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Brent Pension Fund Sub-Committee

Tuesday 24 June 2025 at 6.00 pm
Conference Hall, 3rd Floor – Brent Civic Centre, Engineers Way, Wembley, HA9 0FJ

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

The meeting will be open for the press and public to attend. Please note at this stage the meeting has not been scheduled for live webcast.

Membership:

Members	**Substitute Members**
Councillors:	Councillors
Johnson (Chair) Kennelly (Vice-Chair) Ahmadi-Moghaddam Choudry Crabb Kansagra Molloy	Dixon, Ethapemi, Mahmood and Shah Councillors Maurice and J.Patel

Non Voting Co-opted Members

Elizabeth Bankole	Brent Unison representative

For further information contact: Harry Ellis, Governance Officer
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Notes for Members - Declarations of Interest:

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

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

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

***Disclosable Pecuniary Interests:**

(a) **Employment, etc. -** Any employment, office, trade, profession or vocation carried on for profit gain.

(b) **Sponsorship -** Any payment or other financial benefit in respect of expenses in carrying out duties as a member, or of election; including from a trade union.

(c) **Contracts -** Any current contract for goods, services or works, between the Councillors or their partner (or a body in which one has a beneficial interest) and the council.

(d) **Land -** Any beneficial interest in land which is within the council's area.

(e) **Licences-** Any licence to occupy land in the council's area for a month or longer.

(f) **Corporate tenancies -** Any tenancy between the council and a body in which the Councillor or their partner have a beneficial interest.

(g) **Securities -** Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

****Personal Interests:**

The business relates to or affects:

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

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

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

or

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

- You yourself;

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

Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members

Item		Page
1	**Apologies for Absence and clarification of Alternative Members**	
2	**Declarations of personal and prejudicial interests** Members are invited to declare at this stage of the meeting, any relevant disclosable pecuniary or personal interests in the items on the agenda and to specify the item(s) to which they relate.	
3	**Minutes of the previous meeting** To approve the minutes of the previous meeting held on Wednesday 19 February 2025 as a correct record. (Please note that the agenda was republished to include the minutes on the 20 June 2025)	1 - 12
4	**Matters arising** To consider any matters arising from the minutes of the previous meeting. Min 5: Deputation: Update on Pension Fund approach towards Responsible Investment	
5	**Deputations (if any)**	
6	**Q1 2025 Investment Monitoring report** To receive the Brent Pension Fund Q1 2025-26 Investment Monitoring Update Report.	13 - 80

7	**LGPS 'Fit for the future' Consultation Outcome** The purpose of this report is to update the committee on the outcome of the Government’s Fit for the Future consultation.	81 - 92
8	**Brent Pension Fund Draft Annual Accounts 2024/25** This report presents the draft Pension Fund Annual Accounts for the year ended 31 March 2025. (Please note that the agenda was republished to include this report on 18 June 2025)	93 - 172
9	**LAPFF Engagement Report** To present members with an update on engagement activity undertaken by the Local Authority Pension Fund Forum (LAPFF) on behalf of the Fund.	173 - 194
10	**Training Update - Members' Learning and Development** This report provides an update on provision and member progress against of the LGPS online learning facility.	195 - 214
11	**2025 Triennial Valuation** The purpose of this report is to update the committee on the 2025 Triennial Valuation and to introduce the report from the Fund Actuaries (Hymans Robertson) on the key assumptions.	215 - 296
12	**Minutes of Pension Board** To note the draft minutes of the Pension Board meeting held on Monday 24 March 2025.	297 - 310
13	**Any other urgent business** Notice of items to be raised under this heading must be given in writing to the Deputy Director Democratic & Corporate Governance or their representative before the meeting in accordance with Standing Order 60.	

14 Exclusion of the Press & 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 6: Q1 2025-26 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)."

Agenda Item 11: 2025 Triennial Valuation – Appendix 2: Assumptions Advice

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)."

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

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

15 London CIV update

This report provides an update on recent developments regarding Brent's Pension Fund investments held with the London CIV.

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LONDON BOROUGH OF BRENT

MINUTES OF THE Brent Pension Fund Sub-Committee
Held in the Conference Hall, Brent Civic Centre on Wednesday 19th of February 2025 at 6.00 pm

PRESENT: Councillor Johnson (Chair), Councillor Kennelly (Vice-Chair) and Councillors Choudry, Kansagra, Ahmadi Moghaddam, Molloy and Crabb.

Co-opted Member (Non Voting): None present

Also present: Councillor Mili Patel (Deputy Leader & Cabinet Member for Finance and Resources), David Ewart (Independent Chair – Brent Pension Board), James Glasgow & Malcolm Olsson (Hymans Robertson), Silvia Knott-Martin & Raymond Wright (London CIV).

1. **Apologies for Absence and Clarification of Alternate Members**

No apologies for absence were received at the meeting.

2. **Declarations of personal and prejudicial interests**

Councillor Johnson declared a personal interest as a member of the Brent Pension Fund Scheme and also as a Governor of Chalkhill Primary School who were an employer member of the scheme.

Councillor Crabb declared a personal interest in relation to Agenda Item 7 (Implementation of Infrastructure allocation) as a Non-Executive Director of Smart Energy GP given the reference included to the renewable energy market within the investment approach outlined.

3. **Minutes of the previous meeting**

RESOLVED that the minutes of the previous meeting held on Tuesday 8 October 2024 be approved as an accurate record of the meeting.

4. **Matters arising**

None.

5. **Deputations (if any)**

Councillor Johnson (as Chair) advised that he had agreed to receive a deputation at the meeting from Sheila Guhadasan representing the Brent & Harrow Palestine Solidarity Campaign (PSC). The Chair welcomed Sheila Guhadasan to the meeting along with the other representatives from the Brent & Harrow PSC attending in support, who advised that the deputation was seeking an update on progress with the Council's review of investments under the UN's Principles for Responsible Investment following the presentation of their petition divesting for Palestine at the Full Council meeting in September 2024.

In addressing the meeting, Sheila Guhadasan began by advising that the original petition had now attracted over 2000 signatures with the situation in Gaza and the West Bank remaining critical for Palestinians despite a fragile ceasefire and the deputation calling on the Sub Committee, as well as the Council, to recognise what were felt to be their legal and moral responsibilities and join the growing number of Councils, public bodies and institutions divesting for Palestine.

Referring to statements issued by the United Nations, Amnesty International and other reputable bodies regarding the impact of what those in support of the deputation and petition regarded as genocidal acts being committed by Israel in relation to their occupation of Gaza and the West Bank in violation of international law, it was pointed out these statements were also supported by rulings from the International Court of Justice and warrants of arrest being issued against Israel's Prime Minister and former defence minister.

With UN experts having issued a statement demanding that states and companies stop arms transfers to Israel, and that financial institutions (including banks and pension funds) should cease investing in arms companies supplying Israel in order to avoid potential repercussions for complicity it was pointed out that, despite engagement with those institutions by human rights organisations over many years, it had not been possible to deliver any change in behaviour, supporting the need for more direct action.

Having previously called on the Council to consider divesting from companies complicit in Israel's stance against the Palestinians, Sheila Guhadasan advised that the Local Government Association, had recently published an important new legal opinion (January 2025) on the ability of Pension Funds to take 'non-financial factors' into account when making investments decisions, which it was pointed out had included ethical considerations.

In terms of wider action, it was pointed out that the Brent and Harrow PSC had also been working with Trade Unions in support of their divestment campaign, including Brent National Education Union and UNISON as a recognised partner. In addition, reference was made to actions being taken by other local authorities with the example of Tower Hamlets (following a UNISON led deputation) passing a motion declaring their intent to "divest all funds away from companies who deal in arms" alongside conducting a "complete audit of how all pension funds are used, and where any funds are invested" and other councils also making public commitments to divest including Bristol, Lewisham, Islington and Waltham Forest.

Highlighting that the deputation represented a shared call for ethical divestment by many, including environmental campaigners, Sheila Guhadasan ended by outlining what she felt to be the clear moral and legal basis for the specific actions identified. As a result the deputation was calling on the Sub Committee:

(1) To ensure that Brent Council published a full list of its direct and indirect investment holdings without delay for transparency.

(2) Whilst understanding that the Council's review of investments had so far shown that they were in line with the UN Principles for Responsible Investment (UN PRI), it was felt that the UN PRI were not specific enough with the Council therefore once again asked to make an immediate commitment to not invest in companies supplying Israel with weapons and military technology used in violations of human rights, whether directly or indirectly.

(3) To ask that the Council conduct a review of investments to ensure compliance with the UN Guiding Principles on Business and Human Rights, which were more meaningful and less vague than the UN PRI.

(4) To ask, whilst understanding that divestment was a long term process, that the Council make an immediate public commitment to begin divestment from arms companies supplying weapons used in human rights abuses as an important first step, as Tower Hamlets and other councils had done.

(5) Whilst aware that the London Collective Investment Vehicle (CIV) pooled fund was looking at creating an ethical fund with strong exclusion criteria (PEPPA Value fund), to ask that Brent used its position as a member to urge London CIV to ensure the fund did not contain investments in companies enabling human rights abuses and divests its existing funds from such companies.

(6) To ask the Council to commit to providing regular meetings and updates for Brent & Harrow PSC as part of an ongoing conversation.

In summing up, Sheila Guhadasan felt it important to recognise Brent's position in being one of the most diverse boroughs in London and the opportunity now available in seeking to support the divestment campaign to demonstrate the importance in the way its values relating to equality, diversity, inclusion, justice and community cohesion were being upheld.

Having thanked Sheila Guhadasan for presenting the petition, the Chair then invited Amanda Healy as the Council's Deputy Director Investment & Infrastructure, to respond.

In responding, Amanda Healy began by thanking Sheila Guhadasan for bringing the concerns of those in support of the deputation and petition to the Sub Committee's attention and for their patience whilst the Council worked through the matters raised. Referring to the UN Principles for Responsible Investment, it was pointed out these provided a comprehensive framework for incorporating environmental, social, and governance (ESG) factors into the Council's and Fund's investment decisions, ensuring that it was possible to fulfil their fiduciary duty while promoting sustainable and responsible investment practices. The need was also noted for the fund's investment strategy to prioritise reliable financial returns and risk management in order to meet the obligations of the Pension scheme to its members.

The opportunity was also taken to highlight that the Scheme Advisory Board (SAB) statement published in September 2024 had emphasised that administering authorities may only consider non-financial factors where these would not lead to significant financial detriment and where they would have the support of the scheme beneficiaries. It was therefore pointed out that, whilst ongoing, the conduct of an audit of investments in line with these principles would allow the Council and Fund to balance these financial imperatives with the commitment to responsible investment, ensuring that it was possible to consider a wide range of ESG issues in the relevant decision-making process.

In summing up, the Sub Committee was reminded of the hard work being undertaken to balance this ethical responsibility with the fiduciary duty to ensure the fund performed well in providing long-term, stable returns for those people who relied on it based on a diversified investment strategy with the main approach being to invest through passive and tracker funds (due to the low costs of implementation) and assurance also provided of the work ongoing with the London CIV regarding their approach towards responsible investing.

Having concluded the deputation, the Chair thanked for Sheila Guhadasan for her contribution along with those attending in support of the deputation and advised that any further update would need to be considered following completion of the audit of investments referred to in response to the deputation.

6. **Q3 2024 Investment Monitoring Report**

The Chair then moved on the remaining items on the agenda and welcomed James Glasgow and Malcom Olsson (Hymans Robertson) who introduced a report, which outlined performance of the Brent Pension Fund over the third quarter of 2024-25. The Key points highlighted during the report are summarised below:

In introducing the report Malcolm Olsson began by providing a brief market overview and summary of the previous six months of the Fund’s investment performance, before detailing Brent Pension Fund's assets and liabilities. The regional equity performance within the Fund was noted to have varied significantly, with North American equity leading while Europe (excluding UK) had performed more negatively at -3.8% and UK equities having shown a moderate performance of approximately 1.9%. The rise in interest rates was also noted during Q4 which had directly impacted UK gilts with energy and basic materials having been the main detractors within global equity sectors. Factors affecting performance also included uncertainty from the recent North American election and decreasing oil prices which were adversely affecting energy industries. Consumer discretionary sectors had been observed to have performed well, which was noted as expected during a time of economic growth.

Moving on to consider Total Fund performance, the Sub Committee were advised of positive returns at 3.9% over the last six-month period. The Fund had posted a positive return for much of the quarter, ending with a valuation of £1,335.8m, up from £1,279.2m at the end of Q2, and £1,304.4m at the end of Q3 2024. The Fund's passive global equity exposure had been the main driver for positive returns on an absolute basis, along with exposure to UK and emerging market equities. Within the income assets, the Fund's private debt and property exposure had contributed to performance on an absolute basis with the main detractor being the Fund's government bond exposure, which had fallen in value as gilt yields had risen over the period. On a relative basis, Members were advised that whilst assets had combined to return 3.9% over the second half of 2024, the Fund had underperformed its return benchmark by 0.2% and was also behind its composite benchmark over the past 12 month and 3 year period with members noting the current target and asset allocations exposure on an interim and long term basis across growth, income/diversification and protection plus cash and reflecting the Funds Investment and diversification Strategy. Cash held by the Fund had increased over the period to £65 million, with no major changes in asset allocation during this time and Funds identified as having performed in line with market trends. This included not only a focus on Global Equity but also Multi Asset, Property and Infrastructure investment allocations which were aimed at reducing volatility. It was noted that global equities had performed well, with a small increase in valuations across the board for total growth assets. In terms of asset allocation, members were advised that the LCIV Infrastructure Fund had continued it distribution phase with cash proceeds of £6.7m also returned to the Fund following the decision made in relation to the Capital Dynamics liquidity options relating to their private equity mandate. Following approval, the rebalancing of holdings to move to the long term target by reducing the allocation to LCIV Baillie Gifford Multi-asset fund and investing £18m in the LCIV JP Morgan Emerging Markets Fund and £15m held in cash had now been reflected in the asset valuations. Other transaction activity had included the LCIV Private Debt Fund nearing the end of its investment phase for which distributions were expected to commence after March 2025.

In terms of the funding level, this had been estimated (as at 31 December 2024) to be 134%.

Malcolm Olsson then moved on to provide an outline of performance relating to Fund Managers. Members were advised Global equities continued to provide positive returns with UK equities currently underperforming the global market but the property and infrastructure markets generally performing well on an absolute basis over the period. Whilst the Capital Dynamics infrastructure mandate had continued to post negative returns it was noted this allocation was in run down and represented a small allocation within the Fund. Yield volatility had also remained with the BlackRock gilts mandate having fallen in value over the quarter as gilts yields rose compared to Q2 levels. Credit markets had continued to perform well resulting in positive performance from the LCIV MAC fund. Details were also provided on each mandate's contribution to the Fund's absolute performance over the second half of 2024, according to their allocation (including supporting details within the exempt appendix which had been provided for members of the Sub Committee). The largest contributor to performance over the period remained 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 remained the BlackRock UK Gilts Fund, making up 8% of the Fund's total assets. Despite negative returns posted by the Capital Dynamics Infrastructure Fund, members were assured this mandate had a relatively small allocation of less than 1% and had not therefore detracted materially from the Fund's overall performance.

Following presentation of the report, the Chair invited members to raise any questions or concerns, with queries and responses summarised below:

- In seeking further clarification on the allocation of Fund assets and performance of Fund Managers details were sought on the position regarding the Capital Dynamics Infrastructure Fund which James Glasgow (Hymans Roberston) confirmed was in the process of being wound down. Members were reminded this represented a relatively small allocation of less than 1% in terms of the Funds overall mandate and would not therefore detract significantly in absolute terms of overall performance.

  Confirmation was also provided in relation to the performance of the Alinda Infrastructure Fund.

- Following on, details were also sought on the reasons for the negative performance identified in relation to the BlackRock UK Gilts Fund and volatility in the gilts market. In response, James Glasgow advised that BlackRock UK Gilts Fund had been designed to operate as tracker Fund following the UK index. Highlighting that the bond market had experience significant volatility following the UK election and Autumn budget, members were advised this had resulted in gilt yields increasing over the period with the BlackRock gilts mandate falling in value as a result of the gilts yields rising with the impact of higher interest rates also identified as a factor. In clarifying the role of gilts in the investment portfolio, members were also advised of the importance of maintaining a diversified investment strategy.

- As a final issue, members advised they were keen to explore the analysis undertaken by Fund Managers in relation to macroeconomic conditions impacting on their investment portfolios with the recent example provided of the underperformance in terms of basic materials and energy within the global equity sector driven by manufacturing weakness and falling oil prices. In noting the uncertainty created following the US Election, it was also highlighted that this had positively affected sectoral performance in areas such as consumer discretionary, financials and industrials. In recognising the issues highlighted, James Glasgow assured members that the performance of Fund Managers continued to be subject to regular and ongoing review which would include how trends around macroeconomic conditions continued to be monitored and used to support investment decisions.

With no further issues raised, the Chair thanked and Malcolm Olsson and James Glasgow for their update and the Sub Committee **RESOLVED** to note the report.

7. **Implementation of Infrastructure allocation**

Sawan Shah (Head of Finance) introduced a report from the Corporate Director Finance & Resources which provided an initial overview of considerations for moving towards the target infrastructure allocation of 15% of total Fund assets.

Members were advised that the report had been presented to outline the available pathways which (due to their commercially sensitive nature) were due to be presented (as an exempt Appendix to the report) by Hymans Roberston in the closed private session of the meeting (Minute 16 below refers) prior to any final decision being sought by the Sub Committee on the way forward.

As initial context members were advised that the approach outlined had been designed to support the move towards the long-term strategic asset allocation of 15% to infrastructure assets as part of the most recent Investment Strategy review.

Having noted that the more detailed consideration of options would need to be undertaken in the closed part of the meeting the Sub Committee **RESOLVED** to note the initial context and background provided as a basis for further consideration of the option analysis due to be undertaken following the exclusion of the press and public during the closed session of the meeting.

8. **Local Authority Pension Fund Forum (LAPFF) Engagement Report**

George Patsalides (Finance Analyst, Brent Council) introduced a report from the Corporate Director Finance & Resources which detailed the Local Authority Pension Fund Forum (LAPFF) Engagement Update.

In presenting the update, members were advised that the LAPFF had been established to promote the highest standards of corporate governance in order to protect the long-term value of local authority pension funds and engage directly with companies in which investments were held in order to affect change, understand views on company behaviour and risks with engagement being member led and designed to advance corporate responsibility and responsible investment on the basis of collaboration strengthening the voice of Pension Funds.

