also included an email communication sent to employers about common errors in the files that have been returned so far.

Action for administering authorities

Circulate the employer communication to affected employers in your fund. Contact query.lgps@local.gov.uk if you did not receive the TPS communication or if you want to change the contact details used by TPS for this project.

Some employers in London, the South East and the South West have completed the first stage of the process – verifying the service details held by TPS for members with excess service. The next stage will be to provide the information administering authorities need to set up LGPS pension records for these members. As we reported in [Bulletin 253](#), TPS is currently finalising the template for the next stages. We will contact you as soon as the template is available.

LGPS Scotland

SPPA Circular 2024/05

On 31 July 2024, the Scottish Public Pensions Agency (SPPA) issued [Circular 2024/05](#).

The circular confirms the following:

- SPPA will shortly consult on regulations to remove the requirement to include underpin information in the 2024 annual benefits statements.
- These regulations will not be made before the deadline for those statements (31 August 2024). Therefore, all administering authorities should report the breach to the Pensions Regulator (see [Bulletin 253](#) for more details).

- The consultation will also consider whether to give administering authorities discretionary power to exclude underpin information in the 2025 statements for certain members.
- SPPA will also consult on amending the regulations that set out the special interest rules for McCloud recalculations to align with the equivalent rules for LGPS England and Wales.

Other news and updates

GAD transaction data – underpin payments

We have received confirmation from the Government Actuary's Department (GAD) on how to record extra payments due to the underpin in the GAD transaction data, where this is prepared by funds.

Any extra payments (including any interest and revaluation) should be treated as a transaction related to the career average main section (ie Column B) in the Scheme year in which it is received. If the member was in the 50/50 section, the payment is not split between the main and 50/50 sections.

GAD may use the transaction data as part of undertaking the cost control calculations under sections 11 and 12 of the Public Service Pensions Act 2013. We provided more details in Appendix 1 to [Bulletin 149](#) (England and Wales) and in Appendix 2 to [Bulletin 159](#) (Scotland).

GAD will be writing to administering authorities shortly in respect of the data request for the 2024 valuation.

Action for administering authorities

Ensure that you are recording the extra payments for the underpin correctly.

Member websites – new lump sum tools

We have made some improvements to the tools on the member websites.

Lump sum calculator: the existing calculator has been improved. Members can use the calculator to:

- see the impact of taking a lump sum of any percentage from 1 percent to 25 percent of the value of their benefits. This was previously restricted to multiples of 5 percent
- model the effect of taking AVC funds as cash.

Maximum AVC lump sum calculator: members can use this new calculator to estimate the maximum amount they could take as cash from an AVC fund.

The wording and warnings attached to both calculators reflect the lump sum limits in force from April 2024.

You can find links to these and other tools on the:

- [Tools and calculators \(England and Wales\)](#) page of the LGPS member website
- [Tools and calculators \(Scotland\)](#) page of the LGPS Scotland member website.

Action for administering authorities

Make members aware of the new and improved tools. Email query.lgps@local.gov.uk if you have any feedback about the tools.

Pension Awareness Week 2024 – template member presentation

We have published template member presentations for administering authorities to use during Pension Awareness Week. Pension Awareness Week runs from 9 to 15 September 2024. You can find the template PowerPoint presentations on the:

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

Administering authorities will want to make local changes to the template to suit their intended audience. We have indicated in the presentation where we think local changes will be needed. These areas are highlighted in yellow if they occur in the slides or in square brackets if they occur in the notes.

The template presentations have been produced by the LGA working with the Communications Working Group (CWG). We would like to extend our thanks to the CWG for giving their time and expertise to this project.

LGPC minutes published

The draft minutes from LGPC meeting held on 22 July 2024 are available on the LGPC minutes pages of www.lgpsregs.org and www.scotlgpsregs.org. The minutes will be agreed at the next meeting.

Topics discussed included:

- restructure of the LGPC secretariat team
- Government's pension review
- regulatory updates
- SAB updates
- technical group update
- training update.

The next meeting will be held on 25 November 2024.

LGA job opportunity

We are recruiting for a Programme Support Officer. This is an administrative support role which can be home, or office (London) based. The closing date for applications is 22 September 2024. Interviews will be held the week of 30 September 2024.

For more information and to apply see [the Jobtrain website](#).

Contact [Lorraine Bennett](#) for an informal chat about the role.

Pensions dashboards

Dashboards connection guide and AVCs and Dashboards guide published

On 2 August 2024, Jayne Wiberg emailed stakeholders letting them know we have published version 1.0 of the Pensions Dashboards connection guide and version 1.0 of the AVCs and Dashboards administrator guide. Both guides are tailored specifically for the LGPS and can be found on the:

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

Pensions dashboards connection guide

We initially published a draft version of the Pensions Dashboards connection guide in November 2023. It is updated to include the regulatory and guidance changes made since then, such as the change in 'connection deadline' and the introduction of a 'connect by' date.

The guide aims to help administering authorities identify the steps needed to connect to the pensions dashboards ecosystem. It does not duplicate information available elsewhere. It provides a synopsis of each topic with hyperlinks to where the detailed information can be found online.

Authorities will need to create a project plan to implement dashboards, and this guide helps them do that. It sets out the necessary actions and decisions, with recommendations on timings based on the 'connect by' date of 31 October 2025. These are detailed throughout the guide and summarised in the 'Preparing to connect checklist' in appendix one.

AVCs and Dashboards administrator guide

This is a new guide and has been created with help from the National LGPS Technical AVC sub-group. Its aim is to establish common approaches on the preparation and provision of AVC view data to the pensions dashboards ecosystem.

Many thanks go to representatives from the Prudential, Leicestershire Pension Fund, Northern Ireland Local Government Superannuation Committee, Tyne and Wear Pension Fund, West Yorkshire Pension Fund, Heywood Pension Technologies, Civica and the Pensions Administration Standards Association, who all contributed their expertise to help make the guide possible.

Administering authorities will need to be able to accommodate a variety of approaches from different AVC providers. One size will not fit all. We believe even though a variety of approaches will be adopted in sending view data to the ecosystem, authorities should be able to achieve consistency within each form of approach. This guide helps them do that and expands on the AVC actions set out in the Pensions Dashboards connection guide.

Action for administering authorities

Review the guides and create a project plan to implement dashboards.

PDP updates draft code of connection

On 21 August, the Pensions Dashboards Programme (PDP) published [version 1.1 of its draft code of connection](#). The draft code sets out how pension providers, schemes and dashboard providers are to connect to the dashboards ecosystem and what they need to do to remain connected. The revisions from version 1.0 published on 21 November 2022 are mostly technical with several terminology clarifications.

Training

LGPS Governance Conference 2025

The LGPS Governance Conference is now open for booking. It is taking place on 30-31 January 2025 at the Bournemouth Highcliff Marriott Hotel. You can join us in person or online.

The Conference is aimed at councillors and others who attend pension committees/panels and local pension boards. Previous attendees also include trade union and employer representatives, as well as officers.

You can view the programme and book on the [Local Government Association \(LGA\) events page](#). In person places are limited so we recommend booking early to avoid disappointment.

Fundamentals training 2024

Our 2024 Fundamentals training is open for booking.

Fundamentals is a three day training course aimed at councillors and others who attend pension committees and local pension boards. The course provides a scheme overview and covers current issues in LGPS administration, investment and governance. Attending all three days will help delegates meet the relevant requirement for knowledge, skills and understanding required in statute or encouraged by relevant guidance. All sessions are delivered by experts in their field.

See the [Fundamentals 2024 draft course programme](#) for full details. The timings shown apply to the in-person sessions.

We are running the training online using Zoom and in person in London and York. We will deliver each day of the online sessions over two half days. You only need to complete one booking for each day, this will automatically book you on both the half days. It is not possible to book for a half day.

Cost

In person: £290 plus VAT per day (includes lunch and refreshments)

Online: £250 plus VAT per day.

Booking your place

We recommend early booking as places are limited. You can book online through the [LGA events website](#). Only member councils of the LGA can pay by invoice. All other organisations must pay by credit/debit card.

Each event listed below has a link to the booking page for that day.

[Fundamentals day 1: York 10 October 2024](#)

[Fundamentals day 1: London \(LGA offices\) 16 October 2024](#)

[Fundamentals day 1: Online 23 and 30 October 2024](#)

[Fundamentals day 2: York 5 November 2024](#)

[Fundamentals day 2: London \(LGA offices\) 13 November 2024](#)

[Fundamentals day 2: Online 21 and 28 November 2024](#)

[Fundamentals day 3: York 4 December 2024](#)

[Fundamentals day 3: London \(LGA offices\) 10 December 2024](#)

[Fundamentals day 3: Online 12 and 17 December 2024](#)

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.

Employer role training (England and Wales)

- [7 November 2024 – online](#)
- [6 December 2024 – online](#)

Insight training (England and Wales)

- [25-29 November 2024 - online](#)

Aggregation training (England and Wales)

All courses are currently at capacity.

Survivor benefits training (England and Wales)

All courses are currently at capacity.

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.

LGPS England & Wales Scheme Advisory Board (SAB)

‘Levelling Up’ reporting in the annual report guidance

The Board’s [Annual Report guidance](#) issued in March 2024 included, at paragraph 49, a request for funds to report certain information about investments that support the ‘Levelling Up missions’. This was in expectation of a statutory requirement to produce ‘Levelling Up’ plans which the previous Government was planning to legislate for. The Board has received queries about whether this reporting is still needed considering that it is understood that ‘Levelling Up’ isn’t a term that the new Government uses.

Funds should note that the Annual Report guidance is still in place. The Board understands that MHCLG is likely to want funds to report in future years on investments that support local growth in the UK. Therefore, funds are encouraged to still comply with the reporting ask in the guidance, while noting that this section was always a ‘may’ rather than a ‘must’ and there was also an acknowledgement in the guidance that this was the first time this request had been made, so ‘best endeavours’ and proportionate efforts only were anticipated.

S13 report published - review of the LGPS 2022 fund valuations

The Government Actuary's Department (GAD) has published its [report on the 2022 fund valuations](#), as required by section 13 of the Public Service Pensions Act 2013, to MHCLG.

The purpose of the report is to examine whether the separate 87 fund valuations have achieved the four aims set out in the Act – these are compliance, consistency, solvency and long-term cost efficiency.

As part of the process, GAD also analysed other data provided by the funds and their actuaries and undertook engagement exercises with relevant funds.

The report includes three recommendations for the SAB which are being considered.

Call for evidence: Institutional investment into affordable housing

The LGA has issued a [survey on institutional investment into affordable housing](#) and is inviting responses from LGPS funds, amongst others. The survey closes on 13 September 2024, and responses from LGPS funds would be welcomed.

Action for administering authorities

Respond to the survey by 13 September 2024.

Letter to MHCLG re SCAPCs

The Board Secretariat has [written to MHCLG](#) officials to ask for a review of the actuarial factors and regulations surrounding shared cost additional pension contributions (SCAPCs). This was one of the first recommendations of the Gender Pensions Gap working group. It was approved by the Board when it met in July 2024. The current regulations impact those (predominantly female) members with caring responsibilities who may lose pension when they have to take occasional days or weeks as authorised unpaid leave. The letter asks that the rules around buying back pension 'lost' during unpaid authorised leave should be made easier to understand and more flexible to implement.

Pension committee chairs event

Following the event in June 2024, the Chair of the Scheme Advisory Board, Councillor Roger Phillips, is planning to hold a second event to further engage with pension committee chairs. The event will continue discussions on next steps on pooling alongside the new Government's growing interest in the LGPS with recent announcements about a pensions review. The event will take place virtually on Monday 14 October starting at 6pm for one hour. The Board is hopeful that the Local Government Minister, Jim McMahon MP, will be able to join the session. An email invite will shortly be sent to committee chairs using the details listed in 'Your LGPS Contacts' – so it is important these are kept up to date.

Action for administering authorities

Please share the details of this event with pension committee chairs. A formal invitation will be emailed separately.

Pensions Review – Terms of Reference released for Phase One

On the 16 August 2024, [HM Treasury published the Terms of Reference](#) for Phase One of the Government's Pensions Review. This confirms that Phase One of the review will focus on investments, as well as driving scale and consolidation in defined contribution workplace schemes and the LGPS.

Reminder – submit your fund annual report for 2023/24

The SAB publishes fund annual reports on the SAB website and uses the data contained in the reports to pull together the Scheme Annual Report. In the coming months as fund reports are produced, please send completed annual reports for 2023/24 to sabsecretariat@local.gov.uk – these can be draft or final reports.

SAB website

[The SAB 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 ongoing and future workstreams. Unfortunately, emails often result in a high number of ‘undeliverable’ messages.

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.

HMRC

Newsletter 161

HMRC published [Newsletter 161](#) on 7 August 2024.

The newsletter includes articles on:

- Lifetime allowance abolition: HMRC will address technical inaccuracies in the current legislation through new regulations, which will be introduced as soon as the parliamentary timetable allows after the summer recess. A short technical consultation was held in August on draft regulations with certain industry representatives. We covered the consultation in [Bulletin 253](#).
- Managing pension schemes service: A reminder to act now to migrate to the Managing pension scheme service.

TPO

Corporate Plan 2024/25

TPO published its [corporate plan for 2024/25](#) on 31 July 2024, which outlines its key priorities and areas of work for the year.

TPO’s priorities are to:

- make changes to its processes to reduce waiting times
- deliver a reduction in the number of older, complex cases from its historical caseload

- improve signposting and pre-application journey, with more self-service information, so that the ‘right’ complaints come to TPO
 - secure long-term funding of the Pensions Dishonesty Unit, to ensure it can continue its valuable work
 - expand and build TPO’s specialist pensions expertise
 - review current systems to ensure TPO has a clear view of requirements to deliver further efficiencies and meet the projected increase in demand.
-

Wider landscape

Chancellor calls on pension funds to fire up UK economy

On 7 August 2024, the Chancellor, Rachel Reeves, issued [a press release](#) urging UK pension schemes to invest more in the UK economy and deliver better returns for savers. She highlighted the importance of learning from the Canadian model.

The press release was issued ahead of a meeting with major Canadian retirement funds. The meeting is part of intensive industry engagement for the pension investment review. The review aims to boost investment in the UK and deliver higher returns for savers. See [Bulletin 253](#) for more details about the review.

Legislation

Statutory Instruments

[LGPS \(Information\) Regulations 2024](#) [SI 2024/880]

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 \(Scotland\)](#)

[Current LGPS job vacancies](#)

[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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Disclaimer

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

LGPC Bulletin 255 – September 2024

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

- [paying death grants to genealogy companies](#)
- [LGPS Scotland – consultation on draft regulations](#)
- [LGPS Scotland – ABS technical guide](#)
- [errors in TPS Club transfer quotations](#)
- [TPR scheme return](#)
- [TPR dashboards compliance and enforcement policy](#)
- [Tell Us Once – official verification of death](#)
- [SAB statement on fiduciary duty](#)

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

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LGPS England & Wales

Paying death grants to genealogy companies

On 4 September 2024, we published legal advice on the payment of death grants to genealogy companies.

The legal advice states that it is possible to make payment to a genealogy company in certain circumstances, providing you have carried out the necessary due diligence checks. However, to minimise the risk of paying a death grant to a genealogy company that is not properly authorised, payment should ideally be made to the beneficiary or personal representatives directly.

The advice covers:

- payments made within two years of the date of death, or of the date from which you could reasonably be expected to have become aware of the death
- payments made after that period
- the circumstances in which payment would be made to the Government Legal Department's Bona Vacantia Division.

You will still need to seek your own legal advice in relation to specific cases, as appropriate.

You can find the advice on the [Legal opinions](#) page of www.lgpsregs.org.

Action for administering authorities

Review the legal advice and consider whether you need to make any changes to your death grant process.

Pensions Review – call for evidence

On 4 September 2024, the Government published a [call for evidence](#) to inform the [first phase of the Pensions Review](#).

The review aims to boost investment, increase pension pots and tackle waste in the pensions system, focusing on defined contribution workplace schemes and the LGPS. The first phase of the review is looking at measures to accelerate asset pooling and increasing investment in 'productive finance' in the UK by LGPS funds. The call for evidence asks several questions on:

- scale and consolidation
- costs vs value
- investing in the UK.

We submitted a [response on behalf of the LGPC](#) before the call for evidence closed on 25 September 2024. You can also read the [SAB response to the call for evidence](#) on their website.

The second stage of the Pensions Review is expected to look at the issue of pensions adequacy and fairness, such as the gender pensions gap. We do not have a detailed timetable yet for that work.

SF3 form and guidance notes for 2023/24

On 2 September 2024, MHCLG published their [form and guidance notes for the LGPS fund account return \(SF3\)](#). MHCLG wrote to administering authorities in July to request the data for 2023/24 by 13 September 2024.

MHCLG uses the information to provide a benchmark on administration and fund management. The information is also used in compiling the national accounts and to show the role of the LGPS in the economy.

LGPS Scotland

Consultation on draft regulations

On 2 September 2024, the Scottish Public Pensions Agency (SPPA) launched a consultation on the draft LGPS (Remediable Service) (Amendment) (Scotland) Regulations 2024.

The draft regulations aim to implement the proposals set out in [SPPA Circular 2024/05](#). The regulations also propose further minor technical amendments.

The consultation closes on 28 October 2024. We will share our response with administering authorities.

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

Updated and new actuarial guidance

On 3 September 2024, Craig Finlay, Policy Officer at the SPPA, issued new GAD guidance for applying the McCloud remedy to retrospective cases, which took effect immediately.

On 11 September 2024, Craig issued updated transfer GAD guidance. The guidance has been updated to correct errors in the examples and to clarify how to calculate a CETV for a member with underpin protection who is over their critical retirement age or normal pension age for all or part of their pension.

You can find the guidance documents on the [Actuarial guidance](#) page of www.scotlgpsregs.org.

New version of annual benefit statement technical guide published

We have updated the technical guide on annual benefit statements. The latest version (v2.0) reflects our understanding of what must be included in annual benefit statements as a result of the McCloud remedy and the introduction of pensions dashboards from 2025.

We would like to extend our thanks to volunteers from the Lothian Fund, North East Scotland Pension Fund and Strathclyde Fund for giving their time to review the guide.

You can find the annual benefit statement technical guide on the [Administrator guides and documents](#) page of www.scotlgpsregs.org.

Action for administering authorities

Discuss the content of the guide with your software supplier in preparation for issuing annual benefit statements in 2025.

Other news and updates

Errors in TPS Club transfer quotations

The administrators of the Teachers' Pension Scheme (TPS) have alerted us to errors in Club transfer out quotations that they have supplied for members protected

by the McCloud remedy. TPS transfer quotations for these members include two separate calculations:

- Option 1 – final salary build-up for the remedy period, and
- Option 2 – CARE build up for the remedy period.

The errors we are aware of are:

- the transfer values of final salary service built up before 1 April 2015 (tranche 1) are different under Options 1 and 2, even though these appear to be based on the same pay and service figures
- the current pension and transfer values of CARE benefits built up after 31 March 2022 (tranche 3) are different under Options 1 and 2
- the final salary benefits built up in the remedy period in Option 1 are not consistent with the pay and service quoted
- the CARE pension built up in the remedy period in Option 2 is significantly understated.

We are waiting for more information from TPS on how they plan to proceed. Please take extra care when dealing with Club transfers from TPS for McCloud protected members. You may wish to put these cases on hold until we have more information.

There is no indication from TPS that there are any problems with transfer quotations for members who are not protected by the McCloud remedy, or for non-Club calculations.

Please do let us know about any issues you experience in relation to Club transfers for McCloud protected members if they do not appear to be isolated incidents.

Action for administering authorities

Check any Club transfers quotations you have received from TPS carefully. Put the case on hold if the quotation includes errors.

Email query@local.gov.uk with details if you identify any other issues to do with Club transfers for McCloud protected members.

McCloud public service pensions history forms

We have published forms for administering authorities to use as part of the McCloud project. The McCloud public service pensions history form is for collecting information about previous pensions for members who are not protected by the remedy based on their LGPS membership in a particular fund.

We would like to thank members of the Communications Working Group for their help in designing the forms.

Administering authorities are taking different approaches to this part of the project. The new document includes two forms and accompanying member notes which can be adopted for each approach:

1. Ask members to return the form only if they have relevant previous pension membership. The member notes that accompany this form provide greater detail about what membership is relevant for this purpose. Administering authorities who take this approach will need to decide whether a further check is needed when a member who did not complete a form is approaching retirement, dies or requests a transfer out.
2. Ask all members to return the form. Administering authorities who take this approach will receive completed forms that do not affect a member's protection status – members who are already protected, or members who first joined a public service scheme after 31 March 2012, for example. However, administering authorities who take this approach may not have to perform any further checks when a member who has completed a form is approaching retirement, dies or requests a transfer out.

Administering authorities will need to make local changes to the form:

- to fit in with their processes
- to suit the member groups they are making the form available to
- depending on how they make the form available. We have designed the form to be sent by post. If an administering authority makes the form available online, they will need to make sure that it is accessible.

We have used [square brackets] to indicate where we think local changes will be required. Please read the administrator notes carefully before you use the form.

Use the subject filter to find this and all McCloud documents on the:

- [Administrator guides and documents \(England and Wales\)](http://www.lgpsregs.org) page of www.lgpsregs.org
- [Administrator guides and documents \(Scotland\)](http://www.scotlgpsregs.org) page of www.scotlgpsregs.org.

MAPS launches digital Pension Wise appointments

On 9 September 2024, the Money and Pension Service (MAPS) launched digital Pension Wise appointments. Digital appointments will offer equivalent guidance to that offered by telephone and face-to-face appointments. See the [press release from MAPS](#) for more information.

Digital appointments can be accessed at any time, opening the service to those who cannot commit to an appointment in working hours.

Pension Wise appointments, including digital appointments, can be accessed by anyone over 50 with a defined contribution pension.

Tell Us Once is an official verification of death

Tell Us Once (TUO) is an award-winning service that enables people to notify partner organisations of a verified registered death. The instant notification avoids the need for people to contact central Government departments, local government departments (including LGPS administering authorities) and public sector partners individually. It also removes the need for, and cost of, providing multiple copies of a death certificate.

We have been notified that some administering authorities are requesting a death certificate from the next of kin when they are notified of a death through the TUO system. There is no need to do this as the TUO notification can be accepted as an official verification of death. Requesting a death certificate in these circumstances is not compliant with the data sharing agreement that administering authorities agreed to when they signed up to the service.

TPR scheme return

The Pensions Regulator (TPR) will be sending out scheme return notices to managers of public service pension schemes in October 2024. You must complete the scheme return within six weeks of receiving the notification. Completing the scheme return is a legal requirement. If you fail to complete and submit the return by the deadline, you could be fined.

You will need to complete the scheme return using [TPR's online service – Exchange](#). TPR recommends logging into the system to check your scheme contact details. This will ensure that the scheme return and any other communication is sent to the right person.

This year's return will include new questions about your AVCs – your provider(s) and the number of members who hold an AVC with them.

You can find more information about the [public service scheme return](#) on TPR's website.

HM Treasury revaluation issue 2021 and 2022

[Bulletin 249](#) covered the HM Treasury revaluation issue for years 2021 and 2022 in the Firefighters' Pension Scheme and the Armed Forces Pension Scheme.

All affected schemes have amended their regulations to resolve the issue:

- Firefighters' CARE Scheme (England) - amendments took effect from 27 March 2024
- Firefighters' CARE Scheme (Scotland) - amendments took effect from 2 February 2024
- Firefighters' CARE Scheme (Northern Ireland) - amendments took effect from 5 July 2024
- Firefighters' CARE Scheme (Wales) - amendments take effect from 21 October 2024
- Armed Forces CARE scheme (UK) - amendments took effect from 6 May 2024.

Pensions dashboards

TPR Dashboards compliance and enforcement policy

On 5 September 2024, The Pensions Regulator (TPR) published:

- [Pensions dashboards compliance and enforcement policy](#)
- [response to the consultation on the policy](#)
- [updated breach of law guidance](#).

The policy outlines TPR's approach to ensuring occupational pension schemes comply with their dashboard legal duties. It sets out:

- the principles that will drive TPR's approach
- key risk areas TPR will focus on
- what TPR expects schemes to do to comply
- how TPR will monitor compliance
- TPR's approach to non-compliance.

The policy also includes scenarios of non-compliance and how TPR may respond to each one. In particular, the updated breach of law guidance contains an example of how TPR will approach non-alignment of illustration dates between main scheme

benefits and additional voluntary contributions (AVCs). We will update our [Pensions Dashboards Connection Guide](#) and [AVCs and Pensions Dashboards Administrator Guide](#) to refer to these latest publications in due course.

TPR published a [blog on pensions dashboards compliance](#) on the same day to accompany the policy release.

Compliance during the user testing period

TPR expects schemes to connect to the dashboards ecosystem in line with the timeline set out in [DWP's guidance on connection: the stage timetable](#). The timeline has been designed to reduce delivery risk to industry, but it will also ensure that the system can be thoroughly tested to ensure the successful launch of dashboards.

Once schemes and pension providers are connected to the ecosystem the following requirements will apply:

- to remain connected
- to receive 'Find' requests
- to undertake matching, and
- to return 'View' data

TPR expects schemes and providers to take prompt and effective actions to investigate and correct any issues identified during the user testing stage.

Dashboards hot topics

TPR has produced a ['hot topics' article](#) focusing on some of the issues it is hearing about through its engagement with the industry. This includes:

- connecting in line with the dates in the DWP guidance
- how dashboard duties apply to a change of administrator
- TPR's approach to compliance and enforcement.

Draft technical standards - version 1.1

The Pensions Dashboards Programme (PDP) published version 1.1 of the [draft technical standards](#) on 4 September 2024. All PDP standards are published as 'draft' until approved by the Secretary of State for Work and Pensions.

The standards outline a common set of connectivity mechanisms and interfacing rules for pension providers and schemes, and dashboard providers. They determine how these parties will interact with and communicate with the central digital architecture and each other.

PDP blog on updated code of connection

On 12 September 2024, Chris Curry, PDP Principal, published a [blog on the updated code of connection](#). The blog outlines:

- what the code of connection is
- who it applies to
- what has been updated, and
- what PDP is working on publishing next.

The [updated code of connection \(version 1.1\)](#) was published on 21 August 2024, which we covered in [Bulletin 254](#).

PDP confirms identity service provider

PDP has confirmed that users of pensions dashboards will verify their identity with GOV.UK One Login. This will make it easier for those who have previously registered with One Login for other Government services.

The identity service for dashboards will ensure that people must prove who they are before they can access confidential pensions information.

You can read more on the [PDP news page](#).

Training

LGPS Governance Conference 2025

The LGPS Governance Conference is open for booking. It will take place on 30 and 31 January 2025 at the Bournemouth Highcliff Marriott Hotel. You can join us in person or online.

The Conference is aimed at councillors and others who attend pension committees and local pension boards. Previous attendees also include trade union and employer representatives, as well as officers.

You can view the programme and book on the [LGA events website](#). In person places are limited, so we recommend booking early to avoid disappointment.

Fundamentals training 2024

Our 2024 Fundamentals training is open for booking.

Fundamentals is a three day training course aimed at councillors and others who attend pension committees and local pension boards. The course provides a scheme overview and covers current issues in LGPS administration, investment

and governance. Attending all three days will help delegates meet the relevant requirement for knowledge, skills and understanding required in statute or encouraged by relevant guidance. All sessions are delivered by experts in their field.

See the [Fundamentals 2024 draft course programme](#) for full details. The timings shown apply to the in-person sessions.

We are running the training online using Zoom and in person in London and York. We will deliver each day of the online sessions over two half days. You only need to complete one booking for each day, this will automatically book you on both the half days. It is not possible to book for one half day.

Cost

In person: £290 plus VAT per day (includes lunch and refreshments)

Online: £250 plus VAT per day.

Booking your place

We recommend early booking as places are limited. You can book online through the [LGA events website](#). Only member councils of the LGA can pay by invoice. All other organisations must pay by credit/debit card.

Each event listed below has a link to the booking page for that day.

[Fundamentals day 1: York 10 October 2024](#) - Registration closes 2 October 2024

[Fundamentals day 1: London \(LGA offices\) 16 October 2024](#) - closes
1 October 2024

[Fundamentals day 1: Online 23 and 30 October 2024](#) - closes 15 October 2024

[Fundamentals day 2: York 5 November 2024](#) - closes 21 October 2024

[Fundamentals day 2: London \(LGA offices\) 13 November 2024](#) - closes
29 October 2024

[Fundamentals day 2: Online 21 and 28 November 2024](#)

[Fundamentals day 3: York 4 December 2024](#)

[Fundamentals day 3: London \(LGA offices\) 10 December 2024](#)

[Fundamentals day 3: Online 12 and 17 December 2024.](#)

Training service

All 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.

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.

Our survivor benefits, aggregation and insight training courses for 2024 are all currently at capacity. However, there are still places available on:

Employer role training (England and Wales)

- [6 December 2024 – online](#)

If you would like to be placed on the waiting list for any of our courses, email training.lgps@local.gov.uk with details of the course you would like to attend. Please also include how many places you require and the format - online or in person.

Action for administering authorities

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

Discuss potential for commissioned training at Pensions Officer Group meetings.

LGPS England & Wales Scheme Advisory Board (SAB)

Update of Funding Strategy Statement guidance

As we reported in [Bulletin 251](#), the SAB has been revising the guidance for funds to follow when reviewing their Funding Strategy Statement (FSS). The SAB convened a working group to look at what new issues needed to be covered, or covered in more depth, in the revised guidance.

This project is close to completion. The revised guidance is nearing the final stages of the approval process. We hope the guidance will be available before the end of the calendar year, following approval by the SAB, the Chartered Institute of Public Finance and Accountancy (CIPFA) and MHCLG.

The Board and the SAB secretariat team want to express their appreciation and thanks for the time and expertise provided by all members of the working group to create the guidance.

October meeting of Pension Committee chairs

Following the meeting held in June 2024 with pension committee chairs, the SAB Chair, Cllr Roger Phillips, will be holding another online meeting on 14 October 2024 at 6pm. It is hoped that the Minister, Jim McMahon, will attend.

The meeting will cover pooling, what might lie ahead for the LGPS following the call for evidence and phase one of the Government's Pension Review and other topical LGPS matters.

Joanne Donnelly emailed pension committee chairs to tell them about the October meeting. Pension committee chairs should email joanne.donnelly@local.gov.uk to be added to the meeting invitation.

Action for administering authorities

Highlight the email about the October meeting with the Chair of your pension committee.

SAB statement and investigation into further opinion on fiduciary duty

SAB has issued a [statement on fiduciary duty and dealing with lobbying](#). The SAB hopes that the statement will help administering authorities:

- deal with the increasing levels of interest in how LGPS funds are invested
- manage discussions with stakeholders and at board and committee meetings.

The SAB Secretariat is seeking an opinion from Counsel as to whether there is a need to update the [previous advice received on the nature of fiduciary duty](#) for administering authorities. Further information will be published when the opinion is received.

The SAB Secretariat is aware of a letter sent to administering authorities on behalf of the Palestine Solidarity Campaign. The Board is seeking legal advice on the contents but cannot guarantee when this will be available. Administering authorities which have received the letter should seek their own legal advice in relation to their specific circumstances and investments. The SAB will publish the legal advice once they have received it. We hope this will be in early October.

Job Opportunity – Pensions Policy and Support Officer

The Board Secretariat Team is recruiting a new member of staff. The role of the [Pensions Policy and Support Officer](#) will be to scope out a new peer support offer for LGPS administering authorities. The successful candidate will carry out project scoping work, which is likely to include:

- speaking to LGPS administering authorities
- developing pilots to show proof of concept, and
- helping to design a new peer support model.

They will then contribute to the co-ordination and delivery of this new offer. The work will require a range of skills including project planning, policy development and supporting delivery of a valuable service to the LGPS community. The role will also include helping to improve the Board's digital communication and social media presence. The closing date is 5pm on 11 October 2024. #LGPSjobs

Reminder – submit your fund annual report for 2023/24

The SAB publishes fund annual reports on its website and uses the data in them to compile the Scheme Annual Report. Administering authorities should send completed reports for 2023/24 to sabsecretariat@local.gov.uk – these can be draft or final reports.

SAB website

[The SAB 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](#).

HMRC

Pension schemes newsletter 162

HMRC published [Pension schemes newsletter 162](#) on 17 September 2024. The newsletter includes articles on:

- **Lifetime allowance abolition:** following the informal consultation conducted in August, new regulations will be introduced 'as soon as parliamentary time allows'.
- **Lump sum reporting workshop:** will be held in October. Contact ltaadministration@hmrc.gov.uk, using 'Lifetime allowance (LTA) lump sum reporting workshop' as the subject of your email if you would like to be involved.

- **LTA protections look-up service:** will allow administrators to use the Managing pension schemes service to check that protection a member is relying on for a higher lump sum is valid. Contact pensionsuserresearchrecruitment@hmrc.gov.uk for more information about taking part in research and development of this feature.
- **Managing pension schemes service:** how to enrol and migrate your scheme to the service, system downtime for routine updates from 4pm 11 October to 10am 15 October 2024.

Public service pensions remedy newsletter

On 19 September 2024, HMRC published the [September 2024 Public service pensions remedy newsletter](#). The newsletter covers:

- **Calculate your public service pension adjustment service**
 - the service is now available following a temporary closure
 - HMRC has introduced a 'triage' service to help members decide whether they need to use the service
 - members who sign in using their Government Gateway username and password can 'save and return' to their submission, but must complete it within nine months
 - members will no longer be asked for their original pension input amounts for the years 2015/16 to 2021/22
 - a new process for members affected by the tapered annual allowance and for cases where a tax charge paid by the scheme decreases because of the remedy
 - members can use the service to declare an annual allowance tax charge rather than having to declare it on their self-assessment return.
- **Reporting interest as savings income:** HMRC has published [guidance on interest paid to members relating to the remedy](#), including the requirement for members to report and pay tax on certain payments.
- **Reclaiming unauthorised payments charges:** which applies to unfunded pension schemes where the member received a lump sum that exceeded the maximum limit to be paid tax-free.
- **Contact and feedback:** Contact publicservicepensionsremedy@hmrc.gov.uk if you have any queries about the remedy and tax, or to volunteer to help with development.

TPO

Blog on expedited decision-making

The Pensions Ombudsman (TPO), Dominic Harris, published a [blog on expedited decision-making](#) on 25 September 2024. The blog provides an update on TPO's operating model review. We covered the review in [Bulletin 251](#).

As part of the review, TPO will extend the use of short-form decisions and determinations ('expedited decision-making') to resolve complaints at earlier stages. The blog includes more information on expedited decision-making and updates on pilots run over the summer. It also confirms that TPO fully rolled out expedited decision-making in September 2024.

As TPO will not publish expedited determinations, it is exploring ways to share any industry-wide learnings, such as through case studies or broader insight products.

Wider landscape

Pension Attention campaign 2024

The 'Pension Attention' campaign for 2024 was launched on 6 September 2024. The campaign, now in its third year, aims to encourage adults to prioritise their retirement savings. This year, TV star Gemma Collins features in a new parody beauty advertisement. The campaign is coordinated by the Association of British Insurers and the Pensions and Lifetime Savings Association (PLSA).

For more details, see the [PLSA press release](#) or visit www.pensionattention.co.uk.

Legislation

Northern Ireland Statutory Instruments

[LGPS \(Amendment\) Regulations \(Northern Ireland\) 2024](#) [SR 2024/159]

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 \(Scotland\)](#)

[Current LGPS job vacancies](#)

[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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Pensions Investment Review: Call for Evidence

I respond on behalf of the Local Government Pensions Committee (LGPC).

The LGPC is a committee of councillors constituted by the Local Government Association (LGA). It represents employers' interests and considers policy and technical matters affecting the LGPS.

Scale and consolidation

The policy remit set out in the Terms of reference refers to the consolidation and improved governance of the LGPS. However, the call for evidence refers to this consolidation in the context of investment only.

Whilst our response assumes that consolidation of LGPS administration is not in scope for the first phase, we would like to stress that the starting point for any change to the structure of the LGPS should be evidenced based. The Government needs to be clear about the rationale for change and the outcomes it is seeking to achieve. It must ensure that the significant risks associated with any structural change are fully considered.

The LGPS is a well-run scheme. Most LGPS funds were in surplus at the 2022 valuation. The average employer contribution rate is 21 per cent¹, which compares favourably with other public service pension schemes. The number of complaints referred to the Pensions Ombudsman is very low – and most of these relate to the less than ideal three tier ill health provisions.

Much has been made of the increase in LGPS administration costs. This must be put in context. LGPS administering authorities are currently in the process of implementing the McCloud remedy. The remedy removes the unlawful age discrimination introduced by the Government when all public service pension schemes were reformed. This is a huge administrative project that requires the collection of historic payroll data and recalculation of all leavers over an eight-year period.

In addition, there is a large amount of resource being put into the introduction of Pensions Dashboards, the introduction of the Pensions Regulator's new General Code, the recent major change to pension tax and the increased focus on governance. This is all being managed in a sector where recruitment and retention is a real concern.

¹ [LGPS Scheme Advisory Board - 2022 Valuations - Report \(lgpsboard.org\)](https://www.lgpsboard.org/2022-Valuations-Report)

On the issue of administration costs, we would like to remind Government that both the Firefighters' and Police pension schemes received funding from the Home Office to help with the administration costs of the McCloud remedy project; however, no equivalent funding was provided by MHCLG for LGPS administering authorities.

Costs vs Value

The LGPC urges caution about any Government intervention that would impact on fiduciary duty.

Employers' key concern is affordability. It is vital that LGPS administering authorities are able to continue investing in the best financial interests of scheme members and employers. The primary purpose of investment must be to achieve the required returns to pay pensions when they become due. This will minimise the need for additional funding from employers or local taxpayers.

Local authorities make up 18.3 per cent of the total numbers of employers in the LGPS but represent 74.4 per cent of the active membership. The remainder is made up of centrally funded employers eg academies and FE colleges, other public sector bodies, private contractors, and voluntary sector organisations.

On the issue of affordability, we are aware that some centrally funded employers are incentivising staff to join an alternative pension scheme to the Teachers' Pension Scheme (TPS). This is inevitably due to the increased employer contribution rate in the TPS. If this were to be replicated in the LGPS, this would lead to a reduction in membership and a reduced investment budget. The LGPC urges Government to consider whether this type of action is within the spirit of the Pensions Act 2008 and whether any strengthening of the safeguarding provisions in the Act are needed.

Finally, one way to increase investment budgets would be to increase the membership of the scheme by introducing Fair Deal into the LGPS. This will ensure members continue to have access to the LGPS when their employment is compulsorily transferred.

Investing in the UK

Again, we urge caution about any incentives or requirements that would impact on fiduciary duty.