In noting the summary of key engagement work undertaken by the LAPFF during Q3 2024 (as detailed in Appendix 1 of the report) the following key areas of activity were highlighted:

- Continued engagement with Shell and BP, to push oil and gas companies beyond their current decarbonisation efforts based on existing business models attempting to challenge the viability of current business practices. The expectation, based on LAPFF policy, was that the demand for hydrocarbons would reduce in aggregate terms and that demand would be met by lowest cost producers. Whilst BP was regarded as being located at the better end of the sector in recognising climate change as an issue, it was also facing competitive and structural pressures from what was regarded as a disruptive transition due to alternative technologies with some push back on carbon reduction targets since 2023 and substantial threats identified to its business model regarding the scope of no-carbon products that would fully replace the scale of the fossil fuel business. Members were advised that a meeting with the Chair of Shell was also pending confirmation, with LAPFF continuing to challenge whether Carbon Capture and Storage could be made to work as a line of business given the costs involved if no cheaper substitute energy sources were available.

- The engagement which had been focussed on the use and potential elimination of zero-hours contracts in the UK with companies using them as part of their core operation and LAPFF continuing to monitor developments relating to the Employment Rights Bill and engage with investee companies regarding their exposure to the practice.

- Ongoing engagement with water utility firms to address failures in supply infrastructure and concerns regarding pollution, with LAPFF working to ensure that water utilities companies were making progress in reducing overflow incidents while ensuring that upcoming business plans were cost efficient and included both environmental and social commitments aligned with any final determinations by the regulator.

- The efforts being made to ensure energy companies and airlines were making tangible efforts in seeking to decarbonise their industries in the transition to net zero including the use of fuel supplies and emissions.

Having noted the viability and advantages available through the sustained collective effort and pressure that could be applied through the LAPFF, rather than by single Pension Funds acting individually, the Chair thanked George Patsalides for presentation of the report, and then invited members to raise any questions or comments, with queries and responses summarised below:

- Further details were sought on any assessment regarding the impact of the US Election on the global economy, particularly in relation to the energy markets and net zero. In response officers felt this would need to be considered on both a shorter and long term basis. The US election result was recognised as creating a divergence in expectations in terms of investors based in the UK and Europe and US, where some investment funds had begun to distance themselves from previous carbon reduction targets and collective lobby groups which, members were advised, had highlighted the importance in avoiding overexposure to any particular sector.

- Raising the subject of using the power of the Local Government Pension Scheme to promote local economic development, members were keen to explore what action the LAPFF could take to promote such an approach. In response, officers advised that the main role of the LAPFF was focussed on promoting good corporate governance and stewardship amongst those companies in which the LGPS was invested and in enacting change through shareholder action rather than promoting investment decisions. The investment decisions would therefore need to align with the strategies agreed by individual Funds who were members of LAPFF, or pooled collectively. Whilst the approach towards investment would therefore be matters for each Fund to determine the LAPFF provided a means to target shareholder activity collectively on behalf of the LGPS, focusing on the issues concerning the majority of LAPFF members.

- Addressing communication with LAPFF, members inquired how LAPFF could be approached with their concerns. In response, members were advised this would be arranged through officers or by attending the LAPFF business meetings on which further details could be provided, as requested, for members of the Sub Committee.

With no further questions or comments, the Sub Committee thanked officers for the update and **RESOLVED** to note the report.

9. **Training Update - Members' Learning and Development**

George Patsalides (Finance Analyst, Brent Council) introduced the report from the Corporate Director Finance & Resources, which provided an update on the provision of the LGPS online learning facility and informed committee members of recent training developments.

In introducing the update, it was noted that the Government in November 2024 had published their Fit for the Future consultation, which proposed a number of new measures to enhance governance, including a focus on the training of members involved in overall strategic direction of local authority pension funds. This included the requirement for Pension Committee members to have the appropriate level of knowledge and understanding for their roles, with the requirements for Pension Committee and Local Pension Board members to be aligned in order to ensure they possessed the necessary knowledge and skills to effectively fulfil their roles.

In working towards this the Fund was already subscribed to the LGPS Online Learning Academy (LOLA) as an online platform designed to support the training needs of Pension Committee and Board members with a training plan (attached as Appendix 3 of the report) detailing progress in completion of the required training modules within the agreed timeframe. Members noted the training plan had been adapted to accommodate new members to the Committee whilst also allowing existing members additional time to complete the required training programme, with the current focus on those needing to complete the required sections (up to Module 7) by February 2025.

In noting the update provided on progress being made by members against the current training plan and in line with the Training Strategy, the Sub Committee was reminded of the importance in ensuring consistent engagement and progress in completion of the require modules (for which it was noted a majority of members remained on track) in order to ensure members possessed the necessary knowledge and skills in relation to their role on the Sub Committee and in overseeing the Pension Fund.

With no further questions or comments, the Chair thanked George Patsalides for his work in delivering the training plan and the Committee **RESOLVED** to note the plan.

10. **Minutes of the Pension Board – 7 November 2024**

The Chair then welcomed David Ewart (as Independent Chair of the Pension Board) to the meeting in order to provide an overview of the issues considered at the most recent Board held on 7 November 2024, as set out in the draft minutes from the meeting.

As a starting point, David Ewart took the opportunity to remind members of the function and structure of the Pension Board, which he advised was a statutory body established to review the performance of the Pension Fund and was made up of an equal number of employer and member representatives. In comparison, the Pension Fund Sub-Committee's role focused on the investment and management of the Fund, although in practice the two bodies within Brent worked closely together and shared similar views in overseeing governance of the Pension Fund.

In outlining specific issues considered at the Board's last meeting, members were advised of the ongoing monitoring of performance relating to administration of the Pension Fund for scheme members as well as the updated Risk Register for the Brent Pension Fund Administration Service, which it was felt also provided a useful point of reference for the Sub Committee in relation to the management of existing and emerging risks and it was agreed should also be circulated to the Sub Committee, for reference.

The Chair thanked David Ewart for the update provided, and with no further issues raised, it was **RESOLVED** to note the minutes from the Pension Board held on 7 November 2024.

11. **Any other urgent business**

No items of urgent business were raised for consideration at the meeting.

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

At this stage in the meeting, the Chair advised that the Sub-Committee would need to move into closed session to consider the final items on the agenda.

It was therefore **RESOLVED** to exclude the press and public from the remainder of the meeting as the reports and appendices to be considered contained the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Access to Information Act 1972, namely:

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

As the Sub Committee moved into closed session the webcast was ended at this stage of the meeting

13. **Presentation form London CIV on Private Debt II**

The Chair welcomed Silvia Knott-Martin & Raymond Wright representing (London CIV), who he advised had been invited to attend the meeting in order to provide a presentation (in advance of consideration of the Private Debt Allocation item) on development of the LCIV Private Debt Fund II.

The presentation included details on development of the Fund along with its underlying strategies, key terms, Manager selection process, construction of the portfolio along with underlying investments, fund terms and fee negotiation. Issues raised by members during the presentation included an assessment of the projected rate of return, flexibility of the Fund and options available in relation to the structure, diversification and construction of the investment portfolio with the Sub Committee, having noted the responses provided, thanking Silva Knott-Martin and Raymond Wright for the presentation.

14. **Private Debt Allocation**

Following the presentation made on the LCIV Private Debt Fund II, Sawan Shah (Head of Finance, Pensions) then moved on to introduce a report from the Corporate Director of Finance & Resources providing an analysis and review of the Fund's allocation to Private Debt along with proposals for a recommended investment in the LCIV Private Debt Fund II.

In considering the report, members noted the approach outlined towards maintaining a diversified range of investments across a range of asset classes, which following review of the Fund's Investment Strategy had included a continued commitment to maintaining of a 5% strategic asset allocation to Private Debt. In noting the current and long term target asset allocation and approach outlined within the report towards the ongoing strategic allocation in Private Debt, members welcomed the supporting analysis (as detailed in Appendices 1 & 2 of the report) provided by the Fund's Investment Advisors (Hymans Robertson) on the LCIV Private Debt Fund II.

Having been provided with clarification around the overall investment approach and risk exposure the Sub Committee unanimously **RESOLVED** to:

(1) Approve the investment commitment identified within the report to the LCIV Private Debt Fund II.

(2) Note that following (1) above officers would rebalance the appropriate mandates to move towards the Fund's strategic asset allocation to fund the investment as set out in section 3.2.17 of the report.

15. **London CIV update**

The Board received and **RESOLVED** to note a report that provided an update on recent developments regarding Brent Pension Fund investments held within the London CIV (LCIV).

Issues highlighted arising from the update included:

- the value of assets invested directly through the LCIV.

- The change in senior management arrangements within LCIV.

- The progress in development of a dedicated UK residential property fund by London CIV with the purpose of increasing the supply of good quality, affordable housing in the UK and a focus on three strategies within the residential housing sector: general needs affordable and social housing, traditional supported housing and, specialist housing.

- The update on the LCIV Fund Manager Monitoring Framework and progress in the development and launch of new Funds, with members keen to ensure a focus (in recognising the Funds fiduciary duty) in maintaining a broad and diversified approach toward the Funds Investment Strategy.

16. **Implementation of Infrastructure allocation**

As a final item the Chair reminded members of the initial consideration undertaken during the open session of the meeting in terms of options available for the Fund in seeking to move towards the target infrastructure allocation of 15% of total Fund assets.

Having noted the initial context and background provided, the Sub Committee received a more detailed analysis of options from James Glasgow (Hymans Roberston) relating to implementation of the Pension Funds infrastructure allocation and the potential pathways in seeking to develop investment options in order to meet the long-term target identified alongside the objectives and potential return and risk profiles identified based on current infrastructure assets and range of other Funds available for consideration.

Having considered the analysis by Hymans Robertson regarding the Fund's infrastructure allocation the Sub Committee thanked James Glasgow for the strategic outline provided in relation to the different pathways for increasing the infrastructure allocation, including how ESG and local investment could be incorporated, timelines, and alternative Funds and **RESOLVED** that progress in developing the allocation continue to be kept under review.

The meeting closed at 8pm

COUNCILLOR R JOHNSON
Chair

London Borough of Brent Pension Fund

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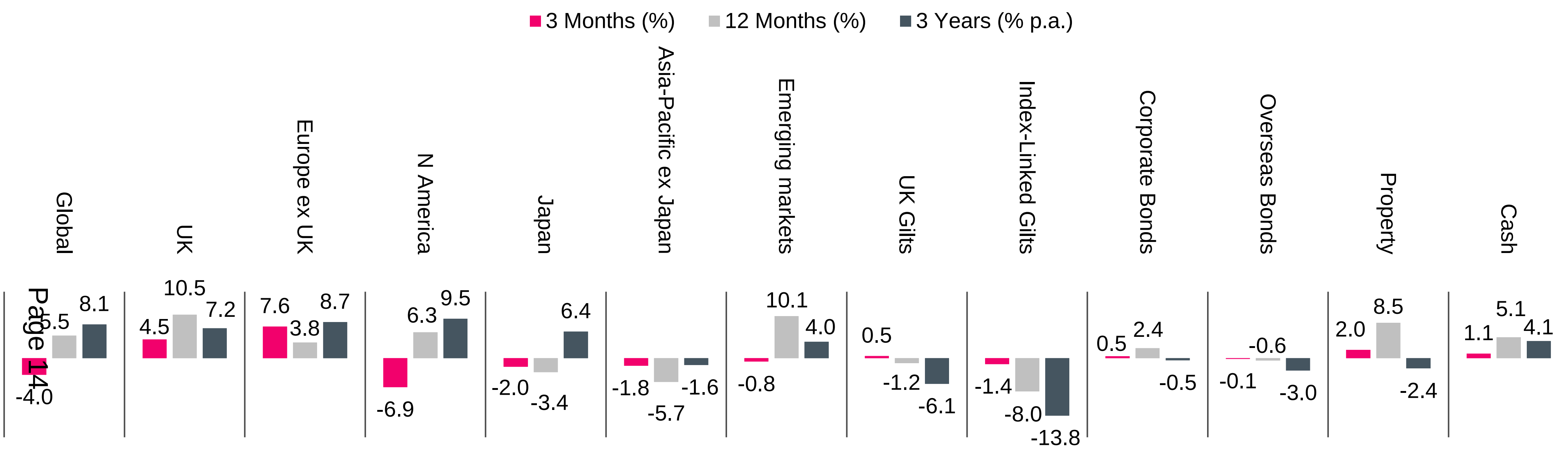
Q1 2025 Investment Monitoring Report

Kenneth Taylor, Senior Investment Consultant

Agenda Item 6

Market Background

Historical returns for world markets



Data source: LSEG DataStream. [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. [3] 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 SONIA.

Market Background

Market update

Annualised US GDP grew 2.4% in Q4, supported by consumer and government spending. Early Q1 surveys suggest a slower start to 2025 due to tariff uncertainty. European growth stayed muted, but recent PMIs improved amid optimism around defence and infrastructure investment.

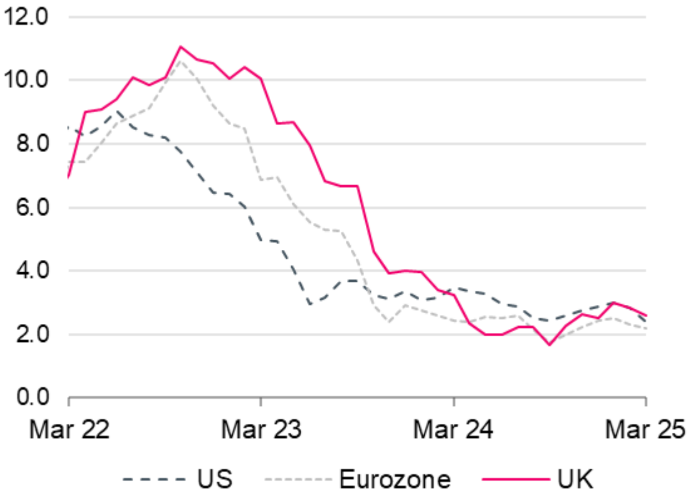
In March, annual headline CPI inflation cooled in the US, UK, and eurozone – to 2.4%, 2.6%, and 2.2%, respectively. Forecasts suggest UK inflation will quicken temporarily before easing towards 2%. Core inflation remained higher: at 2.8%, 3.4%, and 2.4% in the US, UK, and eurozone.

The European Central Bank cut rates twice, to 2.5% pa, while the Bank of England reduced rates 0.25% pa, to 4.5% pa. The US Federal Reserve held rates at 4.5% pa. However, by quarter-end, expectations for US cuts had risen to three in 2025.

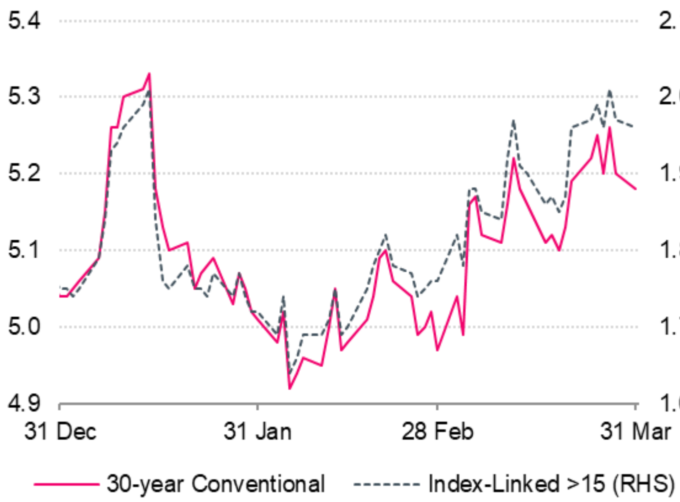
The prospect of further cuts dragged the trade-weighted US dollar down 2.3%. The equivalent yen measure gained 3.3% as interest-rate differentials narrowed. Gold surged 19% in Q1, to record highs, supported by economic uncertainty, a weaker dollar, and falling US treasury yields.

US 10-year yields fell 0.4% pa, to 4.2%, as investors focused on tariffs' growth risks. European sovereign bond yields rose as investors anticipated higher issuance and defence and infrastructure spending. German bond yields climbed 0.4% pa, to 2.7% pa, while UK yields edged up 0.1% pa, to 4.7% pa. Japanese yields also rose 0.4% pa, to 1.5% pa, reflecting moderate economic recovery and expectations of monetary policy normalisation. at quarter-end.

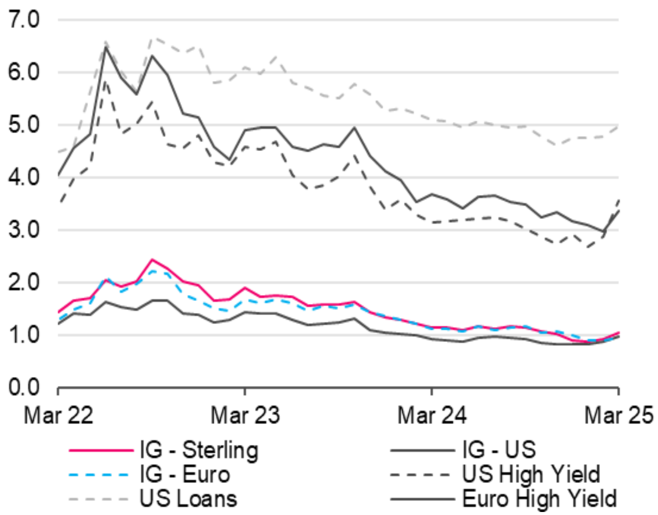
Annual CPI Inflation (% year on year)



Gilt yields chart (% p.a.)