There is already good work being done on investing in local areas eg Greater Manchester Pension Fund. The LGPC recommends that Government implements the Scheme Advisory Board's Good Governance recommendations. This would ensure that all decision-makers have the skills and knowledge necessary to consider local investments confidently and properly manage conflicts of interest.

Call for evidence description – Submission from LGPS (E&W) Scheme Advisory Board

Scale and Consolidation

Q5 - To what extent has LGPS asset pooling been successful, including specific models of pooling, with respect to delivering improved long-term risk-adjusted returns and capacity to invest in a wider range of asset classes?

Asset pooling was intended to deliver benefits of scale, improved governance and decision making, reduced costs and improved value for money, and capability to invest in infrastructure.

SAB's Scheme Annual Reports show that LGPS funds generally hold more diversified portfolios than before pooling began. There are various drivers of this shift in asset allocation but funds certainly seem to now have the capacity and capability to invest in infrastructure and private markets.

Funds operate in a challenging recruitment and retention environment. Pools offer additional resource to assist with reporting, stewardship and due diligence on investments in asset classes where funds have less experience, such as private markets investments. For the pools with an FCA regulated company managing assets directly, rather than the platform model, partner funds have benefitted from their pool's additional in-house resource.

Lower costs were an expected benefits of scale and all pools can demonstrate that they saved costs for their partner funds. We do not recognise the Government's claim that fees for LGPS funds have increased by 70% since 2017. Despite our best efforts we are unable to understand how this figure was calculated from publicly available data.

In any event, the investment fees paid by the LGPS annually are driven largely by performance and size of AUM. It is to be expected that since AUM have grown significantly since 2017 then the fees in cash terms are higher. The standard basis for comparison of investment costs would be basis points and we are happy to work with MHCLG to conduct the necessary analysis to provide accurate comparative data. This would also need to take into account the shift into inherently more expensive asset classes such as infrastructure.

The SAB's Code of Transparency, established in 2017, was ground-breaking across the investment industry. It also led to an increase in disclosed fees, because it brought to light the full amount of fees actually charged. This additional disclosure is positive and allows fees to be better managed.

In relation to governance and decision-making, pools have developed and fine-tuned their governance arrangements over time to better suit the needs of their particular partner fund mix. All pools have transparent governance models which keep the partner funds – their owners/shareholders – at the centre.

The Board believes that implementing the Good Governance recommendations would be the most effective way to improve pool performance. This would support creation of a truly collaborative model, where funds take a strong and active role in the governance of pools and hold pool executives to account.

As each pool is at its own stage of development, and investment performance can

only be assessed over the long-term, it is too soon to evidence which pooling model delivers greatest value for partner funds.

Having effective member representative within the pool's governance structure is something the SAB strongly believes should be a requirement of any pool model. Only one pool does not have a permanent member representative in their governance structure, and SAB has raised this with that pool.

Costs vs Value

Q2 - Is there a case for Government interventions, aimed at employers or other participants in the market, designed to encourage pension schemes to increase their investment budgets in order to seek higher investment returns from a wider range of asset classes?

Decisions on asset allocation are the key driver of value in LGPS and SAB would be cautious about anything which distorted the proper consideration of the funds' fiduciary duty. The simplest way to increase the amounts invested in growth assets is to have a strategy to ensure the greatest number of eligible members are enrolled in the scheme (reducing opt-outs), and to protect eligibility through full implementation of the New Fair Deal policy, to protect members facing outsourcing or retendering.

The key concern for most employers in the LGPS (which are mainly but not exclusively local authorities of various types – there are also academy trusts, further education colleges and other admitted bodies), is that their employer contribution remains affordable. The Board has calculated that the average employer contribution across the LGPS (in England and Wales) is now 21% which compares very favourably to the employer contribution in the other large public sector pension schemes – which are all unfunded. Many LGPS employers contribute to more than one public sector scheme and are well aware of what good value LGPS is.

It is expected that employer contributions will continue the downward trend following the 2025 triennial fund valuations. This is largely due to sound investment decisions over the last valuation period, which have seen strong investment returns, and reducing liabilities due to rising gilt yields.

Most LGPS funds were in surplus at the 2022 valuation, many for the first time. This has resulted in increased pressure from some employers for their fund to “lock in” those gains and alter their investment strategies to de-risk and move to more defensive asset classes. LGPS funds have been very successful at seeking higher investment returns over the long-term, fully recovering the losses suffered in the global financial crash. However, given uncertainties over the future, many funds are likely to resist calls to derisk and continue to target strong returns. However, in this context, this may not be the time to incentivise a move into asset classes like venture capital as suggested. We would again emphasise the importance of holding to the fiduciary duty which ensures contributions are invested in the best financial interests of scheme members and employers. The primary purpose must be to achieve the required returns to pay pensions when they become due, minimising the need for additional funding from employers or local taxpayers.

Investing in the UK

Q1 - What is the potential for a more consolidated LGPS and workplace DC market, combined with an increased focus on net investment returns (rather than costs), to increase net investment in UK asset classes such as unlisted and listed equity and infrastructure, and the potential impacts of such an increase on UK growth?

There may be potential for more consolidation in the LGPS, but we are unclear whether this question refers to consolidation of investment pools or LGPS funds. If pools, then it is not obvious why further consolidation would drive “increased focus on returns” or further changes in asset allocation.

LGPS funds have always focused on risk-adjusted net returns rather than purely on costs, and recent research by the Pensions Policy Institute showed that the Scheme level is already one of the most diversified and ambitious pension schemes in the UK. While private sector DB pensions are the biggest investors in UK productive assets by value (£250bn), public sector DB schemes (essentially the LGPS) are the biggest investors in UK productive assets by proportion of funds (31%). At the same time, data from the Purple Book¹ suggests that equity investment in private sector DB schemes fell from 41% in 2011 to 18% in 2023.

Focussing on consolidation risks being a distraction that potentially leads to inertia around efforts to increase the level of pooling in LGPS. Why would a fund transition illiquid assets to their pool if they believe that pool may no longer exist a few years’ time? Forced merger or consolidation should be avoided at all costs, as it is highly unlikely to lead to better outcomes, even over the longer term.

Where fund mergers have happened, these have taken years of collaboration and cooperation both before and after the transfer of functions from one fund to another (as usually happens, rather than an equal merger). It is important, as with investment pools, that any expectation around fund consolidation is conscious of all the risks involved in change and gives sufficient time for risks to be worked through, keeping the interests of scheme members at the forefront.

Although, it may be largely accepted that 87 funds is not ideal, the debate should acknowledge that being based in local government is important to many members and employers. Particularly in terms of accountability, democracy and accessibility.

The LGPS is a well-run scheme. It has very few complaints referred to the Pensions Ombudsman. The complaints are most commonly about ill-health retirement (due to the ill-functioning tier systems) whereas in private sector schemes complaints are more likely to be about administration. This fits with the Pensions Regulator’s report which shows LGPS to be performing very well in relation to industry standards of governance.

The Board would like to see evidence-based decisions using comparable data. The new LGPS annual report guidance will help with KPI reporting from this year. The Board would also suggest commissioning a study of administrative effectiveness/efficiency not just between LGPS funds, but including other comparable schemes, eg other public sector schemes and maybe even Railpen or

¹ The Purple Book 2023, DB pensions universe risk profile. Available at: <https://www.ppf.co.uk/-/media/PPF-Website/Public/Purple-Book-Data-2023/PPF-The-Purple-Book-2023.pdf>

USS.


Question 3. *Is there a case for establishing additional incentives or requirements aimed at raising the portfolio allocations of DC and LGPS funds to UK assets or particular UK asset classes, taking into account the priorities of the review to improve saver outcomes and boost UK growth? In addition, for the LGPS, there are options to support and incentivise investment in local communities contributing to local and regional growth. What are the options for those incentives and requirements and what are their relative merits and predicted effectiveness?*

SAB would prefer the option of Government action that increases the incentives to invest in UK assets. Ideally that could be done by increasing the volume of financially viable projects for funds to invest in. Government could achieve this through policy change in the tax system or devising a form of financing that guarantees minimum return on projects that would otherwise be deemed too risky for a pension fund to invest in. Anything which is seen to dilute the fiduciary duty or distort the decision-making process at the expense of returns is likely to be resisted by funds, other scheme employers and member representatives. It also risks having a detrimental effect on asset prices and returns as LGPS funds are “herded” into an inadequate supply of opportunities.

LGPS member benefits are statutorily guaranteed, they are not “savers” in the same way that members of DC pension schemes are and their pension is treated as deferred pay, rather than an investment pot. The investment performance of their LGPS fund is irrelevant to their benefits, which are paid in full regardless.

Some LGPS funds, like the South Yorkshire Pension Authority, have a long history of investing in their local areas. Others have needed their pool to be able to realise their desires to do so, as was the case with the Cornwall fund. New ground is being broken in working with metro mayors, as in Greater Manchester. This interest in local investment by LGPS funds is not an accident and nor is it typical of the pensions industry. No doubt this is due in part to investment decisions being taken by a committee made up of local councillors, elected to represent local areas. Again, implementation of our Good Governance recommendations would support local investment by a wider range of funds by ensuring that all decision-makers have the skills and knowledge to discharge their functions confidently and properly manage potential conflicts of interest.

LGPS funds often have a deep understanding about how their local economy works, which gives them a competitive advantage over other investors. But the key barriers are scale and supply of opportunities: we would like to see a deeper consideration of what can be done collectively to address those. Additionally, UK infrastructure projects have to be competitive with other opportunities around the world. We believe that central Government should take a more active role in this space, outlining a clear industrial strategy, supporting transition – similar to those offered in other jurisdictions (like the significant funding commitments announced by the European Union and the US Government).

	<p align="center">Pension Board 07 November 2024</p>
	<p align="center">Report from the Corporate Director of Finance and Resources</p>
<p>Training Update - Members' Learning and Development</p>	
<p>Wards Affected:</p>	<p>N/A</p>
<p>Key or Non-Key Decision:</p>	<p>N/A</p>
<p>Open or Part/Fully Exempt:</p>	<p>Open</p>
<p>List of Appendices:</p>	<p>Three: Appendix 1: Brent Pension Fund Training Plan Appendix 2: Brent Pension Fund Training Strategy Appendix 3: Training Content and Learning Schedule</p>
<p>Background Papers:</p>	<p>None</p>
<p>Contact Officer(s):</p>	<p>Minesh Patel, Corporate Director, Finance and Resources 020 8937 minesh.patel@brent.gov.uk</p> <p>Amanda Healy, Deputy Director of Finance 020 8937 5912 amanda.healy@brent.gov.uk</p> <p>Sawan Shah, Head of Finance 020 8937 1955 sawan.shah@brent.gov.uk</p> <p>George Patsalides, Finance Analyst george.patsalides@brent.gov.uk</p>

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, 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 LOLA platform tracks the progress of users and provides a record of activity, which will be included as a standing item in each Committee and Board meeting. The table below shows module progress for each member of the Pension Board, **as at 1 October 2024**:

Title of Module	Module completed by
Introduction	B George C Bala D Ewart R Wheeler
Module 1 – Committee Role and Pensions Legislation	B George C Bala D Ewart

	R Wheeler
Module 2 – Pensions Governance	C Bala D Ewart R Wheeler
Module 3 – Pensions Administration	C Bala D Ewart R Wheeler
Module 5 – Procurement and Relationship Management	C Bala D Ewart R Wheeler
Module 6 – Investment Performance and Risk Management	C Bala D Ewart R Wheeler
Module 7 – Financial Markets and Product Knowledge	C Bala R Wheeler
Module 4 – Pensions Accounting and Audit Standards	C Bala D Ewart R Wheeler
Module 8 – Actuarial Methods, Standards and Current Practices	C Bala D Ewart
Current Issues	B George C Bala D Ewart R Wheeler

3.8 To allow additional time to complete the training suite, we have refreshed the learning plan enclosed in Appendix 3.

3.9 The LOLA platform allows members to complete modules at a convenient time for them. As before, all members are required to complete modules at the pace of one module per calendar month.

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 no legal considerations arising directly from this report.

7.0 Equality, 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

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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[Pension Committee and Pension Board Training Policy](#)

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Training plan

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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Title of Module	Module Content	Date to be completed	Time Requirement
Introduction	An introduction to LGPS Online Learning Academy	Aug-24	2 minutes
Module 1 – Committee Role and Pensions Legislation	An Introduction to Pensions Legislation An Introduction to Pensions Legislation - The role of a Councillor	Aug-24	37 minutes
Module 2 – Pensions Governance	LGPS Oversight Bodies - DLUHC & GAD LGPS Oversight Bodies - TPR Business Planning LGPS Governance	Sep-24	1 hour
Module 3 – Pensions Administration	Introduction to Administration Additional Voluntary Contributions Policies and Procedures	Oct-24	1 hour
Module 5 – Procurement and Relationship Management	Public Procurement	Nov-24	21 minutes
Module 6 – Investment Performance and Risk Management	Introduction to Investment Strategy LGPS Investment Pooling Performance Monitoring Responsible Investment	Dec-24	58 minutes
Module 7 – Financial Markets and Product Knowledge	Introduction to financial markets and product knowledge Markets, investment vehicles and MiFID II	Jan-25	43 minutes
Module 4 – Pensions Accounting and Audit Standards	Pensions Accounting and Audit Standards	Feb-25	21 minutes
Module 8 – Actuarial Methods, Standards and Practices	Introduction to Funding Strategy LGPS Actuarial Valuations - Process LGPS Valuation - Technical Employers	Mar-25	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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London Borough of Brent Pension Fund

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Q2 2024 Investment Monitoring Report

Kenneth Taylor, Senior Investment Consultant

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Executive Summary

Performance Summary

The assets combined to return 1.4% over the second quarter of 2024 to 30 June.

Global equities continued to perform well, returning 2.9% over the period, as optimism around AI continued.

UK and emerging market equities also rose by 3.7% and 5.8% over the period. The UK and emerging markets outperformed the global market as valuations remained cheap, while global valuations are elevated and are likely to weigh on longer term performance.

Over the quarter, the bond market fell as gilt yields ending the quarter higher than end Q1. However, we still see longer-term value in UK gilts as expectations of rate cuts should stabilise yields.

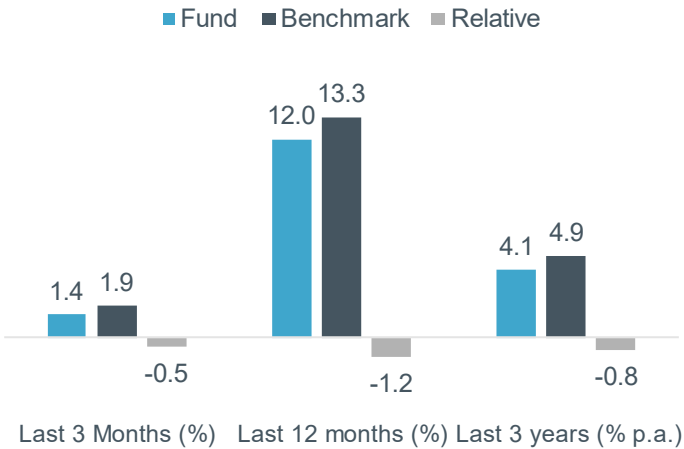
Since quarter end:

- Capital Dynamics explored liquidity options for the private equity mandate. This mandate is in run-off, hence we recommended that the Committee voted in favour of the transactions and opts for the cash election option.
- LCIV has placed its emerging markets equities fund under enhanced monitoring due to ongoing underperformance. A review is scheduled for the end of October.

Key points to note

- The Fund has posted a positive return over Q2, ending the period with a valuation of £1,279.2m, up from £1,259.7m at the end of Q1 2024.
- The Fund’s passive global equity exposure was the main driver of positive return on an absolute basis, along with its exposure to UK and emerging market equities. Within the income assets, the Fund’s private debt, property and multi-asset exposure contributed to performance on an absolute basis. The main detractor from performance was the Fund’s government bond exposure, which fell in value as gilt yields rose over the quarter.
- On a relative basis the Fund underperformed its benchmark by 0.5%. The Fund is also behind its composite benchmark over the past 12 months and over 3 years.
- The cash held by the Fund increased over the period to £59.0m.

Fund performance vs benchmark/target



High level asset allocation

	Actual	Benchmark	Relative
Growth	56.2%	58.0%	-1.8%
Income	25.4%	25.0%	0.4%
Protection	13.9%	15.0%	-1.1%
Cash	4.6%	2.0%	2.6%

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%

Last quarter, the LCIV infrastructure fund ended its ramp up period and entered its distribution phase. Income from distributions has begun to return to the Fund quarterly.

In Q1, the Committee agreed to the partial sale of the LCIV Baillie Gifford Multi-asset fund and utilise the proceeds to meet the strategic objectives of the Fund. During Q2, the first tranche of £33m was disinvested, with £18m invested in the LCIV JP Morgan Emerging Markets Fund and £15m held in cash.

Other transaction activity included the first commitment to the London CIV UK Housing Fund.

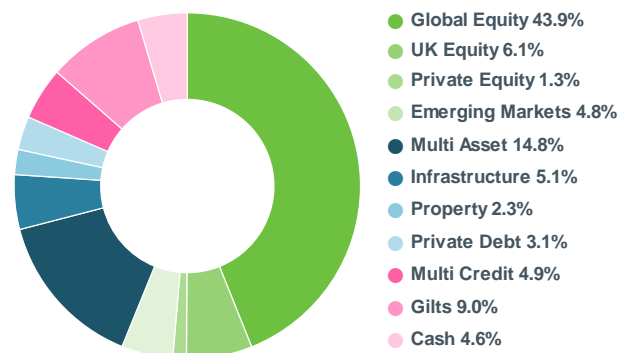
The LCIV private debt fund remains in the ramp up phase. We expect the Fund's commitments to continue to be drawn down over 2024.

Asset allocation

Manager	Valuation (£m)		Actual Proportion	Benchmark	Relative
	Q1 2024	Q2 2024			
LGIM Global Equity	515.0	526.1	41.1%	40.0%	1.1%
LGIM UK Equity	75.8	78.6	6.1%	5.0%	1.1%
Capital Dynamics Private Equity	17.3	16.2	1.3%	5.0%	-3.7%
LCIV JP Morgan Emerging Markets	42.7	61.5	4.8%	5.0%	-0.2%
Blackrock Acs World Low Crbn	34.9	36.0	2.8%	3.0%	-0.2%
Total Growth	685.8	718.3	56.2%	58.0%	-1.8%
LCIV Baillie Gifford Multi Asset	127.7	96.4	7.5%	6.0%	1.5%
LCIV Ruffer Multi Asset	92.7	93.1	7.3%	6.0%	1.3%
Alinda Infrastructure	18.7	16.3	1.3%	0.0%	1.3%
Capital Dynamics Infrastructure	2.4	2.4	0.2%	0.0%	0.2%
LCIV Infrastructure	45.2	46.5	3.6%	5.0%	-1.4%
Fidelity UK Real Estate	13.3	13.3	1.0%	1.5%	-0.5%
UBS Triton Property Fund	10.9	11.0	0.9%	1.5%	-0.6%
LCIV Private Debt Fund	39.1	39.8	3.1%	5.0%	-1.9%
LCIV UK Housing Fund	0.0	5.7	0.4%	0.0%	0.4%
Total Income	350.0	324.4	25.4%	25.0%	0.4%
LCIV CQS MAC	61.8	62.9	4.9%	5.0%	-0.1%
BlackRock UK Gilts Over 15 yrs	117.8	114.6	9.0%	10.0%	-1.0%
Total Protection	179.6	177.4	13.9%	15.0%	-1.1%
Cash	44.3	59.0	4.6%	2.0%	2.6%
Total Scheme	1259.7	1279.2	100.0%	100.0%	

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

Asset class exposures



Source: Investment Managers

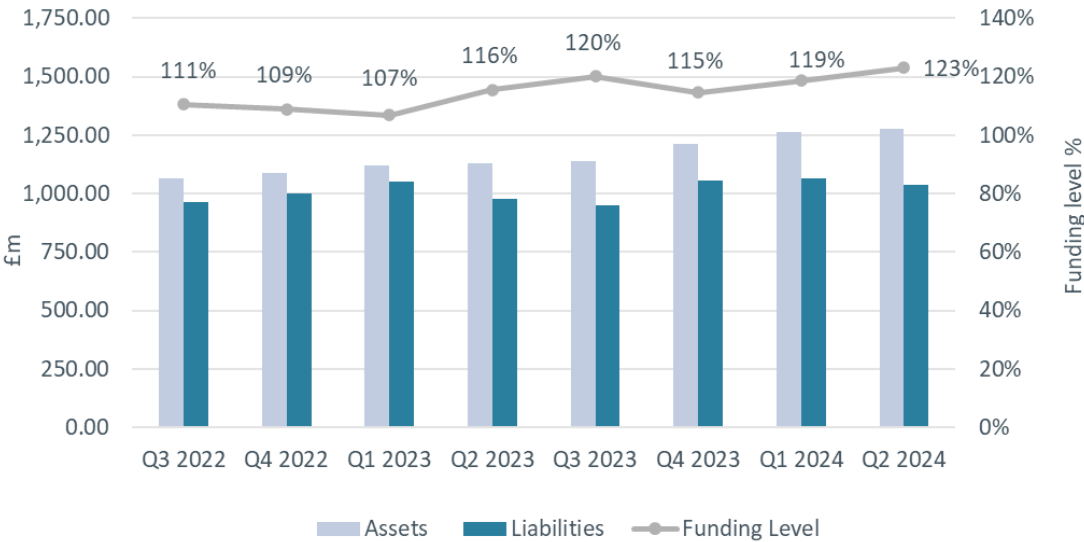
Note: The target allocations were agreed in in June 2023 as part of the last investment strategy review.

As at 30 June 2024, we estimate the funding level to be 123%.

The graph shows the funding level has increased from 111% in Q3 2022 to 123% at the end of Q2 2024. Over the past 12 months, the funding level has remained relatively consistent.

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

	31 Dec 2023	31 March 2024	30 June 2024
Assets	1,212	1,262	1,276
Liabilities	1,057	1,064	1,036
Surplus/(deficit)	155	197	240
Funding Level	115%	119%	123%

Source: Hymans Robertson funding update report as at 30 June 2024.
Please see report for full details of approach used and reliances and limitations.

The total Fund return over the quarter was positive on an absolute basis, however lagged its benchmark by 0.6%. Performance over the past 12 month and 3-year periods is positive on an absolute but similarly remain behind benchmark.

Global equities continued to provide positive returns, returning 2.2% over Q2 and maintaining double-digit performance over the last 12 months and 3 years. UK equities outperformed global equities for the first time in recent months, returning 3.7% over the quarter.

Capital Dynamics' infrastructure mandate posted negative returns over the period; however, this allocation is in run down and represents a small allocation within the Fund.

Yield volatility remained during Q2. The BlackRock gilts mandate fell in value over the quarter as gilts yields rose compared to end Q1 levels.

Credit markets continued to perform well resulting in positive performance from the LCIV MAC fund.

The property market had a positive quarter on an absolute basis, however lagged benchmark over the past 12 months.

Manager performance

	Last 3 Months (%)			Last 12 months (%)			Last 3 years (% p.a.)		
	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative
Growth									
LGIM Global Equity	2.2	2.5	-0.4	20.9	21.4	-0.4	10.0	10.2	-0.2
LGIM UK Equity	3.7	3.7	-0.1	13.0	13.0	0.0	7.5	7.4	0.1
Capital Dynamics Private Equity	1.4	2.9	-1.5	-2.3	22.5	-20.2	2.5	11.6	-8.2
LCIV JP Morgan Emerging Markets	1.8	4.9	-3.0	3.2	13.2	-8.8	-4.8	-2.2	-2.6
Blackrock Acs World Low Crbn	3.0	2.6	0.5	22.3	20.9	1.2	-	-	-
Income									
LCIV Baillie Gifford Multi Asset	1.6	1.8	-0.1	7.2	7.3	-0.1	-1.8	5.0	-6.5
LCIV Ruffer Multi Asset	0.4	1.8	-1.4	1.0	7.3	-5.8	0.6	5.0	-4.2
Alinda Infrastructure	0.3	1.3	-1.0	13.3	4.0	8.9	18.8	8.4	9.6
Capital Dynamics Infrastructure	-3.9	1.3	-5.2	1.4	4.0	-2.5	-10.4	8.4	-17.3
LCIV Infrastructure	3.4	1.3	2.0	6.8	4.0	2.7	9.6	8.4	1.1
Fidelity UK Real Estate	0.3	1.2	-0.9	-3.5	0.1	-3.6	-	-	-
UBS Triton Property Fund	0.9	1.2	-0.3	-3.7	0.1	-3.7	-	-	-
LCIV Private Debt Fund	2.0	1.5	0.5	9.5	6.0	3.3	-	-	-
Protection									
LCIV CQS MAC	1.7	1.8	-0.1	11.1	7.4	3.4	1.6	5.0	-3.2
BlackRock UK Gilts Over 15 yrs	-2.7	-2.8	0.0	0.9	1.1	-0.2	-16.3	-16.3	-0.1
Total	1.4	1.9	-0.5	12.0	13.3	-1.2	4.1	4.9	-0.8

This table shows the new performance target measures, implemented from 2020. Please note the 3-year return is on the old benchmark basis. Performance for the LCIV UK Housing Fund will be included from the next report onwards.

This chart highlights each mandate's contribution to the Fund's absolute performance over the second quarter of 2024, according to their allocation.

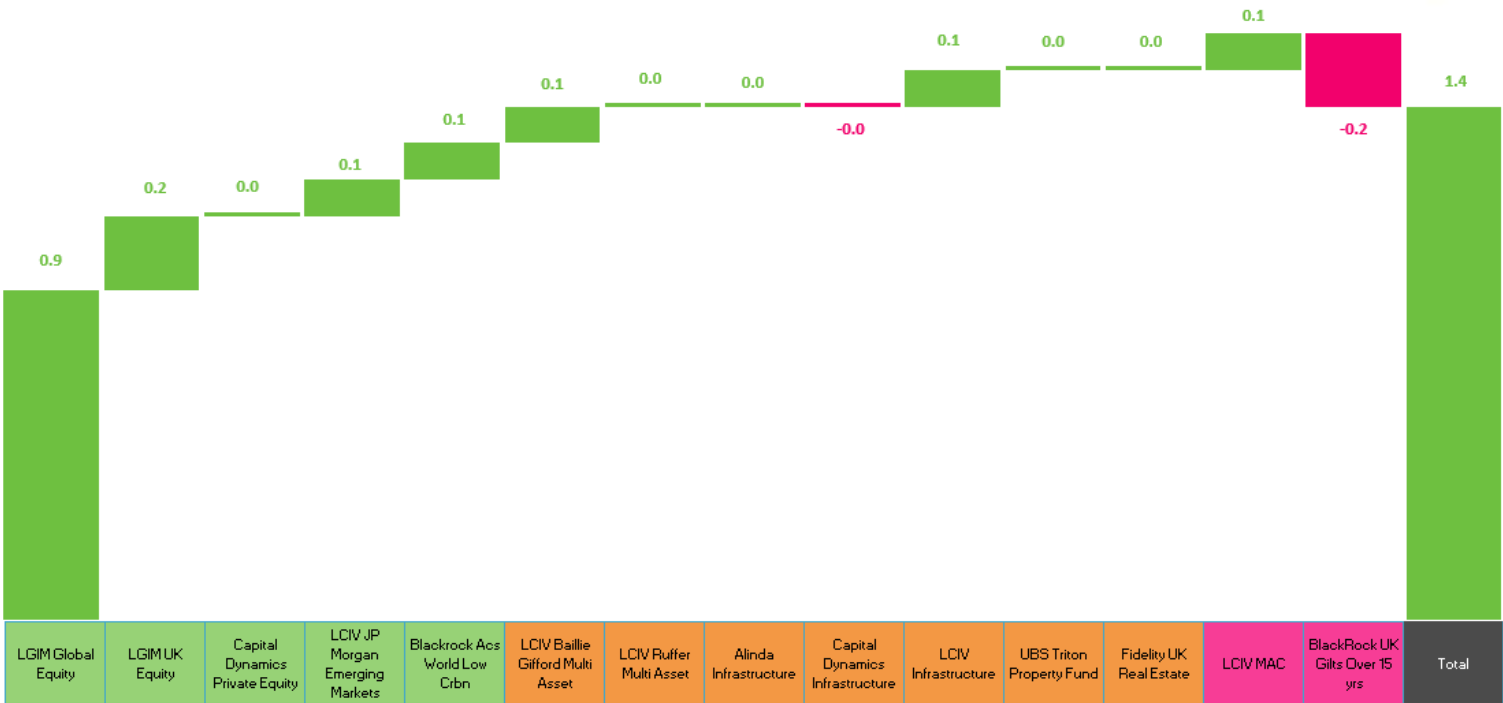
The largest contributor to performance over the period remains LGIM's Global Equity fund, given its positive performance and its allocation of c.40%.

The Fund also saw positive contributions to performance from the LGIM UK Equity Fund, LCIV JP Morgan Emerging Markets Fund, BlackRock World Low Carbon Fund, and LCIV Baillie Gifford Multi-Asset, Infrastructure and MAC Funds.

The main detractor from performance was the BlackRock UK Gilts Fund, making up 9% of the Fund's total assets.

Despite negative returns posted by the Capital Dynamics Infrastructure Fund, this mandate has a relatively small allocation of c4%, 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.

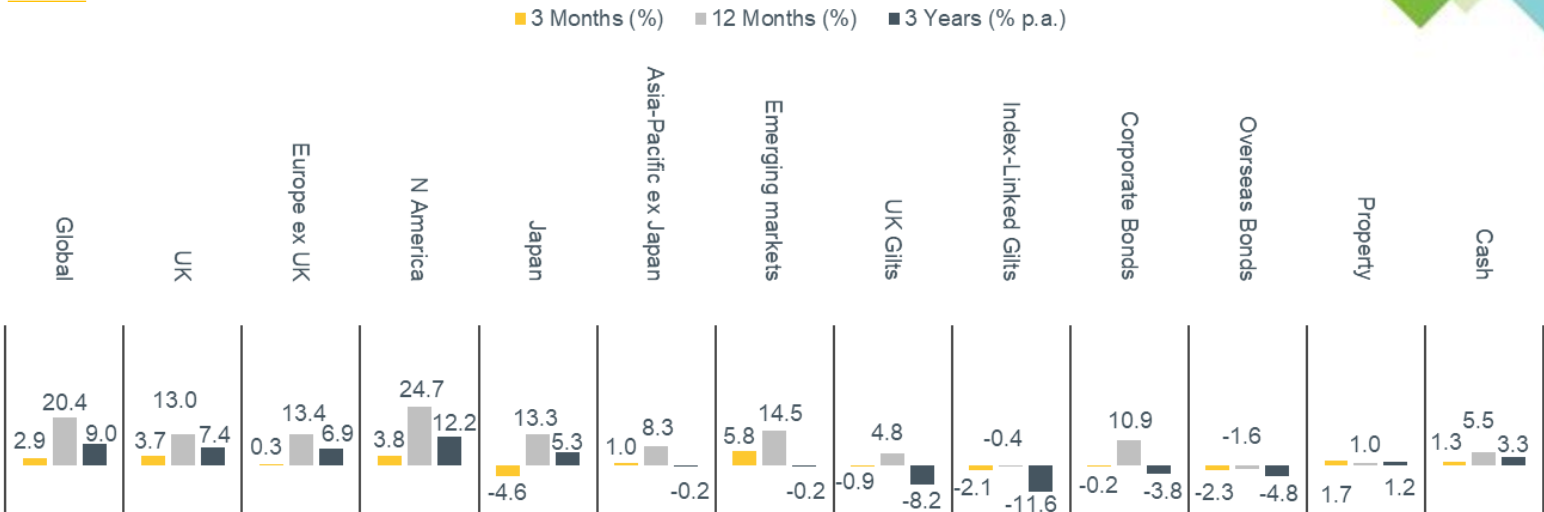
The US economy slowed more than expected in Q1 to an annualised quarterly pace of 1.4%. While this marks a sharp pullback from the blistering 3.4%, the economy still exhibits decent, if slowing, domestic demand. Quarter-on-quarter eurozone and UK GDP rose more than expected in Q1, by 0.3% and 0.7% respectively, with both regions officially exiting technical recession.

UK year-on-year headline CPI slowed meaningfully, returning to the Bank of England's (BoE) 2% target for the first time in almost three years in May and remained unchanged in June. Core CPI slowed but, at 3.5% year-on-year, highlights stubborn underlying inflation pressures. In the eurozone, headline and core CPI measures rose to 2.5% and 2.9% respectively, in June. US headline CPI fell to 3.0% in June, while core CPI eased to 3.3%.

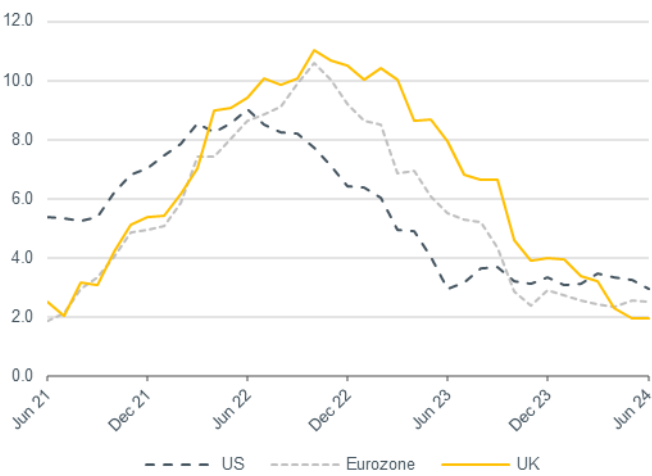
The European Central Bank (ECB) delivered a widely expected 0.25% pa reduction in its deposit facility interest rate, to 3.75% pa. However, the ECB raised its inflation outlook for 2024 and 2025. The Federal Reserve (Fed) and BoE held rates steady, at 5.5% pa and 5.25% pa respectively, and markets continue to expect fewer rate cuts in 2024 than they did at the start of the year.

The US trade-weighted dollar rose 2.4% as market further reduced their rate cut expectations for 2024. The equivalent sterling measure rose 0.7% while the euro measure weakened a little as the ECB lowered rates. The Japanese trade-weighted yen fell a further 5.1% as markets continued to bet on wide interest rate differentials between Japan and its major developed-market peers.

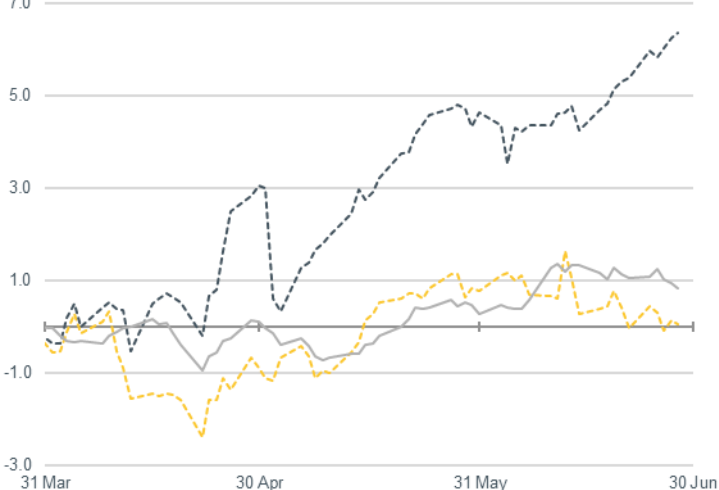
Historic returns for world markets ^[1]



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

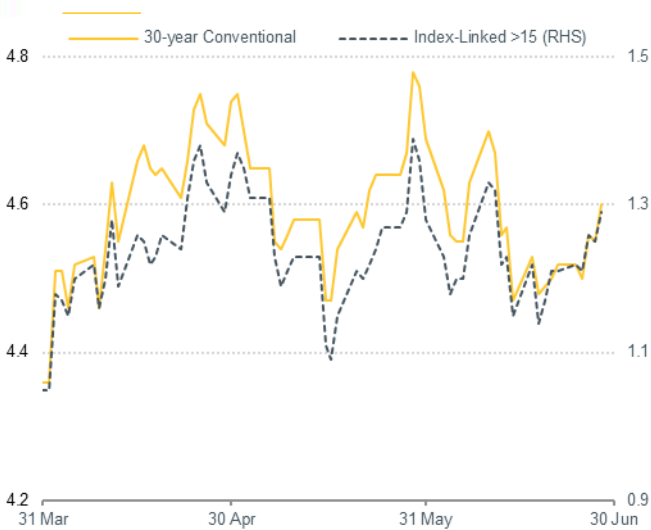
Sovereign bond yields rose on decent growth and sticky inflation data. US and UK 10-year bond yields both rose 0.2% pa to 4.4% pa and 4.2% pa, respectively. Despite the ECB's rate cut, German sovereign bond yields also rose 0.2% pa to 2.5% pa. French 10-year yields rose sharply, by 0.5% pa, due to uncertainties around the parliamentary elections.

Despite little change in credit spreads, UK investment-grade credit markets recorded negative total returns as income was offset by a rise in underlying sovereign bond yields. Speculative-grade markets outperformed, supported by income return and their lower duration profile. Euro and US high-yield bonds delivered total returns of 1.5% pa and 1.1% pa, respectively.

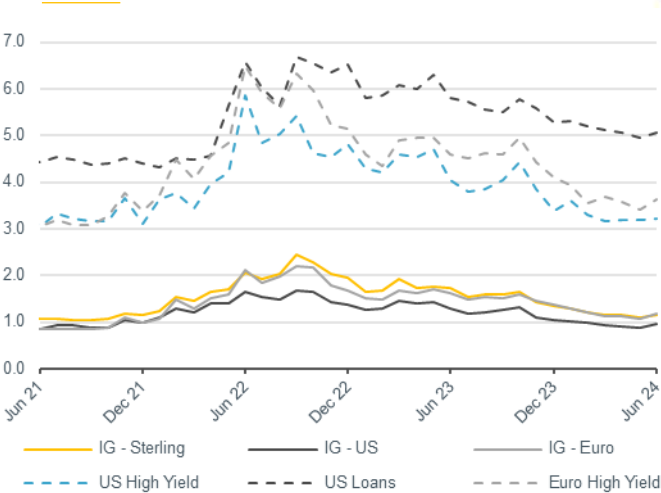
The FTSE All World Total Return Index rose 3.5%. US Q1 earnings comfortably beat expectations and stocks tied to AI continued to benefit. Technology was the clear outperforming sector. Utilities were the only other, albeit modest, outperformer. All other sectors underperformed, with value-orientated sectors seeing the worst underperformance.

The MSCI UK Property Total Return Index rose 1.7% between March and June, as aggregate capital values increased modestly for the fourth consecutive month. On a 12-month basis to June, aggregate property capital values are down 4.7%. Aggregate nominal rental year-on-year growth was 3.6% in June. Given falls in inflation real rental growth, in CPI terms, reached 1.6% year-on-year in June.

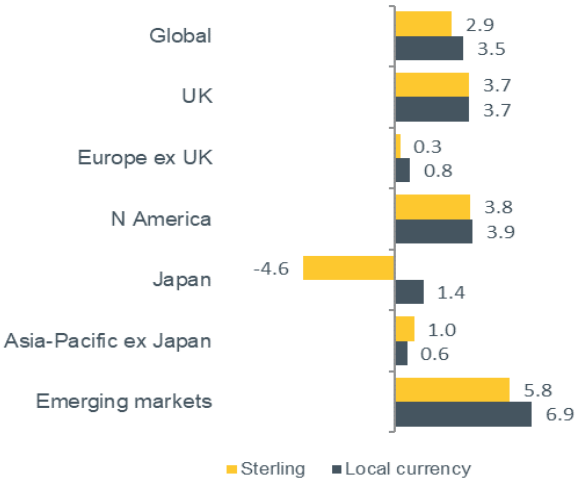
Gilt yields chart (% p.a.)



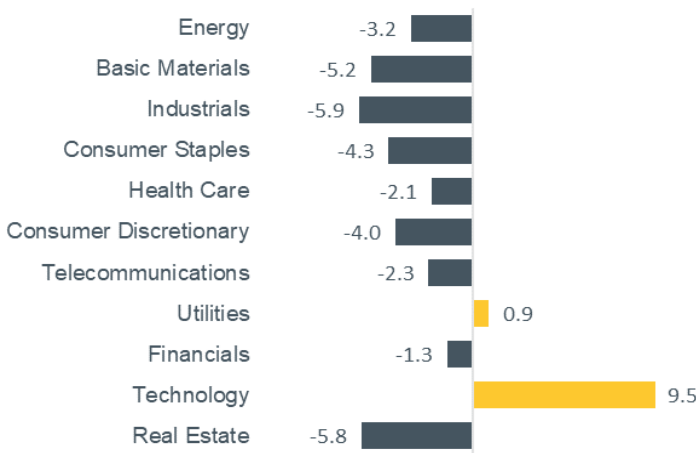
Investment and speculative grade credit spreads (% p.a.)



Regional equity returns ^[1]



Global equity sector returns (%) ^[2]



Source: DataStream, Barings, ICE ^[1]FTSE All World Indices. Commentary compares regional equity returns in local currency. ^[2]Returns shown in Sterling terms and relative to FTSE All World.

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This report may contain fund and fund manager specific research ratings and comments based on the views of our investment research team. Please speak to your investment adviser before taking any investment decisions or actions. They will advise whether formal investment advice is necessary, including a risk assessment and investment suitability information where appropriate.

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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.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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	Brent Pension Fund Sub-Committee 8 October 2024
	Report from the Corporate Director, Finance and Resources
Brent Pension Fund: Annual Report and Accounts 2023/24	

Wards Affected:	N/A
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt:	Open
List of Appendices:	One: Appendix 1 Draft Brent Pension Fund Annual Report 2023/24
Background Papers:	None
Contact Officers:	<p>Minesh Patel, Corporate Director, Finance and Resources 020 8937 4043 minesh.patel@brent.gov.uk</p> <p>Amanda Healy, Deputy Director of Finance 020 8937 5912 amanda.healy@brent.gov.uk</p> <p>Sawan Shah, Head of Finance 020 8937 1955 sawan.shah@brent.gov.uk</p> <p>George Patsalides, Finance Analyst george.patsalides@brent.gov.uk</p>

1.0 Executive Summary

- 1.1 This report provides an update on the Pension Fund Annual Report and Accounts for the year ended 31 March 2024.

2.0 Recommendation(s)

- 2.1 The Committee is recommended to:
- Note the draft accounts included as part of the annual report;

- Note the draft Brent Pension Fund Annual Report 2023/24 which will be published as set out in paragraph 4.4.

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.

Statement of Accounts

- 3.3 Included in the Brent Pension Fund Annual Report 2023/24 attached in Appendix 1 are the latest version of the Pension Fund Annual Accounts for the year ended 31 March 2024.
- 3.4 At the time of writing, audit fieldwork is substantially complete. The auditors are now working on completing their closing procedures and final reviews with a view to sign off the audit at the Audit and Standards Advisory Committee meeting on 31 October 2024.
- 3.5 The responsibility for approving the statement of accounts resides with the Audit and Standards Committee.
- 3.6 The accounts have been prepared to meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) governing the preparation of the 2023/24 financial statements for Local Government Pension Scheme funds. The accounts aim to give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2024 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2024.

4.0 Background

- 4.1 The main items to note are as follows:

- During 2023/24, the value of the Pension Fund's investments increased to £1,259m (2022/23 £1,116m). This is largely driven by a rise in global equities following a shift in rate expectations, coupled with lower-than-expected inflation figures. Further detail on investment performance is available in the regular monitoring reports.
- Total contributions received from employers and employees were £69m for the year, an increase on the previous year's £68m.
- Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, were £52m, an increase on the previous year's £48m.

- As in 2022/23, the pension fund is in a positive cash-flow position because its contributions exceed its outgoings to members.

Pension Fund Annual Report

4.4 The draft Pension Fund annual report has been sent to Grant Thornton for review. Regulations require the annual report to be published on or before 1st December. The Fund will publish the report on completion of the audit process and before the required deadline.

4.5 The Pension Fund annual report also includes the following, which have been approved by the Committee at previous meetings:

- Investment Strategy Statement;
- Pensions Administration Strategy;
- Funding Strategy Statement; and

5.0 Stakeholder and ward member consultation and engagement

5.1 Not applicable.

6.0 Financial Considerations

6.1 Not applicable.

7.0 Legal Considerations

7.1 Not applicable.

8.0 Equity, Diversity & Inclusion (EDI) Considerations

8.1 Not applicable.

9.0 Climate Change and Environmental Considerations

9.1 Not applicable.

10.0 Human Resources/Property Considerations

10.1 Not applicable.

11.0 Communication Considerations

1.0 11.1 Not applicable.

Report sign off:

Minesh Patel

Corporate Director of Finance and Resources



Brent Pension Fund

Annual Report and Accounts 2023/24

Pensions Regulator Scheme Number: 10272080

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1. Chairman's Foreword

It is my pleasure to present the Annual Report and Accounts of the Brent Pension Fund for 2023/24.

The Fund has 6,545 contributors, 7,367 pensioners and 8,454 deferred pensioners.

The scheme is administered locally and is a valuable part of the pay and reward package for employees working in Brent Council or working for other employers in the Borough participating in the scheme.

During 2023/24, the value of the Pension Fund's investments increased to £1,259m (2022/23 £1,116m). This is largely driven by a rise in the Fund's index tracking global equities holding following a shift in rate expectations, coupled with lower-than-expected inflation figures. The Fund's UK equities and multi asset credit mandates also performed well.

Total contributions received from employers and employees was £69m for the year, an increase on the previous year's £68m. Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, were £52m, an increase on the previous year's £48m.

As in 2022/23, the Pension Fund is in a positive cash-flow position because its contributions exceed its outgoings to members. This means that the Pension Fund is able to invest some of the contributions from members in order to further increase the assets available to pay future benefits. This is in contrast to some Local Government Pension Scheme funds, who have to use some of their investments each year, reducing the assets on which they can make returns.

The Brent Pension Fund is revalued every three years by an independent actuary. The Pension Fund had its most recent triennial review in 2022. This is a detailed appraisal that uses economic and demographic assumptions in order to estimate future liabilities and set employer contribution rates. During 2023/24, the most commonly applied employer contribution rate within the Brent Pension Fund was 33.5% of pensionable pay. This is consistent with the Fund's deficit recovery plan to clear its deficit within 20 years of the balance sheet date. This Triennial Valuation revealed that the Fund's assets, at 31 March 2022, were sufficient to meet 87% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. This is an increase on the 78% funding level as at the March 2019 valuation.

In conclusion, I would like to extend my thanks and appreciation to all members of the Pension Fund Sub-Committee and officers for their continued input to the strong governance and management arrangements of the Fund.

Cllr Robert Johnson
Chairman, Brent Pension Fund Sub-Committee

2. Management and Financial Performance

a. Scheme management and advisors

Administering Authority:	Brent Council Civic Centre Engineers Way Wembley Middlesex HA9 0FJ
Brent Pension Fund Officers:	Minesh Patel, Corporate Director, Finance and Resources Ravinder Jassar, Deputy Director of Finance Sawan Shah, Head of Finance George Patsalides, Finance Analyst Kastur Varsani, Assistant Accountant
Legal Advisers:	In-house
Custodian:	Northern Trust
Actuary:	Hymans Robertson LLP
Financial Adviser:	Hymans Robertson LLP
Fund Managers:	Legal & General Capital Dynamics London CIV LCIV Diversified Growth – Baillie Gifford LCIV MAC – CQS LCIV Emerging Markets – JP Morgan LCIV Infrastructure Fund – Stepstone LCIV Absolute Return –Ruffer LCIV Private Debt Fund – Churchill/Pemberton Alinda BlackRock Fidelity UK Real Estate UBS
Banker:	NatWest
Auditor:	Grant Thornton
Performance Measurement:	Northern Trust
AVC Providers:	Prudential Clerical Medical Equitable Life (legacy only)

The Local Government Pension Scheme

The Government Pension Scheme (LGPS) is a statutory pension scheme. This means that it is very secure as its benefits are defined and set out in law.

Under regulation 57 of The Local Government Pension Scheme (Administration) Regulations 2013, all LGPS funds are required to publish an Annual Report.

This document is the Annual Report and Accounts of the Brent Pension Fund for 2023/24.

The LGPS in brief

- The LGPS is one of the largest public sector pension schemes in the UK, with 6.5 million members.
- It is a nationwide pension scheme for people working in local government or for other types of employer participating in the scheme.
- The LGPS is administered locally by 86 regional pension funds – one of which is the Brent Pension Fund.
- It is a funded scheme, which means that Fund income and assets are invested to meet future pension fund commitments.
- Benefits are defined and related to members' salaries, so they are not dependant on investment performance. Ultimately the local authority and local taxpayers are the final guarantors.
- The scheme is regulated by Parliament.

Governance

Governance Statement

The Brent Pension Fund publishes a Governance Statement each year. The latest version of this document is at page 25.

The Governance Statement reflects the Fund's commitment to transparency and engagement with employers and scheme members.

We monitor, review and consult where appropriate to ensure that our governance arrangements continue to be effective and relevant.

Administering Authority

Brent Council is the Administering Authority of the Brent Pension Fund and administers the LGPS on behalf of its participating employers.

- Brent Council has delegated its pensions functions to the Pension Fund Sub-Committee
- Brent Council has delegated responsibility for the administration and financial accounting of the Fund to the Corporate Director, Finance and Resources.
- This report supports Brent Council's Annual Governance Statement, which is published at page 25.

Governance Compliance

The Brent Pension Fund is fully compliant with the principles set out in the Local Government Pension Scheme (Administration) Regulations 2013 (as amended) Regulation 55.

The full compliance statement is at page 25.

Pension Fund Sub-Committee

The Pension Fund Sub-Committee is responsible for the strategic management of the assets of the Fund and the administration of benefits. The Pension Fund Sub-Committee meets quarterly to:

- Ensure compliance with legislation and best practice
- Determine policy for the investment, funding and administration of the Fund

- Monitor performance across all aspects of the service
- Consider issues arising and make decisions to secure efficient and effective performance and service delivery
- Appoint and monitor advisers
- Ensure that arrangements are in place for consultation with stakeholders as necessary.

Pension Fund Sub-Committee Membership as at 31 March 2024

Chair: Cllr R Johnson

Other Members: Cllr M Mitchell (Vice Chair)
Cllr S Choudry
Cllr S Kansagra
Cllr D Kennelly
Cllr R Hack
Cllr T Miller

Employee representatives: Elizabeth Bankole (UNISON)

Other attendees: Minesh Patel, Corporate Director, Finance and Resources
Ravinder Jassar, Deputy Director of Finance
Hymans Robertson LLP, Financial Adviser

Pension Fund Sub-Committee Training

Training is business driven, therefore the programme is flexible. This allows us to effectively align training with operational needs and current agenda items, helping to support Member decision making.

Member training is supplemented by attendance at investment conferences and other associated events.

Conflict of Interests

There is a standing agenda item at each Pension Fund Sub-Committee meeting for Members to declare any personal or prejudicial interests.

Accountability and Transparency

Pension Fund Sub-Committee agendas, reports and minutes are published on the Brent Council website at www.brent.gov.uk.

b. Risk management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio.

The Fund looks to achieve this through asset diversification to reduce exposure to market risk (price risk, currency risk, and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

The Pension Fund manages these investment risks as part of its overall pension fund risk management programme. Responsibility for the Fund's risk management strategy rests with the Pension Fund Sub-Committee.

Risk management policies are established to identify and analyse the risks faced by the Pension Fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

The Brent Pension Fund maintains a Risk Register which is reviewed and reported to every Pension Board meeting. Risks are rated on a “traffic light system” and are monitored on a regular basis for review. Controls are documented and further actions identified where necessary. The Brent Pension Fund Risk Register can be found on the Brent Pensions Board website.

This Risk Management Programme in place ensures that key risks are identified and that mitigating actions are taken to control these Risks. Appendix C as part of the Funding Strategy Statement notes each objective area in which these risks are summarised and the mitigating actions being taken to control them.

Third Party Risks

Third party risks such as payments of contributions are robustly monitored, as laid out in the Pensions Administration Strategy. The receipt and calculation of employer pension contributions is monitored monthly. Employers are required to complete a return, which reconciles to the pension payment and verifies the calculation of both employee and employer contributions.

The Council has also outsourced the following functions of the Fund:

- Custodianship of assets.
- Pensions administration in coordination with the Brent pensions administration team who monitors and manages the Fund’s contractor for pension administration services, Local Pensions Partnership Administration (LPPA).

As these functions are outsourced, the Council is exposed to Third Party Risk. A range of investment managers are used to diversify risk. To mitigate the risks regarding custodianship of assets, assurance over third party operations is sought by requesting relevant documentation, such as AAF 01/06 and ISAE3402 assurance reports on the internal controls of these service organisations. Any weaknesses in controls are reviewed and reported as necessary to the Pension Fund Sub-Committee.

Fund Manager	Type of Assurance	Control Framework	Compliance with Control	Reporting Accountant
Alinda	ISAE 3402	Reasonable Assurance	Reasonable Assurance	Deloitte LLP
BlackRock	ISAE 3402	Reasonable Assurance	Reasonable Assurance	Deloitte LLP
Capital Dynamics	ISAE 3402	Reasonable Assurance	Reasonable Assurance	PwC LLP
Fidelity	ISAE 3402	Reasonable Assurance	Reasonable Assurance	PwC LLP
London CIV	Third-Party Controls Oversight	N/A	N/A	N/A
LGIM	ISAE 3402	Reasonable Assurance	Reasonable Assurance	KPMG LLP
UBS	ISAE 3402	Reasonable Assurance	Reasonable Assurance	EY

An on-going framework of inspection and review by the Fund’s internal auditors and external auditors (Grant Thornton) supports and assists with the management of risks.

In 2023/24, 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. 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.

No critical, high or low risk issues were identified during the audit, with one medium risk item being reported. In addition, internal audit has identified several areas of good practice. Any risks identified were agreed between internal audit and management and actions are being undertaken to ensure that the recommendations are implemented and are operating effectively.

Other Investment Risk

Brent Pension Fund constantly monitors risk at all levels. In investment, risk is defined as the permanent loss of capital. Risks are assessed at market level, and also at the fund manager level. Fund managers may employ a range of measures to mitigate risk, wherever possible. This may range from a process which avoids overpaying for an asset, or fund manager's risk committees and investment committees, which meet regularly to review and challenge the fund manager's approach and assumptions. Fund managers must contend with the potential mispricing of risk, caused by the hunger for yield.

The Pension Fund employs an Investment Advisor, Hymans Robertson, to assist and advise the Pensions Sub Committee. Investment performance is reviewed by the committee every quarter.

Brent Pension Fund monitors the fund managers at least every quarter, when they report their performance. At this stage, it is not just the net returns which are studied, but also the attribution, i.e. the way in which the returns were achieved. The returns should be measured against the expected returns given prevailing market conditions and the investment process, in order to ensure that the fund manager is not tending towards "investment drift" or "style drift". Particular attention is paid to the actions taken by funds when market conditions change.

Pension Fund Officers ensure that all tasks carried out are compliant with best practise as detailed in the Investment Strategy Statement (see Appendix D). This is in order to mitigate any governance risk (such as acting *ultra vires*).

Pension Fund Officers document meetings with fund managers, and report back to the Pension Fund Sub-Committee on a quarterly basis.

The key risks and controls in place to mitigate investment risks are included in the Funding Strategy Statement.

c. Financial performance

Financial Summary

Income and expenditure of the fund over the past five years is shown below. This shows that a net increase in the Fund's market value of £397m over the five-year period. During 2023/24, the Fund value increased by £140.9m, owing to favourable market conditions. A detailed analysis of the Fund's financial performance, including the movement in non-investment assets and liabilities, can be found in the statement of accounts at page 29 of this report.

Financial Summary	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Contributions receivable	(65.2)	(66.8)	(70.9)	(73.8)	(76.7)
Benefits payable	54.2	47.6	52.7	55.6	59.8
Net (additions)/withdrawals from dealings with members	(11.1)	(19.2)	(18.2)	(18.2)	(16.9)
Management expenses	3.8	4.2	4.3	4.1	4.2
Net of investment income and taxes on income	(1.2)	(0.7)	(1.1)	1.8	(11.1)
Change in market value	34.1	(176.1)	(88.1)	25.8	(117.1)
Net (increase)/decrease in Fund Value	25.6	(191.8)	(103.1)	13.5	(140.9)

Analysis of Dealings with Scheme Members

As shown in the table below, net contributions from members has been positive over the past five years. Employer contributions show a modest increase relative to the previous year. Transfers out have increased compared to last year, reflecting more members electing to remove their benefits from the scheme.

Analysis of Dealings with Scheme Members	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Contributions receivable					
Members	(8.5)	(9.5)	(9.7)	(10.6)	(11.1)
Employers	(51.5)	(51.4)	(54.4)	(56.9)	(57.8)
Transfers In	(5.2)	(5.9)	(6.8)	(6.3)	(7.8)
Total	(65.2)	(66.8)	(70.9)	(73.8)	(76.7)
Benefits payable					
Pensions	38.6	37.5	39.7	41.4	45.2
Lump sum retirement and death benefits	9.3	4.8	7.2	6.4	6.8
Transfers Out	6.2	5.3	5.7	7.6	7.7
Refunds to members leaving service	0.0	0.0	0.2	0.2	0.1
Total	54.1	47.6	52.7	55.6	59.8
Net Dealings with Members	(11.1)	(19.2)	(18.2)	(18.2)	(16.9)

Analysis of Management Expenses

The costs of managing the Pension Fund are split into three areas: Administration expenses, Oversight and Governance costs and Investment management expenses.

Analysis of Management Expenses	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Administration costs	1.1	1.8	1.6	1.4	1.6
Oversight and Governance costs	0.3	0.2	0.2	0.2	0.2
Other expenses	0.0	0.0	0.0	0.0	0.0
Investment management expenses					
Management fees	2.4	2.2	2.4	2.4	2.4
Custody fees	0.0	0.0	0.1	0.1	0.0
One-off transaction costs	0.0	0.0	0.0	0.0	0.0
Total	3.8	4.2	4.3	4.1	4.2

Contributions

Members of the LGPS pay a contribution rate dependant on the salary band they fall in to. The contribution rate employees pay depends on their salary. The bands and contribution rates for 2023/24 are set out in the table below.

Annual Pensionable Pay	Rate	50/50 Gross Contribution
Up to £16,500	5.5%	2.75%
£16,501 to £25,900	5.8%	2.90%
£25,901 to £42,100	6.5%	3.25%
£42,101 to £53,300	6.8%	3.40%
£53,301 to £74,400	8.5%	4.25%
£74,701 to £105,900	9.9%	4.95%
£105,901 to £124,800	10.5%	5.25%
£124,801 to £187,200	11.4%	5.70%
£187,201 or more	12.5%	6.25%

Individual employers' rates vary depending on the demographic and actuarial factors particular to each employer. The most commonly applied employer contribution rate within the Brent Pension Fund was 33.5% in 2023/24.

Regulations state that contributions must be paid to the Fund by the 22nd day of the month following deduction. The Fund reserves the right to levy interest on an employer for the late payment of contributions. In 2023/24, this power was not exercised.

3. Investment Policy and Performance

The Administering Authority invests the Fund in compliance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 which came into effect on the 1st November 2016.

During 2023/24, the following external investment managers managed the Fund's assets:

- Legal & General (UK and overseas equities)
- Capital Dynamics (Private equity and Infrastructure)
- LCIV Churchill/Pemberton (Private Debt)
- LCIV Baillie Gifford (Diversified Growth Fund)
- LCIV Ruffer (Diversified Growth Fund)
- LCIV CQS (Multi Asset Credit)
- LCIV JP Morgan (Emerging Markets)
- LCIV Stepstone (Infrastructure)
- Alinda (Infrastructure)
- Blackrock (UK Gilts and Global Low Carbon Equities)
- Fidelity (Property)
- UBS (Property)

The cash balance is deposited with money market funds.

2023/24 Investment Results

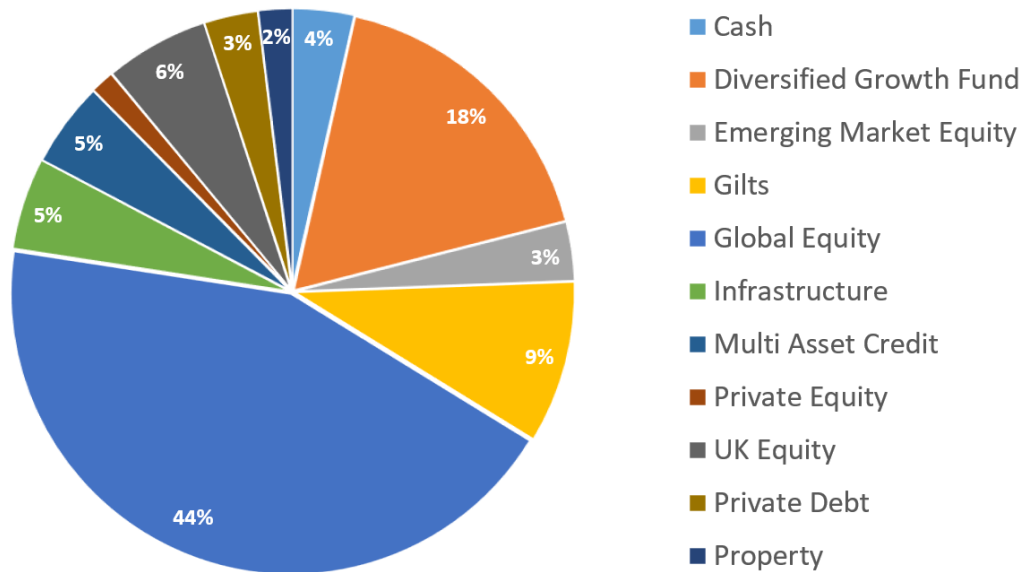
Asset Allocation and Fund Performance

The investment performance of the Brent Pension Fund in comparison to its benchmark for the period ended 31 March 2024 is shown below:

Time Period	Total Fund Return %	Fund Benchmark Return %
1 year	10.9	12.9
3 years	5.4	5.7
5 years	6.5	6.2

The current asset allocation includes allocations to passive UK and global equities, emerging market equities, diversified growth funds, infrastructure, longer dated gilts, multi-asset credit, private debt and UK commercial property. The allocation to private equity is currently being wound down while the allocations to infrastructure and private debt are being built up. Following the February 2023 investment strategy review, the Fund undertook a rebalancing exercise to reduce exposure in global equities and boost its allocation in long-term gilts and multi asset credit. Additionally, the Fund finalised an investment into UK affordable housing in April 2024, however it will be some time before assets are fully invested. The asset allocation as at 31 March 2024 is illustrated by the below chart.

Asset Allocation at 31 March 2024



Overall, the fund delivered a positive return of 10.9% for the year. Positive returns were achieved in the 1st and final 2 quarters of the year with returns flat in the 2nd quarter. The Fund's passive global equity exposure was the main driver of positive return on an absolute basis. The Fund's UK equities and multi asset credit mandates also performed well. The Fund's multi asset and UK property holdings detracted from overall return and the passive UK government bonds holding also recorded negative returns as yields increased in the early part of the year.

The Fund's holdings by fund manager showing target asset allocation and performance over one, three and five-year periods are shown below.

Investment	Asset Class	Planned Asset Allocation (%)	Market value 31 March 2024 (£m)	Allocation at 31 March 2024 (%)	Last Year (%)		Last 3 Years (%)		Last 5 Years (%)	
					Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
UK Equities - L&G	UK Equity	50	75.7	6.01	8.5	8.4	8.2	8.1	5.5	5.4
Global Equities - L&G	Global Equity		515.1	40.89	23.2	23.3	11.9	12.0	13.4	13.5
LCIV JP Morgan EM	Emerging Market Equity		42.7	3.39	-1.3	5.9	-4.4	-2.2	2.3	2.9
Global Low Carbon Dev	Global Equity		34.9	2.77	24.4	22.5	-	-	-	-
DGF LCIV Baillie Gifford	Diversified Growth Fund	5	127.7	10.14	3.2	7.1	-0.8	4.6	1.0	3.8
DGF LCIV Ruffer	Diversified Growth Fund		92.7	7.36	-6.0	7.1	0.7	4.6	4.9	3.8
LCIV Multi Asset Credit	Multi Asset Credit	5	61.8	4.91	11.3	7.2	1.7	4.5	2.6	4.0
Blackrock - Over 15 year GILTS	Gilts	10	117.8	9.35	-4.9	-4.6	-14.7	-14.6	-8.1	-8.1
Private Equity - Capital Dynamics	Private Equity	0	17.3	1.37	-10.0	24.1	5.0	13.4	3.9	12.9
Infrastructure - Capital Dynamics	Infrastructure	15	2.5	0.20	-4.4	5.2	-9.0	8.7	-9.8	6.7
Infrastructure - ALINDA	Infrastructure		18.7	1.48	14.3	5.2	18.5	8.7	11.4	6.7
Infrastructure - LCIV Stepstone	Infrastructure		45.2	3.59	3.6	5.2	8.4	8.7	-	-
LCIV Private Debt Fund	Private Debt	5	39.0	3.10	6.1	6.0	-	-	-	-
Fidelity UK Real Estate Fund	Property	10	13.3	1.06	-2.8	-0.7	-	-	-	-
USB Triton Property Fund	Property		10.9	0.87	-4.4	-0.7	-	-	-	-
Cash	Cash	0	44.3	3.52	-0.1	5.1	-0.2	2.5	-0.1	1.7
TOTAL		100.0	1259.6	100.00	10.9	12.9	5.4	5.7	6.5	6.2

Further analysis and commentary on the investment performance of individual mandates can be found within the Fund's performance monitoring reports that are presented to the Pensions Sub-committee.

It is important to consider the risk framework in which the investment results are achieved. If the Fund takes more risk in its asset allocation decisions, it offers the potential for higher returns but it also increases the uncertainty of the outcome, potentially increasing the chances of a negative downside. The Fund is committed to on-going review of its asset allocation and achieving an appropriate balance between risk and reward. Further information can be found in the Investment Strategy Statement.

Comparison of investment performance with other LGPS Funds

The Fund's investment performance in comparison to the PIRC Local Authority percentile average for all Local Government Pension Schemes (LGPS) funds nationally is shown below (the PIRC universe consists of 62 LGPS funds):

Number of years	Rank	Period ended 31 March 24	PIRC Local authority Average
1 year	46	10.9	9.2
3 years	36	5.4	5.3
5 years	51	6.5	6.5
10 years	70	7.1	7.6

It is important to note that, as a long-term investor, investment returns over a longer period of time should be considered. The table below shows the rolling three-year performance of the Fund compared to other LGPS funds:

Financial Year	Rank	Rolling 3-year return (%)
2023/24	36	5.4
2022/23	63	8.7
2021/22	61	8.2
2020/21	72	7.6
2019/20	42	1.5
2018/19	26	8.5
2017/18	80	6.8
2016/17	75	9.9

Funding Strategy Statement (FSS)

In accordance with the Local Government Pension Regulations, Brent Pension Fund has a Funding Strategy Statement in place which can be found at page 104.

Investment Strategy Statement (ISS)

The Investment Strategy Statement sets out the policy which determines how the Fund invests its assets. This can be found on page 131 of this document. The Scheme rules require that we publish the ISS that covers our policy on:

- The types of investment to be held
- The balance between different types of investments
- Attitude to risk and approach to its management
- the expected return on investments
- The extent to which social, environmental or ethical considerations are taken into account.

Responsible Investment Policy

The Fund's responsible investment policy formalises the Fund's Responsible Investment beliefs and principles and the approach the Fund is taking to fulfilling its commitments.

The statement can be found at the following link:

<https://democracy.brent.gov.uk/documents/s125921/Appendix%201%20-%20Brent%20RI%20policy%20paper.pdf>

Draft

4. Asset Pools

In 2015, the Department of Housing, Communities and Local Government (as it then was) issued LGPS: Investment Reform Criteria and Guidance which set out how the government expected funds to establish asset pooling arrangements. The objective was to deliver:

- benefits of scale
- strong governance and decision making
- reduced costs and excellent value for money, and
- an improved capacity and capability to invest in infrastructure.

This has led to the creation of eight asset pools which have significantly changed the previous approach to investing, although it should be stressed that the responsibility for determining asset allocations and the investment strategy remains with individual pension funds.

The Brent Pension Fund joined other London local authorities in creating the London Collective Investment Vehicle (LCIV), the regional pool operator for the capital. The London CIV is now established and has £17.1bn of LGPS assets under active management as at 31 March 2024 and a further £14.5bn pooled under passive arrangements. London CIV's annual review for the year ended 31st March 2024 can be found at: <https://londonciv.org.uk/block/download/6863/file>

Pooled assets

During 2023/24, the Fund undertook a rebalancing exercise in which global equities were sold and reinvested in Multi Asset Credit and long-term gilts. A further investment was made in the new LCIV UK Housing fund, which focuses on increasing the supply of affordable housing in the UK. The Fund made its first capital commitment shortly after the year-end of 23/24.

As at 31/03/2024, the Fund had 6 investments with the London CIV: Emerging Market equities (through JP Morgan), Diversified Growth Funds (Baillie Gifford/Ruffer), Multi Asset Credit (CQS), Infrastructure (Stepstone) and Private Debt (Churchill/Pemberton). Additionally, the Fund's passive equity investments through Legal and General/Blackrock and Gilts through Blackrock are arranged through the London CIV's negotiated mandate where the Fund benefits from lower negotiated fees.

All asset classes except Property, Private Equity, Infrastructure (Legacy) and Cash are managed by the London CIV asset pool. The table below shows the pooling status of the Fund's investments grouped by asset class:

Asset Class	Pooled £m	Non-pooled £m	Total £m
Global Equities	592.7		592.7
UK Equities	75.7		75.7
Diversified Growth Fund	220.4		220.4
Fixed Income	179.6		179.6
Private Equity		17.3	17.3
Infrastructure	45.2	21.2	66.4
Private Debt	39.0		39.0
Property		24.2	24.2
Cash		44.3	27.7
Total	1,152.6	107.0	1,259.6
Investment Management Costs	1.9	0.5	2.4

Investment management costs totalled £2.4m in 2023/24 as disclosed in the Pension Fund Accounts. A breakdown of pooled and non-pooled investment management costs for the year is given in the table above.

Pool set-up and ongoing costs

The table below shows pool setup and on-going costs paid to London CIV during 2023/24 and since inception:

Type of Cost	2023/24 £'000	Cumulative £'000
Set up costs		
Shareholding at cost	0	150
Development Funding Charge	76	536
Annual Service Charge	25	225
Ongoing investment management costs		
Investment management costs*	67	246
Total	168	1,156

*Only includes management fees for passive investments arranged through London CIV.

Contact Details

The London CIV can be contacted as follows:

Post: London CIV, Fourth Floor, 22 Lavington Street, London, SE1 0NZ
Telephone: 0208 036 9000
Website: londonciv.org.uk
Email: info@londonciv.org.uk

5. Scheme Administration

The Brent Pensions Team

The Brent Pensions Team monitors and manages the Fund's contractor for pension administration services, Local Pensions Partnership (LPP). The team is a contact point for employees who wish to join the scheme; for advice on procedures and for queries and complaints.

The Pensions Team is accountable to the Pension Fund Sub-Committee, participating employers and scheme members. The team are fully committed to providing a quality service to meet the needs of the Fund's various stakeholders and to delivering excellent customer care.

The team's responsibilities include the following:

- Ensuring the accuracy of pensions records, including the preparation and distribution of the Annual Benefit Statements to all scheme members
- The timely collection of contributions
- Advice and guidance to scheme members
- Advice and guidance to employers
- Early retirement schemes for Fund employers.

Operational costs

The Fund's operational costs are monitored throughout the year by the Fund's management team and reported in the Pension Fund Annual Accounts.

To enable assurances to be obtained as to the effective and efficient operation of the Fund's investments, performance is benchmarked on an annual basis against other local authority pension funds subscribing to the PIRC Local Authority Pension Performance Analytics' Universe of local authority pension funds. Internal controls are also in place to support the reliability and integrity of financial information and the Fund is subject to internal and external audit.

Value for Money Statement

The Brent Pension Fund aims to deliver value for money services to all members and employers within the Fund. In order to demonstrate the efficiency and effectiveness of these services provided, officers in the Brent Pensions Team in coordination with the Fund's Pensions Administration provider, collect data on key service-related performance indicators and cost data which is used for comparisons over time and comparisons with other Funds where possible. Alongside performance discussions, regular monthly performance meetings are also held with LPP to discuss key projects taking place throughout the year and updates such as end of year queries, resourcing, reporting and other administration services.

The key data to confirm value for money is set out on the following pages. In summary, this data confirms that the Brent Pension Fund continues to deliver a good quality service which meets the expectations of members of the fund. Overall performance over the last 12 months was 96.1%.

Summary of Activity

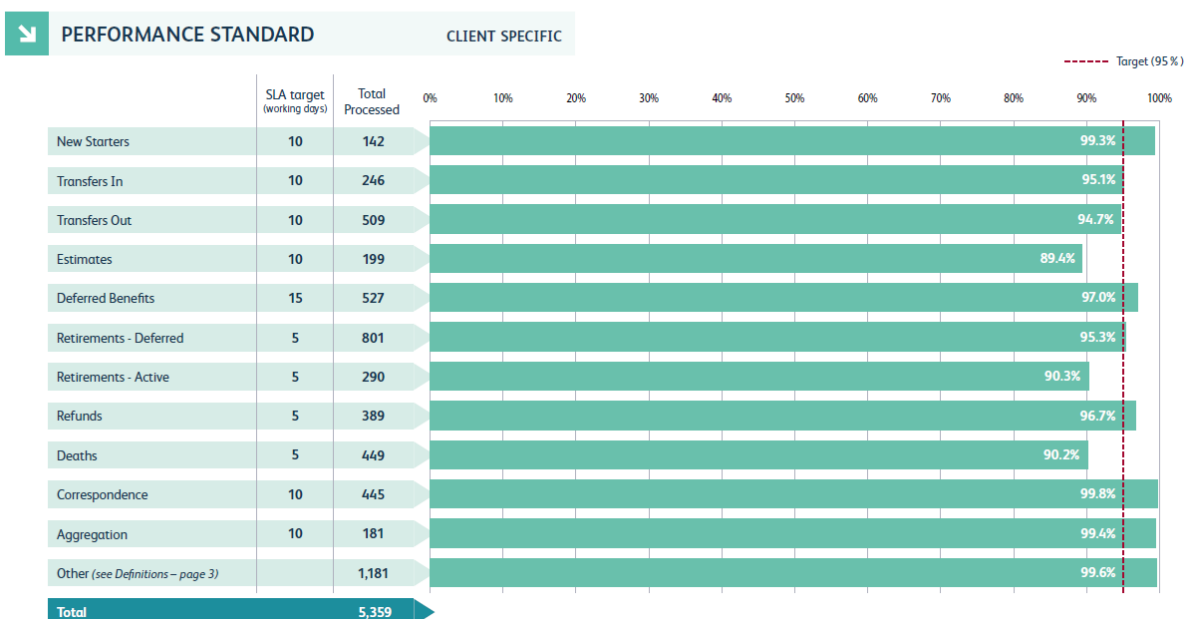
Performance Indicators

The LPP Pensions Administration Service is measured against key performance indicators that measure compliance, efficiency, and effectiveness of the service.

Workflow summary

The table below shows a summary of the total cases received and completed by category for the year 1 April 2023 to 31 March 2024.

CASEWORK PERFORMANCE AGAINST SLA



Staffing

LPP currently has 8.3 FTE working on Brent administration with a ratio of 1 member of staff to 2,902 fund members. The team completed a total of 5,359 cases for the period 1st April 2023 to 31st March 2024, which averages 646 cases per staff member.

Where a member is unsure of their benefit entitlement or has problems with their benefits, the Local Pensions Partnership (LPP) should be contacted. If a member is not satisfied with any decision, they have a right to ask for it to be re-examined under the formal complaints procedure, which is officially called 'internal dispute resolution procedure'. The formal complaints procedure has 2 stages and full details can be obtained from the LPP by either phone on 0300 323 0260 or by writing to Local Pensions Partnership, PO Box 1383, Preston, PR2 0WR.

Complaints

LPP now have a dedicated complaints team who deal with all complaints. This allows the complaint to be dealt with independently of the administration team and gives consistency when responding to complaints. There was a total of 86 complaints received during the year, broken down by quarter below.

Quarter	Number of complaints
Q1	27
Q2	12
Q3	19
Q4	28
Totals	86

Dispute resolution procedure

There was 1 Internal Dispute Resolution received during the period 1st April 2023 to 31st March 2024.

Where a member is unsure of their benefit entitlement or has problems with their benefits, the Local Pensions Partnership (LPP) should be contacted. If a member is not satisfied with any decision they have a right to ask for it to be re-examined under the formal complaints procedure, which is officially called 'internal dispute resolution procedure'. The formal complaints procedure has 2 stages and full details can be obtained from the LPP by either phone on 0300 323 0260 or by writing to Local Pensions Partnership, PO Box 1383, Preston, PR2 0WR.