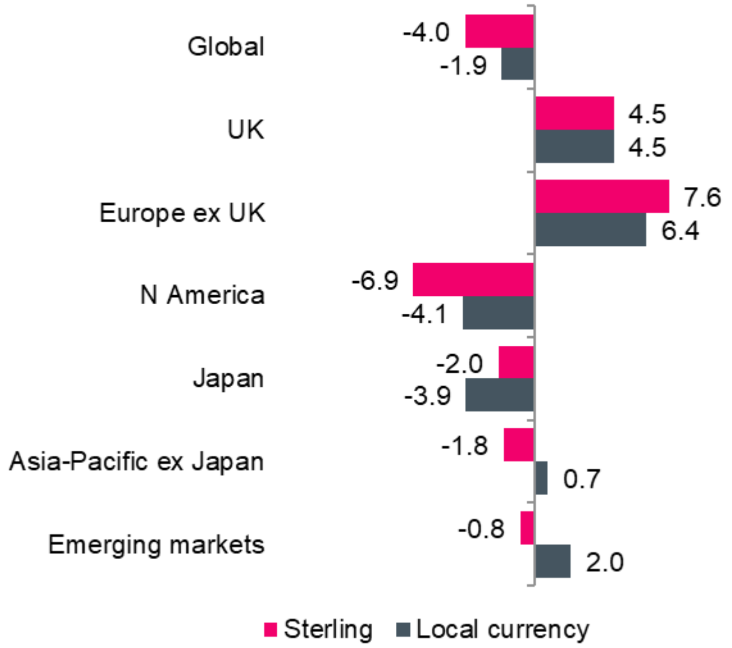
Investment and speculative grade credit spreads (% p.a.)



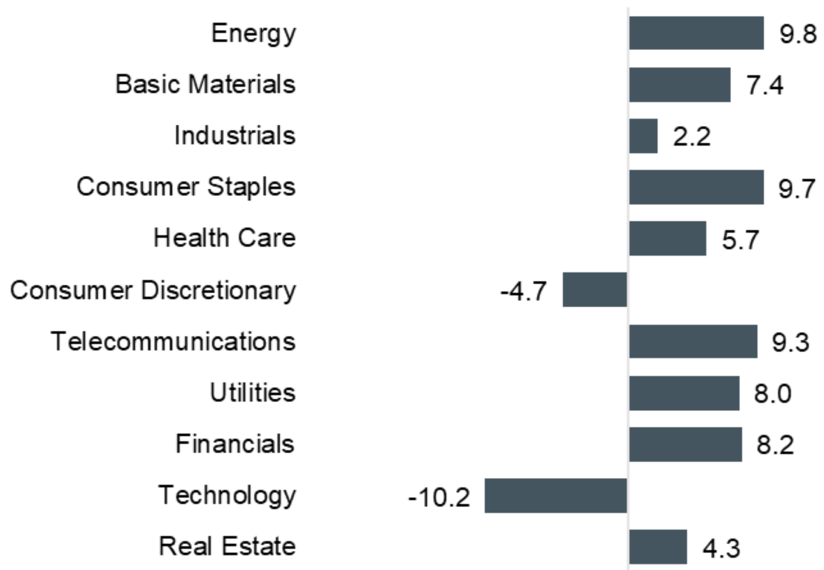
Data source: LSEG DataStream, Barings, ICE

Market Background

Regional equity returns [1]



Global equity sector returns [2]



Market commentary

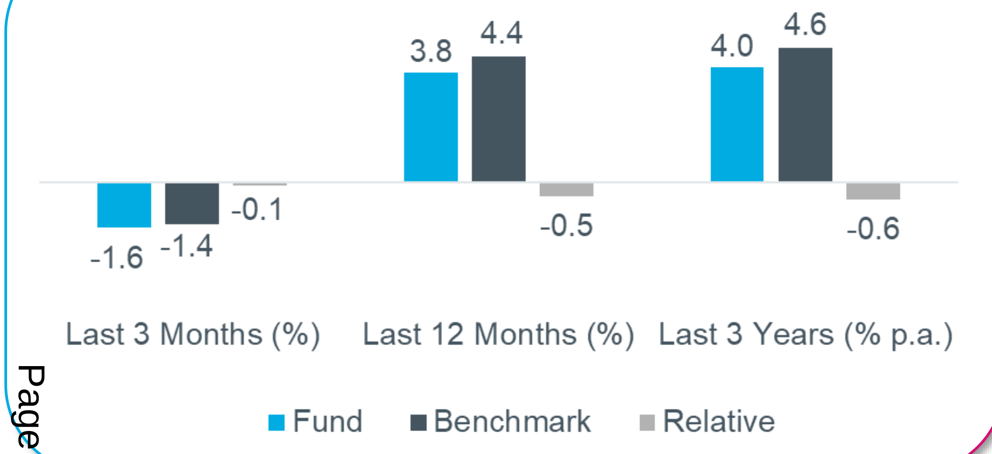
UK investment-grade credit spreads widened 0.1% pa, to 1.1% pa, in sympathy with their US counterparts. Meanwhile, European investment-grade spreads fell. US speculative-grade credit spreads rose 0.6% pa, to 3.6% pa, while equivalent European spreads rose less, by 0.2% pa, to 3.3% pa. Spreads remained low relative to longer-term averages at quarter-end.

Global equities fell in Q1, with the FTSE All World down 1.9%, as tariff-driven uncertainty affected sentiment. Investors favoured lower-valued stocks over expensive US tech, with value outperforming growth. US equities underperformed, marking their weakest quarter since 2022. Japanese equities lagged as yen strength weighed on exports. Europe ex-UK outperformed globally, buoyed by its value tilt, and optimism around fiscal spending. UK equities similarly benefited from value outperformance. Emerging markets and Asia Pacific ex Japan outperformed.

The MSCI UK Property Total Return index rose 2.0% in Q1, supported by income and capital growth. Over 12- months, the index gained 8.5%, including a 2.5% rise in aggregate capital values. Industrial and retail capital values rose 5.1% and 3.9% in 12 months, while offices fell 3.1%.

 Data source: LSEG DataStream. [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

Total fund performance



High-level asset allocation

GrIP	Actual	Benchmark	Relative
Growth	55.0%	58.0%	-3.0%
Income	26.8%	25.0%	1.8%
Protection	13.4%	15.0%	-1.6%
Cash	4.9%	2.0%	2.9%

Key points to note:

- The Fund has posted a negative return over the quarter, ending the period with a valuation of £1,310.1m, down from £1,335.8m at the end of Q4 2024.
- The Fund's passive global equity mandates were the main contributors to negative absolute returns over the quarter. UK government bonds also detracted, as rising gilt yields led to a fall in their value. In contrast, UK equities delivered positive returns during the period.
- On a relative basis the Fund underperformed its benchmark by 0.1%. The Fund is also behind its composite benchmark over the past 12 months and over 3 years.
- The cash held by the Fund decreased slightly over the period to £63.6m.
- Post the quarter end, the US President introduced tariffs on imports to the US. This led to material falls in equity valuations during April although markets have since largely recovered. An update on this is provided in a separate paper.

 Source: Northern Trust.

Asset allocation

	Valuation (£m)		Actual Proportion	Benchmark	+ / -
	Q4 24	Q1 25			
LGIM Global Equity	563.3	536.9	41.0%	40.0%	1.0%
LGIM UK Equity	80.0	83.7	6.4%	5.0%	1.4%
Capital Dynamics Private Equity	9.3	1.5	0.1%	5.0%	-4.9%
LCIV JP Morgan Emerging Markets	62.4	61.4	4.7%	5.0%	-0.3%
Blackrock Acs World Low Crbn	39.0	36.5	2.8%	3.0%	-0.2%
Total Growth	**754.0**	**720.0**	**55.0%**	**58.0%**	**-3.0%**
LCIV Baillie Gifford Multi Asset	99.6	101.8	7.8%	6.0%	1.8%
LCIV Ruffer Multi Asset	92.4	96.0	7.3%	6.0%	1.3%
Alinda Infrastructure	17.2	15.9	1.2%	0.0%	1.2%
Capital Dynamics Infrastructure	2.1	2.1	0.2%	0.0%	0.2%
LCIV Infrastructure	54.2	54.2	4.1%	5.0%	-0.9%

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

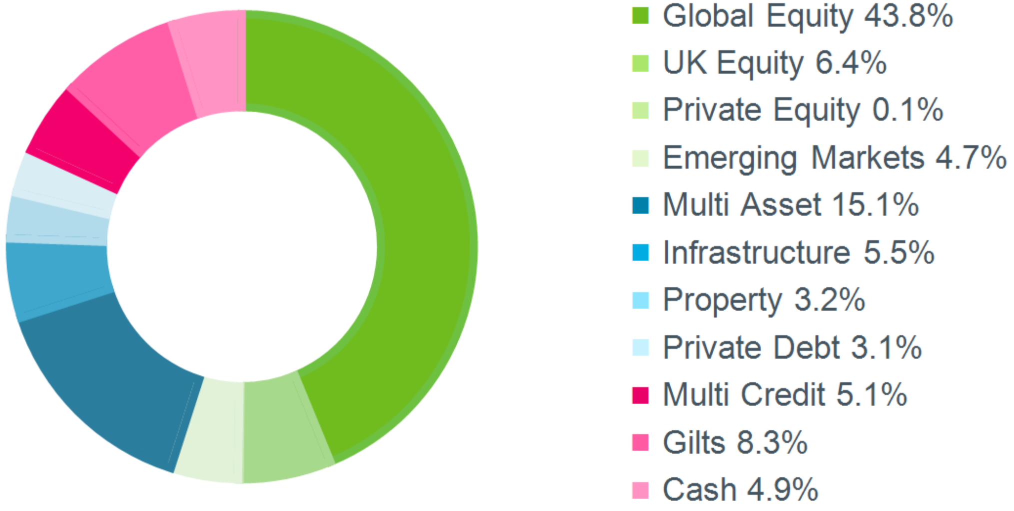
Asset allocation

	Valuation (£m)		Actual Proportion	Benchmark	+ / -
	Q4 24	Q1 25			
Fidelity UK Real Estate	14.6	14.9	1.1%	1.5%	-0.4%
UBS Triton Property	11.2	11.3	0.9%	1.5%	-0.6%
LCIV UK Housing Fund	10.3	15.2	1.2%	0.0%	1.2%
LCIV Private Debt	40.2	40.2	3.1%	5.0%	-1.9%
Total Income	**341.9**	**351.6**	**26.8%**	**25.0%**	**1.8%**
LCIV CQS MAC	65.6	66.6	5.1%	5.0%	0.1%
BlackRock UK Gilts Over 15 yrs	109.2	108.3	8.3%	10.0%	-1.7%
Total Protection	**174.9**	**175.0**	**13.4%**	**15.0%**	**-1.6%**
Cash	65.0	63.6	4.9%	2.0%	2.9%
Total Scheme	**1,335.8**	**1,310.1**	**100.0%**	**100.0%**	

The target allocations were agreed in June 2023 as part of the last investment strategy review. The benchmark currently shown reflects the interim target allocation, representing the first step in the journey toward the long-term target. As the Fund's allocations and commitments to private markets increase over time, we will gradually transition to comparing against the long-term target.

 Source: Northern Trust.

Asset class exposures*



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Asset allocation commentary

The Fund's current target allocations are as follows:

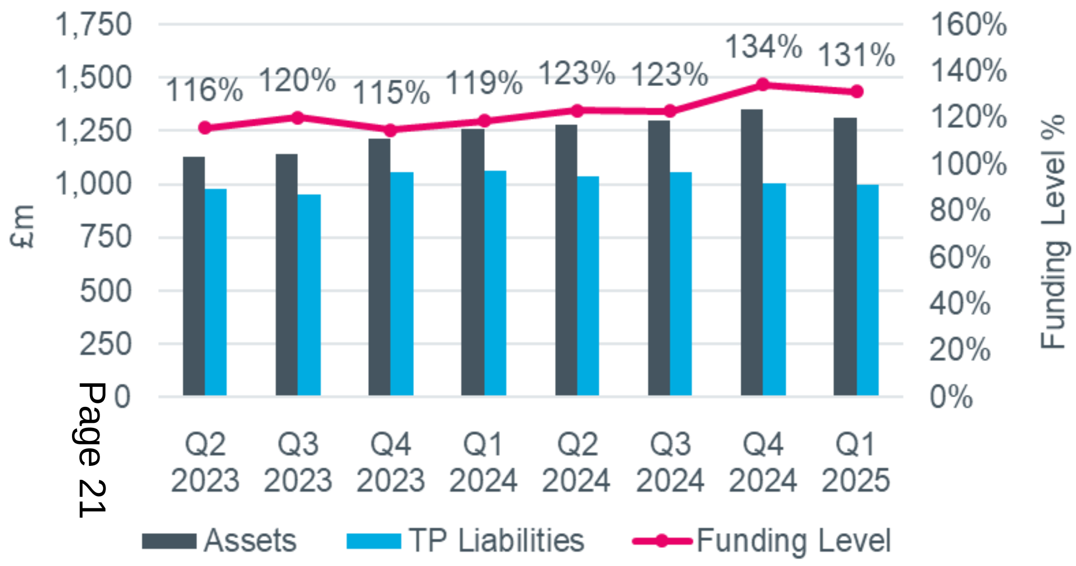
Interim Growth – 58%; Income/Diversifiers – 25%; Protection plus cash – 17%;

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

- The majority of the Capital Dynamics private equity mandate has now been returned to the Fund as cash. During Q4, cash returned to the Fund totalled c£6.7m.
- The investment period for LCIV Private Debt fund I ended in March 2025. The fund is now expected to move into its distribution phase.
- To progress toward its 5% target allocation to private debt, the Fund committed £45 million in February 2025 to LCIV's Private Debt Fund II. This commitment will be gradually drawn down over the coming years as capital is called.

Source: Northern Trust.
**Total may not round to 100% due to rounding.*

Fund level progression



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Latest funding level summary

	30-Sep-24	31-Dec-24	31-Mar-25
Assets	1,298	1,347	1,310
Liabilities	1,059	1,005	1,000
Surplus/(deficit)	239	342	310
Funding Level	123%	134%	131%

Funding position commentary

As at 31 March 2025, we estimate the funding level to be 131%.

The fall in the funding level in Q1 2025 was mainly due to a decline in asset values driven by market movements.

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.

A formal actuarial valuation is being carried out as at 31 March 2025 and the results of that valuation may differ from the estimates shown above.

 Source: Hymans Robertson funding update report as at 31 March 2025. Please see report for full details of approach used and reliances and limitations.

Manager performance

	Last 3 Months (%)			Last 12 Months (%)			Last 3 Years (% p.a.)		
	Fund	B'mark	+ / -	Fund	B'mark	+ / -	Fund	B'mark	+ / -
LGIM Global Equity	-4.7	-4.7	**0.0**	4.3	4.7	**-0.4**	8.4	8.6	**-0.2**
LGIM UK Equity	4.5	4.5	**0.0**	10.4	10.5	**0.0**	7.3	7.2	**0.0**
LCIV JP Morgan Emerging Markets	-1.6	-0.1	**-1.4**	1.6	5.8	**-4.0**	-0.3	2.1	**-2.4**
Blackrock Acs World Low Crbn	-6.5	-4.7	**-1.9**	4.4	4.8	**-0.3**	7.6	8.3	**-0.7**
Growth									
LCIV Baillie Gifford Multi Asset	2.2	1.6	**0.6**	7.4	6.9	**0.4**	0.5	6.2	**-5.3**
LCIV Ruffer Multi Asset	3.2	1.6	**1.6**	2.9	6.9	**-3.7**	-0.7	6.2	**-6.4**
Alinda Infrastructure	-2.8	1.2	**-3.9**	15.2	4.6	**10.1**	18.6	7.2	**10.6**
Capital Dynamics Infrastructure	-3.0	1.2	**-4.1**	-15.3	4.6	**-19.1**	-3.1	7.2	**-9.7**
LCIV Infrastructure	0.8	1.2	**-0.3**	9.7	4.6	**4.9**	9.6	7.2	**2.2**

Source: Fund performance provided by Northern Trust and is net of fees. Benchmark performance provided by Northern Trust.
The above table shows the new performance target measures, implemented from 2020. Please note the 3-year return is on the old benchmark basis.

Manager performance

	Last 3 Months (%)			Last 12 Months (%)			Last 3 Years (% p.a.)		
	Fund	B'mark	+ / -	Fund	B'mark	+ / -	Fund	B'mark	+ / -
Fidelity UK Real Estate	1.9	1.5	**0.3**	12.0	6.4	**5.3**	-1.9	-3.2	**1.3**
UBS Triton Property	0.8	1.5	**-0.7**	3.8	6.4	**-2.5**	-	-	**-**
LCIV UK Housing Fund	0.0	1.5	**-1.4**	-	-	**-**	-	-	**-**
LCIV Private Debt	0.0	1.5	**-1.4**	3.0	6.0	**-2.8**	7.3	6.0	**1.2**
Income									
LCIV CQS MAC	1.6	1.6	**-0.1**	7.8	7.1	**0.7**	4.8	6.2	**-1.3**
BlackRock UK Gilts Over 15 yrs	-0.8	-0.9	**0.1**	-8.0	-8.2	**0.1**	-15.0	-14.9	**0.0**
Protection									
Total Scheme	-1.6	-1.4	**-0.1**	3.8	4.4	**-0.5**	4.0	4.6	**-0.6**

Note: Performance from Capital Dynamics' private equity allocation is not shown and has been excluded from the total performance calculations.

Source: Fund performance provided by Northern Trust and is net of fees. Benchmark performance provided by Northern Trust.
The above table shows the new performance target measures, implemented from 2020. Please note the 3-year return is on the old benchmark basis.

Manager performance commentary

The portfolio delivered a return of -1.6% over the first quarter of 2025 to 31 March, underperforming its benchmark by 0.2%. While performance over the past 12 months and 3-year periods remains strong on an absolute basis, returns continue to lag the benchmark over both timeframes.

After a period of strong gains, global equities posted negative returns in Q1 2025. UK equities were the only growth asset class to deliver a positive return during the quarter. In contrast, emerging market funds declined and underperformed their respective benchmark.