Accuracy of data

Each year, following year-end processing, LPP raise queries with Brent employers such as missing joiners, leavers, change of hours and pay queries. In most instances the queries are reducing year on year, however LPP continue to identify any errors and work with employers prior to the queries being created. To this end, feedback has been received from employers and subsequently, LPP have improved templates and literature to ensure the data supplied by Brent employers is accurate and continues to improve the overall data quality position. Additionally, data quality is reviewed by the Pension Board on a regular basis. The annual common and conditional data accuracy rate at the end of March 2024 is shown in the table below.

COMMON DATA				CLIENT SPECIFIC	
Data Item	Active	Deferred	Pensioner / Dependant		
Invalid or Temporary NI Number	2	79	33		
Duplicate effective date in status history	1	25	13		
Gender is not Male or Female	24	0	0		
Duplicate entries in status history	11	48	26		
Missing (or known false) Date of Birth	0	0	0		
Date Joined Scheme greater than first status entry	14	1	4		
Missing Surname	0	0	0		
Incorrect Gender for members title	0	0	0		
Invalid Date of Birth	9	0	0		
No entry in the status history	2	0	0		
Last entry in status history does not match current status	30	8	6		
Member has no address	66	521	35		
Missing Forename(s)	0	6	1		
Missing State Retirement Date	24	0	0		
Missing postcode	68	559	54		
Missing Date Joined Pensionable Service	0	0	0		
Total Fails	251	1,247	172		
Individual Fails	138	680	117		
Total Members	6,545	10,173	7,367		
Accuracy Rate	97.9%	93.3%	98.4%		
Total accuracy rate			96.1%		

SCHEME SPECIFIC DATA		CLIENT SPECIFIC	
Data Item			Fails
Divorce Records			0
Transfer In			99
AVCs/Additional Contributions			21
Deferred Benefits			2
Tranches (DB)			686
Gross Pension (Pensioners)			52
Tranches (Pensioners)			2,984
Gross Pension (Dependants)			78
Tranches (Dependants)			88
Date of Leaving			199
Date Joined Scheme			205
Employer Details			3
Salary			258
Crystallisation			153
CARE Data			848
CARE Revaluation			1
Annual Allowance			369
LTA Factors			128
Date Contracted Out			5
Pre-88 GMP			679
Post-88 GMP			559
Total Fails			7,417
Individual Fails			5,669
Total Members			24,085
Accuracy Rate			76.5%

Financial Indicators

Unit Costs per Member

	2022/23	2023/24
Investment Management Expenses		
Total Costs £'000s	2,550	2,451
Total Membership Numbers	23,341	24,085
Cost per member £	109.25	101.76
Administration Expenses		
Total Costs £'000s	1,342	1,577
Total Membership Numbers	23,341	24,085
Cost per member £	57.50	65.48
Oversight and Governance Costs		
Total Costs £'000s	219	247
Total Membership Numbers	23,341	24,085
Cost per member £	9.38	10.26
Total cost per member £	176.13	177.50

The management fees disclosed above include investment management fees directly incurred by the Fund i.e. including those charged on pooled fund investments which tend to be deducted from the market value of the investments rather than invoiced to the Fund. In addition to these costs, indirect costs are incurred through the bid offer spread on investment sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sales of investments.

Staffing Indicators

The table below shows the number of staff over the last two years in the Pensions Administration Team working exclusively on Local Government pension benefits.

	2022/23	2023/24
Number of full time equivalent staff	6.5	8.3
Total fund membership	23,341	24,085
Number of fund members to one member of administration staff	3,591	2,902

Other Information

Further information regarding analysis of the Brent Pension Fund's membership data and list of contributing employers to the Fund can be found under the Brent Pension Fund Annual Accounts for 2023-24.

A summary of the number of employers in the fund analysed by scheduled bodies and admitted bodies which are active (with active members) and ceased (no active members but with some outstanding liabilities) has been provided in Appendix B to this report.

For information about the Scheme generally, please see the following contact details:

pensions@brent.gov.uk	For non-teachers pension enquiries
tpensions@brent.gov.uk	For teachers pensions enquiries
Returns@brent.gov.uk">Pension>Returns@brent.gov.uk	For all monthly contribution schedules only
askpensions@localpensionspartnership.org.uk	To communicate directly with the LPP

Draft

6. Actuarial Information

An actuarial valuation of the Fund is carried out every three years by the Fund's actuary. The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022.

The purpose of this is to establish that the Brent Pension Fund is able to meet its liabilities to past and present contributors and to review employer contribution rates. The funding objective is to achieve and then maintain assets equal to the funding target. The funding target is the present value of 100% of accrued liabilities.

In summary, the key funding principles are as follows:

- ensure that sufficient resources are available to meet all benefits as they fall due for payment;
- recover any shortfall in assets, relative to the value of accrued liabilities, over broadly the future working lifetime of current employees;
- enable employer contributions to be kept as stable as possible and at reasonable cost; and
- maximise the returns from investments within reasonable risk parameters.

During 2023/24, the most commonly applied employer contribution rate within the Brent Pension Fund was 33.5% of pensionable pay. Other employers have different rates of contributions depending on their past experience, their current staff profile, and the recovery period agreed with the Administering Authority.

A summary of the last triennial valuation report and details of the version of the actuarial report can be obtained below:

https://legacy.brent.gov.uk/media/16420650/230331-london-borough-of-brent-pension-fund-2022-final-valuation-report.pdf?_ga=2.75412560.377455594.1693473320-2002706944.1684229698

London Borough of Brent Pension Fund (“the Fund”)

Actuarial Statement for 2023/24

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS). In summary, the key funding principles are to:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been

carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 70% likelihood that the Fund will achieve the funding target over 20 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £1,134 million, were sufficient to meet 87% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2022 valuation was £162 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Financial assumptions	31 March 2022
Discount rate	4.3% pa
Salary increase assumption	3.0% pa
Benefit increase assumption (CPI)	2.7% pa

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

Type of Pensioner	Males' Average Life Expectancy	Females' Average Life Expectancy
Current Pensioners	22.1 years	24.8 years
Future Pensioners*	23.4 years	26.3 years

*Aged 45 at the 2022 Valuation.

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

Experience over the period since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience), have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, asset performance has improved towards the end of 2023 and into 2024 and inflation has begun to return towards historical levels and the Bank of England's target (2% pa). There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.



Peter MacRae FFA

10 May 2024

For and on behalf of Hymans Robertson LLP

7. Governance

Annual Governance Statement

The Local Government Pension Scheme Regulations 2013 require the Fund to maintain a Governance Policy Statement. The Council, as Administering Authority for the Brent Pension Fund, has delegated responsibility for managing the Fund's investments to its Pension Fund Sub-Committee. The Pension Fund Sub-Committee oversees the proper administration and management of the Pension Fund. It is responsible for:

- undertaking statutory functions on behalf of the Local Government Pension Scheme and ensuring compliance with legislation and best practice
- determining policy for the investment, funding and administration of the Pension Fund
- considering issues arising and making decisions to secure efficient and effective performance and service delivery
- appointing and monitoring all relevant external service providers:
 - fund managers
 - advisers
 - custodian
 - actuary
 - all other professional services associated with the structure of the Pension Fund
- monitoring performance across all aspects of the service
- ensuring that arrangements are in place for consultation with stakeholders as necessary
- considering the annual statement of Pension Fund accounts
- considering and approving the Pension Fund actuarial valuation.

The Pension Fund Sub-Committee normally meets four times each year. These meetings are used mainly for discussions about the Fund's investment management activities, using reports on strategies and performance prepared by the Corporate Director, Finance and Resources and considering any views of the investment advisers. The Pension Fund Sub-Committee will also consider reports from the Director of Finance, the investment advisers and other consultants as necessary on a range of issues, for example reviews of the Statement of Investment Principles, training, and proposals for scheme change.

Training

Members of the Pension Fund Sub-Committee and Brent officers have opportunities to attend training courses and seminars on pension fund matters, when necessary and appropriate. The cost of attending is charged to the Pension Fund. Training is delivered in advance of all committee meetings and to ensure that the sessions are effective, Topics are usually arranged in line with agenda items.

Training provided in 2023/24 included:

Committee training

- Capital Markets, Interest Rates and Inflation
- Economic Cycles
- Review of listed equities
- Principles relating to climate aware equities
- Multi Asset Funds

- LGPS Pooling

LGPS Online Learning Academy (LOLA)

- Module 1: Committee Role and Pensions Legislation
- Module 2: Pensions Governance
- Module 3: Pensions Administration
- Module 4: Pensions Accounting and Audit Standards
- Module 5: Procurement and Relationship Management
- Module 6: Investment Performance and Risk Management
- Module 7: Financial Markets and Product Knowledge
- Module 8: Actuarial methods, Standards and Practices

Use of advisers

The Corporate Director, Finance and Resources, Deputy Director of Finance and Head of Finance advise the Pension Fund Sub-Committee on all Pension Fund investment and administrative matters.

The Fund's Investment advisor advises the Pension Fund Sub-Committee on investment matters.

The Pension Fund Sub-Committee uses the Fund's actuary, Hymans Robertson, and other consultants as necessary, for advice on matters when in-house expertise is not available. The Pension Fund Sub-Committee takes advice from the actuary, the fund managers or specialist consultants or advisers as required on asset allocation, selecting managers, and investment performance targets.

Communications with Fund employers and members

Each financial year, an annual report on the Fund is prepared for the Fund's employers. The report covers the Fund's accounts, investment arrangements and policy, investment performance, scheme changes and other issues of current interest.

Annual benefit statements are provided to contributors and deferred pensioners, together with an annual newsletter to pensioners.

Governance Compliance Statement

This statement shows how Brent Council as the Administering Authority of the Brent Pension Fund complies with guidance on the governance of the Local Government Pension Scheme (LGPS) issued by the Secretary of State for Communities and Local Government in accordance with the Local Government Pension Scheme (Administration) Regulations 2013.

Ref.	Principles	Compliance and comments
A	Structure	
a.	That the management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	Full compliance. Brent Council's constitution sets out the terms of reference for the Pension Fund Sub-Committee.
b.	That representatives of participating LGPS employers, admission bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Full compliance.
c.	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	No formal secondary committees or panels have been established.

d.	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	No formal secondary committees or panels have been established.
B	Representation	
a.	<p>That all key stakeholders have the opportunity to be represented within the main or secondary committee structure. These include:</p> <ul style="list-style-type: none"> i) employing authorities (including non-scheme employers, e.g. admission bodies) ii) scheme members (including deferred and pensioner scheme members) iii) where appropriate, independent professional observers, and iv) expert advisers (ad-hoc basis only). 	<p>Full compliance. The Pension Fund Sub-Committee includes a representative of the other employers in the Fund and contributor members.</p> <p>The Fund's investment adviser attends Pension Fund Sub-Committee meetings. Independent professional observers are not regarded as appropriate.</p>
b.	That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers, meetings, and training and are given full opportunity to contribute to the decision-making process, with or without voting rights.	Full compliance. Equal access is provided to all members of the Pension Fund Sub-Committee.
C	Selection and role of lay members	
a.	That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	Full compliance.
D	Voting	
a.	That the individual administering authorities on voting rights are clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Full compliance. All representatives on the Pension Fund Sub-Committee have full voting rights, but the Sub-Committee works by consensus without votes being required.
E	Training/facility time/expenses	
a.	That in relation to the way in which the administering authority takes statutory and related decisions, there is a clear policy on training, facility time and reimbursement of expenses for members involved in the decision-making process.	Full compliance. Full training and facilities are made available to all members of the Pension Fund Sub-Committee.
b.	That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Full compliance.
c.	That the administering authority considers adopting annual training plans for committee members and maintains a log of all such training undertaken.	Full compliance. A training plan has been prepared for the Pension Fund Sub-Committee and training logs are maintained for all such training undertaken.
F	Meetings (frequency/quorum)	

a.	That an administering authority's main committee or committees meet at least quarterly.	Full compliance. The Pension Fund Sub-Committee meets regularly throughout the year. Additional meetings can be arranged to fit its business needs.
b.	That an administering authority's secondary committee or panel meets at least twice a year and is synchronised with the dates when the main committee sits.	No formal secondary committees or panels have been established.
c.	That an administering authority that does not include lay members in its formal governance arrangements must provide a forum outside of those arrangements to represent the interests of key stakeholders.	Full compliance. The Pension Fund Sub-Committee includes lay members. Employers' forums are arranged for employers.
G	Access	
a.	That, subject to any rules in the Council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that are due to be considered at meetings of the main committee.	Full compliance. Equal access is provided to all members of the Pension Fund Sub-Committee.
H	Scope	
a.	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Full compliance. The Pension Fund Sub-Committee deals with fund administration issues as well as fund investment.
I	Publicity	
	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in how the scheme is governed can say they want to be part of those arrangements.	Full compliance. The Council's Governance Policy Statement is published in the Pension Fund's Annual Report and on its website.

8. Brent Pension Fund Accounts

Pension Fund Accounts as at 31 March 2024

2022/23 £m		Notes	2023/24 £m
	Dealings with members, employers and others directly involved in the fund		
(67.5)	Contributions	7	(68.9)
(6.3)	Transfers in from other pension funds	8	(7.8)
(73.8)			(76.7)
47.8	Benefits	9	52.0
7.8	Payments to and on account of leavers	10	7.8
55.6			59.8
(18.2)	Net (additions)/withdrawals from dealings with members		(16.9)
4.1	Management expenses	11	4.2
(14.1)	Net (additions)/withdrawals including management expenses		(12.7)
	Returns on investments		
(1.1)	Investment income	12	(10.9)
2.9	Taxes on income	13	(0.2)
25.8	(Profits) and losses on disposal of investments and changes in the market value of investments	14	(117.1)
27.6	Net return on investments		(128.2)
13.5	Net (increase)/decrease in the net assets available for benefits during the year		(140.9)
(1,133.8)	Opening net assets of the scheme		(1,120.3)
(1,120.3)	Closing net assets of the scheme		(1,261.2)

Net Assets Statement of the Pension Fund as at 31 March 2024

31 March 2023		Notes	31 March 2024	
£m			£m	
1,116.1	Investment assets	14	1,259.3	
1,116.1			1,259.3	
8.1	Current assets	20	3.5	
(3.9)	Current liabilities	21	(1.6)	
1,120.3	Net assets of the fund available to fund benefits at the end of the reporting period		1,261.2	

The net asset statement includes all assets and liabilities of the Fund as at 31 March 2024 but excludes long-term liabilities to pay pensions and benefits in future years. The actuarial present value of promised retirement benefits is disclosed in Note 19.

Notes to the Brent Pension Fund accounts

1. Description of Fund

The Brent Pension Fund (the 'Fund') is part of the Local Government Pension Scheme (LGPS) and is administered by Brent Council.

The following description of the Fund is a summary only.

a) General

The Fund is a contributory defined benefit pension scheme administered by Brent Council to provide pensions and other benefits for pensionable employees of Brent Council and a range of other scheduled and admitted bodies.

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Brent Pension Fund include:

- Scheduled bodies whose staff are automatically entitled to be members of the Fund
- Admitted bodies which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There were 43 employer organisations with active members within the Brent Pension Fund at 31 March 2024, listed below:

Scheduled bodies

London Borough of Brent
Alperton Community School
ARK Academy
ARK Elvin Academy
ARK Franklin Academy
Braintcroft Primary School
Claremont High School Academy
Compass Learning Partnership
Crest Academy
Furness Primary School
Gladstone Park Primary School
Harris Lowe Academy
Kingsbury High School
Manor School
Michaela Community School

North West London Jewish Day School
Oakington Manor Primary School
Our Lady of Grace RC Infants School
Our Lady of Grace RC Juniors School
Preston Manor High School
Queens Park Community School
Roundwood School and Community Centre
St Andrews and St Francis School
St Claudine's Catholic School for Girls
St Gregory's RC High School
St Margaret Clitherow
Sudbury Primary School
The Village School
Wembley High Technology College
Woodfield School Academy

Admitted bodies

Alliance in Partnership (Gladstone Park)
 Atalian Servest AMK
 Barnardos
 Caterlink Ltd
 Continental Landscapes
 Conway Aecom Ltd
 DB Services
 Local Employment Access Project (LEAP)
 National Autistic Society (NAS)
 O'Hara Bros Surfacing
 Prospects Services (BR)
 Taylor Shaw
 Veolia

Brent Pension Fund	31-Mar-24	31-Mar-23
Number of employers with active members	43	42
Number of employees in scheme		
Brent Council	4,501	4,303
Other employers	2,044	1,758
Total	6,545	6,061
Number of pensioners		
Brent Council	6,487	6,341
Other employers	880	819
Total	7,367	7,160
Deferred pensioners		
Brent Council	7,091	7,218
Other employers	1,363	1,326
Total	8,454	8,544
Total members in pension scheme	22,366	21,765

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. During 2023/24, the most commonly applied employer contribution rate within the Brent Pension Fund was 33.5% of pensionable pay.

d) Benefits

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

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

2. Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2023/24 financial year and its position at year-end as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at Note 19 of these accounts.

3. Summary of significant accounting policies

Fund Account – revenue recognition

a) Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see Notes 8 and 10).

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see section o below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see Note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

c) Investment income

i) Interest income

Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iii) Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iv) Movement in the net market value of investments

Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund Account – expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

f) Administration expenses

All administration expenses are accounted for on an accruals basis. All staff costs of the pensions' administration team are charged direct to the Fund. Management, accommodation and other overheads are apportioned to the Fund in accordance with Council policy.

g) Investment management expenses

All investment management expenses are accounted for on an accruals basis. Fees of the external investment managers are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

The cost of obtaining investment advice from external consultants is included in investment management charges.

Net Assets Statement

h) Financial assets

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised by the Fund.

The values of investments as shown in the Net Assets Statement have been determined as follows:

- i) Market-quoted investments
The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.
- ii) Fixed interest securities
Fixed interest securities are recorded at net market value based on their current yields.
- iii) Unquoted investments
The fair value of investments for which market quotations are not readily available is determined as follows:
 - Valuations of delisted securities are based on the last sale price prior to delisting, or where subject to liquidation, the amount the Fund expects to receive on wind-up, less estimated realisation costs.
 - Securities subject to takeover offer – the value of the consideration offered under the offer, less estimated realisation costs.
 - Directly held investments include investments in limited partnerships, shares in unlisted companies, trusts and bonds. Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.
 - Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.

- Investments in private equity/infrastructure funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity/infrastructure fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association.
- iv) Limited partnerships
Fair value is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.
- v) Pooled investment vehicles
Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax.

i) **Contingent Assets**

Admitted body employers in the Brent Pension Fund hold bonds to guard against possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the pension fund and payment will only be triggered in the event of employer default. Contingent Assets are disclosed in Note 25.

j) **Foreign currency transactions**

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

k) **Derivatives**

The Fund does not use derivative financial instruments to manage its exposure to specific risks arising from its investment activities in its own name. Neither does it hold derivatives for speculative purposes.

l) **Cash and cash equivalents**

Cash comprises cash in hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

m) Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

n) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 19).

o) Additional voluntary contributions

Brent Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund has appointed Prudential as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (SI 2016/946) but are disclosed as a note only (Note 22).

4. Critical judgements in applying accounting policies

In applying the accounting policies set out in note 3, the Pension Fund has had to make certain judgements about complex transactions or those involving uncertainty about future events.

There were no such critical judgements made during 2023/24.

5. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 19)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% p/a decrease in the discount rate assumption would result in an increase in the pension liability of approximately £25m. A 0.1% increase in Pension Increase Rate (CPI) would increase the value of liabilities by approximately £24m, and a one-year increase in assumed life expectancy would increase the liability by around 4% (c. £56m).
Private equity / infrastructure / private debt	Private equity/infrastructure/private debt investments are valued based on the latest available information, updated for movements in cash where relevant. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity/infrastructure/private debt investments in the financial statements are £122.8m. There is a risk that this investment may be under- or overstated in the accounts. There is a risk that this investment may be under- or overstated in the accounts up to 18% (an increase or decrease of £22m).

6. Events after the Reporting Date

There have been no events since 31 March 2024, and up to the date when these accounts were authorised that require any adjustments to these accounts.

7. Contributions receivable

By Category	2022/23	2023/24
	£m	£m
Employees' Contributions	10.6	11.1
Employers' Contributions:		
Normal contributions	55.0	55.5
Deficit recovery contributions	0.0	1.8
Augmentation contributions	1.9	0.5
Total Employers' contributions	56.9	57.8
Total contributions receivable	67.5	68.9

By Authority	2022/23	2023/24
	£'m	£'m
Administering Authority	54.3	53.1
Scheduled bodies	12.7	13.7
Admitted bodies	0.5	2.1
Total	67.5	68.9

8. Transfers in from other pension funds

	2022/23	2023/24
	£m	£m
Individual transfers	6.3	7.8
Total	6.3	7.8

9. Benefits payable

By category

	2022/23	2023/24
	£m	£m
Pensions	41.4	45.2
Commutation and lump sum retirement benefits	6.1	6.0
Lump sum death benefits	0.3	0.8
Total	47.8	52.0

By authority

	2022/23	2023/24
	£m	£m
Administering Authority and Scheduled bodies	47.5	51.4
Admitted bodies	0.3	0.6
Total	47.8	52.0

10. Payments to and on account of leavers

	2022/23	2023/24
	£m	£m
Refunds to members leaving service	0.2	0.1
Individual transfers	7.6	7.7
Total	7.8	7.8

11. Management Expenses

	2022/23	2023/24
	£m	£m
Administration costs	1.4	1.6
Investment management expenses	2.5	2.4
Oversight and Governance costs	0.2	0.2
Total	4.1	4.2

The management fees disclosed above include all investment management fees directly incurred by the Fund including those charged on pooled fund investments. Audit fees were £86k (£38k 2022/23).

a) Investment management expenses

	2022/23	2023/24
	£m	£m
Management fees	2.4	2.4
Custody fees	0.1	0.0
Total	2.5	2.4

Fund Manager	2023/24	Management	Custody	One-off
	Total	fees	fees	transaction
	£m	£m	£m	costs
Alinda	0.2	0.2	0.0	0.0
Capital Dynamics	0.1	0.1	0.0	0.0
Fidelity UK Real Estate	0.1	0.1	0.0	0.0
LGIM	0.1	0.1	0.0	0.0
LCIV MAC	0.2	0.2	0.0	0.0
LCIV JP Morgan Emerging Markets	0.2	0.2	0.0	0.0
LCIV Baillie Gifford DGF	0.4	0.4	0.0	0.0
LCIV Infrastructure Fund	0.1	0.1	0.0	0.0
LCIV Private Debt	0.0	0.0	0.0	0.0
LCIV Ruffer	0.8	0.8	0.0	0.0
London LGPS CIV LTD	0.1	0.1	0.0	0.0
Blackrock	0.0	0.0	0.0	0.0
UBS Triton	0.1	0.1	0.0	0.0
Northern Trust (Fund Custodian)	0.0	0.0	0.0	0.0
Cash	0.0	0.0	0.0	0.0
Total	2.4	2.4	0.0	0.0

Fund Manager	2022/23	Management	Custody	One-off
	Total	fees	fees	transaction
	£m	£m	£m	costs
Alinda	0.3	0.3	0.0	0.0
Capital Dynamics	0.2	0.2	0.0	0.0
Fidelity UK Real Estate	0.1	0.1	0.0	0.0
LGIM	0.0	0.0	0.0	0.0
LCIV MAC	0.1	0.1	0.0	0.0
LCIV JP Morgan Emerging Markets	0.2	0.2	0.0	0.0
LCIV Baillie Gifford DGF	0.5	0.5	0.0	0.0
LCIV Infrastructure Fund	0.1	0.1	0.0	0.0
LCIV Private Debt	0.0	0.0	0.0	0.0
LCIV Ruffer	0.7	0.7	0.0	0.0
London LGPS CIV LTD	0.1	0.1	0.0	0.0
Blackrock	0.0	0.0	0.0	0.0
UBS Triton	0.1	0.1	0.0	0.0
Northern Trust (Fund Custodian)	0.1	0.0	0.1	0.0
Cash	0.0	0.0	0.0	0.0
Total	2.5	2.4	0.1	0.0

12. Investment income

	2022/23	2023/24
	£m	£m
Pooled investments	0.0	8.4
Dividend income from private equities/infrastructure/property	0.3	0.5
Interest income from private equities/infrastructure/private debt	0.5	0.4
Interest on cash deposits	0.3	1.6
Total	1.1	10.9

13. Taxes on income

	2022/23	2023/24
	£m	£m
Withholding tax	2.9	(0.2)
Total	2.9	(0.2)

14. Investments

	Market value 31 March 2023	Market value 31 March 2024
Investments asset		
Pooled investments	947.9	1,068.4
Pooled property investments	25.0	24.1
Private equity/infrastructure/private debt	115.7	122.7
	1,088.6	1,215.2

14a. Investments 2023/24	Market value 31 April 2023 £m	Purchases during the year £m	Sales during the year £m	Change in market value during the year £m	Market value 31 March 2024 £m
Pooled investments	947.9	82.5	(80.3)	118.3	1,068.4
Pooled property investments	25.0	0.0	0.0	(0.9)	24.1
Private equity/infrastructure /private debt	115.7	10.6	(3.3)	(0.3)	122.7
	1,088.6	93.1	(83.6)	117.1	1,215.2
Other investment balances: Cash Deposit	27.5				44.1
Investment income due	0.0				0.0
Net investment assets	1,116.1				1,259.3

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

14b. Analysis of investments by category

	31 March 2023	31 March 2024
	£m	£m
Pooled funds - additional analysis		
UK		
Fixed income unit trust	41.9	61.8
Unit trusts	124.2	193.7
Diversified growth funds	222.3	220.4
Overseas		
Unit trusts	559.5	592.5
Total Pooled funds	947.9	1,068.4
Pooled property investments	25.0	24.1
Private equity/infrastructure/private debt	115.7	122.7
Total investments	1,088.6	1,215.2

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

14c. Analysis of investments by fund manager

		Market Value		
31 March 2023			31 March 2024	
£m	%	Fund manager	£m	%
557.9	51.2%	Legal & General	590.6	48.6%
0.2	0.0%	London CIV	0.2	0.0%
43.3	4.0%	LCIV - JP Morgan	42.7	3.5%
27.0	2.5%	Capital Dynamics	19.7	1.6%
123.7	11.4%	LCIV - Baillie Gifford	127.7	10.5%
98.6	9.1%	LCIV - Ruffer	92.7	7.6%
41.9	3.8%	LCIV - MAC (CQS)	61.8	5.1%
36.8	3.4%	LCIV - Infrastructure	45.2	3.7%
34.8	3.2%	LCIV - Private Debt	39.1	3.2%
17.1	1.6%	Alinda	18.7	1.5%
13.7	1.2%	Fidelity UK Real Estate	13.3	1.1%
28.1	2.6%	Blackrock Low Carbon Global Equity	34.9	2.9%
54.2	5.0%	Blackrock	117.8	9.7%
11.3	1.0%	UBS Triton Property Fund	10.8	0.9%
1,088.6	100.0%		1,215.2	100.0%

Security	Market value 31 March 2023	% of total fund	Market value 31 March 2024	% of total fund
L&G - Global Equities	488.1	43.3%	514.9	46.1%
L&G - UK Equities	69.8	6.2%	75.7	6.8%
Blackrock - Over 15 year Gilts	54.2	4.8%	117.8	10.6%
LCIV - Baillie Gifford DGF	123.7	11.0%	127.7	11.4%
LCIV - Ruffer DGF	98.6	8.7%	92.7	8.3%

14d. Stock lending

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

15. Fair Value – Basis of Valuation

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

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

15a. Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with our independent investment advisor, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024.

	Assessed valuation range (+/-)	Value at 31 March 2024	Value on increase	Value of decrease
		£m	£m	£m
Private equity	31.2%	17.3	22.7	11.9
Infrastructure	13.6%	66.3	75.3	57.3
Private debt	8.8%	39.1	42.5	35.7

a) derives from changes to the value of the financial instrument being hedged against

b) derives from changes in the underlying profitability of component companies

c) the potential movement of 10% represents a combination of the following factors, which could all move independently in different directions as follows: rental increases +/- 4%; vacancy levels +/- 2%; market prices +/- 3%; discount rates +/-1%

15b. Fair value hierarchy

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

Level 1

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

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

Level 2

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

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and fund of hedge funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

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

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

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

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

	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
Values at 31 March 2024				
Financial assets at fair value through profit and loss				
Pooled investments		1,068.4		1,068.4
Pooled property investments		24.1		24.1
Private Equity/Infrastructure/Private Debt			122.7	122.7
Subtotal Financial assets at fair value through profit and loss	0.0	1,092.5	122.7	1,215.2
Cash	44.1			44.1
Investment Income due	0.0			0.0
Subtotal Loans and receivables	44.1	0.0	0.0	44.1
Total Financial assets	44.1	1,092.5	122.7	1,259.3
Financial liabilities				
Current liabilities	(1.6)			(1.6)
Subtotal Financial liabilities at amortised cost	(1.6)	0.0	0.0	(1.6)
Total Financial liabilities	(1.6)	0.0	0.0	(1.6)
Net Financial assets	42.5	1,092.5	122.7	1,257.7

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

15c. Transfers between Levels 1 and 2

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

15d. Reconciliation of Fair Value Measurements within Level 3

	£m
Value at 31 March 2023	115.7
Transfers into Level 3	0.0
Transfers out of Level 3	0.0
Purchases	10.6
Sales	(3.3)
Issues	0.0
Settlements	0.0
Unrealised gains/losses	2.6
Realised gains/losses	(2.9)
Value at 31 March 2024	122.7

16. Classification of financial instruments

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

	31 March 2023				31 March 2024		
Fair value through profit and loss	Assets at amortised cost	Financial liabilities at amortised cost		Fair value through profit and loss	Assets at amortised cost	Financial liabilities at amortised cost	
£m	£m	£m		£m	£m	£m	
			Financial assets				
947.9			Pooled investments	1,068.4			
25.0			Pooled property investments	24.1			
115.7			Private equity/ infrastructure/private debt	122.7			
	27.5		Cash		44.1		
	8.1		Debtors		3.5		
1,088.6	35.6	0.0	Total Financial assets	1,215.2	47.6	0.0	
			Financial liabilities				
		(3.9)	Creditors			(1.6)	
0.0	0.0	(3.9)	Total Financial liabilities	0.0	0.0	(1.6)	
1,088.6	35.6	(3.9)	Net Financial assets	1,215.2	47.6	(1.6)	

16a. Net gains and losses on Financial Instruments

31 March 2023		31 March 2024
£'000		£'000
(25.8)	Fair value through profit and loss	117.1
(25.8)	Total	117.1

17. Nature and extent of risks arising from financial instruments

Risk and risk management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e., promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk, and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Pension Fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Sub-Committee. Risk management policies are established to identify and analyse the risks faced by the Pension Fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Pension Fund and its investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Pension Fund to ensure it is within limits specified in the Fund investment strategy.

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the fund's investment advisors, the council has determined that the following movements in market price risk are reasonably possible for the 2023/24 reporting period. (Based on data as at 31 March 2024 using data provided by investment advisors scenario model). The sensitivities are consistent with the assumptions contained in the investment advisors' most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Other price risk – sensitivity analysis

Asset Type	31/03/2024 Value (£m)	Potential market movements (+/-)
Bonds	117.8	7.2%
Equities	668.4	18.6%
Other Pooled investments	282.2	8.9%
Pooled Property investments	24.1	15.6%
Private Equity	17.3	31.2%
Infrastructure	66.3	13.6%
Private debt	39.1	8.8%

Had the market price of the fund investments increased/decreased by 1% the change in the net assets available to pay benefits in the market price would have been as follows.

Asset Type	31/03/2024 Value (£m)	Potential value on increase (£m)	Potential value on decrease (£m)
Bonds	117.8	126.3	109.3
Equities			
UK Equity	75.9	88.0	63.8
Global Equity	549.8	641.6	458.0
Emerging Market Equity	42.7	52.5	32.9
Other Pooled investments			
Diversified Credit	61.8	66.2	57.4
LCIV Ruffer Multi Asset	92.7	100.0	85.4
Baillie Gifford Multi Asset	127.7	142.6	112.8
Pooled Property investments	24.1	27.9	20.3
Private Equity	17.3	22.7	11.9
Infrastructure	66.3	75.3	57.3
Private debt	39.1	42.5	35.7
	1,215.2	1,385.6	1,044.8

Other price risk – sensitivity analysis

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

Had the market price of the fund investments increased/decreased by 1% the change in the net assets available to pay benefits in the market price would have been as follows:

Asset Type	31/03/2023 Value (£m)	Potential value on increase (£m)	Potential value on decrease (£m)
Bonds	54.2	58.3	50.1
Equities	629.5	751.0	508.0
Other Pooled investments	264.2	292.5	235.9
Pooled Property investments	25.0	28.9	21.1
Private Equity	24.4	32.0	16.8
Infrastructure	56.5	65.5	47.5
Private debt	34.8	38.1	31.5
Total	1,088.6	1,266.3	910.9

Interest rate risk exposure asset type

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Pension Fund in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as at 31 March 2023 and 31 March 2024 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

	31 March 2023	31 March 2024
	£m	£m
Cash balances	27.5	44.1
UK Fixed income unit trust	41.9	61.8
Total	69.4	105.9

Asset type	Carrying amount as at 31 March 2024	+1%	-1%
	£m		£m
Cash balances	44.1	0.4	(0.4)
UK Fixed income unit trust	61.8	0.7	(0.7)
Total	105.9	1.1	(1.1)

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

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£UK). The Fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

The Fund's currency rate risk is routinely monitored by the Pension Fund in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The following table summarises the Fund's currency exposure as at 31 March 2024 and as at the previous period end:

Currency risk exposure - asset type	Asset value at 31 March 2023	Asset value at 31 March 2024
	£m	£m
Overseas unit trusts	559.5	592.5
Overseas pooled property investments	0.0	0.0
Overseas private equity/infrastructure/private debt	115.7	122.7
Total	675.2	715.2

A 1% strengthening/weakening of the pound against the various currencies in which the Fund holds

investments would increase/decrease the net assets available to pay benefits as follows:

Assets exposed to currency rate risk	Asset value as at		
	31 March 2024	+1%	-1%
	£m	£m	£m
Overseas unit trusts	592.5	5.9	(5.9)
Overseas pooled property investments	0.0	0.0	0.0
Overseas private equity/infrastructure/private debt	122.7	1.3	(1.3)
Total	675.2	7.2	(7.2)

Assets exposed to currency rate risk	Asset value as at		
	31 March 2023	+1%	-1%
	£m	£m	£m
Overseas unit trusts	559.5	5.6	(5.6)
Overseas pooled property investments	0.0	0.0	0.0
Overseas private equity/infrastructure/private debt	115.7	1.2	(1.2)
Total	675.2	6.8	(6.8)

b) Credit risk

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

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

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

The Pension Fund believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2024 was £44.1m (31 March 2023: £27.5m). This was held with the following institutions:

Credit risk exposure

	Rating	Balances at 31 March 2023 £m	Balances at 31 March 2024 £m
Bank deposit accounts			
NatWest	A+	0.8	0.7
Northern Trust - Aviva Cash		0.1	0.1
Money Market deposits	AAA	26.6	43.3
Total		27.5	44.1

c) Liquidity risk

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

The Pension Fund has immediate access to its cash holdings.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. At 31 March 2024 the value of illiquid assets was £146.8m, which represented 11.7% (31 March 2023: £140.7m, which represented 12.6%) of the total fund assets.

Periodic cash flow forecasts are prepared to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy.

All financial liabilities at 31 March 2024 are due within one year."

Liquidity Risk

	31-Mar-23	%	31-Mar-24	%
Pooled investments	947.9	84.9%	1,068.4	84.8%
Cash deposits	27.5	2.5%	44.1	3.5%
Investment income due	0	0.0%	0.0	0.0%
Total liquid investments	975.4	87.4%	1,112.5	88.3%
Pooled property investments	25.0	2.2%	24.1	1.9%
Private Equity/Infrastructure/Private Debt	115.7	10.4%	122.7	9.8%
Total illiquid investments	140.7	12.6%	146.8	11.7%
Total investments	1,116.1	100.0%	1259.3	100%

d) Refinancing risk

The key risk is that the Pension Fund will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. However, the Pension Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

18. Funding arrangements

In line with the LGPS Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022. The next valuation will take place as at 31 March 2025 and results are scheduled to be released by 31 March 2026.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, i.e., that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long-term cost of the Scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 20 years from 1 April 2022 and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

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

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

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

Individual employers' rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2022 actuarial valuation report and the funding strategy statement on the Fund's website.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement, or withdrawal from service. The main actuarial assumptions used for the 2022 actuarial valuation were as follows:

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

Demographic assumptions

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

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

Commutation assumption

It is assumed that 50% of future retirements will elect to exchange pension for additional tax free cash up to HMRC limits.

19. Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, the Fund's Actuary also undertakes a valuation of the pension fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the Actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 18). The Actuary has also used valued ill health and death benefits in line with IAS 19.

Calculated on an IAS19 basis, the actuarial present value of promised retirement benefits at 31 March 2024 was £1,407m (31 March 2023: £1,380m). This figure includes both vested and non-vested benefits, although the latter is assumed to have a negligible value. The Fund Accounts do not take account of liabilities to pay pensions and other benefits in the future.

The liabilities above are calculated on an IAS 19 basis and therefore differ from the results of the 2022 triennial funding valuation because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Financial assumptions

Inflation/pensions increase rate	2.8%
Salary increase rate	3.10%
Discount rate	4.80%

Longevity assumption

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

	Males	Females
Current pensioners	21.9 years	24.5 years
Future pensioners*	22.9 years	25.8 years

* Future pensioners are assumed to be currently aged 45

Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits.

Sensitivity Analysis

Sensitivity to the assumptions for the year ended 31 March 2024	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.1% p.a. decrease in the discount rate	2%	25
1 year increase in member life expectancy	4%	56
0.1% p.a. increase in the Salary Increase Rate	0%	1
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	24

The principal demographic assumption is the longevity assumption. For sensitivity purposes, it is estimated that a 1 year increase in life expectancy would approximately increase the liabilities by around 4% (c. £56m).

20. Assets

a) Current assets

	31 March 2023	31 March 2024
	£m	£m
Debtors:		
- Contributions due – employees	0.2	0.2
- Contributions due – employers	1.2	1.3
- Sundry debtors	6.7	2.0
Total	8.1	3.5

Analysis of debtors

	31 March 2023	31 March 2024
	£m	£m
- Central government bodies	0.9	1.0
- Other local authorities	5.8	0.7
- Other entities and individuals	1.4	1.8
Total	8.1	3.5

21. Current liabilities

	31 March 2023	31 March 2024
	£m	£m
Group transfers	0.0	0.0
Sundry creditors	3.9	1.6
	3.9	1.6

Analysis of creditors

	31 March 2023	31 March 2024
	£m	£m
Central government bodies	1.0	1.2
Other entities and individuals	2.9	0.4
Total	3.9	1.6

22. Additional voluntary contributions

	Market Value 31 March 2023	Market Value 31 March 2024
	£m	£m
Clerical Medical	1.1	1.2
Equitable Life	0.0	0.0
Prudential	0.7	0.8
	1.8	2.0

	Contributions March 2023	Contributions March 2024
	£m	£m
Clerical Medical	0.0	0.0
Prudential	0.1	0.1
	0.1	0.1

For information, Prudential has since replaced Clerical Medical as the Fund's AVC provider with effect from 1 April 2014.

In accordance with Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016, the contributions paid and the assets of these investments are not included in the Fund's Accounts.

23. Related party transactions

Brent Council

The Brent Pension Fund is administered by Brent Council. Consequently, there is a strong relationship between the Council and the Pension Fund.

The Council incurred costs of £0.92m (2022/23: £1.30m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund and contributed £43.9m to the Fund in 2023/24 (2022/23: £43.9m)

Governance

One member of the Pension Fund Sub-committee is in receipt of pension benefits from the Brent Pension Fund (chair Cllr R Johnson). Each member of the Pension Fund Sub-Committee is required to declare their interests at each meeting.

Key management personnel

The key management personnel of the fund are the Chief Executive, Corporate Director Finance and Resources (s.151 officer), Corporate Director Governance, Deputy Director of Finance and the Head of Finance (Pensions). The proportion of the total remuneration payable to key management personnel that is charged to the Pension Fund is set out below:

	31st March 2023	31st March 2024
	£m	£m
Short Term Benefits	0.091	0.099
Post-Employment Benefits	0.000	0.033
Termination Benefits	0.030	0.000
Total Remunerations	0.121	0.131

24. Contingent liabilities and capital commitments

Outstanding capital commitments (investments) at 31 March 2024 totalled £49.9m (31 March 2023 £60.5m)

	31st March 2023	31st March 2024
	£m	£m
Capital Dynamics	13.5	13.1
Alinda Fund II	2.4	2.4
Alinda Fund III	9.1	7.6
London CIV Infrastructure Fund	17.1	10.4
London CIV Private Debt Fund	18.4	16.4
Total	60.5	49.9

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

25. Contingent Assets

Contingent assets

One non-associated admitted body employer in the Brent Pension Fund held insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default.

	31st March 2023	31st March 2024
	£m	£m
Ricoh	0.1	0.1
Continental Landscapes	0.0	0.5
Total	0.1	0.6

26. Impairment Losses

The Fund had no Impairment Losses at 31 March 2024.

9. Independent Auditor's Report

The independent auditor's report is not yet available as of the publication date of this version of the Annual Report. It will be appended separately once published.

Draft

10. Glossary

Accounting Policies

The rules and practices adopted by the authority that determine how the transactions and events are reflected in the accounts.

Accruals

Amounts included in the accounts for income or expenditure in relation to the financial year but not received or paid as at 31 March.

Active Management

Active management or active fund management is where the fund manager makes specific investments with the aim of outperforming an investment benchmark.

Active Member

Current employee who is contributing to a pension scheme.

Actuarial Assumptions

The combined set of assumptions made by the actuary, regarding the future, to calculate the value of liabilities. The main assumptions will relate to the discount rate, salary growth, pension increases and longevity. More prudent assumptions will give a higher liability value, whereas more optimistic assumptions will give a lower value.

Actuarial Gains and Losses

These arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains and losses) or the actuarial assumptions have been changed.

Actuarial Valuation

A review of the Pension Fund by a qualified Actuary, which takes place every three years to ensure that employers' contributions are sufficient to maintain the solvency of the Fund in the long term.

Actuary

An independent professional who advises the council on the financial position of the Fund. Every three years the actuary values the assets and liabilities of the Fund and determines the funding level and the employers' contribution rates.

Administering Authority

A local authority with statutory responsibility for running a pension fund under LGPS regulations, in effect the Fund's "trustees". Within the geographical boundary of the London Borough of Brent this is Brent Council.

Admitted Bodies

An organisation, whose staff can become members of the Fund by virtue of an admission agreement made between the council and the organisation. It enables contractors who take on the Council's services with employees transferring to offer those staff continued membership of the Fund.

Alternative Investments

Less traditional investments where risks can be greater but potential returns higher over the long term, for example investments in private equity partnerships, hedge funds, commodities, foreign currency, and futures.

Asset Allocation / Asset Mix

The apportionment of the Fund's assets between different types of investments (or asset classes). The long-term strategic asset allocation of a Fund will reflect the Fund's investment objectives.

Auditor

An independent qualified accountant who is required to verify and agree the Pension Fund Accounts and issue an opinion on their accuracy.

AVCs

Additional voluntary contributions – An option available to active scheme members to secure additional pension benefits by making regular contributions to separately held investment funds managed by the Fund's AVC provider.

Benchmark

A measure against which the investment policy or performance of an investment manager can be compared. e.g., for a global equity fund the benchmark against which it will be measured could be made up 70%/30% by overseas equities/UK equities. A target return is generally expressed as some margin over the benchmark.

Bond

Investments, mainly in government stocks which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date, but which can be traded on a recognised stock exchange in the meantime.

Bulk Transfer

A transfer of a group of members agreed by and taking place between two pension schemes.

Cessation Valuation

A calculation carried out by the Actuary when an employer leaves the Fund, which may result in a final deficit payment becoming due to the Fund.

CIPFA (Chartered Institute of Public Finance and Accounting)

CIPFA is the professional institute for accountants working in the public services. CIPFA publishes the code.

Common contribution rate

The Fund-wide future service rate plus past service adjustment. It should be noted that this will differ from the actual contributions payable by individual employers.

Commutation

The conversion of an annual pension entitlement into a lump sum on retirement.

Contingent Liability

A possible loss, subject to confirmation by an event after the Balance Sheet date, where the outcome is uncertain in terms of cost.

Covenant

The assessed financial strength of the employer. A strong covenant indicates a greater ability (and willingness) to pay for pension obligations in the long run. A weaker covenant means that it appears that the employer may have difficulties meeting its pension obligations in full over the longer term.

Creditors

Amounts owed by the Council for goods and services received but not paid for as at 31 March.

Debtors

Amounts owed to the Council for goods and services provided but where the associated income was not received as at 31 March.

Deferred Members

Scheme members, who have left employment or ceased to be active members of the scheme whilst remaining in employment but retain an entitlement to a pension from the scheme.

Defined Benefit Scheme

A type of pension scheme, where the pension that will ultimately be paid to the employee is fixed in advance, and not impacted by investment returns. It is the responsibility of the sponsoring organisation to ensure that sufficient assets are set to meet the pensions promised.

Deficit

The shortfall between the assets value and the liabilities value. This relates to assets and liabilities built up to date, and ignores the future build-up of pension (which in effect is assumed to be met by future contributions).

Derivative

A derivative is a financial instrument which derives its value from the change in price (e.g. foreign exchange, rate, commodity price or interest rate) of an underlying investment (e.g. equities, bonds, commodities, interest rates, exchange rates and stock market indices), which no net initial investment or minimal initial investment and is settled at a future date.

Discount rate

The annual rate at which future assumed cash flows (in and out of the Fund) are discounted to the present day. This is necessary to provide a liabilities value which is consistent with the present day value of the assets, to calculate the deficit. A lower discount rate gives a higher liabilities value, and vice versa. It is similarly used in the calculation of the future service rate and the common contribution rate.

Dividends

Income to the Fund on its holdings of UK and overseas shares..

Employer Contribution Rates

The percentage pf the salary of employees that employers pay as a contribution towards the employees' pension

Emerging Markets

The financial markets of developing economies.

Equities

Ordinary share in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

Exchange Traded

This describes a financial contract which is traded on a recognised exchange such as the London Stock Exchange or the London International Financial Futures Exchange.

Financial Assets

Financial assets are contractual obligations to deliver cash or another financial asset (e.g. creditors) or exchange financial assets or financial liabilities under potentially unfavourable conditions (e.g. derivatives)

Final Pay

This is the figure used to calculate most of a member's pension benefits and is normally their pay in the last year before they retire, or one of the previous two years' pay if that amount is higher. For a part-time employee, the figure used is normally the pay they would have received had they worked whole time.

Fixed Interest Securities

Investments in stocks mainly issued by governments, which guarantee a fixed rate of interest.

Forward Foreign Exchange Derivative

Forward foreign exchange derivatives are over the counter contracts whereby two parties agree to exchange two currencies on a specified future date at an agreed rate of exchange

FTSE

A company that specialises in index calculation. Although not part of a stock exchange, co-owners include the London Stock Exchange and the Financial Times. They are best known for the FTSE 100, an index of the top 100 UK companies (ranked by size).

Fund Manager

A firm of professionals appointed by the Pension Fund Sub-Committee to carry out day to day investment decisions for the Fund within the terms of their Investment Management Agreement.

Funding Level

The ratio of assets value to liabilities value.

Funding Target

The amount of assets which the Fund needs to hold at any point in time to meet all benefits promised.

Future service rate

The actuarially calculated cost of each year's build-up of pension by the current active members, excluding members' contributions but including Fund administrative expenses. This is calculated using a chosen set of actuarial assumptions.

Gilts

Fixed-interest bonds issued by the British government, i.e., a promise by the Government to pay interest and capital as per the terms of that particular gilt, in return for an initial payment of capital by the purchaser. Gilts can be "fixed interest", where the interest payments are level throughout the gilt's term, or "index-linked" where the interest payments vary each year in line with a specified index (usually RPI). Gilts can be bought as assets by the Fund, but their main use in funding is as an objective measure of solvency. They are the equivalent of U.S. Treasury securities.

Global Custodian

A bank that looks after the Fund's investments, implements investment transactions as instructed by the Fund's managers and provides reporting, performance and administrative services to the Fund.

Guarantor

A body which guarantees to pay for an Admitted Body's liabilities in case of default. For any new Admitted Body wishing to join the Fund, the Administering Authority will require a Guarantor. The presence of a Guarantor will mean, for instance, that the Fund can consider the employer's covenant to be as strong as its Guarantor's.

Hedge Fund

A specialist fund that seeks to generate consistent returns in all market conditions by exploiting opportunities resulting from inefficient markets.

Hedging

A strategy which aims to eliminate a risk in an investment transaction (both upside and downside potential). Often used in the context of overseas investments to eliminate the impact of currency movements.

Income Yield

Annual income on an investment divided by its price and expressed as a percentage.

Index

A calculation of the average price of share, bonds or other assets in a specified market to provide an indication of the average performance and general trends in the market.

Index-Linked Securities

Investments which generate returns in line with an index.

Investment Adviser

A professionally qualified individual or company whose main livelihood is derived from providing objective, impartial investment advice to companies, pension funds or individuals.

Letting employer

An employer which outsources or transfers a part of its services and workforce to another employer (usually a contractor). The contractor will pay towards the LGPS benefits accrued by the transferring members, but ultimately the obligation to pay for these benefits will revert to the letting employer. A letting employer will usually be a local authority, but can sometimes be another type of employer such as an Academy.

LGPS

Local Government Pension Scheme – a nationwide scheme for employees working in local government or working for other employers participating in the scheme. Government Regulations dictate eligibility (particularly for Scheduled Bodies), members' contribution rates, benefit calculations and certain governance requirements. The LGPS is divided into 101 Funds which map the UK. Each LGPS Fund is autonomous to the extent not dictated by Regulations, e.g., regarding investment strategy, employer contributions and choice of advisers.

Liabilities

The actuarially calculated present value of all pension entitlements of all members of the Fund, built up to date. This is compared with the present market value of Fund assets to derive the deficit. It is calculated on a chosen set of actuarial assumptions.

Mandate

A set of instructions given to the fund manager by the client as to how a fund is to be managed (e.g., targets for performance against a benchmark may be set or the manager may be prohibited from investing in certain stocks or sectors).

Market Value

The “on paper” value of a security at a specific point in time. It is calculated by multiplying the number of shares held by market price of that share in sterling terms.

Maturity

A general term to describe a Fund (or an employer's position within a Fund) where the members are closer to retirement (or more of them already retired) and the investment time horizon is shorter. This has implications for investment strategy and, consequently, funding strategy.

Members

The individuals who have built up (and may still be building up) entitlement in the Fund. They are divided into actives (current employee members), deferreds (ex-employees who have not yet retired) and pensioners (ex-employees who have now retired, and dependants of deceased ex-employees).

Orphan Liabilities

Residual liabilities of employers from whom no further funding can be obtained.

Outperformance / underperformance

The difference in returns gained by a particular fund against the “average” fund or an index over a specified time period, i.e., a target for a fund may be outperformance of a given benchmark over a three-year period.

Over The Counter

This describes a financial contract which is potentially unique as they are not usually traded on a recognised exchange.

Past service adjustment

The part of the employer's annual contribution which relates to past service deficit repair.

Passive Management

Passive management is where the investments mirror a market index.

Performance

A measure, usually expressed in percentage terms, of how well a fund has done over a particular time period – either in absolute terms or as measured against the “average” fund of a particular benchmark.

Pooled Investment Fund

A collective investment scheme that works by pooling money from different individual investors.

Pooling

Employers may be grouped together for the purpose of calculating contribution rates, so that their combined membership and asset shares are used to calculate a single contribution rate applicable to all employers in the pool. A pool may still require each individual employer to ultimately pay for its own share of deficit, or (if formally agreed) it may allow deficits to be passed from one employer to another.

Pooled Investment Vehicles

Funds which manage the investment of more than one investor on a collective basis. Each investor is allocated units which are revalued at regular intervals. Income from these investments is normally returned to the pooled fund and increases the value of the units.

Projected Unit Method – Pension Fund Valuation

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- The benefits for pensioners and deferred pensioners (i.e individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases and
- The accrued benefits for members in service on the valuation date

Portfolio

Term used to describe all investments held.

Private Equity

Mainly specialist pooled partnerships that invest in private companies not normally traded on public stock markets – these are often illiquid (i.e., not easily turned into cash) and higher-risk investments that should provide high returns over the long term.

Profile

The profile of an employer’s membership or liability reflects various measurements of that employer’s members, i.e., current and former employees. This includes: the proportions which are active, deferred or pensioner; the average ages of each category; the varying salary or pension levels; the lengths of service of active members vs their salary levels, etc. A membership (or liability) profile might be measured for its maturity also.

Rates and Adjustments Certificate

A formal document required by the LGPS Regulations, which must be updated at least every three years at the conclusion of the formal valuation. This is completed by the actuary and confirms the contributions to be paid by each employer (or pool of employers) in the Fund for the three-year period until the next valuation is completed.

Recovery Period

Timescale allowed over which surpluses or deficiencies to the Fund can be eliminated.

Related Parties

Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same source; or
- One party has influence over the financial and operational policies of the other party, to an extent that the other party might be inhibited from pursuing at all times its own separate interests: or

- The parties, in entering a transaction are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Related Parties Transaction

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party, irrespective of whether a charge is made. Examples: of related party transaction include:

- The purchase, sale, lease, rental or hire of assets between related parties;
- The provision by a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund
- The provision of services to a related party, including the provision of pension fund administration services and
- Transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents and payment of benefits.

Recovery Period

Timescale allowed over which surpluses or deficiencies to the Fund can be eliminated.

Regulations

The Scheme is governed by Regulation approved by Parliament. Necessary amendments are made to these Regulations by means of Statutory Instruments.

Return

The total gain from holding an investment over a given period, including income and increase or decrease in market value.

Risk

Generally taken to mean the variability of returns. Investments with greater risk must usually promise higher returns than more “stable” investments before investors will buy them.

Scheduled Bodies

An organisation that has the right to become a member the Local Government Pension Scheme under the scheme regulations. Such an organisation does not need to be admitted, as its right to membership is automatic.

Securities

Investment in company shares, fixed interest or index-linked stocks.

Solvency

When the Fund's assets are greater than or equal to 100% of the Funding Target, which is the liabilities value.

SONIA

Sterling Overnight Index Average – the average of the interest rates that financial institutions charge banks to borrow sterling overnight. It is often used as a benchmark to set other interest rates or to measure returns on investments.

Stabilisation

Any method used to smooth out changes in employer contributions from one year to the next. This is very broadly required by the LGPS Regulations, but in practice is particularly employed for large stable employers in the Fund. Different methods may involve: probability-based modelling of future market movements; longer deficit recovery periods; higher discount rates; or some combination of these.

Statement of Investment Principles

Requirement, arising from the Pensions Act 1995, that all occupational pension plan trustees must prepare and maintain a written Statement of Investment Principles outlining policy on various investment matters (e.g., risk, balance between real and monetary assets, realisability of assets, etc.).

The Code

The Code incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting standards. It sets out the proper accounting practice to be adopted for the statement of Accounts to ensure they 'present fairly' the financial position of the Council. The code has statutory status via the provision of the Local Government Act 2003.

Theoretical contribution rate

The employer's contribution rate, including both future service rate and past service adjustment, which would be calculated on the standard actuarial basis, before any allowance for stabilisation, or other agreed adjustment.

Transfer Value

Capital value transferred to or from a scheme in respect of a contributor's previous periods of pensionable employment.

Unit Trust

A method which allows investors' money to be pooled and used by fund managers to buy a variety of securities.

Unrealised Gain/Losses

The increase or decrease in the market value of investments held by the fund since the date of their purchase.

Valuation

An actuarial investigation to calculate the liabilities, future service contribution rate and common contribution rate for a Fund, and usually individual employers too. This is normally carried out in full every three years (last done as at 31 March 2019), but can be approximately updated at other times. The assets value is based on market values at the valuation date, and the liabilities value and contribution rates are based on long term bond market yields at that date also.

Yield Curve

A graphic line chart that shows interest rates at a specific point for all securities having equal risk, but different maturity dates. For bonds, it typically compares the two- or five-year Treasury with the 30-year Treasury.

11. Appendices

a. Pensions Administration Strategy

London Borough of Brent

Pension Administration Strategy (PAS) 2023

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Annex1

Appendix 1 – Regulation Extract

Appendix 2 – Employers Guide

London Borough of Brent Pension Administration Strategy (PAS)

1. Introduction

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

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

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

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

2. Pension Administration Strategy Policy Statement

2.1 Pensions Administration Strategy Statement

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

2.2 Legislative context

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

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

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

2.3 Aims

In making this strategy the Funds aims are:

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

2.4 Objectives

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

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

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

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

For the Administering Authority, effective administration means:

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

For Employing Authorities, effective administration means:

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

For Scheme members, efficient administration means:

- Accurate records of their pension benefits
- Earlier issuance of annual benefit statements
- Faster responses to their pension record queries
- Faster access to benefits at retirement
- Improved communications
- Enhanced understanding of the pension scheme and the benefits of being a member

2.5 Documents which make up the strategy

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

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

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

- **Pensions Administration Strategy - Employer guide**

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

3. Service Level Agreement

Pensions Administration Strategy - Service level agreement

3.1 Employer Functions

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

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

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

3.2 Actuarial Functions

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

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

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

3.3 Administering Authority Functions

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

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

Key Performance Indicators (KPIs)

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

3.4 Employer Responsibilities

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

An employer guide can be found at Annex 2.

Payments of monies due	<p>Monthly contributions – on time by the 22nd of the following month at the latest and the correct amount</p> <p>Capital Sums – on time by the 22nd of the following month at the latest and the correct amount</p> <p>Single payments of contributions - on time by the 22nd of the following month at the latest and the correct amount</p> <p>AVC contributions – to be paid to the AVC provider on time by the 22nd of the following month at the latest and the correct amount</p>
Submission of year end return	<p>Returns must be submitted each month from 1st April 2023</p> <p>If you are unable to submit your return by month-end, LPPA and Brent Pensions should be informed of any delay, the reasoning and the likely time frame that you can provide the return</p>
Monthly errors Examples of end of year errors <ul style="list-style-type: none">• A missing joiner Form• A missing leaver Form• A missing change of hours• A missing notification of absence• Return from absence• Missing additional contributions• Significantly low/high pensionable remuneration compared to the previous year with no explanation as to the reason	<p>Respond to errors within 10 working days of notification</p> <p>If you are unable to respond in ten working days, inform LPPA of the likely time frame that you can respond in and advise Brent Pensions of the delay</p>

Employer Responsibilities

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

3.5 Notes to Employer Responsibilities

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

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

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

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

- 3.5.4 Under the Pensions Act, the Pensions Regulator may be notified if contributions are not received in accordance with the regulators code of practice, as described above.
- 3.5.5 It is important that Employers ensure that their staff have the right level of skills and knowledge to support any changes, starting with a sound foundation of existing regulations and administrative processes. There is an ongoing need to continuously maintain the quality of member records and the administrative processes by improving the quality of information received from Employers.
- 3.5.6 The Fund in coordination with LPPA will keep stakeholders informed of new developments by sending emails and newsletters, and by providing training, forums and workshops for Employers when new Regulations are implemented or are under consideration.

4. Staff Charging Schedule

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

VAT is charged on all applicable items.

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

5. Pensions Administration Strategy - Charging

5.1 Why we need to charge

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

5.2 Circumstances on when we would charge

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

5.3 Monitoring after a Levy has been made on an employer

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

6. Fees – Annex 1

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

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

Fees – Annex 1

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

Appendix 1 - Regulation Extract

LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 2013

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

Pension administration strategy

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

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

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

(2) The matters are-

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

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

(i) the setting of performance targets,

(ii) the making of agreements about levels of performance and associated matters, or

(iii) such other means as the administering authority considers appropriate;

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

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

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

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

(i) the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and

(ii) such other matters arising from its pension administration strategy as it considers appropriate; and

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

(3) An administering authority must—

(a) keep its pension administration strategy under review; and

(b) make such revisions as are appropriate following a material change in its policies in relation to any of the matters contained in the strategy.

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

(5) An administering authority must publish—

(a) its pension administration strategy; and

(b) where revisions are made to it, the strategy as revised.

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

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

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

Payment by Scheme employers to administering authorities

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

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

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

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

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

(2) But—

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

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

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

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

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

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

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

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

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

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

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

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

Additional costs arising from Scheme employer's level of performance

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

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

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

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

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

Background

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

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

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

Now it is agreed as follows:

1. Interpretation

1.1 The following expressions have the following meanings:

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

Interpretation

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

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

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

2. The Service Level Agreement

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

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

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

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

2.5 Clause 2.3 shall not affect the Administering Authority's ability under Regulation 70 of the Administration Regulations to give written notice to the Employer where it has incurred additional costs which should be recovered from the Employer because of the Employer's level of performance in carrying out its functions under the Regulations or the Service Level Agreement.

2.6 The Employer acknowledges that the Service Level Agreement may be revised from time to time by the Administering Authority in accordance with Regulation 59 of the Administration Regulations and that the Employer will comply with and be bound by the terms of the revised Service Level Agreement.

3. Other Charges

3.1 The Employer acknowledges that the contribution it is required to pay towards the cost of the administration of the Fund is to cover the cost of meeting the Core Scheme Functions.

3.2 Where the Employer requests that the Administering Authority provides services beyond these functions the Administering Authority reserves the right to charge the Employer for the provision of such services. Non-core services include by way of example and without limitation the provision of FRS17 reports, bulk redundancy calculations, bulk information requests, member presentations, site visits and the payment of compensatory added year's benefits. Such services will be provided on terms agreed at the time with the Administering Authority and the Employer.

4. Notices

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

5. Waiver

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

6. More than one Counterpart

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

7. Laws

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

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

Appendix 2 – Employer Guide

Employer Guide

What the "Fund" and the LPPA needs from you to administer your employees' pensions, with accuracy and efficiency.

Clean and accurate data

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

- Joining the scheme
- Changing their working hours and/or working weeks
- Any unpaid leave (i.e. authorised absences, whether maternity/paternity/adoption leave, or ordinary unpaid leave)

- Any unauthorised absences (these are automatically entered as breaks in service as the member is not allowed to repay pension contributions for that period)
- Any strike periods
- Any reductions in pay
- Leaving the scheme (whether opting out, normal leaver or retiring). The

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

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

Brief Summaries of Actions needed

Joining the scheme

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

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

Change of hours

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

Sick Leave

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

Unauthorised Absence

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

Unpaid leave (Including maternity/paternity/adoption leave)

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

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

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

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

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

completed.

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

Leaving the scheme

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

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

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

Monthly remittance/end of year returns

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

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

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

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

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

Using online Forms

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

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

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

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

Online Forms

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

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b. Employer Numbers Table

The table below shows the Brent employers and their members' details as at 31 March 2024

Employer name	Active	Deferred	Pensioners	Dependant	Frozen Refund
London Borough of Brent	2,500	5,969	5,293	887	933
Ark Elvin Academy	68	26	11	1	24
Age Concern	0	2	5	0	0
MENCAP	0	5	2	0	0
Roundwood School and Community Centre	7	2	0	0	1
Wettons (STH Ground Maint.)	0	0	3	0	0
Wettons (NTH Ground Maint.)	0	2	4	1	0
Ark Academy	86	94	4	2	43
Torah Temimah Primary School	0	0	1	0	0
Goldsborough H&N SVC LTD	0	12	98	5	0
Churchill Contracts (BACES)	0	1	0	0	0
Churchill Contracts (Day Centre)	0	4	1	0	0
Harris Lowe Academy Willesden	83	64	19	4	7
College of North West London	0	3	0	0	0
NWL Jewish Day School	1	10	5	0	0
Newman Catholic College	53	56	23	2	16
Kilburn Park School	11	28	5	0	5
Malorees Junior School	22	9	7	1	6
St Joseph's RC Primary School	49	33	23	5	14
Preston Manor High School	0	32	16	2	1
St Gregorys RC School	0	5	13	0	0
Copland Community School	1	33	29	7	0
Convent of Jesus & Mary Infant School	17	53	20	2	6
Claremont High School	0	17	11	1	1
Alperton High School	0	29	24	1	0
Oakington Manor (not in use)	0	10	10	1	5
John Kelly Girls Tech College	0	5	7	0	0
John Kelly Boys Tech College	0	14	3	1	1
Kingsbury High School	0	53	49	4	7
Queens Park Community School	0	20	12	2	4
Alliance in Partnership (Gladstone Park Primary)	5	0	0	0	0
Kilburn Skills	0	3	9	2	0
Apleona HSG Ltd	0	4	3	0	0
Brent Samaritans	0	0	1	0	0
Brent Crossroads	0	0	2	0	0
Pakistani Workers Association	0	0	0	2	0

Brent Association Disabled Peo	0	1	2	0	0
Harlesden Young Mums Project	0	0	1	0	0
WISE	0	0	0	1	0
Sudbury Primary School (Acad)	63	40	9	0	17
Atalian Servest AMK (BR)	1	0	1	0	0
Childcare	0	0	2	0	0
Carequest	0	0	1	0	0
Islamia Primary School	55	35	5	2	5
Claremont High School Academy	81	34	8	0	15
Brent Care at Home LTD	0	6	69	10	0
JFS School	71	55	22	0	17
Brent Housing Partnership LTD	0	6	4	0	3
Wetton Clean SVC (NTH Wembley)	0	0	3	0	0
Wetton Clean SVC (STH Wembley)	0	1	1	0	0
Jarvis Workspace FM LTD	0	1	1	0	0
Wembley High Technology Colleg	79	26	6	1	41
Sanctuary Housing Association	1	0	1	0	0
Alperton Community School	72	49	19	3	43
Furness Primary School (Acad)	40	19	5	0	5
Oakington Manor Primary School	64	34	6	0	19
Queens Park Community Sch AC	86	25	13	0	21
The Crest Boys Academy	0	13	7	1	0
The Crest Girls Academy	0	10	4	0	1
Opt Out - No Liability	0	1	0	0	0
Barnardos	8	16	4	0	2
Thames Reach Housing Ass	0	1	0	0	0
Sudbury Primary School	0	17	0	0	0
Mount Stewart JM School	20	17	7	0	9
Braintcroft JM School	40	26	4	0	12
Brentfield JM School	66	33	8	0	6
Carlton Vale Infant School	14	16	4	0	3
Christchurch Brond COFE School	11	12	3	0	2
Elsley JM School	40	15	8	0	11
Gladstone Park Primary Sch	0	1	1	0	0
Kingsbury Green JM School	47	47	9	0	12
St Margarets Clitheroe School	20	3	10	0	2
College Green Nursery	15	8	0	0	1
Wykeham JM Primary School	32	9	5	0	0
Leopold School	48	44	16	0	20

St Andrew & St Francis (Acad)	44	25	2	0	1
Caterlink Ltd	2	1	0	0	0
Continental Landscapes Limited	13	0	0	0	0
Conway Aecom Ltd	1	1	0	0	0
DB Services	5	0	1	0	0
Michaela Community School Acad	33	7	1	0	19
Preston Manor High School AC	114	68	15	0	24
Ark Franklin Primary School	32	37	7	0	17
St Claudine Catholic School for Girls	88	27	5	1	7
Gladstone Park Primary School	63	34	12	1	16
Kingsbury High School (Acad)	131	51	20	1	27
The Crest Academy	51	26	4	0	23
Woodfield School Academy	98	19	0	0	18
NWL Jewish Day School (Acad)	29	1	5	1	1
St Gregorys RC School (Acad)	44	9	7	0	3
Manor School (Academy)	201	46	10	1	34
Edwards and Blake	0	6	0	0	0
Anson Primary School	22	22	2	3	3
Barham Primary School	74	41	2	0	8
Byron Court	32	33	3	0	6
Chalkhill Primary School	62	18	4	0	4
Curzon Crescent Children's Cen	23	5	2	0	1
Donnington Primary School	27	12	4	0	5
Fawood Children's Centre	28	7	5	0	3
Fryent Primary School	65	17	4	4	4
Granville Childrens Centre	33	4	2	0	2
John Keeble CofE School	47	21	3	0	4
Lyon Park Infants School	1	4	0	0	0
Lyon Park Juniors School	59	19	2	0	4
Malorees Infant School	16	20	3	0	2
Michael Sobell Sinai School	59	31	7	0	3
Mitchell Brook Primary School	78	38	5	0	23
Mora Primary School	22	19	4	0	5
Mount Stewart Infant School	29	17	0	0	4
Newfield Primary School	22	14	4	0	1
Northview Primary school	24	10	3	0	2
Oliver Goldsmith	28	12	3	0	3
Our Lady of Grace RC Infant School	23	2	7	0	1
Our Lady of Grace RC Junior School	17	1	2	0	1
Our Lady of Lourdes Primary School	26	5	2	0	2

Park Lane Primary School	68	26	3	0	6
Phoenix Arch School (Vernon House)	16	12	2	0	3
Preston Park Primary	53	48	3	1	8
Princess Frederica School	27	16	1	0	7
Roe Green Infant School	44	14	5	0	4
Roe Green Junior School	37	11	2	0	3
Salisbury Primary School	60	28	3	0	4
St Mary Magdalen's School	14	11	6	0	0
St Mary's Church of England School	23	10	1	0	4
St Mary's RC School	17	14	1	0	5
St Robert Southwell Catholic S	45	10	1	0	0
Stonebridge Primary School	40	16	4	0	6
The Village School	211	71	16	1	18
Uxendon Manor School	51	17	5	2	4
Wembley Primary School	77	23	6	0	6
Harlesden Primary School	47	5	4	0	7
Compass Learning Partnership	24	3	6	0	3
London Borough-Non Member EDM	0	0	0	2	0
St Joseph's Infant School	18	6	2	0	3
St Joseph's Junior School	18	9	2	0	0
LEAP	4	5	1	0	0
National Autistic Society(NAS)	1	125	134	6	3
O'Hara Bros.Surfacing Ltd	1	0	0	0	0
Prospects Srvs (BR)	2	1	0	0	0
Ricoh UK Ltd	0	1	0	0	0
Sudbury Neighbourhood Centre	0	7	22	0	3
Taylor Shaw	1	2	0	0	0
Veolia	3	13	15	2	0
Veolia (Ground Maintenance)	0	1	1	0	0
	6,545	8,454	6,390	977	1,719

c. Funding Strategy Statement

London Borough of Brent Pension
Fund Funding Strategy Statement
February 2023

Draft

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London Borough of Brent Pension Fund – Funding Strategy Statement

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- 2 How does the fund calculate employer contributions?
- 3 What additional contributions may be payable?
- 4 How does the fund calculate assets and liabilities?
- 5 What happens when an employer joins the fund?
- 6 What happens if an employer has a bulk transfer of staff?
- 7 What happens when an employer leaves the fund?
- 8 What are the statutory reporting requirements?

Appendices

Appendix A – The Regulatory Framework

Appendix B – Roles and responsibilities

Appendix C – Risks and controls

Appendix D – Actuarial assumptions

1 Welcome to the fund's funding strategy statement

This document sets out the funding strategy statement (FSS) for London Borough of Brent pension fund.

The pension fund is administered by Brent Council, known as the administering authority. Brent council worked with the fund's actuary, Hymans Robertson, to prepare this FSS which is effective from 20th February 2023.

There's a regulatory requirement for Brent Council to prepare an FSS. You can find out more about the regulatory framework in [Appendix A](#). If you have any queries about the FSS, contact sawan.shah@brent.gov.uk

1.1 What is the London Borough of Brent pension fund?

The Brent pension fund is part of the Local Government Pension Scheme (LGPS). You can find more information about the LGPS at www.lgpsmember.org. The administering authority runs the fund on behalf of participating employers, their employees and current and future pensioners. You can find out more about roles and responsibilities in [Appendix B](#).

1.2 What are the funding strategy objectives?

The funding strategy objectives are to:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

1.3 Who is the FSS for?

The FSS is mainly for employers participating in the fund, because it sets out how money will be collected from them to meet the fund's obligations to pay members' benefits.

Different types of employers participate in the fund:

Scheduled bodies

Employers who are specified in a schedule to the LGPS regulations, including the council and academies. Scheduled bodies must give employees access to the LGPS if they can't accrue benefits in another pension scheme, such as another public service pension scheme.

Designating employers

Employers such as town and parish councils can join the LGPS through a resolution. If a resolution is passed, the fund can't refuse entry. The employer then decides which employees can join the scheme. The Brent fund has no such employers currently.

Admission bodies

Other employers can join through an admission agreement. The fund can set participation criteria for them and can refuse entry if the requirements aren't met. This type of employer includes contractors.

Some existing employers may be referred to as **community admission bodies** (CABs). CABs are employers such as charities and housing associations, who have a "community of interest" with another scheme employer.

Others may be called **transferee admission bodies** (TABs), typically contractors which provide outsourced services like cleaning or catering to a scheduled body.

These terms aren't defined under current regulations but remain in common use from previous regulations.

1.4 How does the funding strategy link to the investment strategy?

The funding strategy sets out how money will be collected from employers to meet the fund's obligations. Contributions, assets and other income are then invested according to an investment strategy set by the administering authority. You can find the investment strategy at within the Fund's annual report at brent.gov.uk/pensions.

The funding and investment strategies are closely linked. The fund must be able to pay benefits when they are due – those payments are met from a combination of contributions (through the funding strategy) and asset returns and income (through the investment strategy). If investment returns or income fall short the fund won't be able to pay benefits, so higher contributions would be required from employers.

1.5 Does the funding strategy reflect the investment strategy?

The funding policy is consistent with the investment strategy. Future investment return expectations are set with reference to the investment strategy, including a margin for prudence which is consistent with the regulatory requirement that funds take a 'prudent longer-term view' of funding liabilities (see [Appendix A](#))

1.6 How is the funding strategy specific to the Brent pension fund?

The funding strategy reflects the specific characteristics of the fund employers and its own investment strategy.

2 How does the fund calculate employer contributions?

2.1 Calculating contribution rates

Employee contribution rates are set by the LGPS regulations. Employer

contributions are made up of two elements:

- **the primary contribution rate** – contributions payable towards future benefits (including an allowance for the fund's expenses)
- **the secondary contribution rate** – the difference between the primary rate and the total employer contribution

The fund actuary uses a model to project each employer's asset share over a range of future economic scenarios. The contribution rate takes each employer's assets into account as well as the projected benefits due to their members. The value of the projected benefits is worked out using employer membership data and the assumptions in [Appendix D](#).

The total contribution rate for each employer is then based on:

- **the funding target** – how much money the fund aims to hold for each employer
- **the time horizon** – the time over which the employer aims to achieve the funding target
- **the likelihood of success** – the proportion of modelled scenarios where the funding target is met.

This approach takes into account the maturing profile of the membership when setting employer contribution rates.

The fund permits the prepayment of employer contributions in specific circumstances. The fund's policy is to only permit prepayment of Secondary contributions which would otherwise be expressed in monetary (not % of payroll) amounts; the administering authority must be consulted in advance regarding a proposal to prepay, and it may seek assurance that the employer has taken advice and understands the potential risks involved.

2.2 The contribution rate calculation

Table 2: contribution rate calculation for individual or pooled employers

Type of employer	Scheduled bodies			CABs		TABs*
Sub-type	Council	Academies converted from LEA	Free schools	Open to new entrants	Closed to new entrants	(all)
Funding target**	Ongoing	Ongoing	Ongoing	Ongoing, but may move to low-risk exit basis		Contractor exit basis, assuming fixed-term contract in the fund
Minimum likelihood of success	70%	70%	70%	75%	80%	70%
Maximum time horizon	20 years	20 years	20 years	15 years	Average future working lifetime	Same as the letting employer
Primary rate approach	The contributions must be sufficient to meet the cost of benefits earned in the future with the required likelihood of success at the end of the time horizon					
Secondary rate	% of payroll	% of payroll	% of payroll	Monetary amount	Monetary amount	% of payroll
Stabilised contribution rate?	Yes	Yes	No	No	No	No
Treatment of surplus	Covered by stabilisation arrangement	Covered by stabilisation arrangement	Preferred approach: contributions kept at primary rate. Reductions may be permitted by the administering authority			Reduce contributions by spreading the surplus over the remaining contract term
Phasing of contribution changes	Covered by stabilisation arrangement	Covered by stabilisation arrangement	Covered by stabilisation arrangement	3 years	3 years	None

* Employers participating in the fund under a pass-through agreement will pay a contribution rate as agreed between the contractor and letting authority

** See [Appendix D](#) for further information on funding targets.

2.3 Making contribution rates stable

Making employer contribution rates reasonably stable is an important funding objective. Where appropriate, contributions are set with this objective in mind. If this isn't appropriate, contribution increases or decreases may be phased.

After taking advice from the fund actuary, the administering authority believes a stabilised approach is a prudent longer-term strategy for certain employers as follows:

Table 1: current stabilisation approach

Type of employer	Council	Academy converted from LEA
Maximum contribution increase per year	+1.5% of pay	+1.5% of pay
Maximum contribution decrease per year	-1.5% of pay	-1.5% of pay

Stabilisation criteria and limits are reviewed during the valuation process. The administering authority may review them between valuations to respond to membership or employer changes.