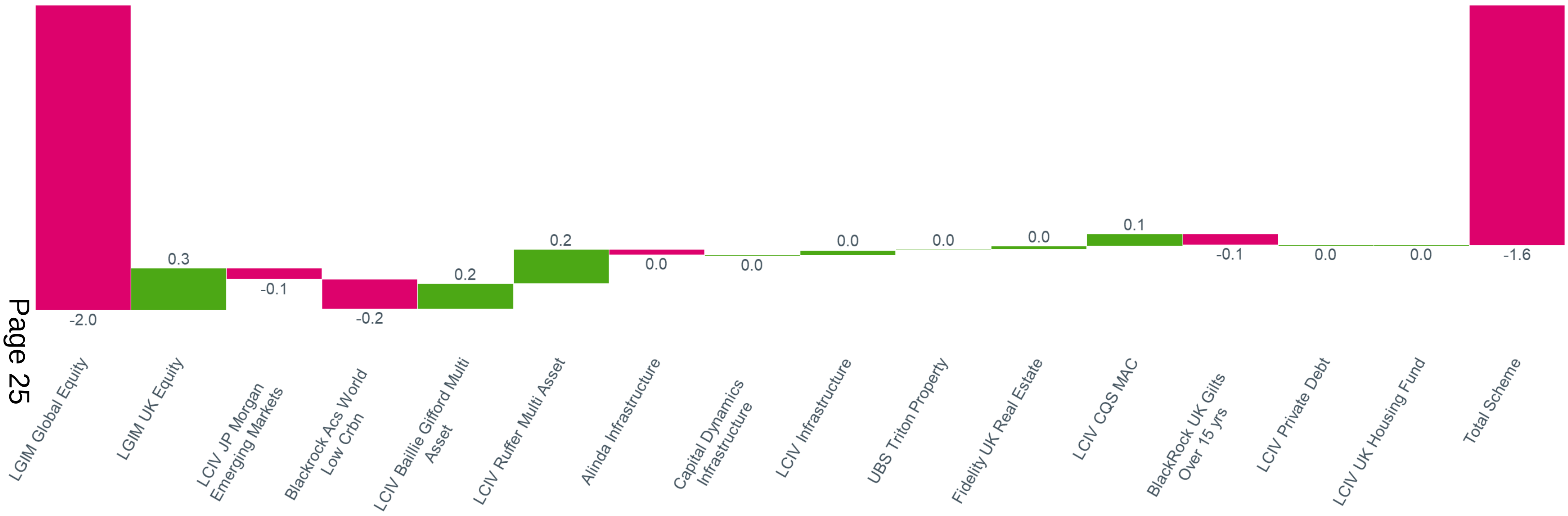
The decline in global equities was driven by renewed tariff-related uncertainty, which weighed on investor sentiment. Market participants rotated out of high-valuation US technology stocks in favour of lower-valued names, leading value stocks to outperform growth. US equities experienced their weakest quarterly performance since 2022, contributing significantly to the broader market decline.

The property and infrastructure markets delivered mixed performance over the period. Property allocations performed well on an absolute basis, while infrastructure performance was more varied. Capital Dynamics' infrastructure mandate posted negative returns; however, this allocation is in run down and represents a small portion of the Fund.

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

Over the period, the bond market saw a lot of volatility, resulting in gilt yields increasing over the period. This has resulted in the BlackRock gilts mandate falling in value, since gilt yields rose compared to end of Q4 levels.

Fund performance by manager



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The chart above illustrates the contribution of each mandate to the Fund's absolute performance over the first quarter of 2025, based on their respective allocations.

Positive contributions came from the LGIM UK Equity fund, the LCIV Baillie Gifford and Ruffer Multi-Asset funds, as well as from the Infrastructure and Real Estate allocations.

The primary detractor was the LGIM Global Equity fund, which represents approximately 41% of the Fund's total assets. Although the Capital Dynamics Infrastructure Fund also posted negative returns, its allocation is less than 1% of the portfolio and, therefore, had a negligible impact on overall performance.

Source: Fund performance provided by Northern Trust and is net of fees.
Please note that due to rounding, the total performance shown above may not add to the total quarterly performance shown on page 5 of this report.

Current issues in LGPS – April 2025 edition

It feels like a waiting game now in the LGPS. A raft of consultations is due, on stage 1 of the Pensions Review and as MHCLG tackles its backlog. You might like to use the current 'spare time (!)' to focus on your 2025 valuation and consider how to manage various risks. And help is at hand to get your fund fully compliant with the McCloud remedy.

Carden Park – conference highlights

Another lively and popular LGC Investment Seminar was held in Cheshire last week, as LGPS stakeholders met to discuss a host of topical issues. You can catch up on the highlights here. As we enter the 2025 valuation year, our own Rob Bilton had a sneak peek at the challenges of managing the upsides and the downsides.

Funding positions will be higher, but regret may be felt later if employer contribution rates are lowered too quickly. The prudence margin will be a key lever for funds to agree.

Spring Statement 2025

Despite some 'pre-match' speculation, the Chancellor's statement on 26 March was a damp squib from a LGPS perspective. There was just a passing mention about pension reform. The response from the Pensions Minister to a Parliamentary question on 25 March said that the Government's response to the 'Fit for the future' consultation would be provided in Spring 2025, with the second phase of the pensions review (covering adequacy of benefits) following 'in due course'.

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New Scottish exit credit regime

From 2 April 2025, new Scottish amendment regulations mean that Scottish LGPS funds must now exercise their discretion to determine the amount of exit credit due to be paid to any employers that leave with a surplus. The new regulations are almost a mirror image of those that have been in place in England and Wales since 2020. This 60 second summary tells you everything you need to know about these new regulations and suggests some next steps. Please speak to your fund actuary if you need any implementation support.

2025 valuations have sprung

Signs of spring can only mean one thing…the 2025 valuation has arrived! Over the coming year, we will be working hard alongside officers to make the 2025 triennial valuations a huge success for all English & Welsh funds. Keep your eyes and ears open for further information and support over the coming weeks including the launch of our exciting new Valuation Hub. Please get in touch with your usual Hymans contacts with any questions in the meantime.

Current issues in LGPS – April 2025 edition

Intervaluation contribution rate reviews

MHCLG recently wrote to administering authorities in England & Wales to reiterate that funding level improvements, due to favourable changes in market conditions, should not trigger intervaluation contribution rate reviews. As a reminder, new ‘employer flexibility’ regulations in 2020 allowed the review of employer contributions between valuations under very limited circumstances. This was supported by MHCLG statutory guidance, SAB non-statutory guidance and a further statement providing advice on managing surpluses. The letter concludes by saying that MHCLG intends to consult on changes that will align the regulations in this subject. We recommend that funds continue to engage with employers seeking a review and consider any requests in line with the available guidance and the Fund’s own FSS.

Tailored employer investment strategies

The funding environment for this year’s LGPS valuations offers funds an opportunity to consider all the tools available to meet employer needs. Many funds are recognising the differing funding profiles and risk appetites of employers by operating a variety of investment strategies. For example, the objectives of a large local authority can be very different to those of a small charity that’s, say, looking to manage an exit from the LGPS. Discussing options early in the valuation year with your actuary and investment consultant can allow time to align funding and investment strategies at employer level ahead of your FSS consultation in the autumn/winter.

Caution: check your HEAT

We’re on the home straight with final data arriving for the year to 31 March 2025. Once employer cashflows are confirmed through the Hymans Employer Asset Tracking (HEAT) system we use them for, well, everything: accounting, triennial valuations, new or ceasing employers, or cross-checking member data. With our monthly verification of cashflows, there is little risk of surprises in this final quarter. Checking for consistency from month to month and reconciling one-off items like exit payments provides reassurance that all employers have an accurate and current asset position. Contact your actuary for more information about how HEAT frees up officer resource throughout the year.

March-ing onto the next accounting exercise

As we pass the 31 March 2025 accounting year end, market conditions continue to be favourable. This means that more LGPS employers than ever before are likely to be in a net asset (surplus) position. Auditors now typically expect asset ceiling calculations to be carried out, to help employers understand how much (if any) of their surplus can be disclosed on their year-end balance sheets. To find out more about asset ceiling calculations, reach out to our accounting specialists at LGPSCentralAccountingTeam@hymans.co.uk

Current issues in LGPS – April 2025 edition

Checking your RI health

Welcome to our new Responsible Investment (RI) Health Check tool! We collect initial data via an online questionnaire and use it to evaluate how well ESG/RI is integrated into your fund across four broad areas of the investment process: 1. Governance and education, 2. Policy and strategy, 3. Implementation and ownership, and 4. Monitoring and reporting. In addition, the interactive tool provides a holistic view of two key thematic areas (Climate and Stewardship). The results and recommended actions can help with stakeholder engagement and support further RI integration. Our article provides further detail.

Spotlight #1 - longevity:

Tackling metabolic health

As well as providing pension funds with longevity analysis, Club Vita regularly host webinars to explore emerging trends in longevity risk. In their latest webinar, the panellists take a deep dive into metabolic health. The rise in sedentary lifestyles, obesity and poor metabolic health could be the largest obstacle for increasing future longevity for LGPS pensioners. The panellists explore the role that weight loss drugs can play in tackling this problem and the importance of lifestyle changes, especially nutrition. If you missed the episode, you can catch up here.

Life expectancy changes - UK population vs LGPS

The Office for National Statistics (ONS) has updated its national life tables. Tables are published annually and set out period life expectancy by age and sex for the UK. Whilst life expectancy estimates for 2021 to 2023 are still below the pre-pandemic level for both males and females in the UK, analysis from Club Vita suggests that members of LGPS funds have been somewhat insulated from some of the health effects we've observed in the wider UK population. Further information can be found in the LGPS Life Expectancy Index, where Club Vita have worked with the English & Welsh LGPS Scheme Advisory Board to communicate the evolution of life expectancy amongst LGPS pensioners in a simple and informative way.

Spotlight #2 – McCloud remedy

Determination deadline

Before the end of August 2025, funds must consider if they wish to make a determination to extend the McCloud implementation phase for any of their members. It's a key decision and we have recently published a blog setting out the main things LGPS funds need to be thinking about before this deadline.

Manager benchmarks and performance targets

Mandate	Date appointed	Benchmark description
LGIM Global Equity	31/10/2010	FTSE AW Dev World ex UK Index
LGIM UK Equity	12/06/2012	FTSE All Share Index
LCIV JP Morgan Emerging Markets	30/11/2018	MSCI Emerging Market Index
Blackrock Acs World Low Crbn	03/09/2021	MSCI World
Capital Dynamics Private Equity	31/12/2003	MSCI All World +1% p.a
LCIV Baillie Gifford Multi Asset	31/05/2012	BOE Base Rate + 2%p.a
LCIV Ruffer Multi Asset	15/03/2017	BOE Base Rate + 2%p.a
Alinda Infrastructure	31/08/2009	UK CPI + 2%
Capital Dynamics Infrastructure	31/10/2012	UK CPI + 2%
LCIV Infrastructure	31/10/2012	UK CPI + 2%
LCIV Private Debt	22/06/2021	Absolute BM 6%
LCIV UK Housing Fund	31/03/2024	Absolute BM 6%
Fidelity UK Real Estate	22/12/2021	MSCI/AREF UK All Balanced Property
UBS Triton Property	31/08/2022	MSCI/AREF UK All Balanced Property
LCIV CQS MAC	30/11/2018	SONIA + 2%
BlackRock UK Gilts Over 15 yrs	05/03/2019	FTSE UK Gilts Over 15 yrs

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 Source: Investment Managers.

Glossary - equity manager styles

'Style' refers to the type of stocks a manager will typically research and select for portfolios. It is important to diversify these 'styles' in order to manage concentration risks.

- **Value** – this style tilt considers whether stocks held within the portfolio are discounted relative to their fundamentals, i.e. whether stocks have low market valuations versus current earnings or book value.
- **Growth** – this style tilt considers companies earning potential relative to its industry and the overall market. The key consideration within this factor is a company's potential for growth and therefore commonly used metrics include historical earnings growth and forward earnings growth.
- **Quality** – this style tilt considers companies financial stability. A company's quality can be evaluated using various metrics including: profitability, earnings quality, financial leverage and corporate governance.
- **Volatility** – this style tilt considers the systematic risk of the portfolio relative to the market.
- **Momentum** – this style tilt is based on the premise that stocks that have recently risen or fallen in price will continue to do so in the future.
- **Low volatility** – A low volatility equity manager will aim to construct a portfolio that exhibits significantly lower volatility than the benchmark index (low volatility is a relative, not absolute, term). A low volatility manager will generally target a volatility of around 15% p.a. versus a benchmark that exhibits a 20% p.a. volatility. A low volatility portfolio will generally be constructed through a quantitative assessment of past stock performance and correlation to select stocks that have historically exhibited low levels of volatility.
- **Neutral** - A neutral manager will aim to construct portfolios that have no significant sector or style biases relative to the benchmark index. This is more common in bottom up, in-depth research, managers (sometimes referred to as 'stock pickers') who aim to isolate stocks that are undervalued relative to their peers whilst avoiding taking a position on whether a country or industry itself will out or underperform. For example they might take an overweight position in BP if they believe the stock is fundamentally undervalued but remove their exposure to the more general oil market by compensating with an underweight **position in Shell.**

Glossary

- **Buy-out –** purchase of a more mature company usually as part of a private equity deal.
- **Capital structure** – how a company is financed through equity and debt.
- **Closed-ended -** When an investment fund has a finite lifecycle, money is invested and returned in full to the investor over a defined period (usually 5 – 8 years for private debt)
- **Commitment** – The investment amount initially made to a fund, this is then drawn by the manager over time and invested**.**
- **Dividend –** Annual income paid through holding an equity.
- **Duration** – A measure of the average expected life of an investment that indicates sensitivity to interest rate changes.
- **Indirect – Access and asset via other funds rather than directly.**
- **Information ratio** - This measures the risk-adjusted returns of a fund relative to its respective benchmarks. For active funds, a higher information ratio is better.
- **IRR** - a measure of performance taking into account cashflow.
- **Liquidity** – ability to sell a stock quickly at a known price.
- **MAC** – Multi Asset Credit, an investment fund made up of a mix of different types of debt/credit.
- **Mid-market** – focus on mid-sized companies.
- **Open (closed) ended investment** – Open ended investments have no end date and can be traded. Closed ended cannot usually be traded and have a finite life.
- **Senior secured** - Debt issued at a high level in a company's capital structure secured against company assets.
- **Sub-investment grade** – bond assets rated below investment grade (and therefore higher risk).
- **Tracking error** – This shows the difference in actual performance between a fund and its respective benchmark. This should be lower for passive funds tracking an index compared to active funds where the manager is trying to outperform a benchmark.
- **TVPI** - Total value (distributions plus residual values) divided by paid-in capital. An alternative measure of the return on investment for closed-end funds
- **Volatility** – a measure or risk based on ‘ups and downs’ of stock/portfolio over a period of time.

Growth, Income and Protection

Principal Objectives

Pay benefits
Low, stable contributions

Growth

Generate sufficient returns to keep the cost of the new benefits accruing reasonable

Equities, Private Equity

Income

Identify sources of income in order to generate cash as the Fund requires

Property, Infrastructure
Private debt,
High yielding bonds

Protection

Reduce risk of deficits emerging to protect against increase in secondary rates

Government bonds
Investment Grade corporate bonds
Low risk absolute return bonds

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Geometric vs 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:

Fund Performance - Benchmark Performance

The geometric return is a better measure of investment performance when compared to the arithmetic return, to account for potential volatility of returns.

The difference between the arithmetic mean return and the geometric mean return increases as the volatility increases

Risk warning

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Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investment in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

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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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Market update

London Borough of Brent Pension Fund

Kenneth Taylor, Senior Investment Consultant

June 2025

Introduction

Purpose and scope

This paper is addressed to the Pensions Committee and Officers of the London Borough of Brent Pension Fund. Its purpose is to show how the Fund's assets changed in value during April 2025 following the US Administration's "Liberation Day" tariff announcements. We also provide our current views on the outlook for the main asset classes and considerations for the Fund.

It has not been prepared for use for any other purpose and should not be so used. The paper should not be disclosed to any third party except as required by law or regulatory obligation or with our prior written consent. We accept no liability where the paper is used by or disclosed to a third party unless we have expressly accepted such liability in writing. Where this is permitted, the paper may only be released or otherwise disclosed in a complete form which fully discloses our advice and the basis on which it is given.

We have provided this advice in our capacity as investment advisers to the Fund. Where the subject of this note refers to legal or tax matters, please note that Hymans Robertson LLP is not qualified to give such advice therefore we recommend that you seek independent advice on these matters.

End-April valuations

	Valuation (£m)		Actual Proportion	Benchmark	+ / -
	31-Mar-25	30-Apr-25			
LGIM Global Equity	536.9	524.1	40.6%	40.0%	0.6%
LGIM UK Equity	83.7	83.4	6.5%	5.0%	1.5%
Capital Dynamics Private Equity	1.5	1.4	0.1%	5.0%	-4.9%
LCIV JP Morgan Emerging Markets	61.4	60.4	4.7%	5.0%	-0.3%
Blackrock Acs World Low Crbn	36.5	36.0	2.8%	3.0%	-0.2%
Total Growth	**720.0**	**705.3**	**54.6%**	**58.0%**	**-3.4%**
LCIV Baillie Gifford Multi Asset	101.8	100.4	7.8%	6.0%	1.8%
LCIV Ruffer Multi Asset	96.0	96.8	7.5%	6.0%	1.5%
Alinda Infrastructure	15.9	15.5	1.2%	0.0%	1.2%
Capital Dynamics Infrastructure	2.1	2.1	0.2%	0.0%	0.2%
LCIV Infrastructure	54.2	56.0	4.3%	5.0%	-0.7%

Source: *Northern Trust.*

End-April valuations

	Valuation (£m)		Actual Proportion	Benchmark	+ / -
	31-Mar-25	30-Apr-25			
Fidelity UK Real Estate	14.9	14.9	1.2%	1.5%	-0.3%
UBS Triton Property	11.3	11.3	0.9%	1.5%	-0.6%
LCIV UK Housing Fund	15.2	15.2	1.2%	0.0%	1.2%
LCIV Private Debt	40.2	40.2	3.1%	5.0%	-1.9%
Total Income	**351.6**	**352.4**	**27.3%**	**25.0%**	**2.3%**
LCIV CQS MAC	66.6	66.8	5.2%	5.0%	0.2%
BlackRock UK Gilts Over 15 yrs	108.3	110.3	8.5%	10.0%	-1.5%
Total Protection	**175.0**	**177.1**	**13.7%**	**15.0%**	**-1.3%**
Cash	63.6	56.9	4.4%	2.0%	2.4%
Total Scheme	**1,310.1**	**1291.7**	**100.0%**	**100.0%**	

Source: *Northern Trust.*

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Summary of growth and inflation outlook

Growth

Consensus forecasts for global growth have slipped since the start of the year due to the significant rise in the US average effective tariff rate. The US and those economies with a large share of exports to the US will be the most affected, but the impact will extend beyond US imports as global supply chains are disrupted. Uncertainty will also weigh on consumer spending and business investment. This presents downside risks to corporate earnings forecasts, which have also been slipping in recent weeks.