2.4 Reviewing contributions between valuations

The fund may amend contribution rates between formal valuations, triggered by significant events including but not limited to: significant reductions in payroll, altered employer circumstances, Government restructuring affecting the employer's business, or failure to pay contributions or arrange appropriate security as required by the administering authority.

The result of a review may be to require increased contributions (by strengthening the actuarial assumptions adopted and/or moving to monetary levels of deficit recovery contributions), and/or an increased level of security or guarantee.

2.5 What is pooling?

The administering authority operates contribution rate pools for similar types of employers. Contribution rates can be volatile for smaller employers that are more sensitive to individual membership changes – pooling across a group of employers minimises this. In a contribution rate pool, contributions are set to target full funding for the pool as a whole, rather than for individual employers.

Employers in a pool maintain their individual funding positions, tracked by the fund actuary. That means some employers may be better funded or more poorly funded than the pool average. If pooled employers used stand-alone funding rather than pooling, their contribution rates could be higher or lower than the pool rate. Setting contributions in this way means that while the fund receives the contributions required, the risk that employers develop a surplus or deficit increases.

Pooled employers are identified in the rates and adjustments certificate and only have their pooled contributions certified. Individual contribution rates aren't disclosed to pooled employers, unless agreed by the administering authority. CABs that are closed to new entrants aren't usually allowed to enter a pool.

If an employer leaves the fund, the required contributions are based on their own funding position rather than the pool average. Cessation terms also apply, which means higher contributions may be required at that point.

2.6 What are the current contribution pools?

- LEA schools generally pool with the Council, although there may be exceptions for specialist or independent schools.
- Academy schools may be pooled within their Multi Academy Trust (if this applies).
- Smaller Transferee Admission Bodies may be pooled with the letting employer, provided all parties (particularly the letting employer) agree.

2.7 Administering authority discretion

Individual employers may be affected by circumstances not easily managed within the FSS rules and policies. If this happens, the administering authority may adopt alternative funding approaches on a case-by-case basis.

Additionally, the administering authority may allow greater flexibility to the employer's contributions if added security is provided. Flexibility could include a reduced contribution rate, extended time horizon, or permission to join a pool. Added security may include a suitable bond, a legally binding guarantee from an appropriate third party, or security over an asset.

The fund permits the prepayment of employer contributions in specific circumstances. Further details are set out in paragraph 2.1 above.

3 What additional contributions may be payable?

3.1 Pension costs – awarding additional pension and early retirement on non ill-health grounds

If an employer awards additional pension as an annual benefit amount, they pay an additional contribution to the fund as a single lump sum. The amount is set by guidance issued by the Government Actuary's Department and updated from time to time.

If an employee retires before their normal retirement age on unreduced benefits, employers will be asked to pay additional contributions called strain payments.

Employers typically make strain payments as a single lump sum, though strain payments may be spread at administering authority discretion.

3.2 Pension costs – early retirement on ill-health grounds

If a member retires early because of ill-health, their employer must pay a funding strain, which may be a large sum.

The administering authority does not offer any arrangement to mitigate this. Individual employers should make their own arrangements if they are concerned about the risk of unmanageable ill-health strain costs.

Employers must tell the administering authority if the policy ends or if there are any changes to coverage or premium.

4 How does the fund calculate assets and liabilities?

4.1 How are employer asset shares calculated?

The fund adopts a cashflow approach to track individual employer assets.

Each fund employer has a notional share of the fund's assets, which is assessed yearly by the actuary. The actuary starts with assets from the previous year-end, adding cashflows paid in/out and investment returns to give a new year-end asset value. The fund actuary makes a simplifying assumption, that all cashflow and investment returns have been paid uniformly over the year. This assumption means that the sum of all employers' asset values is slightly different from the whole fund asset total over time. This minimal difference is split between employers in proportion to their asset shares at each valuation.

If an employee moves one from one employer to another within the fund, assets equal to the cash equivalent transfer value (CETV) will move from the original employer to the receiving employer's asset share.

Alternatively, if employees move when a new academy is formed or an outsourced contract begins, the fund actuary will calculate assets linked to the value of the liabilities transferring (see section 4).

4.2 How are employer liabilities calculated?

The fund holds membership data for all active, deferred and pensioner members. Based on this data and the assumptions in [Appendix D](#), the fund actuary projects the expected benefits for all members into the future. This is expressed as a single value – the liabilities – by allowing for expected future investment returns.

Each employer's liabilities reflect the experience of their own employees and ex-employees.

4.3 What is a funding level?

An employer's funding level is the ratio of the market value of asset share against liabilities. If this is less than 100%, the employer has a shortfall: the employer's deficit. If it is more than 100%, the employer is in surplus. The amount of deficit or surplus is the difference between the asset value and the liabilities value.

Funding levels and deficit/surplus values measure a particular point in time, based on a particular set of future assumptions. While this measure is of interest, for most employers the main issue is the level of contributions payable. The funding level does not directly drive contribution rates. See section 2 for further information on rates.

5 What happens when an employer joins the fund?

5.1 When can an employer join the fund

Employers can join the fund if they are a new scheduled body or a new admission body. New designated employers may also join the fund if they pass a designation to do so.

On joining, the fund will determine the assets and liabilities for that employer within the Fund. The calculation will depend on the type of employer and the circumstances of joining.

A contribution rate will also be set. This will be set in accordance with the calculation set out in Section 2, unless alternative arrangements apply (for example, the employer has agreed a pass-through arrangement). More details on this are in Section 5.4 below.

5.2 New academies

New academies (including free schools) join the fund as separate scheduled employers. Only active members of former council schools transfer to new academies. Free schools do not transfer active members from a converting school but must allow new active members to transfer in any eligible service.

Liabilities for transferring active members will be calculated (on the ongoing basis) by the fund actuary on the day before conversion to an academy. Liabilities relating to the converting school's former employees (ie members with deferred or pensioner status) remain with the ceding council.

New academies will be allocated an asset share based on the estimated funding level of the ceding council's active members, having first allocated the council's assets to fully fund their deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share, capped at a maximum of 100%.

The council's estimated funding level will be based on market conditions on the day before conversion. The fund treats new academies as separate employers in their own right, who are responsible for their allocated assets and liabilities. Whilst academies are not pooled, their contributions may be set on a pooled basis as follows:

Academy type	Primary contribution rate	Secondary contribution rate
Converting from LEA	Calculated using the current funding strategy (set out in section 2) and the transferring membership	Balance so that total rate equals Council rate each year
Free school	Calculated using the current funding strategy (set out in section 2) and the initial membership.	

If an academy leaves one MAT and joins another, all active, deferred and pensioner members transfer to the new MAT.

The fund's policies on academies may change based on updates to guidance from the Department for Levelling Up, Housing and Communities or the Department for Education. Any changes will be communicated and reflected in future funding strategy statements.

5.3 New admission bodies as a results of outsourcing services

New admission bodies usually join the fund because an existing employer (usually a scheduled body such as the council or an academy) outsources a service to another organisation (a contractor). This involves TUPE transfers of staff from the letting employer to the contractor. The contractor becomes a new participating fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership. At the end of the contract, employees typically revert to the letting employer or a replacement contractor.

Liabilities for transferring active members will be calculated by the fund actuary on the day before the outsourcing occurs.

New contractors will be allocated an asset share equal to the value of the transferring liabilities. The admission agreement may set a different initial asset allocation, depending on contract-specific circumstances.

There is flexibility for outsourcing employers when it comes to pension risk potentially taken on by the contractor. You can find more details on outsourcing options from the administering authority or in the contract admission agreement.

5.4 Other new employers

There may be other circumstances that lead to a new admission body entering the fund, e.g. set up of a wholly owned subsidiary company by a Local Authority. Calculation of assets and liabilities on joining and a contribution rate will be carried out allowing for the circumstances of the new employer.

5.5 Risk assessment for new admission bodies

Under the LGPS regulations, a new admission body must assess the risks it poses to the fund if the admission agreement were to end early, for example if the admission body became insolvent or went out of business. In practice, the fund actuary assesses this because the assessment must be carried out to the administering authority's satisfaction.

After considering the assessment, the administering authority may decide the admission body must provide security, such as a guarantee from the letting employer, an indemnity or a bond.

This must cover some or all of the:

- strain costs of any early retirements, if employees are made redundant when a contract ends prematurely
- allowance for the risk of assets performing less well than expected
- allowance for the risk of liabilities being greater than expected
- allowance for the possible non-payment of employer and member contributions
- admission body's existing deficit.

6 What happens if an employer has a bulk transfer of staff?

Bulk transfer cases will be looked at individually, but generally:

- the fund won't pay bulk transfers greater in value than either the asset share of the transferring employer in the fund, or the value of the liabilities of the transferring members, whichever is lower
- the fund won't grant added benefits to members bringing in entitlements from another fund, unless the asset transfer is enough to meet the added liabilities
- the fund may permit shortfalls on bulk transfers if the employer has a suitable covenant and commits to meeting the shortfall in an appropriate period, which may require increased contributions between valuations.

7 What happens when an employer leaves the fund?

7.1 What is a cessation event?

Triggers for considering cessation from the fund are:

- the last active member stops participation in the fund. The administering authority, at their discretion, can defer acting for up to three years by issuing a suspension notice; however this is considered on a case-by-case basis. If such a notice is issued, then the cessation won't be triggered if the employer takes on one or more active members during the agreed time
- insolvency, winding up or liquidation of the admission body
- a breach of the agreement obligations that isn't remedied to the fund's satisfaction
- failure to pay any sums due within the period required
- failure to renew or adjust the level of a bond or indemnity, or to confirm an appropriate alternative guarantor
- termination of a deferred debt arrangement (DDA).

If no DDA exists, the administering authority will instruct the fund actuary to carry out a cessation valuation to calculate if there is a surplus or a deficit when the fund leaves the scheme.

7.2 What happens on cessation?

The administering authority must protect the interests of the remaining fund employers when an employer leaves the scheme. The actuary aims to protect remaining employers from the risk of future loss. The funding target adopted for the cessation calculation is below. These are defined in [Appendix D](#).

- (a) Where there is no guarantor, cessation liabilities and a final surplus/deficit will usually be calculated using a low-risk basis, which is more prudent than the ongoing participation basis. The low-risk exit basis is defined in [Appendix D](#).
- (b) Where there is a guarantor, the guarantee will be considered before the cessation valuation. Where the guarantor is only a guarantor of last resort, this will have no effect on the cessation valuation basis applied. If the guarantee is more extensive, the cessation may be calculated using the same basis that was used to calculate liabilities (and the corresponding asset share) on joining the fund.
- (c) Depending on the guarantee, it may be possible to transfer the employer's liabilities and assets to the guarantor without crystallising deficits or surplus. This may happen if an employer can't pay the contributions due and the approach is within guarantee terms.

If the fund can't recover the required payment in full, unpaid amounts will be paid by the related letting authority (in the case of a ceased admission body) or shared between the other fund employers. This may require an immediate revision to the rates and adjustments certificate or be reflected in the contribution rates set at the next formal valuation.

The fund actuary charges a fee for cessation valuations and there may be other cessation expenses. Fees and expenses are at the employer's liability, and are deducted from the cessation surplus or added to the cessation deficit. The cessation policy is available from the administering authority.

7.3 What happens if there is a surplus?

If the cessation valuation shows the exiting employer has more assets than liabilities – an exit credit – the administering authority can decide how much will be paid back to the employer based on:

- the surplus amount
- the proportion of the surplus due to the employer's contributions
- any representations (like risk sharing agreements or guarantees) made by the exiting employer and any employer providing a guarantee or some other form of employer assistance/support
- any other relevant factors.

The exit credit policy is available from the administering authority.

7.4 How do employers repay cessation debts?

If there is a deficit, full payment will usually be expected in a single lump sum or:

- spread over an agreed period, if the employer enters into a deferred spreading agreement (DSA)
- if an exiting employer enters into a deferred debt agreement (DDA), it stays in the fund and pays contributions until the cessation debt is repaid. Payments are reassessed at each formal valuation.

The employer flexibility on exit policy is available from the administering authority.

7.5 What if an employer has no active members?

If an employer leaves the fund because their last active member has left, they may pay a cessation debt, receive an exit credit or enter a DDA/DSA. Beyond this they have no further obligation to the fund and either:

- a) their asset share runs out before all ex-employees' benefits have been paid. The other fund employers will be required to contribute to the remaining benefits. The fund actuary will portion the liabilities on a pro-rata basis at the formal valuation
- b) the last ex-employee or dependant dies before the employer's asset share is fully run down. The fund actuary will apportion the remaining assets to the other fund employers on a pro-rata basis.

8 What are the statutory reporting requirements?

8.1 Reporting regulations

The Public Service Pensions Act 2013 requires the Government Actuary's Department to report on LGPS funds in England and Wales after every three-year valuation, in what's usually called a section 13 report. The report should include confirmation that employer contributions are set at the right level to ensure the fund's solvency and long-term cost efficiency.

8.2 Solvency

Employer contributions are set at an appropriate solvency level if the rate of contribution targets a funding level of 100% over an appropriate time, using appropriate assumptions compared to other funds. Either:

- (a) employers collectively can increase their contributions, or the fund can realise contingencies to target a 100% funding level
- or
- (b) there is an appropriate plan in place if there is, or is expected to be, a reduction in employers' ability to increase contributions as needed.

8.3 Long-term cost efficiency

Employer contributions are set at an appropriate long-term cost efficiency level if the contribution rate makes provision for the cost of current benefit accrual, with an appropriate adjustment for any surplus or deficit.

To assess this, the administering authority may consider absolute and relative factors.

Relative factors include:

1. comparing LGPS funds with each other
2. the implied deficit recovery period
3. the investment return required to achieve full funding after 20 years.

Absolute factors include:

1. comparing funds with an objective benchmark
2. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
3. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
4. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate
5. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the fund's actuarial bases don't offer straightforward comparisons.

Appendices

Appendix A – The regulatory framework

A1 Why do funds need a funding strategy statement?

The Local Government Pension Scheme (LGPS) regulations require funds to maintain and publish a funding strategy statement (FSS). According to the Department for Levelling Up, Housing and Communities (DLUHC) the purpose of the FSS is to document the processes the administering authority uses to:

- establish a **clear and transparent fund-specific strategy** identifying how employers' pension liabilities are best met going forward
- support the regulatory framework to maintain **as nearly constant employer contribution rates as possible**
- ensure the fund meets its **solvency and long-term cost efficiency** objectives
- take a **prudent longer-term view** of funding those liabilities.

To prepare this FSS, the administering authority has used guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA).

A2 Consultation

Both the LGPS regulations and most recent CIPFA guidance state the FSS should be prepared in consultation with “persons the authority considers appropriate”. This should include ‘*meaningful dialogue... with council tax raising authorities and representatives of other participating employers*’.

The consultation process included issuing a draft version to participating employers and attending an open employers' forum.

A3 How is the FSS published?

The FSS is emailed to participating employers and employee and pensioner representatives. Summaries are issued to members and a full copy is included in the fund's annual report and accounts. Copies are freely available on request and by:

- publishing on the administering authority's website
- sending copies to each employer
- including the full statement or summary in the annual report
- adding the FSS to the agenda of pension fund employers' forum
- sending copies to members of the local pension board
- sending copies to employee/pensioner representatives
- making copies freely available on request.

The FSS is published at www.brent.gov.uk/pensions.

A4 How often is the FSS reviewed?

The FSS is reviewed in detail at least every three years as part of the valuation. Amendments may be made before then if there are regulatory or operational changes. Any amendments will be consulted on, agreed by the Pension Fund Sub-Committee and included in the Sub-Committee meeting minutes.

A5 How does the FSS fit into the overall fund documentation?

The FSS is a summary of the fund's approach to funding liabilities. It isn't exhaustive – the fund publishes other statements like the statement of investment principles, investment strategy statement, governance strategy and communications strategy. The fund's annual report and accounts also includes up-to-date fund information.

You can see all fund documentation at www.brent.gov.uk/pensions.

Appendix B – Roles and responsibilities

B1 The administering authority:

- 1 operates the fund and follows all Local Government Pension Scheme (LGPS) regulations
- 2 manages any conflicts of interest from its dual role as administering authority and a fund employer
- 3 collects employer and employee contributions, investment income and other amounts due
- 4 ensures cash is available to meet benefit payments when due
- 5 pays all benefits and entitlements
- 6 invests surplus money like contributions and income which isn't needed to pay immediate benefits, in line with regulation and the investment strategy
- 7 communicates with employers so they understand their obligations
- 8 safeguards the fund against employer default
- 9 works with the fund actuary to manage the valuation process
- 10 provides information to the Government Actuary's Department so they can carry out their statutory obligations
- 11 consults on, prepares and maintains the funding and investment strategy statements
- 12 tells the actuary about changes which could affect funding
- 13 monitors the fund's performance and funding, amending the strategy statements as necessary
- 14 enables the local pension board to review the valuation process.

B2 Individual employers:

- 1 deduct the correct contributions from employees' pay
- 2 pay all contributions by the due date
- 3 have appropriate policies in place to work within the regulatory framework
- 4 make additional contributions as agreed, for example to augment scheme benefits or early retirement strain
- 5 tell the administering authority promptly about any changes to circumstances, prospects or membership which could affect future funding.
- 6 make any required exit payments when leaving the fund.

B3 The fund actuary:

- 1 prepares valuations, including setting employers' contribution rates, agreeing assumptions, working within FSS and LGPS regulations and appropriately targeting fund solvency and long-term cost efficiency
- 2 provides information to the Government Actuary's Department so they can carry out their statutory obligations
- 3 advises on fund employers, including giving advice about and monitoring bonds or other security
- 4 prepares advice and calculations around bulk transfers and individual benefits

- 5 assists the administering authority to consider changes to employer contributions between formal valuations
- 6 advises on terminating employers' participation in the fund
- 7 fully reflects actuarial professional guidance and requirements in all advice.

B4 Other parties:

- 1 internal and external investment advisers ensure the investment strategy statement (ISS) is consistent with the funding strategy statement
- 2 investment managers, custodians and bankers play their part in the effective investment and dis-investment of fund assets in line with the ISS
- 3 auditors comply with standards, ensure fund compliance with requirements, monitor and advise on fraud detection, and sign-off annual reports and financial statements
- 4 governance advisers may be asked to advise the administering authority on processes and working methods
- 5 internal and external legal advisers ensure the fund complies with all regulations and broader local government requirements, including the administering authority's own procedures
- 6 the Department for Levelling Up, Housing and Communities, assisted by the Government Actuary's Department and the Scheme Advisory Board, work with LGPS funds to meet Section 13 requirements.

Appendix C – Risks and controls

C1 Managing risks

The administering authority has a risk management programme to identify and control financial, demographic, regulatory and governance risks.

The role of the local pension board is set out [here](#). Details of the key fund-specific risks and controls are below.

C2 Financial risks

Risk	Summary of Control Mechanisms
Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities and contribution rates over the long-term.	<p>Only anticipate long-term returns on a relatively prudent basis to reduce risk of under-performing.</p> <p>Assets invested on the basis of specialist advice, in a suitably diversified manner across asset classes, geographies, managers, etc.</p> <p>Analyse progress at three yearly valuations for all employers.</p> <p>Inter-valuation roll-forward of liabilities between valuations at whole Fund level.</p>
Inappropriate long-term investment strategy.	<p>Overall investment strategy options considered as an integral part of the funding strategy. Used asset liability modelling to measure key outcomes.</p> <p>Chosen option considered to provide the best balance.</p>
Active investment manager under-performance relative to benchmark.	<p>Quarterly investment monitoring analyses market performance and active managers relative to their index benchmark.</p>
Pay and price inflation significantly more than anticipated.	<p>The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases.</p> <p>Inter-valuation monitoring, as above, gives early warning.</p> <p>Some investment in bonds also helps to mitigate this risk.</p> <p>Employers pay for their own salary awards and should be mindful of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.</p>

Risk	Summary of Control Mechanisms
Effect of possible increase in employer's contribution rate on service delivery and admission/scheduled bodies	An explicit stabilisation mechanism has been agreed as part of the funding strategy. Other measures are also in place to limit sudden increases in contributions.
Orphaned employers give rise to added costs for the fund	<p>The fund seeks a cessation debt (or security/guarantor) to minimise the risk of this happening in the future.</p> <p>If it occurs, the actuary calculates the added cost spread pro-rata among all employers.</p>
Effect of possible asset underperformance as a result of climate change	Covered in the fund's Investment Strategy Statement.

C3 Demographic risks

Risk	Summary of Control Mechanisms
Pensioners living longer, thus increasing cost to fund.	<p>Set mortality assumptions with some allowance for future increases in life expectancy.</p> <p>The fund actuary has direct access to the experience of over 50 LGPS funds which allows early identification of changes in life expectancy that might in turn affect the assumptions underpinning the valuation.</p>
Maturing fund – i.e. proportion of actively contributing employees declines relative to retired employees.	Continue to monitor at each valuation, consider seeking monetary amounts rather than % of pay and consider alternative investment strategies.
Deteriorating patterns of early retirements	<p>Employers are charged the extra cost of non-ill-health retirements following each individual decision.</p> <p>Employer ill health retirement experience is monitored, and insurance is an option.</p>
Reductions in payroll causing insufficient deficit recovery payments	<p>In many cases this may not be sufficient cause for concern, and will in effect be caught at the next formal valuation. However, there are protections where there is concern, as follows:</p> <p>Employers in the stabilisation mechanism may be brought out of that mechanism to permit appropriate contribution increases.</p> <p>For other employers, review of contributions is permitted in general between valuations and may require a move in deficit contributions from a percentage of payroll to fixed monetary amounts.</p>

C4 Regulatory risks

Risk	Summary of Control Mechanisms
<p>Changes to national pension requirements and/or HMRC rules e.g. changes arising from public sector pensions reform.</p>	<p>The administering authority considers all consultation papers issued by the Government and comments where appropriate.</p> <p>Benefits are valued in line with the regulations in force at the time of the valuation, with an exception relating to the McCloud ruling. The benefits of members likely to be affected by the McCloud ruling have instead been valued as at 31 March 2022 in line with the expected regulations, reflecting an underpin as directed by DLUHC.</p> <p>The government's long term preferred solution to GMP indexation and equalisation - conversion of GMPs to scheme benefits - was built into the 2019 valuation.</p>
<p>Time, cost and/or reputational risks associated with any DLUHC intervention triggered by the Section 13 analysis.</p>	<p>Take advice from fund actuary on position of fund as at prior valuation, and consideration of proposed valuation approach relative to anticipated Section 13 analysis.</p>
<p>Changes by government to particular employer participation in LGPS Funds, leading to impacts on funding and/or investment strategies.</p>	<p>The administering authority considers all consultation papers issued by the government and comments where appropriate.</p> <p>Take advice from fund actuary on impact of changes on the fund and amend strategy as appropriate.</p>

C5 Governance risks

Risk	Summary of Control Mechanisms
<p>Administering authority unaware of structural changes in an employer's membership (e.g. large fall in employee members, large number of retirements) or not advised of an employer closing to new entrants.</p>	<p>The administering authority has a close relationship with employing bodies and communicates required standards e.g. for submission of data.</p> <p>The actuary may revise the rates and adjustments certificate to increase an employer's contributions between triennial valuations</p> <p>Deficit contributions may be expressed as monetary amounts.</p>
<p>Actuarial or investment advice is not sought, or is not heeded, or proves to be insufficient in some way</p>	<p>The administering authority maintains close contact with its specialist advisers.</p> <p>Advice is delivered via formal meetings involving elected members, and recorded appropriately.</p>

Risk	Summary of Control Mechanisms
	Actuarial advice is subject to professional requirements such as peer review.
Administering authority failing to commission the Fund Actuary to carry out a termination valuation for a departing admission body.	<p>The Administering Authority requires employers with Best Value contractors to inform it of forthcoming changes.</p> <p>CABs' memberships are monitored and, if active membership decreases, steps will be taken.</p>
An employer ceasing to exist with insufficient funding or adequacy of a bond.	<p>The administering authority believes that it would normally be too late to address the position if it was left to the time of departure.</p> <p>The risk is mitigated by:</p> <ul style="list-style-type: none"> • Seeking a funding guarantee from another scheme employer, or external body, where-ever possible. • Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice. • Vetting prospective employers before admission. • Where permitted under the regulations requiring a bond to protect the fund from various risks. • Requiring new admission bodies to have a guarantor. • Reviewing bond or guarantor arrangements at regular intervals. • Reviewing contributions well ahead of cessation if thought appropriate.
An employer ceasing to exist resulting in an exit credit being payable	<p>The administering authority regularly monitors admission bodies coming up to cessation</p> <p>The administering authority invests in liquid assets to ensure that exit credits can be paid when required.</p>

C6 Employer covenant assessment and monitoring

Many of the employers participating in the fund, such as admitted bodies (including TABs and CABs), have no local tax-raising powers. The fund assesses and monitors the long-term financial health of these employers to assess an appropriate level of risk for each employer's funding strategy.

London Borough of Brent Pension Fund

Type of employer	Assessment	Monitoring
Council	Tax-raising or government-backed, no individual assessment required	n/a
Academies	Government-backed, covered by DfE guarantee in event of MAT failure	Check that DfE guarantee continues, after regular scheduled DfE review
Admission bodies (including TABs & CABs)	As part of requirement for a bond including its relevant coverage and amount	Periodically, for instance updating bond requirements

C7 Climate risk and TCFD reporting

The fund has considered climate-related risks when setting the funding strategy. To consider the resilience of the strategy the fund included climate scenario stress testing in the contribution modelling exercise for the Council at the 2022 valuation. The modelling results under the stress tests were slightly worse than the core results (as expected) but were still within risk tolerance levels, particularly given the severity of the stresses applied. The results provide assurance that the modelling approach does not significantly underestimate the potential impact of climate change and that the funding strategy is resilient to climate risks. The results of these stress tests may be used in future to assist with disclosures prepared in line with Task Force on Climate-Related Financial Disclosures (TCFD) principles.

The same stress tests were not applied to the funding strategy modelling for smaller employers. However, given that the same underlying model is used for all employers and that the Council makes up the vast majority of the fund's assets and liabilities, applying the stress tests to all employers was not deemed proportionate at this stage and would not be expected to result in any changes to the agreed contribution plans.

The fund's specific policies in this area are covered in its Investment Strategy Statement.

Appendix D – Actuarial assumptions

The fund's actuary uses a set of assumptions to determine the strategy, and so assumptions are a fundamental part of the funding strategy statement.

D1 What are assumptions?

Assumptions are used to estimate the benefits due to be paid to members. Financial assumptions determine the amount of benefit to be paid to each member, and the expected investment return on the assets held to meet those benefits. Demographic assumptions are used to work out when benefit payments are made and for how long.

The funding target is the money the fund aims to hold to meet the benefits earned to date.

Any change in the assumptions will affect the funding target and contribution rate, but different assumptions don't affect the actual benefits the fund will pay in future.

D2 What assumptions are used to set the contribution rate?

The fund doesn't rely on a single set of assumptions when setting contribution rates, instead using Hymans Robertson's Economic Scenario Service (ESS) to project each employer's assets, benefits and cashflows to the end of the funding time horizon.

ESS projects future benefit payments, contributions and investment returns under 5,000 possible economic scenarios, using variables for future inflation and investment returns for each asset class, rather than a single fixed value.

For any projection, the fund actuary can assess if the funding target is satisfied at the end of the time horizon.

Table: Summary of assumptions underlying the ESS, 31 March 2022

		Annualised total returns										Inflation (CPI)	17 year real yield (CPI)	17 year yield
		Fixed Interest Gilts (long)	UK Equity	Property	Emerging Markets Equity	Listed Infrastructure Equity	Diversified Growth Fund (high equity beta)	Diversified Growth Fund (medium equity beta)	Developed World Equity	Multi Asset Credit (sub inv grade)	Global High Yield Debt			
10 years	16th %ile	-1.5%	-0.4%	-0.6%	-2.5%	-1.1%	1.1%	1.4%	-0.6%	1.7%	0.6%	1.6%	-1.7%	1.1%
	50th %ile	0.7%	5.7%	4.4%	5.8%	4.9%	5.4%	4.3%	5.6%	3.5%	3.4%	3.3%	-0.5%	2.5%
	84th %ile	2.8%	11.6%	9.5%	14.4%	10.9%	9.5%	7.1%	11.6%	5.2%	5.8%	4.9%	0.7%	4.3%
20 years	16th %ile	-0.2%	1.7%	1.4%	0.1%	1.2%	2.8%	2.5%	1.6%	2.8%	2.1%	1.2%	-0.7%	1.3%
	50th %ile	0.9%	6.2%	5.0%	6.3%	5.6%	6.0%	4.9%	6.1%	4.4%	4.2%	2.7%	1.1%	3.2%
	84th %ile	2.0%	10.6%	8.9%	12.8%	10.1%	9.4%	7.4%	10.8%	6.0%	6.4%	4.3%	2.7%	5.7%
40 years	16th %ile	1.2%	3.2%	2.6%	2.1%	2.6%	4.0%	3.3%	3.2%	3.6%	3.1%	0.9%	-0.6%	1.1%
	50th %ile	1.9%	6.7%	5.5%	6.8%	6.1%	6.6%	5.5%	6.6%	5.3%	5.1%	2.2%	1.3%	3.3%
	84th %ile	2.8%	10.2%	8.8%	11.7%	9.8%	9.4%	7.9%	10.2%	7.1%	7.2%	3.7%	3.2%	6.1%
	Volatility (Disp) (5 yr)	8%	18%	15%	26%	18%	13%	8%	18%	6%	8%	3%		

D3 What financial assumptions were used?

Future investment returns and discount rate

The fund uses a risk-based approach to generate assumptions about future investment returns over the funding time horizon, based on the investment strategy. The discount rate is the annual rate of future investment return assumed to be earned on assets after the end of the funding time horizon. The discount rate assumption is set as a margin above the risk-free rate. Assumptions for future investment returns depend on the funding objective.

	Employer type	Margin above risk-free rate
Ongoing basis	All employers except transferee admission bodies and closed community admission bodies	1.8%
Low-risk exit basis	Community admission bodies closed to new entrants	0.0%
Contractor exit basis	Transferee admission bodies	Consistent with the margin used to allocate assets to the employer on joining the fund

Discount rate (for funding level calculation as at 31 March 2022 only)

For the purpose of calculating a funding level at the 2022 valuation, a discount rate of 4.3% applies. This is based on a prudent estimate of investment returns, specifically, that there is an 70% likelihood that the fund's assets will future investment returns of 4.3% p.a. over the 20 years following the 2022 valuation date.

Pension increases and CARE revaluation

Deferment and payment increases to pensions and revaluation of CARE benefits are in line with the Consumer Price Index (CPI) and determined by the regulations.

The CPI assumption is based on Hymans Robertson's ESS model. The median value of CPI inflation from the ESS was 2.7% pa on 31 March 2022.

Salary growth

The salary increase assumption at the latest valuation has been set to 0.3% above CPI pa plus a promotional salary scale.

D4 What demographic assumptions were used?

Demographic assumptions are best estimates of future experience. The fund uses advice from Club Vita to set demographic assumptions, as well as analysis and judgement based on the fund's experience.

Demographic assumptions vary by type of member, so each employer's own membership profile is reflected in their results.

Life expectancy

The longevity assumptions are a bespoke set of VitaCurves produced by detailed analysis and tailored to fit the fund's membership profile.

Allowance has been made for future improvements to mortality, in line with the 2021 version of the continuous mortality investigation (CMI) published by the actuarial profession. The starting point has been adjusted by +0.5% to reflect the difference between the population-wide data used in the CMI and

LGPS membership. A long-term rate of mortality improvements of 1.5% pa applies.

The smoothing parameter used in the CMI model is 7.0. There is little evidence currently available on the long- term effect of Covid-19 on life expectancies. To avoid an undue impact from recently mortality experience on long-term assumptions, no weighting has been placed on data from 2020 and 2021 in the CMI.

London Borough of Brent Pension Fund

Other demographic assumptions

Retirement in normal health	Members are assumed to retire at the earliest age possible with no pension reduction.
Promotional salary increases	Sample increases below
Death in service	Sample rates below
Withdrawals	Sample rates below
Retirement in ill health	Sample rates below
Family details	A varying proportion of members are assumed to have a dependant partner at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. Beyond retirement the proportion is adjusted for assumed dependant mortality. Males are assumed to be 3 years older than females, and partner dependants are assumed to be opposite sex to members.
Commutation	50% of maximum tax-free cash
50:50 option	1% of members will choose the 50:50 option.

Males

Age	Salary Scale	Death Before Retirement	Withdrawals		III Health Tier 1		III Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.17	404.31	813.01	0.00	0.00	0.00	0.00
25	117	0.17	267.06	537.03	0.00	0.00	0.00	0.00
30	131	0.2	189.49	380.97	0.00	0.00	0.00	0.00
35	144	0.24	148.05	297.63	0.10	0.07	0.02	0.01
40	150	0.41	119.2	239.55	0.16	0.12	0.03	0.02
45	157	0.68	111.96	224.96	0.35	0.27	0.07	0.05
50	162	1.09	92.29	185.23	0.90	0.68	0.23	0.17
55	162	1.7	72.68	145.94	3.54	2.65	0.51	0.38
60	162	3.06	64.78	130.02	6.23	4.67	0.44	0.33
65	162	5.1	0	0.00	11.83	8.87	0.00	0.00

Females

Age	Salary Scale	Death Before Retirement	Withdrawals		III Health Tier 1		III Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.10	352.42	467.37	0.00	0.00	0.00	0.00
25	117	0.10	237.14	314.44	0.10	0.07	0.02	0.01
30	131	0.14	198.78	263.54	0.13	0.10	0.03	0.02
35	144	0.24	171.57	227.38	0.26	0.19	0.05	0.04
40	150	0.38	142.79	189.18	0.39	0.29	0.08	0.06
45	157	0.62	133.25	176.51	0.52	0.39	0.10	0.08
50	162	0.90	112.34	148.65	0.97	0.73	0.24	0.18
55	162	1.19	83.83	111.03	3.59	2.69	0.52	0.39
60	162	1.52	67.55	89.37	5.71	4.28	0.54	0.40
65	162	1.95	0.00	0.00	10.26	7.69	0.00	0.00

D5 What assumptions apply in a cessation valuation following an employer's exit from the fund? Low-risk exit basis

Where there is no guarantor, the low-risk exit basis will apply.

The financial and demographic assumptions underlying the low-risk exit basis are explained below:

1. The discount rate is set equal to the annualised yield on long dated government bonds at the cessation date, with a 0% margin. This was 1.7% pa on 31 March 2022.
2. The CPI assumption is based on Hymans Robertson's ESS model. The median value of CPI inflation from the ESS was 2.7% pa on 31 March 2022.
3. Life expectancy assumptions are those used to set contribution rates, with one adjustment. A higher long-term rate of mortality improvements of 1.75% pa is assumed.

Contractor exit basis

Where there is a guarantor (eg in the case of contractors where the local authority guarantees the contractor's admission in the fund), the contractor exit basis will apply.

The financial and demographic assumptions underlying the contractor exit basis are equal to those set for calculating contributions rates. Specifically, the discount rate is set equal to the risk-free rate at the cessation date, plus a margin consistent with that set to allocate assets to the employer on joining the fund.

d. Investment Strategy Statement

Investment Strategy Statement

1. Introduction and background

This is the Investment Strategy Statement (“ISS”) of the London Borough of Brent Pension Fund (“the Fund”), which is administered by Brent Council, (“the Administering Authority”). The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“the Regulations”).

The ISS has been prepared by the Fund’s Pension Committee (“the Committee”) having taken advice from the Fund’s investment adviser, Hymans Robertson LLP. The Committee acts on the delegated authority of the Administering Authority.

The ISS, which was approved by the Committee on 4 October 2023, is subject to periodic review at least every three years and without delay after any significant change in investment policy. The Committee has consulted on the contents of the Fund’s investment strategy with such persons it considers appropriate.

The Committee seeks to invest in accordance with the ISS, any Fund money that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the Fund’s Funding Strategy Statement dated February 2023.

The Committee has agreed the following long-term target investment strategy for the Fund. It will be necessary for the Fund to allow time for these arrangements to take effect, hence the interim target allocation shown below.

Asset class	Interim target allocation (%)	Long-term target allocation (%)
Global equities	40.0	40.0
UK equities	5.0	5.0
Emerging markets equities	5.0	5.0
Private equity	2.5	-
Total Growth	52.5	50.0
Property	2.5	10.0
Infrastructure	5.0	15.0
Private debt	5.0	5.0
Diversified growth	20.0	5.0
Total Income	32.5	35.0
Multi-asset credit	5.0	5.0

Government gilts	10.0	10.0
Total Protection	15.0	15.0
Total	100.0	100.0

2. The suitability of particular investments and types of investments

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. The funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.

The Committee aims to fund the Fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed but will take account of future salary and/or inflation increases.

The Committee has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. This benchmark is consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.

It is intended that the Fund's investment strategy will be reviewed at least every three years following actuarial valuations of the Fund. The approach that the Fund has taken to setting an appropriate investment strategy is set out below.

In 2023, the Fund carried out an asset-liability modelling exercise in conjunction with the 2022 actuarial valuation. The Fund's liability data from the valuation was used in the modelling, and the implications of adopting a range of alternative investment strategies were assessed. The implications for the future evolution of the Fund were considered under a wide range of different scenarios.

This approach helps to ensure that the investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners, deferred and active members), together with the level of disclosed surplus or deficit (relative to the funding bases used).

The Committee assessed the likelihood of achieving their long-term funding target – which was defined at that time as achieving and maintaining a fully funded position in 20 years' time.

A summary of the expected returns and volatility for each asset class is included later in this statement. In addition, the Committee monitors investment strategy on an ongoing basis, focusing on factors including, but not limited to:

- Suitability given the Fund's level of funding and liability profile
- The level of expected risk
- Outlook for asset returns
- Environmental, Social and Governance (ESG) factors

The Committee also monitors the Fund's actual allocation on a regular basis to ensure it does not notably deviate from the target allocation, accepting that given the nature of some of the underlying investments, it may take the Fund time to move towards the target allocation.

The Committee reviews the asset allocation at each quarterly meeting. The review is based on the latest published quarterly investment performance report, supported by more up to date information where available. Rebalancing activity is at the discretion of the Committee and is only made between the Fund's liquid assets. Among the factors taken into account by the Committee in its decisions are:

the materiality of under and overweight positions;

any asset transitions that are already scheduled;

market views on the relative attractiveness of different asset classes;

liquidity and transaction costs; and

the confidence of the Committee in the managers' ability to meet performance targets, informed by manager ratings provided by the Fund's investment adviser.

To help inform rebalancing decisions, the Committee has set the following upper limits to inform rebalancing:

Asset class	Interim target allocation (%)	Long-term target allocation (%)	Upper limit for rebalancing (%)
Listed equities	50.0	50.0	60.0
Diversified Growth	20.0	5.0	25.0
Multi-asset credit	5.0	5.0	10.0
Government gilts	10.0	10.0	15.0
Cash	0.0	0.0	5.0

3. Investment of money in a wide variety of investments

Asset classes

The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property and commodities either directly or through pooled funds. The Fund may also make use of contracts for differences and other derivatives either directly or in pooled funds investing in these products for the purpose of efficient portfolio management or to hedge specific risks.

The Committee reviews the nature of Fund investments on a regular basis, with particular reference to suitability and diversification. The Committee seeks and considers written advice from a suitably qualified person in undertaking such a review. If, at any time, investment in a security or product not previously known to the Committee is proposed, appropriate advice is sought and considered to ensure its suitability and diversification.

In line with the Regulations, the authority's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that

authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007.

The latest investment strategy review took place in February 2023. At this time the Committee agreed to maintain the current long-term strategic allocation that was agreed following the 2019 actuarial valuation.

The Committee is aware that private market investments take time to invest in, with money committed but not drawn down immediately. This investment phase can take several years. During this investment period the Fund will retain its existing 20% target allocation to Diversified Growth Funds, which will be monitored and regularly assessed in anticipation of its longer-term reduction in size.

The long-term asset class returns assumed within the asset-liability modelling exercise were as follows. These returns reflect financial conditions as at 31 March 2022.

Asset class	Median expected return ¹ over 20 years (% p.a.)
UK equities	6.2%
Global equities	6.3%
Emerging markets equities	6.3%
Property	5.0%
Infrastructure	6.5%
Private debt	9.8%
Diversified growth funds	4.9%
Multi-asset credit	6.7%
Government gilts	4.4%
Total Fund	6.0%

At 31 March 2022, the expected volatility² of the investment strategy over 1 year was 13.1%. This volatility includes an assumed diversification benefit. Further details on the Fund's risks, including the approach to mitigating risks, is provided in the following section.

Restrictions on investment

The Regulations have removed the previous restrictions that applied under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The Fund has agreed a number of its own restrictions as set out in the table below. All other investment restrictions will be negotiated with fund managers or the London CIV, subject to the Fund receiving appropriate investment and/or legal advice.

¹ This indicates that over a 20 year period, there is a 50% chance that the actual annualised return will be higher, and a 50% chance that the actual annualised return will be lower, than the median expected return.

² A volatility of 13.1% indicates that over 1 year there is a 2/3rds chance that the actual return over this period will be within +/- 13.1% of the expected return assessed over the same 1 year period.

Types of investment	Maximum investment by the Fund (% of assets)
Contributions in any single partnership	5%
Contributions invested in partnerships	30%
Cash deposits	10%
Investment with any single manager strategy either directly or via the London CIV (excluding investments in passive index-tracking strategies)	15%
Total investment in illiquid assets ³	30%

Managers

The Committee has appointed a number of investment managers all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business.

The Committee, after seeking appropriate investment advice, has agreed specific benchmarks with each manager so that, in aggregate, they are consistent with the overall asset allocation for the Fund. The Fund's investment managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market and asset class, the managers will maintain diversified portfolios through direct investment or pooled vehicles. The manager of the index-tracking funds in which the Fund invests holds a mix of investments within each pooled fund that reflects that of their respective benchmark indices.

4. The approach to risk, including the ways in which risks are to be measured and managed

The Committee is aware that the Fund has a need to take risk (e.g. investing in growth assets) to help it achieve its funding objectives. It has an active risk management programme in place that aims to help it identify the risks being taken and put in place processes to manage, measure, monitor and (where possible) mitigate the risks being taken. One of the Committee's overarching beliefs is to only to take as much investment risk as is necessary.

The principal risks affecting the Fund are set out below, we also discuss the Fund's approach to managing these risks and the contingency plans that are in place:

Funding risks

Key funding risks considered include:

Financial mismatch – The risk that Fund assets fail to grow in line with the developing cost of meeting the liabilities.

Changing demographics – The risk that longevity improves and other demographic factors change, increasing the cost of Fund benefits.

Systemic risk – The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting the Fund's liabilities.

The Committee measures and manages financial mismatch in two ways.

³ This represents a maximum at the point of investment. The impact of market volatility will be assessed separately.

- As indicated above, the Committee has set a strategic asset allocation benchmark for the Fund. This benchmark was set taking into account asset liability modelling which focused on probability of success and level of downside risk. The results from the analysis carried out in 2023 highlighted the Fund has a greater than 75% probability of being fully funded in 2041. The downside risk measure shows that the funding level in the average of the worst 5% of outcomes projected to 2028 is 38%. This analysis reflects the current investment strategy and level of agreed contributions and is based on financial conditions as at 31 March 2022. This analysis will be revisited as part of the 2025 valuation process.
- The Committee assesses risk relative to the strategic benchmark by monitoring the Fund's asset allocation and investment returns relative to the benchmark. The Committee also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The Committee also seeks to understand the assumptions used in any analysis and modelling so these can be compared to their own views and the level of risks associated with these assumptions to be assessed.

The Committee seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

Asset risk

Market risk – The risk that the market value of the Fund's assets falls.

Concentration – The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.

Illiquidity – The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.

Currency risk – The risk that the currency of the Fund's assets underperforms relative to Sterling (i.e. the currency of the liabilities).

Manager underperformance – The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

Environmental, social and governance ("ESG") – The risk that ESG related factors reduce the Fund's ability to generate the long-term returns.

Climate change – The extent to which climate change causes a material deterioration in asset values as a consequence of factors including but not limited to policy change, physical impacts and the expected transition to a low-carbon economy.

Geopolitical risk – The risk of underperformance driven by unexpected changes or events involving political, military or trade factors.

The Committee measures and manages asset risks as follows.

The Fund's strategic asset allocation benchmark invests in a diversified range of asset classes. The Committee has put in place re-balancing arrangements to ensure the Fund's "actual allocation" does not deviate substantially from its target. The Fund invests in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, help reduce the Fund's asset concentration risk.

By investing across a range of assets, including liquid quoted equities and bonds, as well as property, the Committee has recognised the need for access to liquidity in the short term.

The Fund invests in a range of overseas markets which provides a diversified approach to currency markets; the Committee also assess the Fund's currency risk during their risk analysis. Details of the Fund's approach to managing ESG risks is set out later in this document.

The Committee has considered the risk of underperformance by any single investment manager and have attempted to reduce this risk by appointing more than one manager [and having a proportion of the Scheme's assets managed on a passive basis]. The Committee assess the Fund's managers' performance on a regular basis, and will take steps, including potentially replacing one or more of their managers, if underperformance persists.

Other provider risk

Transition risk – The risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the Committee seeks suitable professional advice.

Custody risk – The risk of losing economic rights to Fund assets, when held in custody or when being traded.

Credit default – The possibility of default of a counterparty in meeting its obligations.

Stock-lending – The possibility of default and loss of economic rights to Fund assets.

The Committee monitors and manages risks in these areas through a process of regular scrutiny of its providers, and audit of the operations it conducts for the Fund, or has delegated such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds). The Committee has the power to replace a provider should serious concerns exist.

A separate schedule of risks that the Fund monitors is set out in the Fund's Funding Strategy Statement.

5. Approach to pooling investments, including use of collective investment vehicles and shared services

The Fund is a participating scheme in the London CIV Pool. The proposed structure and basis on which the London CIV Pool ("the Pool") will operate was set out in the July 2016 submission to Government.

Assets to be invested in the London CIV Pool

The Fund's intention is to invest its assets through the Pool as and when suitable Pool investment solutions become available. An indicative timetable for investing through the Pool was set out in the July 2016 submission to Government. The key criteria for assessment of Pool solutions will be as follows:

That the Pool enables access to an appropriate solution that meets the objectives and benchmark criteria set by the Fund

That there is a clear financial benefit to the Fund in investing in the solution offered by the Pool, should a change of provider be necessary.

At the time of preparing this statement the Fund has already invested the following assets via the Pool. Note this includes investments in index-tracking equity funds with BlackRock and LGIM, which are commonly regarded as pooled assets even though they sit outside of the Pool.

Asset class	Manager	% of total Fund assets ⁴
Global equities (index-tracking)	LGIM	43.7
Global equities (index-tracking)	BlackRock	2.5
UK equities (index-tracking)	LGIM	6.3
Emerging market equities	LCIV (JP Morgan)	3.9
Diversified Growth	LCIV (Baillie Gifford)	11.1
Diversified Growth	LCIV (Ruffer)	8.8
Infrastructure	LCIV multi-manager	3.3
Private debt	LCIV multi-manager	3.1
Multi-asset credit	LCIV multi-manager	3.7
Gilts	BlackRock	4.9
Total		91.3

At the time of preparing this statement the Fund has elected not to invest the following assets via the London CIV Pool.

Asset class	Manager	% of Fund assets ⁵	Reason for not investing via the Pool
Private equity	Capital Dynamics	2.2	In wind down
Infrastructure	Capital Dynamics	0.2	In wind down
Infrastructure	Alinda	1.5	In wind down
Property	Fidelity	1.2	No equivalent fund available via the Pool
Property	UBS	1.0	No equivalent fund available via the Pool
Total		6.1	

⁴ Actual allocation as at 31 March 2023. Note cash holding of 2.5% is in addition to these amounts. Percentage allocations shown are subject to rounding.

⁵ Actual allocation as at 31 March 2023. Note cash holding of 2.5% is in addition to these amounts. Percentage allocations are subject to rounding.

The Fund will consider participating in pooling arrangements for the current and/or future property investment investments if a suitable solution is made available by the Pool.

Any assets not currently invested in the Pool will be reviewed at least every three years to determine whether the rationale remains appropriate, and whether it continues to demonstrate value for money. The next such review will take place no later than 2026.

Structure and governance of the London CIV Pool

The July 2016 submission to Government of the Pool provided a statement addressing the structure and governance of the Pool, the mechanisms by which the Fund can hold the Pool to account and the services that will be shared or jointly procured. As the Pool develops and the structure and governance of the Pool are fully established the Fund will include this information in future iterations of the ISS. In the meantime, further information is provided on the London CIV's website (<https://londonciv.org.uk/>).

6. How social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments

The Fund invests on the basis of financial risk and return, having considered a full range of factors, including environmental, social, and corporate governance (ESG) factors where these present financial risks to the delivery of portfolio objectives and therefore impact on the sustainability of the Fund's returns.

The Fund therefore requires its investment managers to integrate all material financial factors, including ESG considerations, into their investment analysis and decision-making for all fund investments.

The Fund's Investment Managers (and specifically the London Collective Investment Vehicle through which the Fund will increasingly invest) are also expected to undertake appropriate monitoring of current investments with regard to their policies and practices on all issues which could present a material financial risk to the long-term performance of the fund, including ESG factors. The Fund monitors this activity on an ongoing basis with the aim of maximising its impact and effectiveness.

Where appropriate, the Committee considers how it wishes to approach specific ESG factors in the context of its role in asset allocation and investment strategy setting. Taking into account the ratification in October 2016 of the Paris Agreement, the Committee considers that significant exposure to fossil fuel reserves within the Fund's portfolio could pose a material financial risk. As a result, the Committee has committed to undertaking a Carbon Risk Audit for the Fund, quantifying the Fund's exposure through its equity portfolio to fossil fuel reserves and power generation and where the greatest risks lie.

Once this audit has taken place the Committee intends to develop a plan to reduce the Fund's carbon exposure. The plan will be periodically reviewed to ensure that it remains consistent with the risks associated with investment in carbon assets and with the Committee's fiduciary duties.

A key consideration in developing this plan, including the setting of any intermediate targets, will be the London CIV's own plans to reduce the carbon exposure of the funds it oversees. Currently, c30% of the Fund's assets sit within the London CIV and this percentage is expected to grow over time.

At this stage, the Committee has not set a target timeframe for the Fund to become carbon neutral. This will be considered in more detail as part of the plan to reduce the Fund's carbon exposure.

Some flexibility may be appropriate to allow the Fund to adjust the pace of the transition in the light of changing financial conditions or technological advances in certain sectors.

The Committee considers exposure to carbon risk in the context of its role in asset allocation and investment strategy setting. Consideration has therefore been given in setting the Fund's Investment Strategy to how this objective can be achieved within a pooled investment structure and the Committee, having taken professional advice, will work with the London CIV to ensure that suitable strategies are made available.

Where necessary, the Fund will also engage with its Investment Managers or the London CIV to address specific areas of carbon risk. The Fund expects its investment managers to integrate financially material ESG factors into their investment analysis and decision making and may engage with managers and the London CIV to ensure that the strategies it invests in remain appropriate for its needs.

The Committee consider the Fund's approach to responsible investment in two key areas:

- **Sustainable investment / ESG factors** – considering the financial impact of environmental, social and governance (ESG) factors (including climate change) on its investments.
- **Stewardship and governance** – acting as responsible and active investors/owners, through considered voting of shares, and engaging with investee company management as part of the investment process.

In light of the latest investment strategy review and the Fund's increased focus and importance of responsible investment, the Fund has bolstered its beliefs in this area, specifically:

- Ongoing engagement is preferable to divestment
- We must act as responsible owners
- The Fund's investment managers should embed the consideration of ESG factors into their investment process and decision-making

Further details are set out in the Fund's Responsible Investment Policy which can be found [here](#).

The Fund's investment beliefs can be found in the appendix.

The Committee takes ESG matters very seriously. Its investment beliefs include explicit statements relating to ESG and climate change. The ESG criteria of its existing investment investments are assessed on an ongoing basis and ESG is a key consideration when assessing the relative merits of any potential new Fund investments. The Fund also conducts an annual review of its:

- Policies in this area,
- Investment managers' approach to responsible investing; and
- Members' training needs and implements training to reflect these needs.

At the present time the Committee does not take into account non-financial factors when selecting, retaining, or realising its investments. The Committee understand the Fund is not able to exclude investments in order to pursue boycotts, divestment and sanctions against foreign nations and UK defence industries.

The London CIV itself is committed to responsible investment and duly recognises the role of ESG factors in the investment decision making process, evidenced by its own 'responsible investment

policy'. The Fund is supportive of this and will monitor the policy on a regular basis as more assets transfer into the pool to ensure consistency with its own beliefs. Details of the investment managers' governance principles can be found on their websites.

7. The exercise of rights (including voting rights) attaching to investments

Voting rights

The Committee considers the Fund's approach to stewardship also as a key area by acting as a responsible and active investor, by commissioning considered voting on the Fund's behalf as shareholders, and by indirectly engaging with investee company management as part of the investment process.

The Committee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the Fund's managers have produced written guidelines of their process and practice in this regard. The managers are strongly encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies under Regulation 7(2)(f). The Committee monitor the voting decisions made by all its investment managers on a regular basis.

Engagement

The Committee endorses the Stewardship Code as published by the Financial Reporting Council.

The Committee expects both the London CIV and any directly appointed fund managers to be signatories to the UK Stewardship Code 2020.

In addition, the Fund believes in collective engagement and is a member of the LAPFF, through which it collectively exercises a voice across a range of corporate governance issues. In addition to the Fund's compliance with the Stewardship Code, the Fund believes in collective engagement and is a member of the Local Authority Pension Fund Forum (LAPFF), through which it collectively exercises a voice across a range of corporate governance issues.

The Committee supports engagement activity that seeks to:

Achieve greater disclosure of information on the ESG-related risks that could affect the value of an investment

Achieve transparency of an investment's carbon exposure and how such companies are preparing for the transition to a low carbon economy

Encourage its asset managers to actively participate in collaborative engagements with other investors where this is deemed to be in the best interests of the Fund.

Further details are set out in the Fund's Responsible Investment Policy which can be found [here](#).

Investments made via the London Pool are subject to its Responsible Investment Policy, which is developed in consultation with all of the Pool's partner funds.

For and on behalf of London Borough of Brent Pension Fund Committee

Appendix – Investment beliefs

Core investment beliefs

Clear and well defined objectives are essential to achieve future success - the Committee is aware that there is a need to generate a sufficient level of return from the Fund's assets, while at the same time having a clear understanding of the potential risks and ensuring there is sufficient liquidity available to pay members' benefits as they fall due.

Strategic asset allocation is a key determinant of risk and return, and thus is typically more important than manager or stock selection - the Committee understands that having the appropriate strategy in place is a key driver of the Fund's future success. As a result, priority is given to more strategic investment matters. The Committee is aware that there is need to take investment risk in order to generate a sufficient level of return.

Return and risk should be considered relative to the Fund's liabilities, funding position and contribution strategy – the Committee believes that as the funding position of the Fund improves, the level of risk taken by the Fund should reduce as appropriate i.e. only take as much risk as necessary. The Committee believes that there exists a relationship between the level of investment risk taken and the rate of expected investment return. In reducing risk, the Fund's expected return would typically also reduce.

Long term investing provides opportunities for enhancing returns - As a long-term investor it is important that the Fund acts as an asset owner. As a long term investor, the Fund may choose to gain additional compensation by investing in assets that are illiquid or may be subject to higher levels of volatility (a premium return is required for any such investments).

Equities are expected to generate superior long term returns - the Committee believes that, over the longer term, equities are expected to outperform other liquid assets, in particular government bonds. However the Committee also recognise that equities can be highly volatile over the short-term.

Diversification reduces the overall volatility of the Fund's asset returns - the Committee believes that diversification across asset classes can help reduce the volatility of the Fund's overall asset value and improve its risk-return characteristics. However, the Committee also recognise that there is scope to over diversify and that any desire to diversify needs to be aligned to the Fund's governance arrangements.

Passive management has a role to play in the Fund's structure - The Committee recognises that passive management allows the Fund to access certain asset classes (e.g. equities) on a low cost basis and when combined with active management can help reduce the relative volatility of the Fund's performance. There is a belief that passive management is most suitable for markets that are deemed as being more efficient such as developed market equities.

Active management can add value but is not guaranteed – the Committee recognises that certain asset classes can only be accessed via active management. The Committee also recognises that active managers may be able to generate higher returns for the Fund (net of fees), or similar returns but at lower volatility, than equivalent passive exposure. There is a belief that active management is most suitable for markets that are deemed as being less efficient e.g. emerging market equities, specialist markets e.g. infrastructure or where views on the relative value of different asset classes are a targeted source of value e.g. DGF mandates.

Private markets can offer opportunities - Private markets can offer opportunities and give higher return due to higher illiquidity premia. However it is recognised that private markets can be more expensive, less transparent (e.g. fees and drivers of return), increase the Fund's governance burden and require ongoing maintenance to achieve target exposure. Such factors must be taken into account when considering such an allocation.

The choice of benchmark index matters – whilst active managers are expected to take ESG issues in their individual stock selection decisions, it is acknowledged that index-tracking managers will invest in line with the index set out in their mandate. The Committee recognises that, for each asset class, there is a range of benchmark indices that they could use. As a result, the Committee focus on the benchmark's underlying characteristics and consider how they may be appropriate for the Fund.

Rebalancing policies are important – the Committee recognises that rebalancing the Fund's assets towards the strategic asset allocation is important in achieving the Fund's longer term objectives, in particular following a period of strong or weak market performance.

Fees and transaction costs matter - The Committee considers the fees and costs of its investment arrangements to ensure the Fund is getting value for money and to minimise, as far as possible, any cost leakages from its investment process. It also does not seek to move in and out of investments regularly due to the cost drag. The Committee also seek to have transparency on the fees that it is paying to its providers.

Governance “budget” matters – The Committee recognises that the resources (and time) involved in deciding upon (and implementing) an investment strategy and structure play a part in any investment decisions made. A low governance approach to accessing markets is likely to be preferred if it can offer similar risk adjusted returns to alternative approaches.

The London CIV is the Fund's preferred approach to implementation – the Committee recognises the potential benefits of LGPS pooling. Their preferred route is to implement their investment strategy via the London CIV, subject to carrying out suitable due diligence on the CIV's investment offering.

ESG-specific beliefs

Environmental, social and corporate governance ('ESG') issues can have a material impact on the long term performance of its investments - the Committee recognises that ESG issues can impact the Fund's returns. The Committee commits to an ongoing development of its ESG policy to ensure it reflects latest industry developments and regulations and ESG is integrated into strategic considerations.

Climate change and the expected transition to a low carbon economy is a long term financial risk to Fund outcomes - the Committee recognises that environmental issues can impact the Fund's returns. The Committee aims to be aware of, and monitor, financially material environmental-related risks and issues through the Fund's investment managers and advisors.

Ongoing engagement is preferable to divestment – The Committee believes that, in relation to ESG risks, ongoing engagement with investee companies is preferable to divestment. This engagement may be via our managers or alongside other investors (e.g. LAPFF). Where, over a considered period however, there is no evidence of a company making visible progress towards carbon reduction, we believe that divestment should be actively considered.

We must act as responsible owners – As asset owners in the 21st Century, we believe it is our responsibility to support the transition to a low carbon global economy, consistent with the aims of the

Paris 2016 Climate Change agreement to limit temperature increases by 2050 to a maximum of 2°C degrees.

It is important for the Sub-Committee to integrate ESG issues when identifying investment opportunities – we will consider opportunities to make investments with a positive social or environmental impact subject to the risk and return characteristics being acceptable. Investments expected to have a “positive impact” can be considered if they are consistent with the overall objectives of the Fund’s investment strategy.

The Fund’s investment managers should embed the consideration of ESG factors into their investment process and decision-making – Investment managers are responsible for implementing the Fund’s strategy. In this role, the managers should reflect the Fund’s desire for achieving long-term sustainable returns and improve corporate behaviour.

We will generally avoid investing in the most harmful companies and sectors – we believe we have a duty to consider the wider environmental and social impacts of investments. We believe that we should generally avoid investing in the most harmful companies and sectors.

Disclosure is important – we will encourage companies and investment managers to improve disclosure of their activity in relation to ESG issues. This will be addressed directly with managers, through involvement in the London CIV and also through membership of the LAPFF. We will also disclose the actions we are taking, including publishing this policy and incorporating our RI policies and approach into the way that we engage and communicate with members.

LONDON BOROUGH OF BRENT PENSION FUND

MEMBER COMMUNICATIONS STRATEGY

2023

1. Introduction

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

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

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

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

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

2. Communications with Scheme Members

Our aims for communicating with our scheme members are:

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

Key actions will be:

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

Table of Actions

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

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

Schedule of communications

Communication	Media	Frequency of Issue	Distribution	Audience
Pensions Website	Web	Continually available. Updated as required	Advertised on all communications	All
Scheme booklet	Web	Continually available. Updated as required	For viewing as required	All
Newsletters and scheme updates	Web or paper	As required	For viewing as required. Default distribution via website, members can opt out of paperless communications	All

Schedule of communications

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

Explanation of communications

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

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

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

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

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

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

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

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

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

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

3. Communications with Prospective Scheme Members

Our aims for communicating with our prospective scheme members are:

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

Key actions will be:

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

Table of Actions

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

Schedule of communications

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

Explanation of communications

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

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

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

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

4. Communications with Scheme Employers

Our aims for communicating with our scheme employers are:

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

Key actions will be:

- offer induction meetings for all new scheme employers
- assist with the implementation of PensionPoint, the LPP's online submission portal

- on-going promotion of the employer section of the Brent pension website
- working with relevant parties to admit new employers to the fund

Table of Actions

Action	Audience	Media	End of Year Review 2023
Meet with all new scheme employers to discuss responsibilities and requirements	Employers	Face to face/ Online	
Review and update the pension website	Employer	Web	
Work with LPPA and Scheme employers to implement PensionPoint.	Employer	Web	
Work with LPPA and Scheme employers to ensure accurate and timely data submissions	Employer	Email, phone calls or face to face	

Schedule of communications

Communication	Media	Frequency of Issue	Distribution	Audience
Contact sheet	Electronic	Annually	By email	All
Pensions Website	Web	Continually available. Updated as required	Advertised on all communications	All
TUPE Manual and Admissions Policy	Web	Continually available. Updated as required	For viewing as required	Scheme employers and potential admitted bodies
Annual Report and Accounts	Web	Continually available. Replaced annually	For viewing as required.	All

Schedule of communications

Pension Fund Valuation reports	Electronic	Every three years	Via email	All
Funding Strategy Statement	Web	Continually available. Replaced every three years and updated as required	For viewing as required.	All

Explanation of communications

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

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

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

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

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

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

5. Communications with Representatives of Members

Pensions Committee

Our aims for communicating with Pensions Committee are:

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

Key actions will be:

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

Table of Actions

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

Schedule of communications

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

Explanation of communications

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

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

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

Pensions Board

Our aims for communicating with the Local Pensions Board are:

- to provide information to enable the board to assist the Scheme Manager in executing their

duties

- to provide information to ensure the board are kept informed of pension related matters
- to provide training with regards to investment and administration matters

Key actions will be:

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

Table of Actions

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

Schedule of communications

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

Explanation of communications

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

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

Training sessions – Provided by Pension Fund officers, advisors or external experts on investment or

administration related matters. Targeted training is also available for Local Pension Board members online via the Pensions Regulator website. Training is shared with the Pensions Committee members where applicable

6. Other Stakeholders

Pension Fund Manager (Finance)

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

Local Pensions Partnership Administration

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

Investment Fund Managers

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

Trade Unions

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

7. Member Contacts

Member Contacts - for general administrative queries:

Brent Pensions
LPPA
PO Box 1383
Preston
PR2 0WR

Telephone: 0300 323 0260

[Member contact form](#)

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

Email: engagment@localpensionspartnership.org.uk

Telephone: 0300 323 0260


[Employer contact form](#)

London Borough of Brent Contact

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

Email: pensions@brent.gov.uk

Telephone: 020 8937 3190

	<p align="center">Brent Pension Fund Sub-Committee 8 October 2024</p>
	<p align="center">Report from the Corporate Director of Finance and Resources</p>
<p>LAPFF Engagement Report</p>	
<p>Wards Affected:</p>	<p>All</p>
<p>Key or Non-Key Decision:</p>	<p>Non-Key</p>
<p>Open or Part/Fully Exempt:</p>	<p>Open</p>
<p>List of Appendices:</p>	<p>One - LAPFF Engagement Report Q2 2024</p>
<p>Background Papers:</p>	<p>N/A</p>
<p>Contact Officers:</p>	<p>Minesh Patel, Corporate Director, Finance and Resources (minesh.patel@brent.gov.uk; 020 8937 4043)</p> <p>Amanda Healy, Deputy Director of Finance (amanda.healy@brent.gov.uk; 020 8937 5912)</p> <p>Sawan Shah, Head of Finance (sawan.shah@brent.gov.uk; 020 8937 1955)</p> <p>George Patsalides, Finance Analyst (george.patsalides@brent.gov.uk)</p>

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 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.

4.0 Background to LAPFF

- 4.1 LAPFF (the Local Authority Pension Fund Forum) has 87 members, 7 pools and combined assets exceeding £350bn. With investments widespread in many sectors, LAPFF's 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.
- 4.4 Collaboration with other investors has the potential to strengthening the voice of Pension Funds, influence major companies on key ESG issues and help drive real-world change. Examples of the work carried out by LAPFF are provided below and in previous engagement reports to the committee. Individual funds, like Brent, engaging with companies on their own are unlikely to much of an impact and the Fund would require significant resources to do so effectively. Therefore, membership of collaboration groups such as LAPFF is considered to be more efficient whilst also likely to have greater impact.

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 Q2 2024) and highlights the achievements during relevant period.

Banking

- 5.2 As part of its work on banks and climate change, LAPFF identified Canadian banks as worthwhile engagement candidates. Reports indicated that Canadian banks are increasing lending to oil and gas companies, while other banks were stepping away. The scale of this lending (greater than HSBC and Barclays), combined with reasonably material shareholders and a more receptive political backdrop than, for example, the US, prompted this focus.
- 5.3 LAPFF wrote to the five largest Canadian banks requesting meetings. In April, Forum met with three of the largest Canadian banks: Bank of Nova Scotia, Royal Bank of Canada, and Toronto Dominion. The objective of the initial engagement was to outline LAPFF's views to the companies, understand their positions, and assess the prospect for further engagement. This was the first engagement with all three companies, and it was promising from the outset in establishing a dialogue and ongoing relationship.
- 5.4 The companies were open in sharing their climate reporting efforts and the challenges in finding meaningful metrics for disclosure and reporting. There were discussions on developing methodologies to analyse clients' transition plans, embedding digital approvals into transactions, and tracking progress against reduction targets. Scotiabank, in particular, demonstrated the greatest commitment to taking climate change seriously among the three banks, although there is still room for improvement.
- 5.5 Overall, LAPFF's objectives were met in this round of engagement. The Forum had constructive dialogues with the companies, and while there were disagreements on several points, the banks are not in denial about climate change and have plans in place. LAPFF intends to continue engagement with banks in the autumn to develop investor expectations from the Forum's point of view.

Water stewardship

- 5.6 LAPFF has been engaging with water utility firms since 2022, following concerns about pollution of rivers and coastal areas caused by storm overflows. As a highly regulated sector, this additional investment has to go through a review process with Ofwat every five years. Meeting environmental objectives set under the five-year plans not only has reputational impacts but, as a regulated system, these performance outcomes also result in either financial awards or penalties.
- 5.7 As part of its engagements, LAPFF wants to ensure that progress is being made to reduce the number of overflows and that the next five-year business plans will be delivered cost-efficiently while meeting broader environmental and

social commitments. In the quarter the Forum continued its productive dialogue with United Utilities' chair, Sir David Higgins, about the environmental and financial challenges that persist in the water utilities sector. LAPFF discussed with the company its plans to meet its 2025 overflow target and its stretching 60% overflows reduction goal by 2030. Meeting this longer-term ambition will be contingent on the increased capital expenditure which will need to be approved by the regulator alongside increased prices for its customers. To deliver value for money, the company outlined the need for long-term pragmatic engineering in the sector.

- 5.8 LAPFF will continue to engage the companies to ensure that progress is being made against their targets on overflows, in addition to following the final determinations by the regulator and ensuring that plans will be delivered cost efficiently to the benefit of shareholders and their wider stakeholders.

BP & Shell

- 5.9 During continued engagement with Shell and BP, LAPFF's approach has remained to test oil and gas companies beyond claims of decarbonisation based on existing business models to challenge the viability of the current business. This expectation, based on LAPFF policy, is that the demand for hydrocarbons will 1) reduce in aggregate terms; and 2) that demand will be met by lowest cost producers.
- 5.10 LAPFF attended Shell's AGM on 21 May 2024, where the Forum assessed substantial threats to the company's business model. In the absence of investment in products that would fully replace the scale of the fossil fuel business, it is LAPFF's continued assessment that parts of the business need to be put into managed decline with cash returned to shareholders. Shell has said that it cannot make the investment case for renewables. That is not in itself unreasonable but does support the argument for more cash returns to shareholders instead.
- 5.11 Meetings with the both the Shell and BP chief executives are pending. LAPFF continues to challenge whether Carbon Capture and Storage can be made to work as a line of business, given that the costs involved make it a last resort if cheaper substitute energy sources are not possible. Developments in aviation fuels and biofuels need to be examined in more detail, and the Forum needs to explore robustly the extent to which climate strategy is integrated into business planning and financing.

London Stock Exchange Group

- 5.12 LAPFF has been concerned about the weakening of standards relating to new entrants to the London listed companies' market, which has included, Aston Martin Lagonda, NMC Health, Finabl and Quindell, the former of which has lost over 90% of its value since listing, the other three being 100% losses. The LAPFF Executive convened a 'Capital Markets Working Group' in the light of a recent concerted campaign by some interests to further weaken the standards of the listing regime. That campaign has included the Capital Markets Industry

Taskforce, which is just that, it is a coalition of “fee earning” interests rather than shareholder interests, including issues of investor protection.

- 5.13 An open letter was sent to the chair of London Stock Exchange Group, asking for an evidence-based approach, and to supply the evidence for assertions made to date. That letter was released to Reuters and obtained wide coverage. The response did not sufficiently address the core issues. A letter has also been sent to the chair of the Financial Conduct Authority (FCA) which is the UK Listing Authority.
- 5.14 LAPFF has written back to the LSEG to request evidence, and also to point out that body was set up under the auspices of the Investment Management Association known as the “Investor Forum” has turned itself into the Investor and Issuers Forum. The Forum is also considering what further steps that will be decided after the General Election. The FCA has responded with a holding letter. The Times on 27 June 2024 covered issues with poor listing standards consistent with the LAPFF approach.

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 Equality, 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



Quarterly
Engagement
Report

April-June
2024

Local
Authority
Pension
Fund
Forum

Nature Stewardship, Water Stewardship, CAHRA

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ENGAGEMENTS



Offshore rows of floating cages for fish breeding and rearing

NATURE STEWARDSHIP

Nature Action 100 & Biodiversity

Objective: Engagement with nature is vital not only for the sustainability of the natural environment but also for the long-term financial viability of capital markets. Natural capital encompasses ecosystems, biodiversity, and land, underpins the global economy and is integral to the industries in which LAPFF's members invest.

The degradation of these natural assets poses significant financial risks — The World Economic Forum has highlighted

that a significant portion of the world's GDP—more than half—is moderately or highly dependent on nature (roughly US\$44 trillion in 2020). When looking at forecasted losses, nature is deteriorating globally and biodiversity is declining faster than at any time in human history, figures estimated by the World Bank provide that the degradation of certain natural ecosystem services—like wild pollination, food from marine fisheries, and timber from native forests—could lead to a \$2.7 trillion reduction in annual global GDP by 2030, where emerging

markets are expected to bear the brunt of this economic impact.

There is an increasing focus on the importance of nature, emphasised by the Kunming-Montreal Global Biodiversity Framework established during COP15 in December 2022. The framework set out clear expectations for conservation and maintaining a sustainable relationship with biodiversity. An associated regulatory framework, heightening corporate responsibilities on both reporting and due diligence with respect to the impact of business activities on nature and the environment continues to evolve. Encompassing regulation such as the Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD), the EU's Deforestation Regulation, and voluntary initiatives such as the Science Based Targets Network (SBTN), and the Taskforce on nature-related Financial Disclosure (TNFD).

Achieved: Issues relating to nature and biodiversity have been a focus for investors, including LAPFF, for a number of years. However, more recently it has become a thematic priority for many within the investment community, with a more focussed and strategic approach to managing the associated risks. LAPFF has joined a series of engagements this quarter through the Nature Action 100 initiative, meeting with AbbVie, Merck & Co, Procter & Gamble, and Novo Nordisk. Nature Action 100 coordinated letters to all focus companies in September 2023, setting out investor expectations. Subsequently, engagement groups have been established and dialogues with companies established. Engagements have provided an opportunity to set out the expectations of the initiative, as well as giving the company chance to outline their response to managing the issue. A key focus for these initial calls has been looking at the assessment, seeking to better understand if companies have mapped the extent to which nature loss could affect their business model, including how both operations and supply chain activities may have a negative impact on nature. An overall take from the start of this engagement is that whilst companies are at different stages in assessing their full impacts and dependencies, they are all involved in the process at varying levels.

ENGAGEMENTS



An ecologist samples a stream of polluted water

In Progress: As part of the Nature Action 100 initiative, investor groups intend to meet with target companies at least twice a year.

Outside of the initiative, LAPFF selectively engaged with Nestlé as one of its major holdings on the issue of regenerative agriculture in Q1 2024. LAPFF intends to engage with a selection of large food and beverage producers on this topic, as it begins to form part of strategies, not just from a nature and biodiversity perspective, but as part of some companies' climate strategies.

WATER STEWARDSHIP

UK water utility companies

Objective: LAPFF has been engaging with water utilities since 2022 following concerns about the pollution of rivers and coastal areas caused by storm overflows. Storm overflows are used to ensure

at times of high rainfall that sewage does not back up into homes. Under government plans to 2050, the number of overflow incidents is expected to fall over time and delivered by additional investment. As a highly regulated sector, this additional investment has to go through a review process with Ofwat every five years. Meeting environmental objectives set under the five-year plans not only has reputational impacts but, as a regulated system, these performance outcomes also result in either financial awards or penalties. As part of its engagements, LAPFF wants to ensure that progress is being made to reduce the number of overflows and that the next five-year business plans will be delivered cost-efficiently while meeting broader environmental and social commitments. This year's engagements took place against the backdrop of significantly wetter weather resulting in an increase in overflows. Nevertheless, LAPFF wanted to understand whether the companies were on track to meet their targets of reaching average of no more than 20 incidents per overflow per year by 2025.

Achieved: In the quarter LAPFF met the chair of United Utilities and the chief executive and chair of Pennon Group.

LAPFF continued its productive dialogue with United Utilities' chair, Sir David Higgins, about the environmental and financial challenges that persist in the water utilities sector. LAPFF discussed with the company its plans to meet its 2025 overflow target and its stretching 60% overflows reduction goal by 2030. Meeting this longer-term ambition will be contingent on the increased capital expenditure which will need to be approved by the regulator alongside increased prices for its customers. To deliver value for money, the company outlined the need for long-term pragmatic engineering in the sector.

In the quarter, LAPFF also met with Pennon Group's chair, Gill Rider, and Group CEO, Susan Davy. Pennon Group, which owns South West Water, has some significant challenges regarding its environmental performance, including storm overflows, bathing waters and the Environment Agency's assessment of the company.

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LAPFF had sought to engage with the company previously, so it was positive that we were able to meet with both the chair and CEO. Despite its challenges, the company were positive when pushed about its plans as well as providing historical context. The meeting covered the impact of wetter weather, meeting 2025 targets, data on overflows, engagement with customers, their focus on bathing waters, the group's 2025-2030 business plan and its approach to improving its environmental performance rating, which has been below expected levels for several years in a row.

In progress: LAPFF will continue to engage the companies to ensure that progress is being made against their targets on overflows. LAPFF will also be following the final determinations by the regulator and ensuring that plans will be delivered cost efficiently to the benefit of shareholders and their wider stakeholders.

Chipotle

Objective: LAPFF has been engaging with Chipotle on its approach to water stewardship since 2019. The initial engagement objective was met during 2022, with the company undertaking an ingredient level water risk assessment to identify areas of water stress within its supply chain. The mapping exercise identified suppliers operating in regions of water stress. Having identified priority regions, LAPFF's expectation is for the company to set measurable and time-bound targets to reduce negative impacts on freshwater.

Achieved: During Q2 LAPFF met with Chipotle in advance of the publication of its sustainability report. The company had requested the opportunity to provide an update on the work it had undertaken as it relates to managing water risk across the business. The discussion was relatively high-level given the sustainability report had not been released publicly. However, it was clear from the overview provided that the approach being proposed to drive improved water outcomes would fail to meet the expectations of LAPFF, specifically relating to measurability. As a result, LAPFF Executive member John Anzani wrote

to the company immediately following the call reemphasising the Forum's expectations, including by providing peer examples of best practice. Shortly after the engagement Chipotle published its sustainability report which included a goal to support water stewardship efforts to conserve and restore watersheds in priority regions.