Inflation

The US is being hit with both supply and demand shocks. For other economies, US tariffs mainly represent an external demand shock, though the impact on inflation is uncertain. Falls in commodity prices and currency appreciation against the dollar will lower headline inflation, while some imported goods could become cheaper as exports previously destined for the US enter non-US markets. On the other hand, the scale of US tariffs could damage global supply chains, raising inflation.

Summary asset-class outlook

Sovereign bonds

We see attractive value in UK gilts, given high forward yields relative to economic fundamentals. Index-linked gilts are becoming more attractive, given the downgrades to real UK growth forecasts and upgrades to inflation forecasts. What's more, the proportion of issuance of long-dated bonds and linkers is set to fall, potentially improving the technical backdrop at the margin for index-linked gilts. But we expect short-term yield volatility.

Credit

Credit spreads have risen since the start of the year as trade uncertainty and growth concerns intensified. That said, credit spreads began their ascent from historically low levels and, given recent spread tightening, once again look low relative to longer-term averages. However, high all-in yields might still be seen as attractive to absolute-return focussed investors, even if we would be underweight credit versus gilts within an income portfolio.

Equity

Global equities are less expensive than at the start of the year, but they're still not cheap. Meanwhile, earnings look elevated relative to trend, and the likelihood of earnings reversion has increased. Valuations don't feel like they've fallen enough to offset this risk to medium-term returns, which would see us retain a degree of caution. Despite US underperformance year to date, US equity market concentration is high, and the US continues to trade at a premium to both its own history and global benchmarks.

Currency

The US' net international investment position, alongside more isolationist US policy, might mean it is sensible to review strategic dollar-hedge levels. However, given the dollar's year-to-date weakness, it is now much less obviously expensive relative to sterling, based on the real effective $/£ exchange rate relative to its long-term trend.

Considerations for the Fund

Equity assets

- **Current position**: Portfolio held an overweight allocation to the LGIM equity mandates, but at an aggregate level, the Fund held an underweight allocation to Growth assets relative to target (54.6% vs 58.0% as at 30 April 2025).
- **Area for exploration**: Assess concentration risk within portfolio and whether action is needed. Consider whether a target allocation to private equity should be reconsidered as part of the strategy review.

Income assets

- **Current position**: the Fund held an overweight allocation to Income assets relative to target (27.3% vs 25.0% at 30 April 2025), driven in particular by the Fund's allocation to LCIV multi-asset mandates.
- **Areas of exploration**: Continue to monitor spread levels and meet the Fund's commitment to its private market mandates.

Protection assets

- **Current position**: As at 30 April, the Fund currently holds an underweight allocation to Protection assets relative to target (13.7% vs 15.0%), in part due to increased gilt yields meaning the price of gilts has been driven down over the past 5 years and particularly over the past 3 years.
- **Areas of exploration**: Yields continue to provide attractive entry point. The Fund could consider increasing its current allocation to gilts.

Appendix 1: Economic background & market update

Equity market performance

Equity markets sold off sharply following the “Liberation Day” tariff announcements but have regained all their lost ground.

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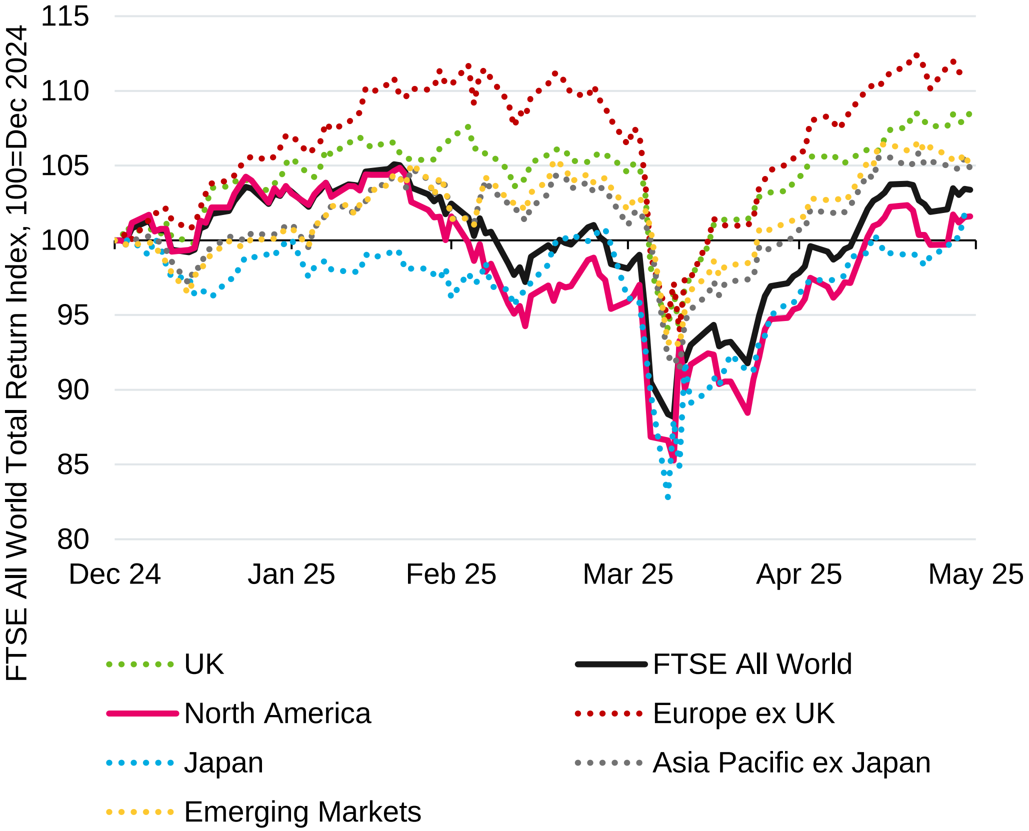
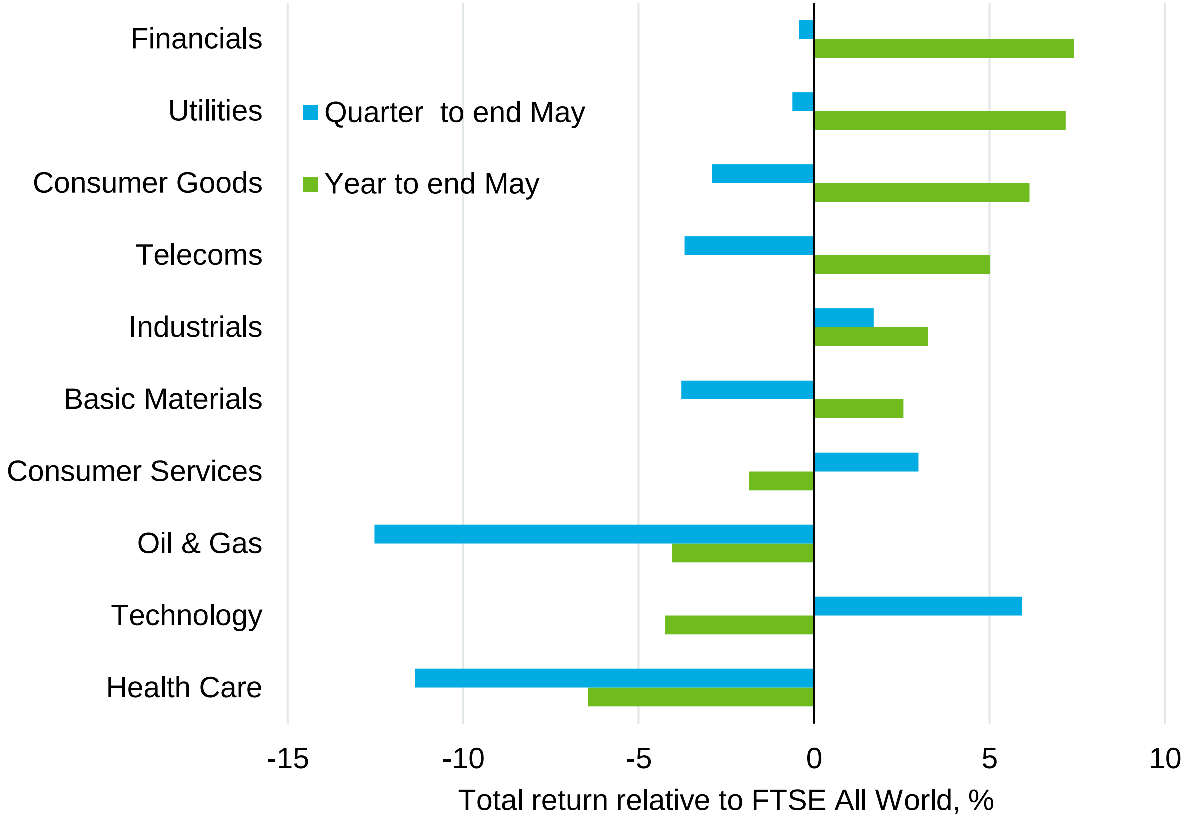


Source: LSEG Datastream



Source: LSEG Datastream

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Sovereign bonds

More recently, longer-term bond yields have been rising as markets digest President Trump’s expansionary budget and anticipate heavier treasury issuance ahead. The US dollar has weakened against major peers given concerns over the US’ fiscal position and broader caution towards US assets amid heightened policy uncertainty.

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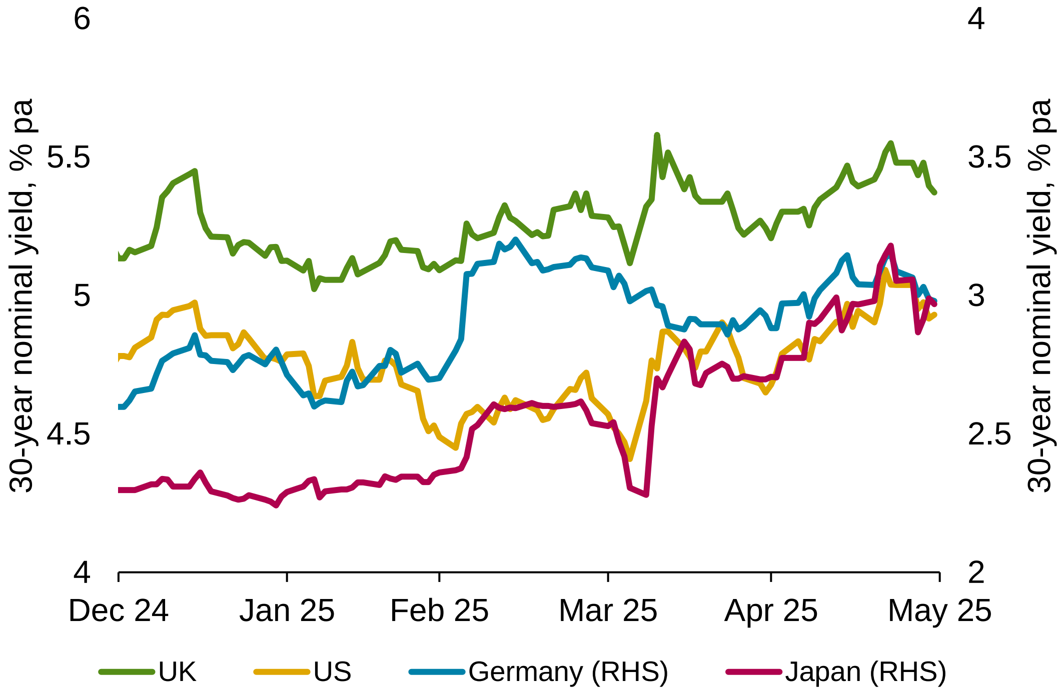
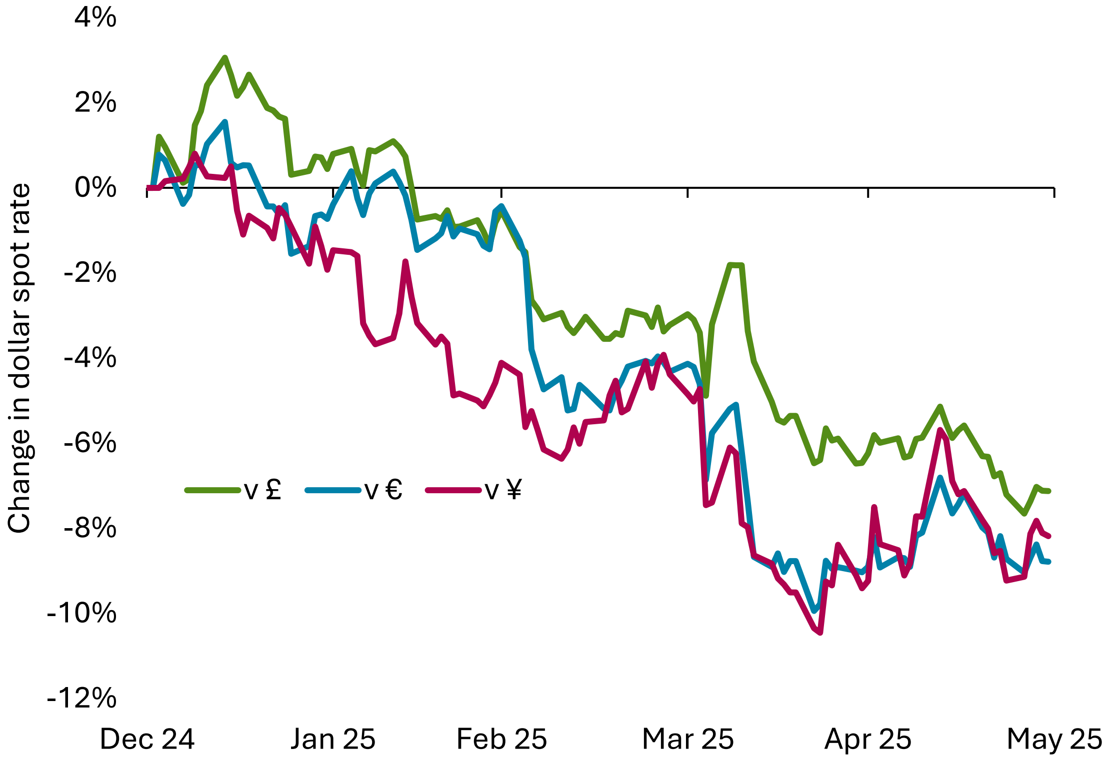


Source: Bloomberg



Source: LSEG Datastream

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Credit spreads

Credit spreads rose in line with equity markets weakness but have since retraced most of their move wider.

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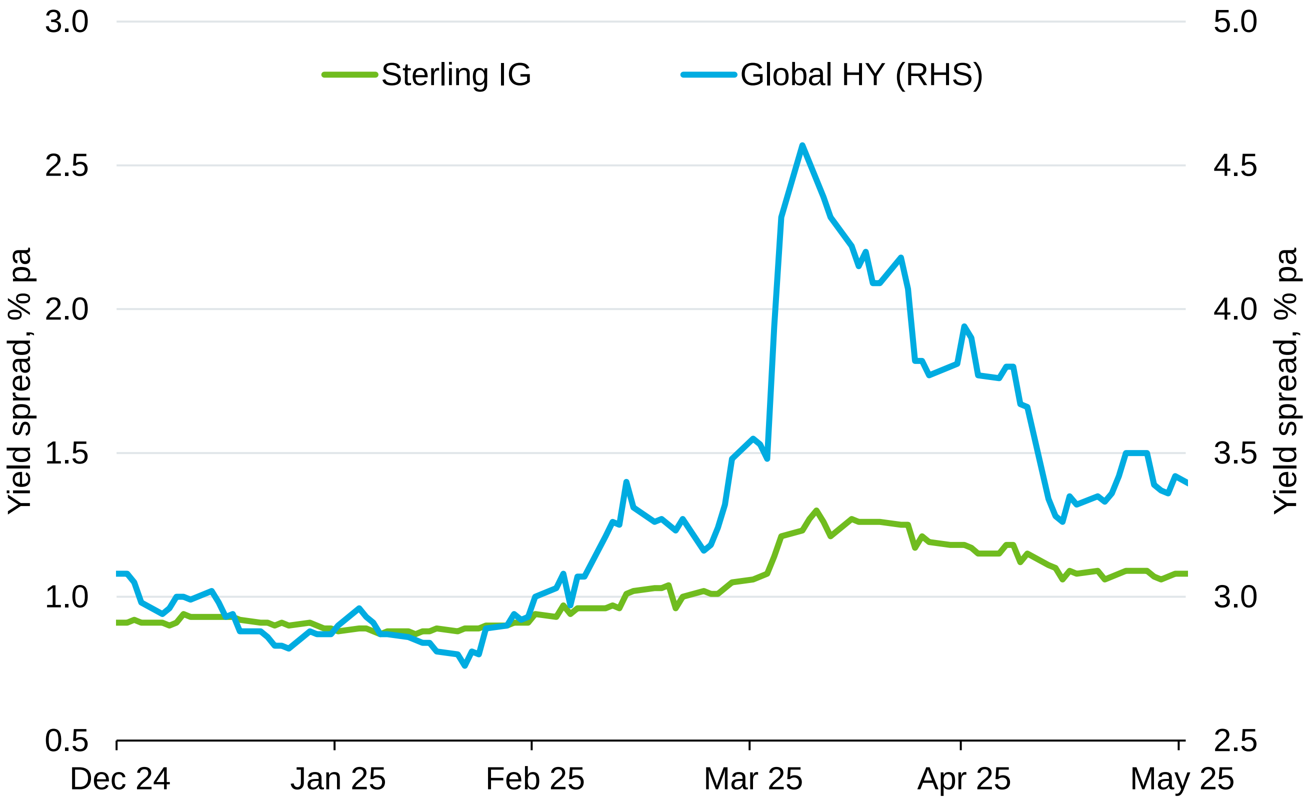

Source: ICE Index Platform

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Commodities

Gold prices continue to hit new highs amid heightened uncertainty and concerns about traditional havens, while oil prices have weakened in anticipation of a less favourable supply-demand balance.