In Progress: LAPFF welcomes the publication of the water related goal set by Chipotle, as well as improved disclosures on the percentage of water withdrawn and consumed from regions with high baseline water stress. However, the goal itself lacks specificity and measurability, it is also not timebound and does not provide a framework of accountability. As such, LAPFF will continue to work with the company to develop robust and ambitious water goals.

CLIMATE

BANKING AND FINANCE

HSBC

Objective: LAPFF's focus on banks with respect to climate change has looked at the risk to the business of lending to a declining sector with the risk of stranded assets creating collateral risk and the risk of bad debts.

Achieved: During Q2 LAPFF met with HSBC's Group Head of Sustainability and the Senior Non-Executive Director and also attended the bank's 2024 AGM.

HSBC has developed a comprehensive energy transition plan addressing both opportunities and risks that LAPFF deems relevant.

From these meetings and the AGM, it became clear that the outgoing CEO, Noel Quinn, takes the issue seriously and has assembled a team accordingly. LAPFF found it particularly interesting when Quinn mentioned his preference for appointing someone with extensive experience in climate change rather than a "rebranded" CSR person.

LAPFF also inquired whether HSBC assesses risk on a group basis or for individual subsidiaries and was pleased to learn that the bank focuses on the latter.

In Progress LAPFF is in the process of writing out to HSBC to organise a meeting with the new CEO. The Forum continues to look in depth at the implementation of the climate transition plan.

Canadian banks

Objective: As part of its work on banks and climate change, LAPFF identified Canadian banks as worthwhile engagement candidates. Reports indicated that Canadian banks are increasing lending to oil and gas companies, while other banks were stepping away. The scale of this lending (greater than HSBC and Barclays), combined with reasonably material shareholders and a more receptive political backdrop than, for example, the US, prompted this focus. LAPFF wrote to the five largest Canadian banks requesting meetings. In April, LAPFF met with three of the largest Canadian banks: Bank of Nova Scotia, Royal Bank of Canada, and Toronto Dominion. The objective of the initial engagement was to outline LAPFF's views to the companies, understand their positions, and assess the prospect for further engagement.

Achieved: This was the first engagement LAPFF had with all three companies, and it was promising from the outset in establishing a dialogue and ongoing relationship. The companies were open in sharing their climate reporting efforts and the challenges in finding meaningful metrics for disclosure and reporting. The banks were receptive to providing more disclosure. LAPFF learned the companies' opinions on carbon capture and storage (CCS) and liquefied natural gas (LNG), and while there is still an attachment to LNG, the rationale and the different factors became clearer. The banks were receptive to LAPFF's opinions and views on gas and oil.

During the meetings, LAPFF discussed its views on transition risks, natural gas, blue hydrogen, and CCS. LAPFF focused on the banks' approaches to client engagement in the energy

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sector and renewable energy finance. There were discussions on developing methodologies to analyse clients' transition plans, embedding digital approvals into transactions, and tracking progress against reduction targets. Scotiabank, in particular, demonstrated the greatest commitment to taking climate change seriously among the three banks, although there is still room for improvement.

Overall, LAPFF's objectives were met in this round of engagement. The Forum had constructive dialogues with the companies, and while there were disagreements on several points, the banks are not in denial about climate change and have plans in place. This provides a foundation for further discussions. There was an immediate willingness to improve reporting, and the banks appeared to welcome the views of serious international investors as providing another perspective on their businesses.

In Progress: LAPFF intends to continue engagement with banks in the autumn to develop investor expectations from the Forum's point of view.

ASIA RESEARCH AND ENGAGEMENT (ARE)

United Overseas Bank

Objective: Through Asia Research and Engagement's Platform for Energy Transition LAPFF has been engaging with banks and power generation companies in Asia. The objective has been for focus companies to implement credible transition pathways.

Achievement: A key engagement for the Forum this quarter through ARE was with United Overseas Bank (UOB), a company that LAPFF has participated in engagements with since the beginning of 2023. The call provided a positive outlook on the company's transition pathway and the regulatory landscape in which it is operating. In the past year, the company set up a Sustainability Advisory Panel, comprising three independent members, which advises the Bank's Board on various sustainability issues.

In Progress: LAPFF will continue to join engagements with key energy and finance companies focussing on accelerating the energy transition in Asia.

ENERGY

Drax

Objective: LAPFF has been aware for several years, from its own research as well as public coverage of the company that the Drax business model faces considerable challenges, which includes the continuation of government subsidy. On the environmental side there are significant issues with claims of net zero sustainability as well as continuity of supply of imported wood pellets. Given the importance of these issues LAPFF research has tended to be as, if not more, robust than mainstream investment research of brokers and fund managers, who may be overly reliant on a corporate message.

Achieved: LAPFF made a submission to the Department of Energy and Net Zero on "Biomass" for which wood pellets are one type of "biomass".

During the quarter LAPFF identified a link between press reports that Drax has been cutting down rare forest wood in Canada, and reports that during the energy crisis Drax had closed a plant as it was more profitable to sell the

pellets, than to use the pellets for power generation.

The BBC reported that Drax took more than 40,000 tonnes of wood from so-called "old-growth" forests in 2023. Old-growth is some of the oldest forest which the provincial government says provides "unique habitats, structures and ecological functions".

LAPFF also attended the Drax AGM, where the majority of whom attended were protesters and were removed. Of the remainder, only one shareholder asked a question that wasn't challenging the business model and practices. As a result of several questions asked at the meeting, LAPFF has subsequently been offered meetings with the CFO and Senior Independent Director (SID).

In Progress: The meetings offered with the CFO and the senior SID are pending. The issues LAPFF has raised are central to the business model and – whilst not making investment decisions - LAPFF questions the quality of research and depth of understanding of asset managers who have made an active decision to invest.

BP & Shell

Objective: During continued engagement with Shell and BP, LAPFF's approach has remained to test oil and gas companies beyond claims of decarbonisation based on existing business models to challenge the viability of the current business. This



Shell Refinery Wesseling

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expectation, based on LAPFF policy, is that the demand for hydrocarbons will 1) reduce in aggregate terms; and 2) that demand will be met by lowest cost producers. BP has been regarded as at the better end of the sector in recognising climate change as an issue.

Achieved: From meeting the then new chair of Shell in 2023, LAPFF believes that the position holds that the company is better run from the top, as the chair has a more realistic grasp of the issues at stake regarding decarbonisation and is a plainer communicator. LAPFF repeated this sentiment in its voting alert where it recommended voting in favour of the re-election of the chair.

LAPFF attended Shell's AGM on 21 May 2024 virtually, where the Forum assessed substantial threats to the company's business model. In the absence of investment in products that would fully replace the scale of the fossil fuel business, it is LAPFF's continued assessment that parts of the business need to be put into managed decline with cash returned to shareholders. There does seem to be some recognition of that in respect of oil and petrol supply and refining.

Shell has said that it cannot make the investment case for renewables. That is not in itself unreasonable but does support the argument for more cash returns to shareholders instead.

LAPFF has previously questioned the extent to which its climate change strategy has been sufficiently integrated into business planning and financing. LAPFF is therefore pleased that there has been restructuring and the energy transition work and corporate strategy now reports to the CFO.

Despite the Forum's recommendation in favour of re-electing Sir Andrew Mackenzie, Shell chair, in a voting alert, LAPFF recommended a series of votes against multiple other directors, the company's annual and remunerations reports, its 'Say on Climate' vote, but recommended voting in favour of the Follow-This resolution.

With regards to BP, LAPFF has noted some rowing back from their 2023 carbon reduction targets. Although BP has made some commitment to investment in renewables, and is stating the supply of power for electric vehicles is a growth area, it does appear that the company

has substantial threats to its business model regarding the scope of no-carbon products that would fully replace the scale of the fossil fuel business, and that more cash returns to shareholders should be more clearly set out.

In Progress: Meetings with the both the Shell and BP chief executives are pending. LAPFF continues to challenge whether Carbon Capture and Storage can be made to work as a line of business, given that the costs involved make it a last resort if cheaper substitute energy sources are not possible. Developments in aviation fuels and biofuels need to be examined in more detail, and the Forum needs to explore robustly the extent to which climate strategy is integrated into business planning and financing.

CLIMATE VOTING ALERTS

Objective: LAPFF has continued its initiative looking at climate-related shareholder resolutions and respective voting alerts, as numerous resolutions were put to the ballot. These proposals ask companies to take steps in addressing a range of climate-related risks. They include requests that companies set science-based targets, plan for a just transition and disclose on climate-related lobbying activities.

Achieved: LAPFF has released voting alerts covering 49 climate-related resolutions during the quarter. Of the 42 resolutions voted upon at the time of writing, proposals received an average of 22% support. There was a solid baseline of support, with over three quarters of proposals receiving more than 10% and well over half of proposals receiving 20% or more support. Of those proposals receiving single digit support, the majority had a controlling shareholder in opposition and as such diluting the efficacy of the independent vote. The most significant shareholder dissenting votes were at Quest Diagnostics (42% support), Markel Corporation (36% support) and Centene Corp (36% support).

When assessing LAPFF alerts year-on-year there is a noticeable decline in overall levels of investor support. Of the 15 resolutions which were also filed at the same companies last year, there was on average a 5.3% decline in support. Climate lobbying proposals were most affected, seeing on average an 8.5% drop. One such proposal at US truck manufacturer PACCAR saw a particularly precipitous fall in support, from 46% to 28%. Climate resolutions at Boeing and Raytheon also saw support decline by greater than 10%. There are a number of potential drivers of the diminishing support for climate-related shareholder proposals. Perhaps the most significant being the broader anti-ESG backlash. In the US, a number of states have passed apparent anti-ESG legislation, resulting in the removal of mandates to asset managers perceived to be overtly supporting a particular agenda. The legislative push has been supported by fossil fuel lobbying organisations such as the American Petroleum Institute and the Texas Public Policy Foundation. It appears to have had some success in effecting a change in approach from some asset managers, exemplified by the aforementioned decline in support for climate proposals.

Notably, low support (7.4%) for the Just Transition proposal at ExxonMobil was in line with a lack of shareholder dissent across the company's AGM ballot. It is considered likely that the company's unprecedented legal intimidation of activist shareholders, who were forced to withdraw a separate climate proposal, had a chilling effect beyond the company's own ballot.

In Progress: LAPFF will consider engagement with companies where there was significant shareholder support for a climate-related shareholder proposal. LAPFF will continue to issue climate voting alerts to support resolutions that align with its engagement goals.

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Container ship Maastricht Maersk heads north on Red Sea towards Suez Canal

HUMAN RIGHTS

CAHRA

Objective: LAPFF has noted an increasing scale and intensity of armed conflict globally in the last few years and is concerned both about its social and environmental impacts and, consequently, its financial impacts. One of the areas experiencing conflict is the Red Sea, where Maersk and other shipping companies have faced attacks stemming from the escalation of conflict in Gaza. As Maersk is a company widely held by LAPFF members, LAPFF wanted to engage the company to understand the challenges it is facing in relation to operating in conflict zones.

Achieved: A cordial introductory meeting with Maersk suggests that while the company has some policies and frameworks in place to address its operations in conflict zones, it might need to do further work to develop its heightened human rights due diligence (hHRDD). Through its participation in the Investor Alliance for Human Rights (IAHR) pilot project on conflict-affected and high-risk areas (CAHRAs), LAPFF has learned that companies need to be undertaking hHRDD in line with UN Guiding Principles on Business and Human Rights when operating in conflict zones. LAPFF participated in a number of IAHR CAHRA trainings this quarter to

understand better how to support LAPFF members in CAHRA-related engagements with companies.

In Progress: LAPFF and Maersk are working to hold a follow up meeting to discuss Maersk's approach to hHRDD in greater detail. LAPFF is also continuing to engage as a supporting investor through the IAHR pilot project to inform engagement with Maersk and other companies on CAHRAs.

Mondelez Voting Alert

Objective: In line with LAPFF's aim to engage companies on conflict-affected and high-risk areas (CAHRAs), LAPFF issued a voting alert for Mondelez International, Inc.

Achieved: LAPFF recommended support for a shareholder resolution calling on the company to issue a third-party report assessing the effectiveness of the company's implementation of its human rights policy in respect of CAHRAs. In total, around 30.8% of shareholders voting supported the resolution.

In Progress: LAPFF will continue to evaluate CAHRA-related resolutions at other companies to determine whether voting alerts are warranted.

MINING AND HUMAN RIGHTS UPDATE

Organisation for Economic Cooperation and Development (OECD) Forum on Responsible Mineral Supply Chains

Objective: LAPFF was invited to present at this year's OECD Forum on Responsible Mineral Supply Chains to share its work on mining and human rights. Attendance at the conference was also an opportunity to hear what other industry stakeholders are focused on.

Achieved: The panel was organised by the Principles for Responsible Investment (PRI) Advance human rights initiative. A PRI Advance representative chaired the panel, which included speakers from the OECD and La Banque Postale Asset Management. The discussion focused on three topics: stewardship tools, leverage, and escalation in the context of investor engagement on human rights; human rights data; and engagement with stakeholders and rights-holders. The audience included a range of stakeholders, including a representative from Rio Tinto.

In Progress: The panel was well-received and prompted discussions with a variety of stakeholders, including companies, a representative of the United Nations, and affected community members from Tanzania and South Africa. LAPFF will follow up with all these stakeholders.

Anglo American AGM

Objective: LAPFF tracked developments with BHP's proposed takeover of Anglo American. A LAPFF representative attended the Anglo American AGM this quarter to hear both the company's view of the takeover proposal and to observe the board's response to shareholder questions on this topic.

Achieved: While there were a few questions about the takeover the board

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was clear that it was not able to speak much about the proposed deal. As a result, the meeting primarily consisted of questions relating to Anglo American's human rights and environmental conduct in South America and South Africa.

In Progress: LAPFF has written to both BHP and Anglo American to request meetings in relation to the takeover proposal and is working with both companies to find mutually agreeable times to meet given the time constraints of the proposed deal. LAPFF is also continuing to engage with Anglo American through PRI Advance as a supporting investors, including through a meeting this quarter coordinated by engagement leads, Morgan Stanley and Schroders.

Glencore Voting Alert

Objective: LAPFF issued a voting alert for Glencore ahead of its 2024 AGM to express concern about the company's sustainability practices and lack of engagement with investors.

Achieved: This lack of engagement has led LAPFF to join a collaborative engagement with Glencore led by Achmea Asset Management. LAPFF and the other investors in this engagement have been approached by community members in Peru and Colombia who spoke about the environmental and human rights impacts of Glencore's operations on their lives. LAPFF was also approached by community members from the Brazilian Amazon affected by a Glencore – Rio Tinto – South32 joint venture about which they expressed concern. LAPFF consequently issued a voting alert for Glencore expressing grave concern about the company's human rights and climate governance and practices.

In Progress: LAPFF will continue to seek engagement with Glencore and to participate in the Achmea collaborative engagement.

PRI Advance – Vale

Objective: LAPFF is a lead investor on the PRI Advance engagement with Vale and had been seeking a company response to the PRI group's asks from its last meeting with Vale in October 2023.

Achieved: Vale has now sent through a written response to the PRI Advance group's requests. In a second meeting with the PRI Advance group during this quarter, Vale stated that a permanent CEO of the Renova Foundation has been appointed, although LAPFF cannot find a public statement verifying this information so will be following up with the company on this point. The Renova Foundation is the entity set up by the Brazilian authorities with BHP and Vale after the Samarco tailings dam collapse in Mariana, Brazil in November 2015 to administer reparations. However, Vale has stated a willingness to continue to engage with the PRI group, which is positive.

In Progress: The PRI group will evaluate Vale's responses and is working to set a follow up meeting to discuss next steps. LAPFF is also continuing to participate as a support investor in the PRI Advance Anglo American engagement and to connect investors from other groups with community members affected by the mining companies covered through the Advance initiative.

Luxury Goods

Objective: LAPFF pursued an engagement with luxury goods manufacturers in Q1 of 2024, seeking to understand how companies were responding to the challenges and risks associated with human rights violations, such as forced labour, child labour, unsafe working conditions, and inadequate wages.

Achieved: LAPFF engaged with Moncler and Burberry during Q2. The Forum had not met or engaged with Moncler previously and marked the first-time meeting with Burberry on this issue. This provided an opportunity for the Forum to begin a dialogue on how the companies were addressing human rights risks, seeking more information on how audits were being carried out, and how risks were being addressed throughout their supply chains. In comparison to some of their peers, who are operating at a much larger scale with broader supply chains, both Moncler and Burberry should have more visibility of high-risk suppliers.

Two of the largest beauty companies in the world, Estée Lauder and L'Oréal, also faced reports of child labour in

their jasmine supply chains, an integral ingredient in the manufacturing of their perfumes. A documentary by the BBC explored ineffective auditing systems that were failing to pick up on multiple instances of child labour. LAPFF wrote to both companies requesting a meeting to understand how they were addressing the reports.

In Progress: Given that the meetings were held in close proximity to company reporting cycles, LAPFF is in the process of analysing the updated materials.

LAPFF is set to hold a meeting with L'Oréal in early July, whilst Estée Lauder has yet to respond, regarding child labour in their supply chains.

GOVERNANCE

BAE Systems

Objective: Ensuring investee companies uphold the highest standards of corporate governance continues to be a priority for LAPFF. During Q2 the Forum met with BAE, to discuss governance as well as their approaches on human rights due diligence in the context of ongoing global conflict.

Achieved: LAPFF met with the chair of the board, Cressida Hogg, discussing her first year in post, and how she had managed the company's strategy and governance in the face of global conflict. BAE showed confidence in its business model and colleagues.

In Progress: LAPFF will continue to monitor how defence companies are responding to global conflicts.

London Stock Exchange Group

Objective: LAPFF has been concerned about the weakening of standards relating to new entrants to the London listed companies' market, which has included, Aston Martin Lagonda, NMC Health, Finabl and Quindell, the former of which has lost >90% of its value since listing, the other three being 100% losses.

The LAPFF Executive convened a 'Capital Markets Working Group' in the light of a recent concerted campaign by some interests to further weaken the

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Photo by 2Photo Pots on Unsplash

Water stewardship concerns in Madagascar

standards of the listing regime. That campaign has included the Capital Markets Industry Taskforce, which is just that, it is a coalition of “fee earning” interests rather than shareholder interests, including issues of investor protection.

Achieved: An open letter was sent to the chair of London Stock Exchange Group, asking for an evidence based approach, and to supply the evidence for assertions made to date. That letter was released to Reuters and obtained wide coverage. The response did not sufficiently address the core issues. A letter has also been sent to the chair of the Financial Conduct Authority (FCA) which is the UK Listing Authority.

In Progress: LAPFF has written back to the LSEG to request evidence, and also to point out that body was set up under the

auspices of the Investment Management Association known as the “Investor Forum” has turned itself into the Investor and Issuers Forum. The Forum is also considering what further steps that will be decided after the General Election. The FCA has responded with a holding letter. The Times on 27 June 2024 covered issues with poor listing standards consistent with the LAPFF approach.

Ofwat

Objective: LAPFF has been engaging with water companies and having identified issues with the model of water regulation decided to research and engage on the issue of Ofwat the regulator.

Achieved: Issues identified from LAPFF research include:

- Ofwat allowing a definition of gearing as debt divided by assets, when the accepted definition of gearing is debt divided by equity. The Ofwat measure understates gearing and hence risk.
 - LAPFF also identified that Ofwat gives a return on assets based on a theoretical capital structure with a presumed amount of equity, even though many water companies have less equity than that. An example of this is Thames Water, who do have considerably less equity.
- On the basis of the issues identified, LAPFF sent a letter has been sent to Ofwat chief executive, David Black, who has been in post since April 2022.

In Progress: LAPFF is awaiting a response from the chief executive, and also the results of the general election before it considers potential next steps.

ENGAGEMENT

Diversity

Objective: During Q2 LAPFF pursued engagement with Japan stock exchange listed companies, with the goal of addressing the lack female representation on Boards.

Achieved: LAPFF initiated correspondence with five companies. Toyota Industries responded positively, indicating that they plan to appoint a female director at their next AGM. During a meeting the company also provided more detail on its approach to promoting diversity across the organisation.

In Progress: LAPFF is seeking a meeting with Nexon Co later in the year, and will monitor gender ratios on boards as Japan's requirement comes closer, for at least one female board director by 2025, and at least 30% female directors by 2030.

VOTING ALERTS

Amazon, Alphabet, Meta & Tesla

Objective: LAPFF has been issuing voting alerts for US technology companies since 2018 to highlight investor and stakeholder concerns relating to these companies' environmental, social, and governance practices. US technology companies face many shareholder resolutions each year, ranging from calls for one share-one vote to content moderation concerns to public health impacts. This year, artificial intelligence featured prominently in a number of the shareholder resolutions, and the impact of the US anti-ESG movement was noted.

Achieved: LAPFF issued voting alerts for all four companies in line with LAPFF policies on corporate governance, climate change, environment, and human rights. It recommended support for the vast majority of the shareholder resolutions. Each voting alert was sent to the relevant company for comment, but the companies did not respond with any substantive comments.

In Progress: LAPFF will continue to issue voting alerts as appropriate for these companies. It also seeks engagement meetings with them, primarily through US investors. However, board access – which LAPFF is used to with UK and Australian companies – remains elusive in the US market.

STAKEHOLDER ENGAGEMENT

LAPFF-IndustriALL webinar on employment industry scheme pilot in Bangladesh

LAPFF engaged with a number of community and labour stakeholders during Q2. As part of its work to help investors understand how social issues are financially material, LAPFF once again partnered with IndustriALL to host a webinar on a pilot employment injury scheme in Bangladesh. Investors heard about how the cost of this programme was tolerated by corporates as a means to improve worker health, and therefore their work performance and longevity.

Rio Tinto QMM stakeholder engagement session

Rio Tinto invited a number of its investor and non-governmental organisation (NGO) stakeholders to participate in a session with managers of the company's QMM operation in Madagascar. QMM has been accused by community members of failing to protect local water quality. This concern had previously prompted LAPFF engagement with Rio Tinto on the issue of water stewardship, and led the Forum to call for water impact assessments at QMM and other Rio Tinto mine sites globally. The discussion was helpful but left a number of questions about QMM's water protection practices unanswered. LAPFF is following up with a range of stakeholders to understand better the water quality in areas surrounding QMM.

COMPANY PROGRESS REPORT

LAPFF engaged 101 Companies engaged over the quarter

Company/Index	Activity	Topic	Outcome
ABBVIE INC	Meeting	Environmental Risk	Moderate Improvement
ALPHABET INC	Alert Issued	Human Rights	
ALTRIA GROUP INC.	Sent Correspondence	Environmental Risk	Awaiting Response
AMAZON.COM INC.	Alert Issued	Climate Change	
AMERICAN EXPRESS COMPANY	Alert Issued	Climate Change	
ANGLO AMERICAN PLC	AGM	Governance (General)	Dialogue
AP MOLLER - MAERSK AS	Meeting	Governance (General)	Dialogue
BAE SYSTEMS PLC	Meeting	Governance (General)	Moderate Improvement
BANK OF AMERICA CORPORATION	Alert Issued	Climate Change	
BANK OF NOVA SCOTIA	Meeting	Climate Change	Dialogue
BARCLAYS PLC	Meeting	Climate Change	Small Improvement
BERKSHIRE HATHAWAY INC.	Alert Issued	Climate Change	
BHP GROUP LIMITED (AUS)	Sent Correspondence	Campaign (General)	Awaiting Response
BRITISH AMERICAN TOBACCO PLC	Sent Correspondence	Environmental Risk	Awaiting Response
BURBERRY GROUP PLC	Meeting	Human Rights	Change in Process
CAPITAL ONE FINANCIAL CORPORATION	Alert Issued	Climate Change	
CENTENE CORP	Alert Issued	Climate Change	
CENTERPOINT ENERGY INC	Alert Issued	Climate Change	
CENTRAL JAPAN RAILWAY CORP	Sent Correspondence	Diversity Equity and Inclusion	Awaiting Response
CHIPOTLE MEXICAN GRILL INC	Meeting	Environmental Risk	Small Improvement
CHUBB LIMITED	Alert Issued	Climate Change	
COMPASS GROUP PLC	Sent Correspondence	Employment Standards	Awaiting Response
DBS BANK LTD	Meeting	Climate Change	Moderate Improvement
DRAX GROUP PLC	AGM	Climate Change	Dialogue
DTE ENERGY COMPANY	Alert Issued	Climate Change	
ENBRIDGE INC	Alert Issued	Climate Change	
EQUINOR ASA	Alert Issued	Climate Change	
ESTEE LAUDER COMPANIES INC.	Sent Correspondence	Supply Chain Management	Awaiting Response
EXPEDITORS INTERNATIONAL OF WASHINGTON INC.	Alert Issued	Climate Change	
EXXON MOBIL CORPORATION	Alert Issued	Climate Change	
FRASERS GROUP PLC	Sent Correspondence	Employment Standards	Awaiting Response
GLENCORE PLC	Alert Issued	Environmental Risk	
HAYS PLC	Sent Correspondence	Employment Standards	Awaiting Response
HOLLYWOOD BOWL GROUP PLC	Sent Correspondence	Employment Standards	Awaiting Response
HSBC HOLDINGS PLC	AGM	Climate Change	Change in Process
HUNTINGTON INGALLS INDUSTRIES INC.	Alert Issued	Climate Change	
IMPERIAL BRANDS PLC	Sent Correspondence	Environmental Risk	Awaiting Response
INTERCONTINENTAL HOTELS GROUP PLC	Sent Correspondence	Employment Standards	Awaiting Response
INTERNATIONAL BUSINESS MACHINES CORPORATION	Alert Issued	Climate Change	
ITC LTD	Sent Correspondence	Environmental Risk	Awaiting Response
JAPAN TOBACCO INC	Sent Correspondence	Environmental Risk	Awaiting Response
JOHNSON & JOHNSON	Meeting	Environmental Risk	Change in Process
KINDER MORGAN INC	Alert Issued	Climate Change	
KT&G CORP	Sent Correspondence	Environmental Risk	Awaiting Response
LOCKHEED MARTIN CORPORATION	Alert Issued	Climate Change	
LONDON STOCK EXCHANGE GROUP PLC	Sent Correspondence	Finance and Accounting	Dialogue
LOREAL SA	Received Correspondence	Human Rights	Moderate Improvement
MARKEL CORPORATION	Alert Issued	Climate Change	
MCDONALD'S CORPORATION	Received Correspondence	Human Rights	Dialogue
MERCK & CO. INC.	Meeting	Environmental Risk	Small Improvement
META PLATFORMS INC	Alert Issued	Human Rights	
MITCHELLS & BUTLERS PLC	Sent Correspondence	Employment Standards	Awaiting Response
MITIE GROUP PLC	Sent Correspondence	Employment Standards	Awaiting Response
MITSUBISHI UFJ FINANCIAL GRP	Alert Issued	Climate Change	

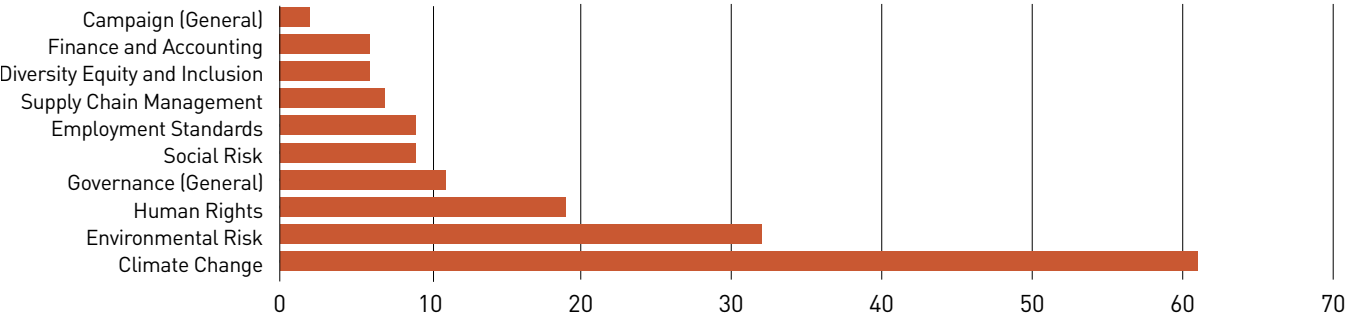
COMPANY PROGRESS REPORT

Cont'd

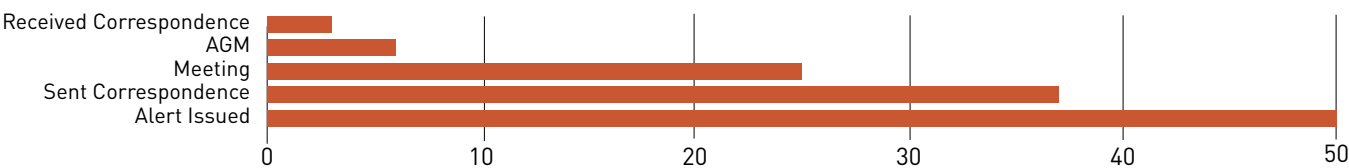
MIZUHO FINANCIAL GROUP INC	Alert Issued	Climate Change	
MONCLER SPA	Meeting	Human Rights	Moderate Improvement
MONDELEZ INTERNATIONAL INC	Alert Issued	Human Rights	
MORGAN STANLEY	Alert Issued	Climate Change	
NATIONAL GRID PLC	Meeting	Climate Change	Moderate Improvement
NESTLE SA	Alert Issued	Social Risk	
NEXON CO LTD	Received Correspondence	Diversity Equity and Inclusion	Dialogue
NEXTERA ENERGY INC	Alert Issued	Climate Change	
NIPPON STEEL CORP	Alert Issued	Climate Change	
NORTHUMBRIAN WATER GROUP	Sent Correspondence	Environmental Risk	Awaiting Response
OLD DOMINION FREIGHT LINE INC.	Meeting	Climate Change	Dialogue
PACCAR INC.	Alert Issued	Climate Change	
PENNON GROUP PLC	Meeting	Environmental Risk	Change in Process
PHILIP MORRIS INTERNATIONAL INC.	Sent Correspondence	Environmental Risk	Awaiting Response
POWER CORPORATION OF CANADA	Alert Issued	Climate Change	
QUEST DIAGNOSTICS INCORPORATED	Alert Issued	Climate Change	
REPUBLIC SERVICES INC.	Alert Issued	Climate Change	
RIO TINTO PLC	AGM	Environmental Risk	Dialogue
ROSS STORES INC	Alert Issued	Climate Change	
ROYAL BANK OF CANADA	Meeting	Climate Change	Dialogue
RTX CORP	Alert Issued	Climate Change	
SEVERN TRENT PLC	Sent Correspondence	Environmental Risk	Awaiting Response
SHELL PLC	AGM	Climate Change	Dialogue
SKYWORKS SOLUTIONS INC	Alert Issued	Climate Change	
SOUTHERN COMPANY	Alert Issued	Climate Change	
SSAB (SVENSKT STAL AB)	Sent Correspondence	Environmental Risk	Awaiting Response
STAFFLINE GROUP PLC	Sent Correspondence	Employment Standards	Awaiting Response
SUMITOMO MITSUI FINANCIAL GROUP	Alert Issued	Climate Change	
SUNCOR ENERGY INC	Alert Issued	Climate Change	
TESLA INC	Alert Issued	Governance (General)	
THE BOEING COMPANY	Alert Issued	Climate Change	
THE GOLDMAN SACHS GROUP INC.	Alert Issued	Climate Change	
THE KROGER CO.	Alert Issued	Climate Change	
THE PROCTER & GAMBLE COMPANY	Meeting	Environmental Risk	Small Improvement
THE TORONTO-DOMINION BANK	Meeting	Climate Change	Dialogue
THE TRAVELERS COMPANIES INC.	Alert Issued	Climate Change	
THYSSENKRUPP AG	Sent Correspondence	Environmental Risk	Awaiting Response
TOTALENERGIES SE	AGM	Governance (General)	Awaiting Response
TOYOTA INDUSTRIES CORP	Meeting	Diversity Equity and Inclusion	Small Improvement
TOYOTA MOTOR CORP	Alert Issued	Climate Change	
UNITED OVERSEAS BANK LTD	Meeting	Climate Change	Moderate Improvement
UNITED UTILITIES GROUP PLC	Meeting	Environmental Risk	Moderate Improvement
VALE SA	Meeting	Human Rights	Dialogue
WELLS FARGO & COMPANY	Alert Issued	Climate Change	
YARA INTERNATIONAL ASA	Alert Issued	Climate Change	
YASKAWA ELECTRIC CORP	Sent Correspondence	Diversity Equity and Inclusion	Awaiting Response
ZOETIS INC.	Sent Correspondence	Environmental Risk	Awaiting Response

ENGAGEMENT DATA

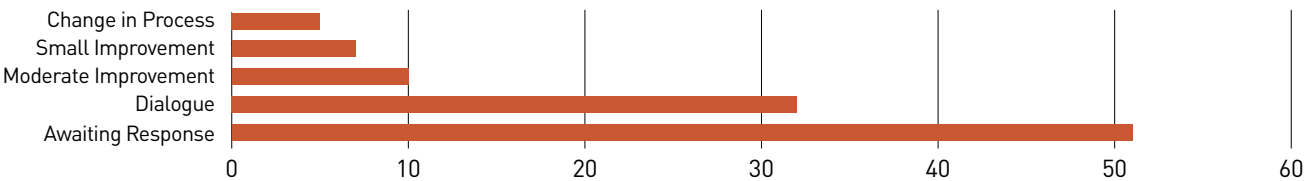
ENGAGEMENT TOPICS



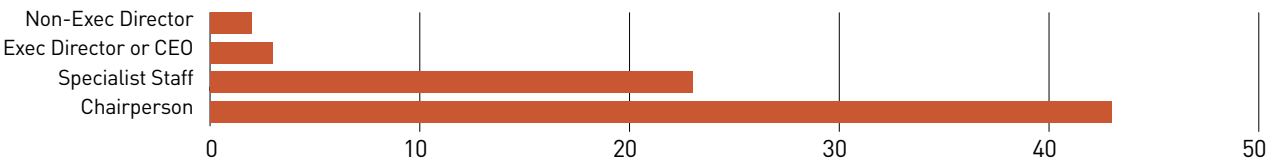
ACTIVITY



MEETING ENGAGEMENT OUTCOMES



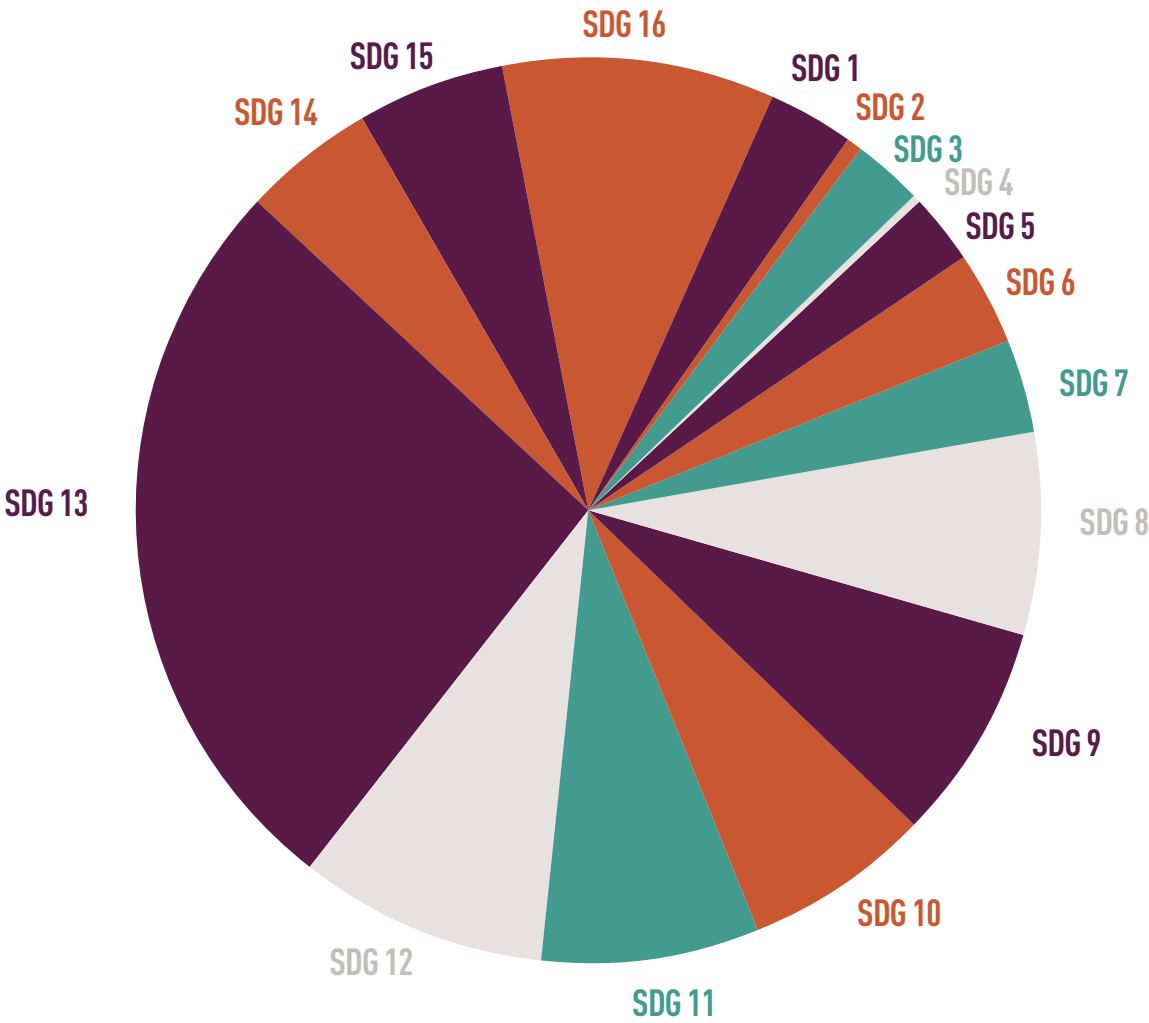
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	8
SDG 2: Zero Hunger	1
SDG 3: Good Health and Well-Being	6
SDG 4: Quality Education	1
SDG 5: Gender Equality	6
SDG 6: Clean Water and Sanitation	8
SDG 7: Affordable and Clean Energy	8
SDG 8: Decent Work and Economic Growth	17
SDG 9: Industry, Innovation, and Infrastructure	19
SDG 10: Reduced Inequalities	16
SDG 11: Sustainable Cities and Communities	19
SDG12: Responsible Production and Consumption	21
SDG 13: Climate Action	64
SDG 14: Life Below Water	11
SDG 15: Life on Land	13
SDG 16: Peace, Justice, and Strong Institutions	23
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	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	

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