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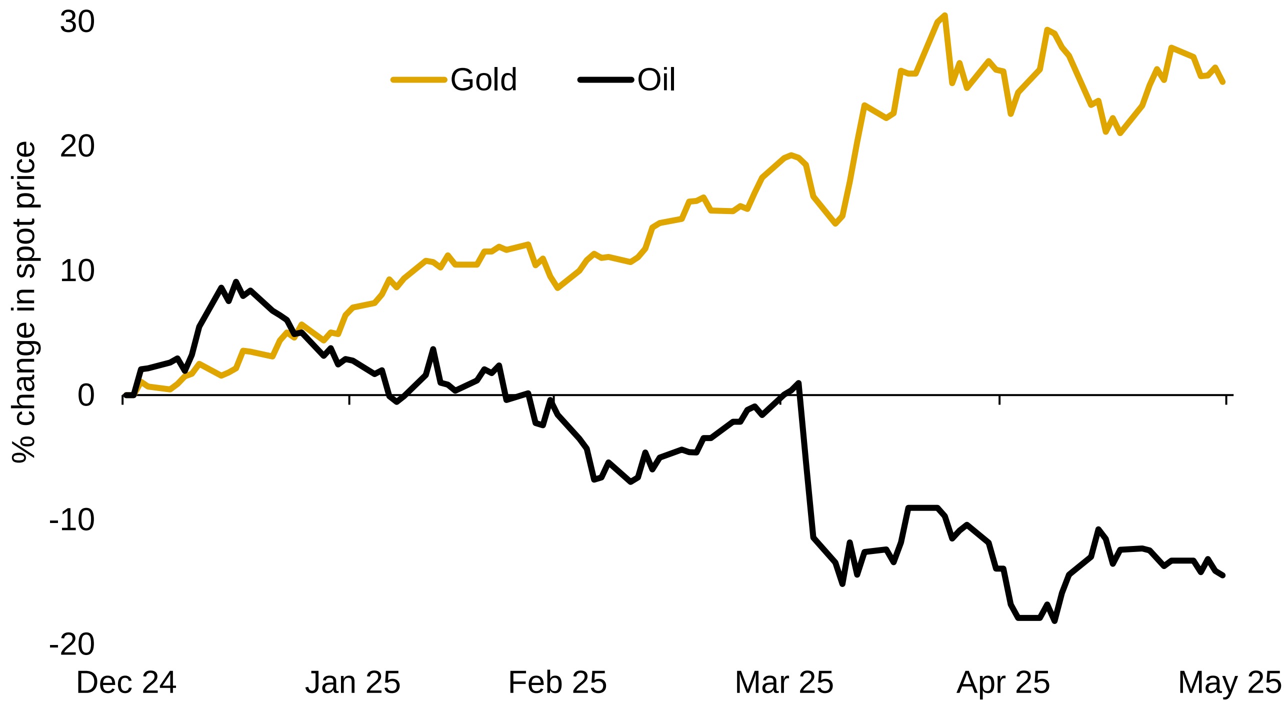

Source: LSEG Datastream

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Appendix 2: Market outlook

Growth

Global growth forecasts have been slashed due to substantial US tariff increases, despite postponements to potentially very damaging reciprocal tariffs and striking of various trade deals. Survey data suggest business activity has bounced back from the tariff-induced slowdown in April but still indicate month-on-month expansion has slowed since the start of the year.

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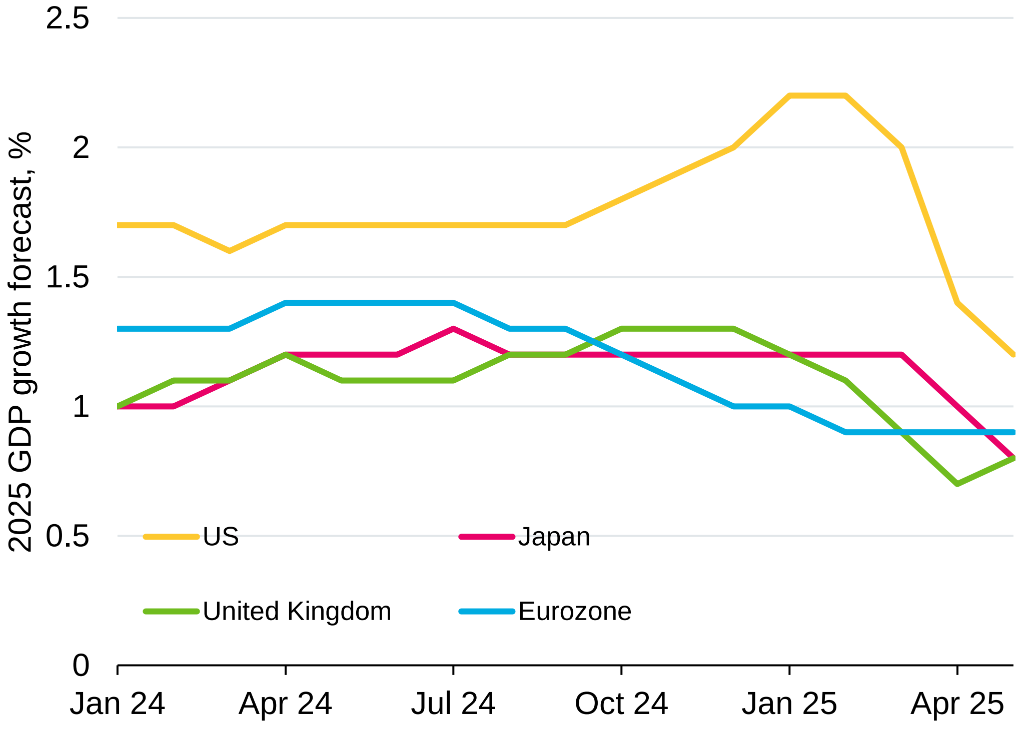
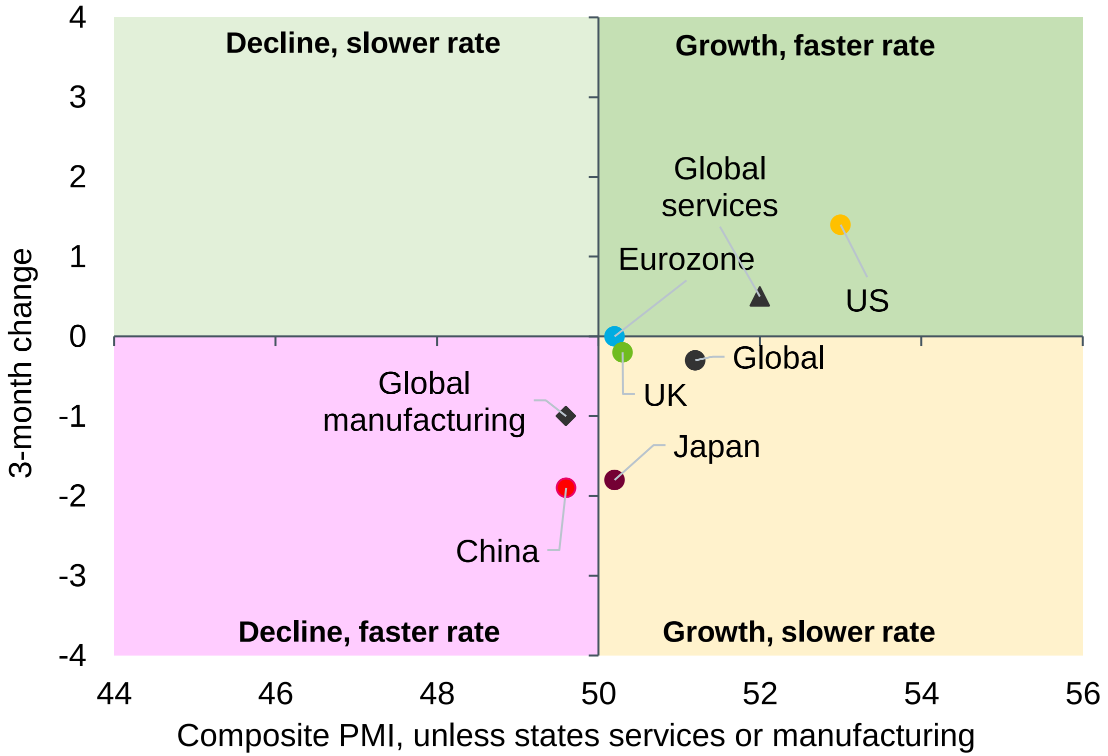


Source: Consensus Economics



Source: Bloomberg

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Inflation

Tariffs will raise near-term inflation in the US, but the impact on inflation elsewhere is more ambiguous. But there are other reasons the Bank of England might still be cautious with regards rate cuts. UK inflation is forecast to rise close to 4% this year. While much of this is due to energy prices, and so expected to be temporary, strong wage and service-sector inflation point to some persistence in underlying domestic inflation pressures.

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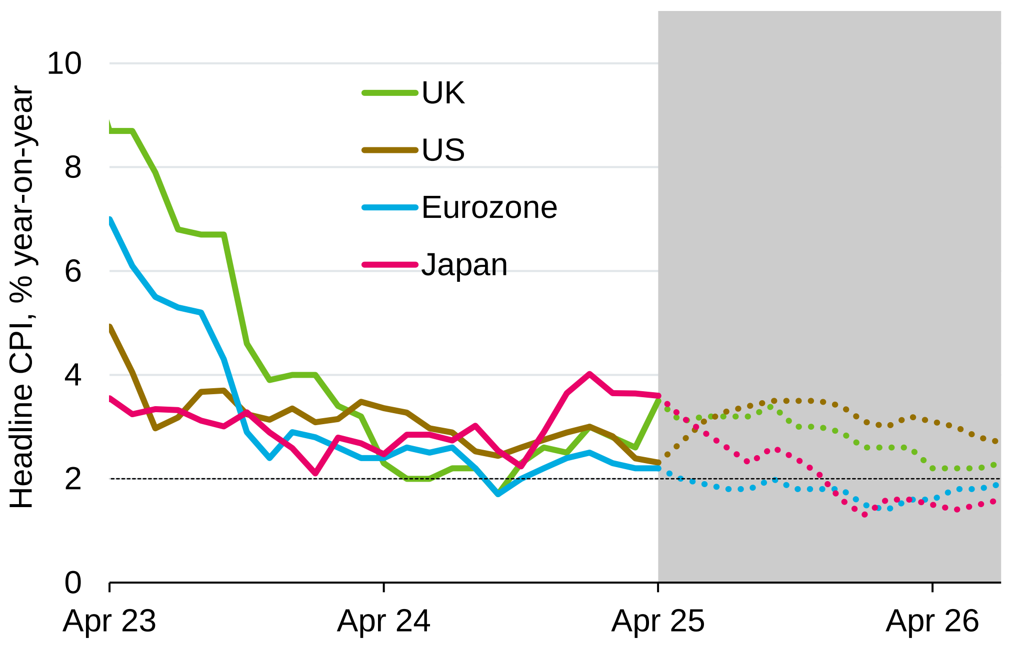
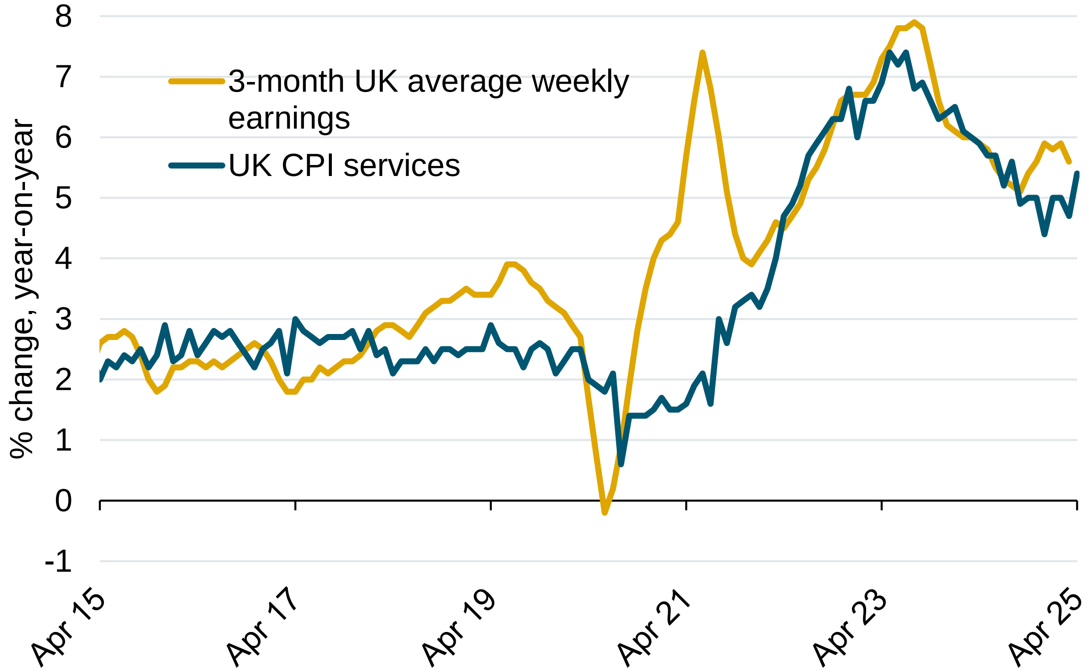


Source: LSEG Datastream, Consensus Economics



Source: LSEG Datastream, Bloomberg

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Interest rates

That said, tariffs increase the downside risks to growth and, ultimately, inflation. Therefore, it is not unreasonable markets have moved to price in more rate cuts than before. However, central banks may be more cautious than markets expect in the near term amid signs of underlying domestic inflationary pressures.

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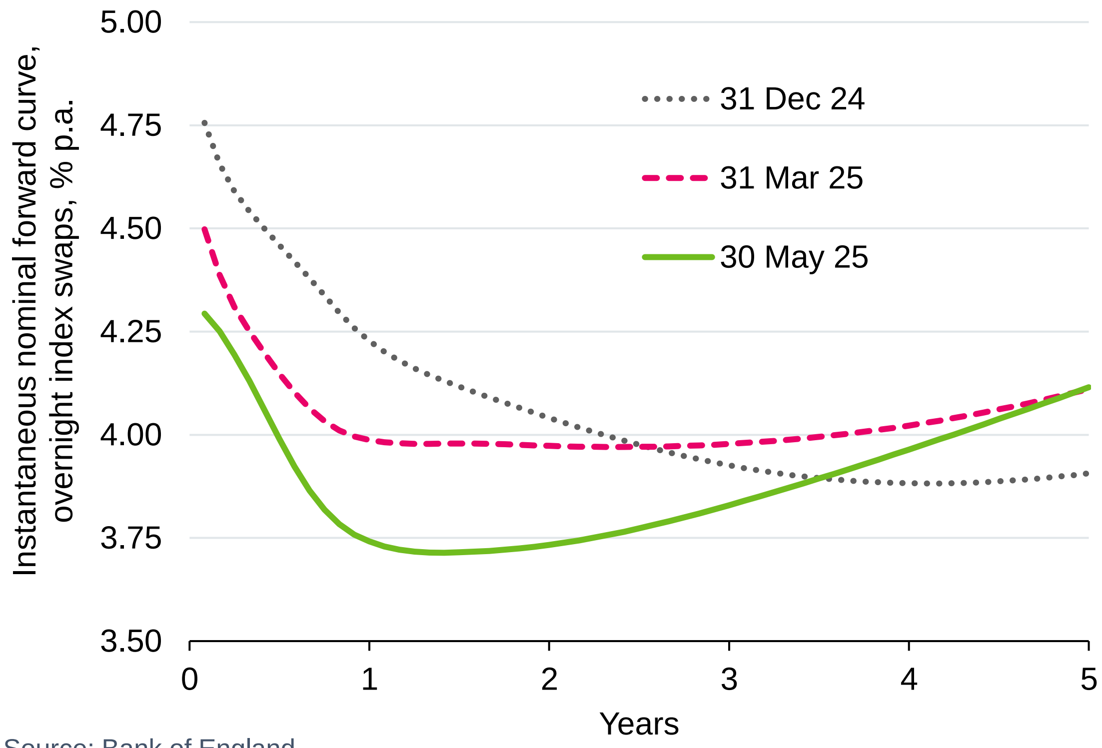
Source: Bloomberg



Source: Bank of England

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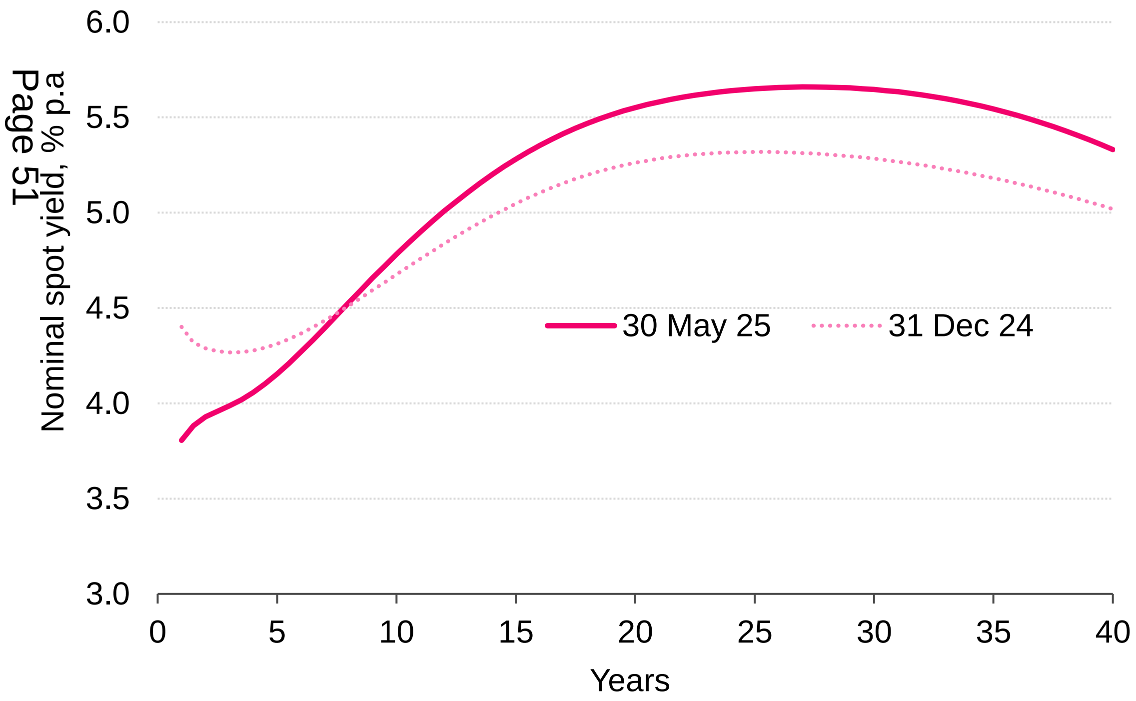
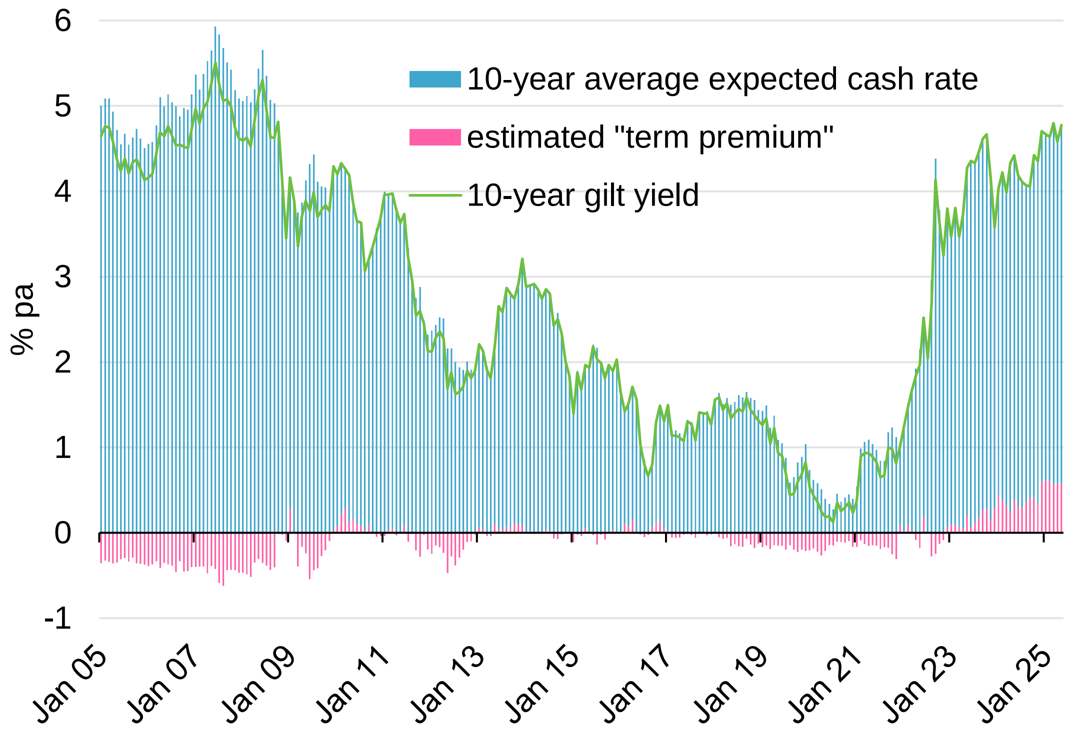
Government bonds

While the market might be overestimating the extent of rate cuts in the near-term, longer term swap rates imply the Bank of England base rate will average 4.2% pa over the next 10 years. Furthermore, gilts offer a substantial premium relative to swaps and are arguably reflective of the weak technical backdrop. As a result, we see attractive value in UK gilts, given high yields relative to economic fundamentals.



Source: Bank of England



Source: Bank of England

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Investment-grade credit

Credit spreads have risen since the start of the year, amid trade uncertainty and growth concerns. But credit spreads began their ascent from historically low levels and, given the tightening seen since, remain low relative to history.

ABS spreads have also rose in the wake of “Liberation Day” trade announcements, and widened relative to similarly rated corporate credit, but have since almost entirely retraced these moves.

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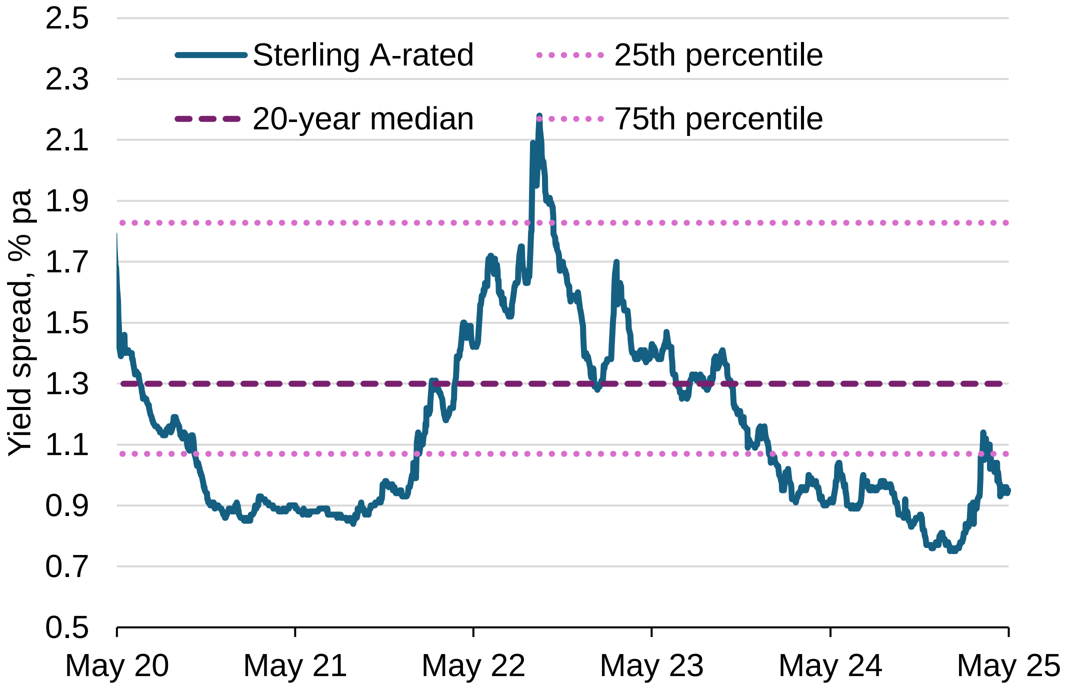
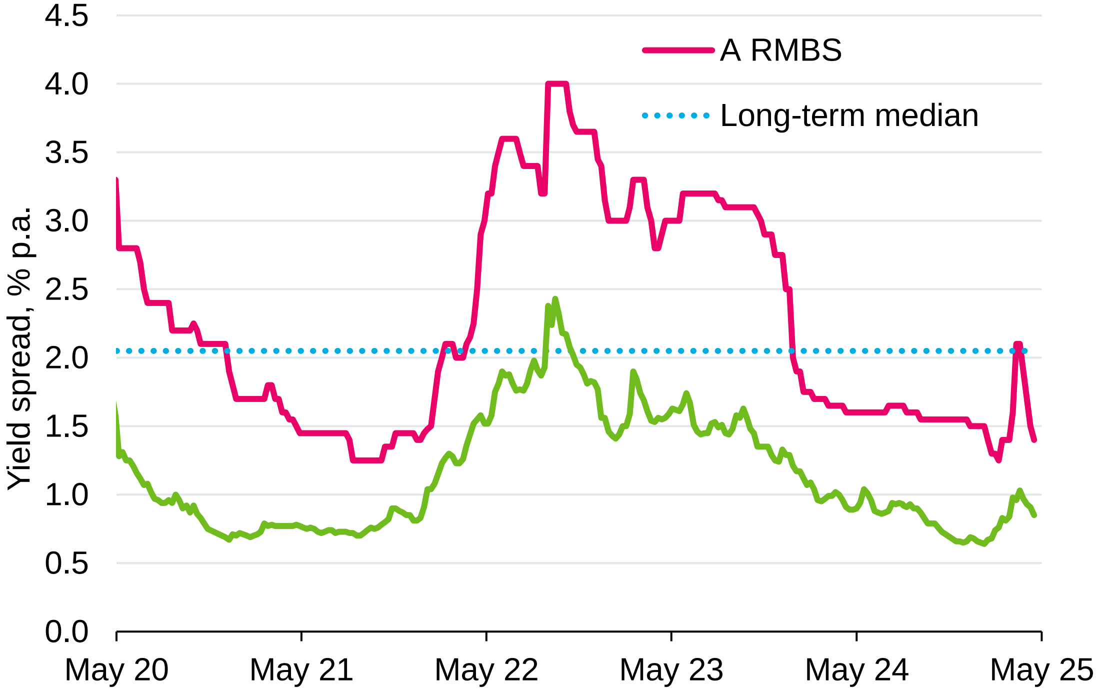


Source: ICE Index Platform



Source: Citivelocity, ICE Index Platform, Data currently available to 16 May 2025

Speculative-grade credit

Speculative-grade credit spreads have followed a similar pattern, and we would still retain a degree of caution: spreads are above the historically low levels seen at the start of the year but are still low relative to long-term averages. Speculative-grade loan spreads have also risen, but less dramatically and from a higher initial level.

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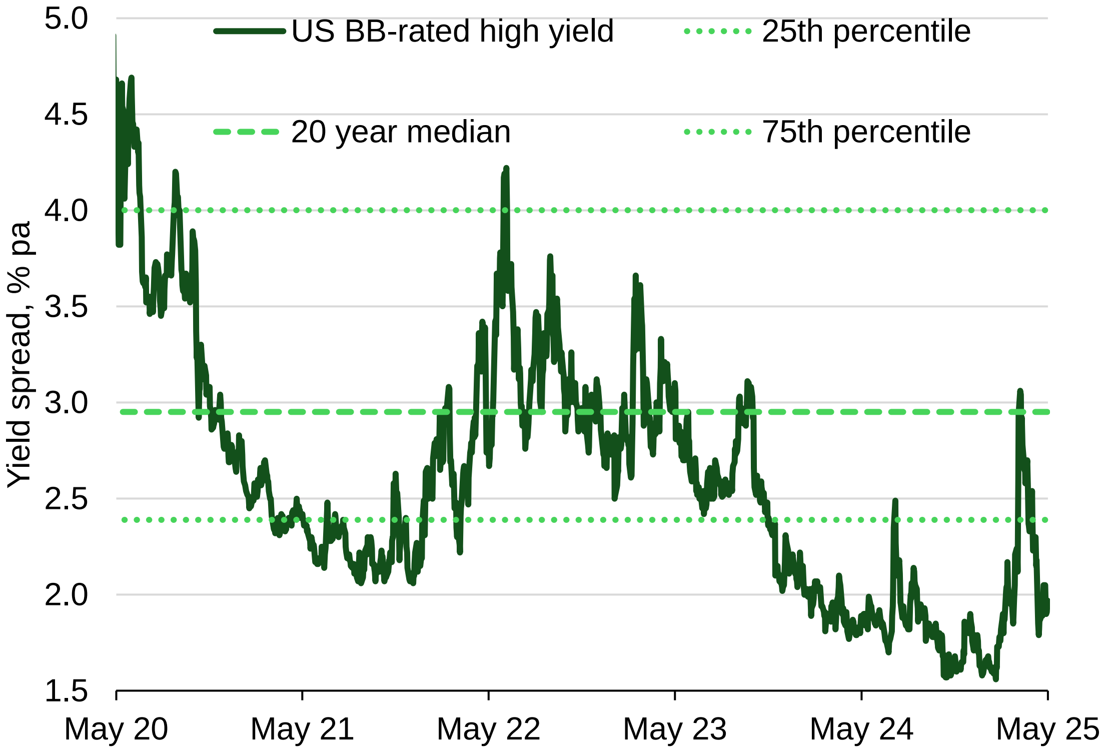
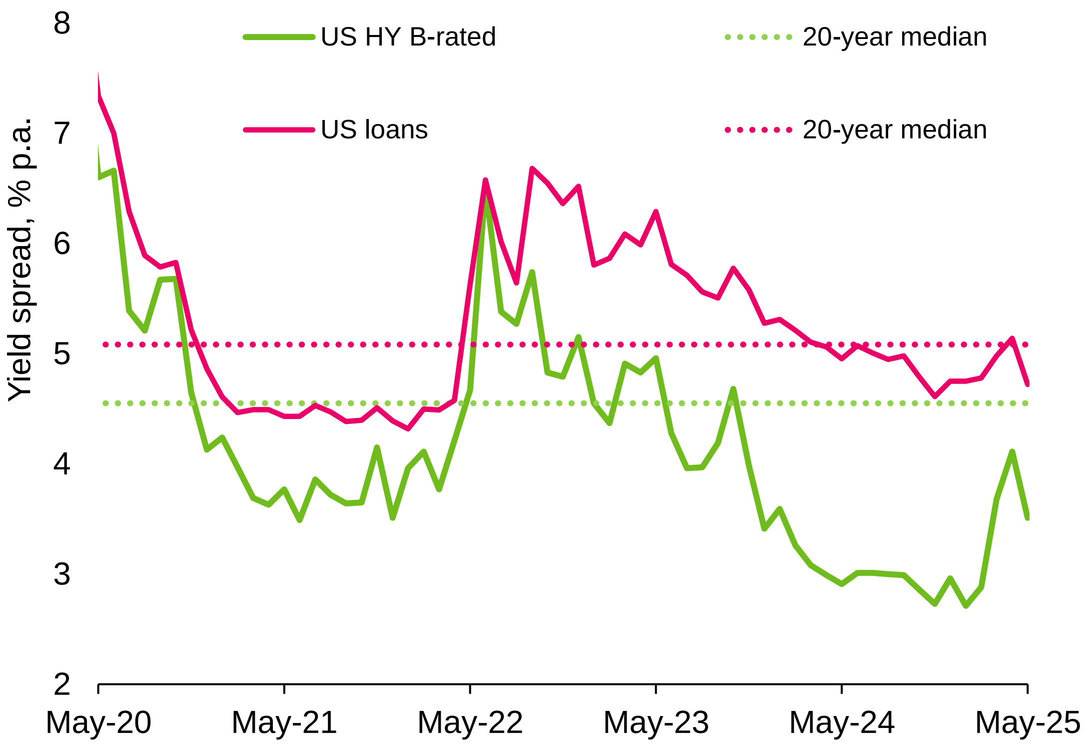


Source: ICE Index Platform



Source: ICE Index Platform, Barings

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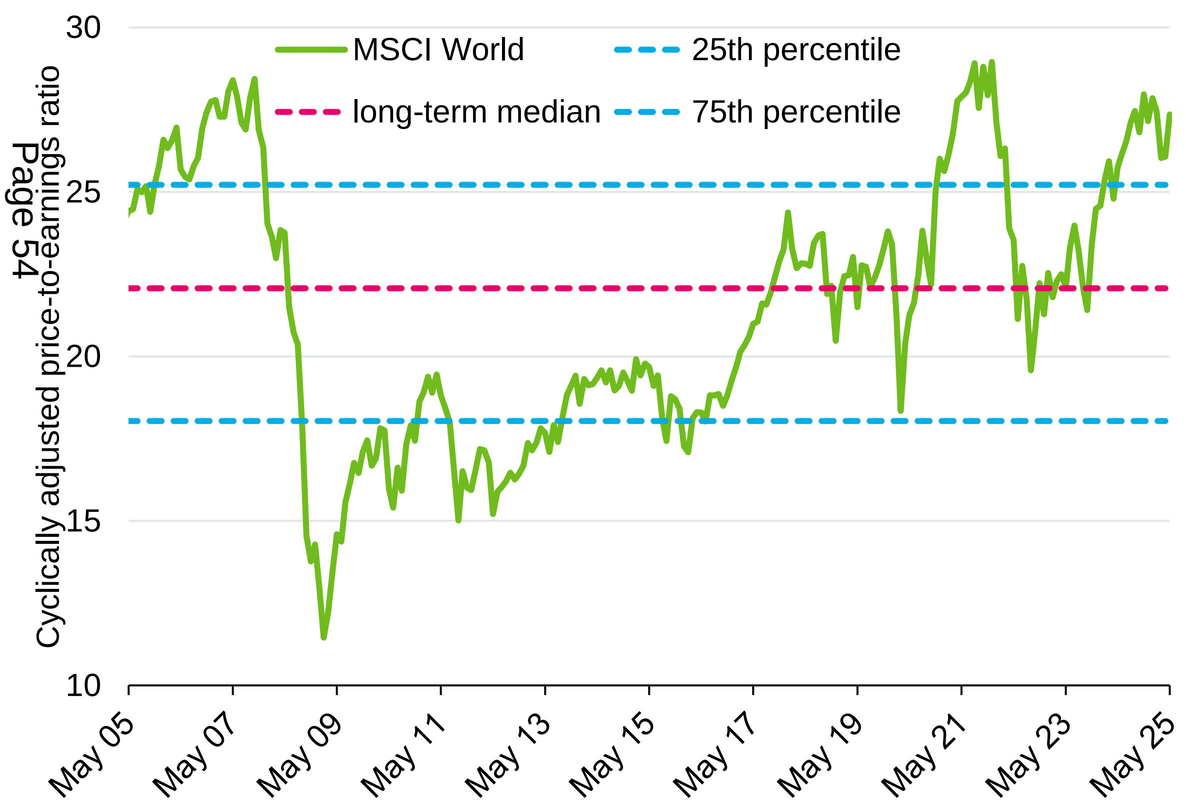
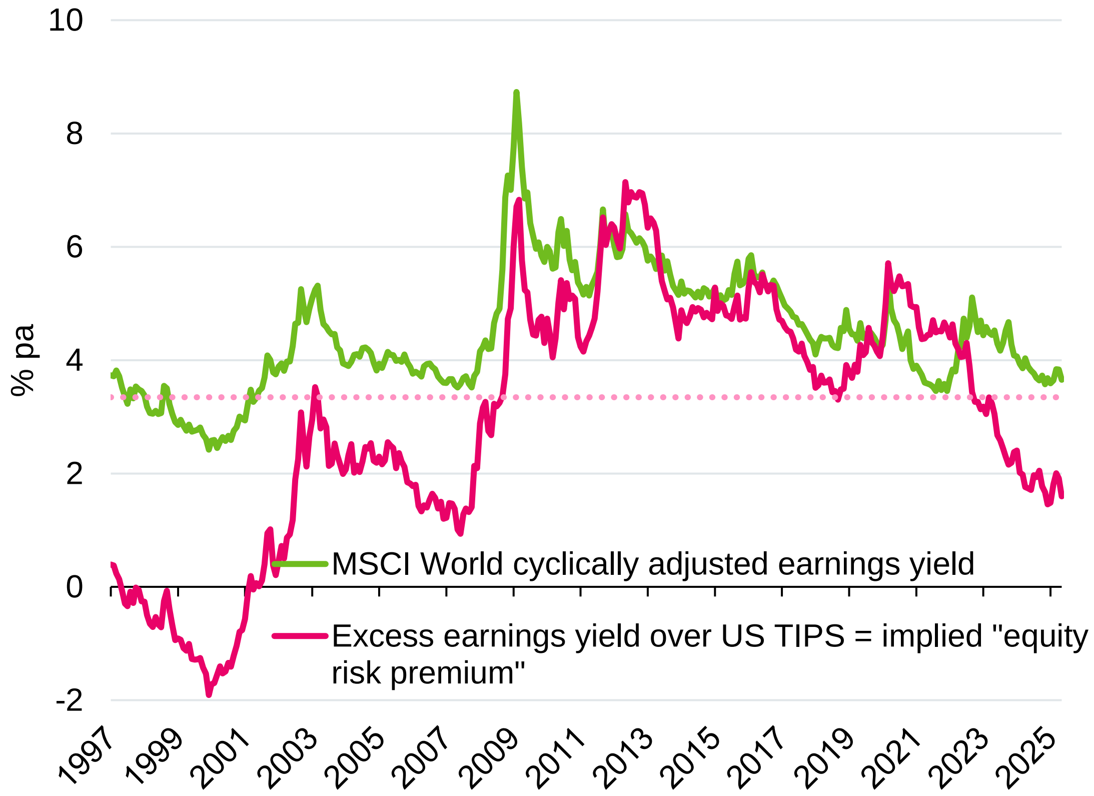
Equities

Global equity cyclically adjusted price-to-earnings ratios have returned to the historically elevated levels seen at the start of the year. This, and elevated real bond yields, means the implied “equity risk premium” looks low relative to history.



Source: LSEG Datastream, Hymans Robertson



Source: LSEG Datastream, Hymans Robertson

Equities

Despite the US underperformance, and growth stocks underperforming value stocks, US equity market concentration remains high, while the US continues to trade at a premium to both its own history and global benchmarks. Meanwhile, growth stocks continue to trade at an elevated premium to value stocks versus history, despite the recent underperformance of growth stocks versus value stocks.

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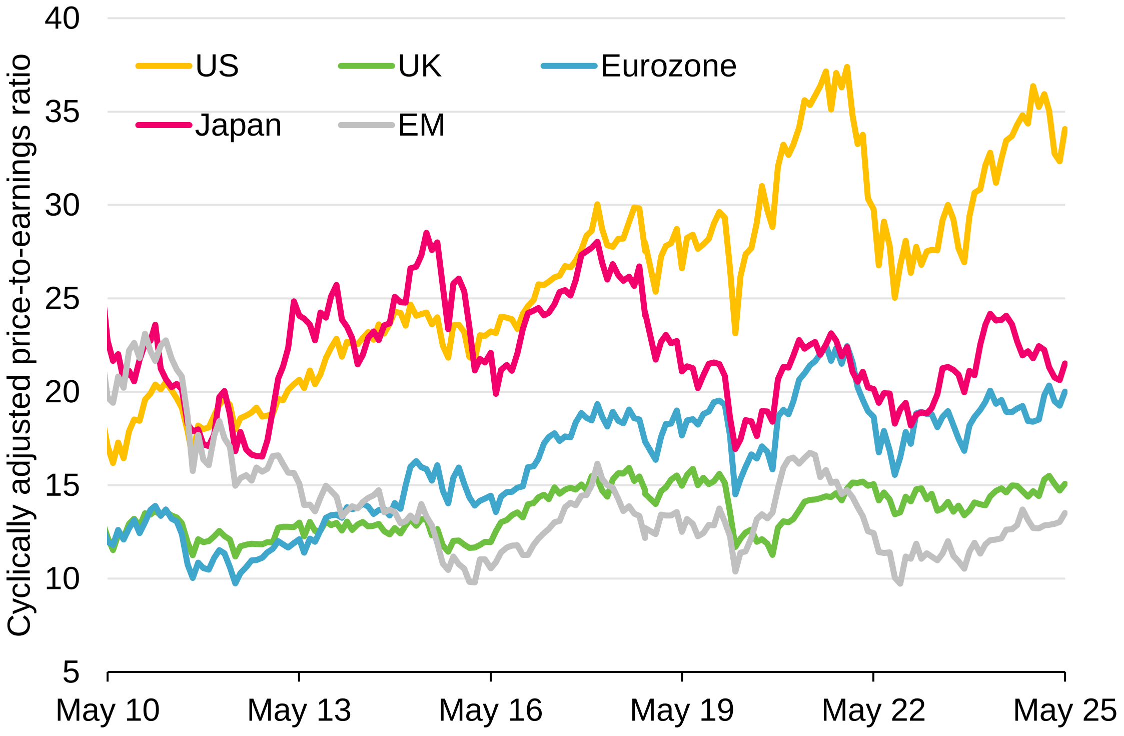


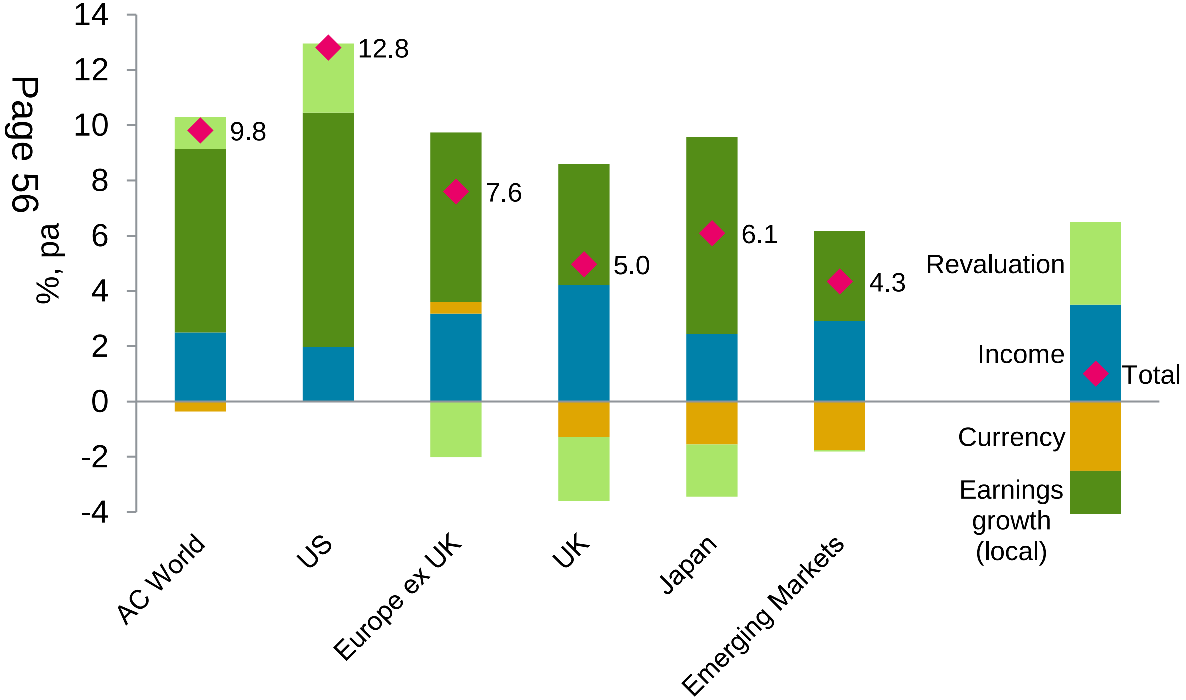
Source: LSEG Datastream, Hymans Robertson

Source: LSEG Datastream, Hymans Robertson

Equities

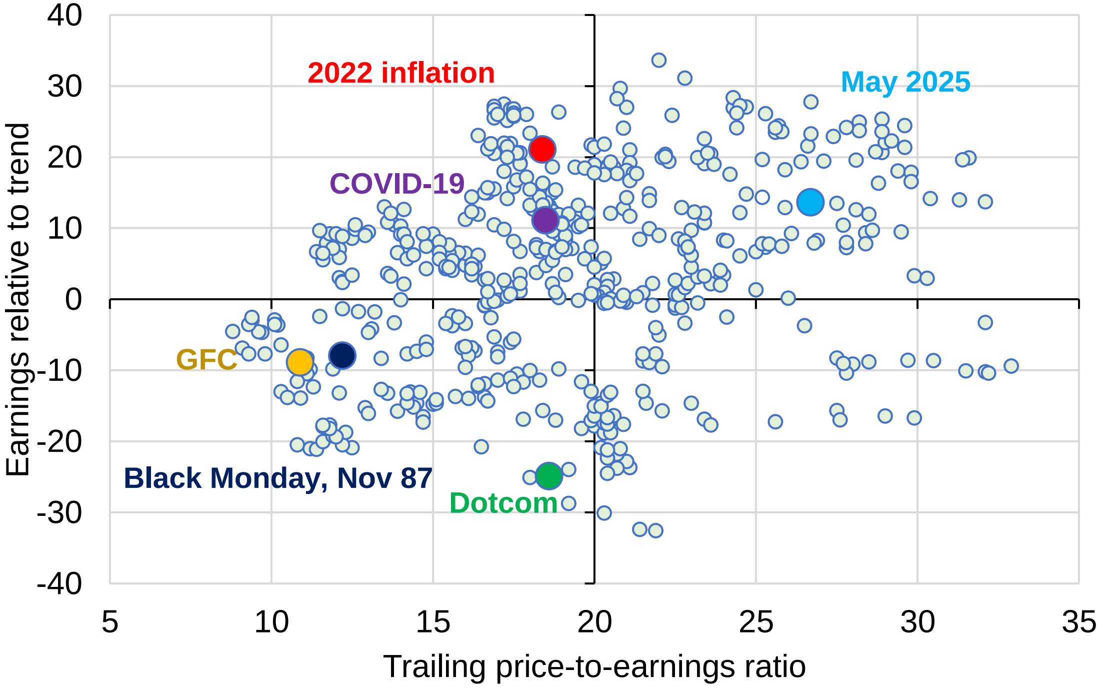
Historic returns are no guide to the future. But examining the composition of those returns could be helpful. Given the past decade's above-trend earnings growth and multiple expansion, both earnings and valuations could be headwinds for medium-term US equity returns.

MSCI Index performance ($ total return 29.05.15 - 30.05.25, % p.a.)



Source: LSEG Datastream, Hymans Robertson

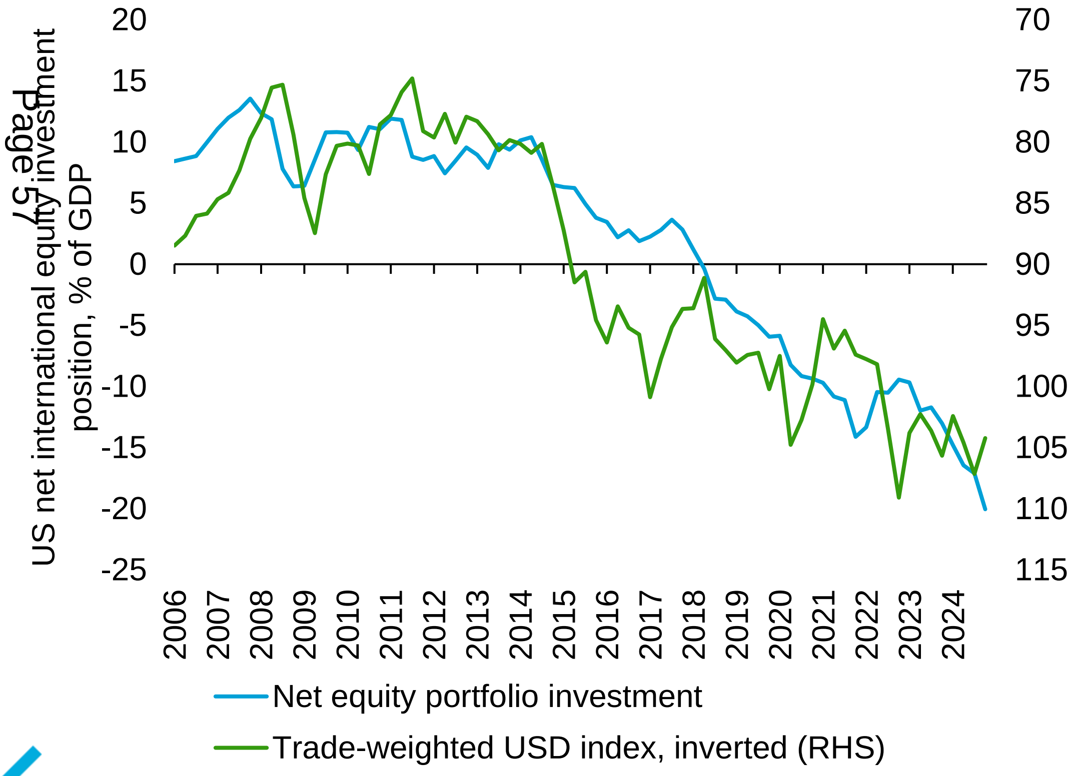
S&P 500, Dec 1982 to May 2025



Source: LSEG Datastream, Hymans Robertson

Currency

Shifts in the US net international investment position (NIIP) have scope to undermine the safe-haven status of the dollar and any longer-term reversal in the US NIIP could weigh on the dollar and US assets more broadly. However, given recent dollar weakness, sterling no longer looks particularly cheap relative to the dollar, based on the $/£ real effective exchange rate versus its long-term linear trend.



Source: Federal Reserve Bank of St Louis, LSEG Datastream

Source: LSEG Datastream, Hymans

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Thank you

Certified B Corporation

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

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Brent	**Brent Pension Fund Sub-Committee** 24 June 2025
	Report from the Corporate Director, Finance and Resources
	Lead Member – Deputy Leader & Cabinet Member for Finance & Resources (Councillor Mili Patel)

LGPS 'Fit for the future' Consultation Outcome

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt:	Open
List of Appendices:	One Appendix 1: Hymans Robertson Briefing Note on LGPS 'Fit for the Future' Consultation
Background Papers:	N/A
Contact Officer(s):	Minesh Patel, Corporate Director, Finance and Resources 020 8937 4043 (minesh.patel@brent.gov.uk) Amanda Healy, Deputy Director Investment & Infrastructure 020 8937 5912 (amanda.healy@brent.gov.uk) Sawan Shah, Head of Finance 020 8937 1955 (sawan.shah@brent.gov.uk) George Patsalides, Finance Analyst (george.patsalides@brent.gov.uk)

1.0 Executive Summary

1.1 The purpose of this report is to update the committee on the outcome of the Government's Fit for the Future consultation.

2.0 Recommendation(s)

2.1 The Committee is asked to note the report.

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.

4.0 Background

4.1 In July 2024, the Chancellor launched the UK Pensions Investment Review, which included proposals to improve the scale and efficiency of the UK's defined contribution (DC) pension schemes and the LGPS. In November 2024, the Government published its Fit for the Future consultation which included proposals in three key areas of the LGPS, namely to reform asset pooling, boosting investment in local areas of the UK, and strengthening the governance of administering authorities and LGPS pools.

4.2 The Government has now published its Final Report on the UK Pensions Investment Review and its response to the Fit for the Future consultation[1]. It confirms that it will move ahead with its core proposals, setting out its final policy measures on pooling, local investment and fund governance. The key takeaways from this are summarised thus:

Pooling

4.3 There are 86 LGPS funds in the UK, which have aggregated a portion of their assets with 8 regional investment pools. The London CIV was set up as the designated pooling entity for the 32 London boroughs.

4.4 The government required all 8 pools to submit transition plans to demonstrate how the proposed minimum standards could be met. Of the 8 pools, only 6 pool plans were accepted. The government concluded that ACCESS and Brunel's proposals did not align with its vision for the future of the LGPS and partner funds are required to find a new pool by September 2025. This will not affect London CIV.

4.5 In relation to concerns that it might not always be possible to accommodate Fund specific requirements on responsible investment, the Government has stated that, to achieve scale, pools would not be expected to create a range of bespoke solutions to fit each fund's ESG and RI requirements. Instead, funds

[1] https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/outcome/local-government-pension-scheme-england-and-wales-fit-for-the-future-government-response

should work together to reach a common approach. However, they acknowledge this will not always be possible, in which case more than one option can be offered.

4.6 Funds will continue setting their individual investment strategy, with the implementation of their strategy being delegated to their respective pools. To facilitate this, pools will be required to develop in-house investment management and advisory capabilities, with a view to establishing themselves as investment managers (and therefore be authorised and regulated by the FCA).

4.7 As such, pools will be mandated to provide partner funds with principal advice on their investment strategies, this is despite 54% of responses being opposed to the recommendation. Fund's will be able to procure advice from other sources, however the Government is of the view that this should only be under exceptional circumstances rather than routine.

4.8 The Government originally proposed for all listed assets to be transferred to pooled vehicles by March 2026, with remaining legacy illiquid assets to pooled management. These proposals have been loosened and the Government has stated that not all assets will need to be invested through a pool's own funds. Instead it will require that all LGPS investments, listed and unlisted, are transferred to the management of the pool reflecting concern that it would not always make financial sense to transfer passive assets into the pool. The Government does note that they expect the default position to be investing through a pool's own funds.

Investment in the UK

4.9 The Government has reiterated its encouragement for the LGPS to increase its investment exposure in the UK, with particular focus on exploring local investment opportunities. In this instance, 'local' investment will cover areas which are broadly regional to the pool and its partner funds. Therefore, for the Brent Pension Fund, this will cover investments in the Greater London area.

4.10 Under these proposals, funds will be required to set a target allocation for local investment, which will be outlined in its investment strategy. No statutory minimum has been prescribed for capital allocation; however, funds will be required to work with local authorities and regional stakeholders to ensure collaboration with local growth plans and prioritise opportunities which have the greatest impact.

4.11 As originally proposed, administering authorities will be required to disclose information relating to their local investments, including their target range and their impact, in their annual report. However, to simplify the reporting required and to avoid duplication, a key change in reporting requirements is that pools will now be required to report annually on total local investments made on behalf of their administering authorities, as well as their impact. The metrics by which local impact is assessed will not be prescribed by the Government.

Governance

4.12 The main governance proposals brought forward are based on recommendations following the Good Governance project, undertaken by the Scheme Advisory Board (SAB). The proposals include the requirement for partner funds to publish a governance and training strategy (replacing the governance compliance statement), outlining how knowledge requirements of members and officers will be met, and also include a conflict of interest policy.

4.13 A Senior LGPS Officer will also be appointed and hold overall responsibility for the management and administration of the fund, which includes providing advice to the Pension Committee and Pension Board and ensuring compliance with all statutory and regulatory obligations. There is also a new proposal for pension committees to appoint an independent adviser, as a key driver of strengthening improvements in governance.

4.14 The proposal for pension committee members, the senior LGPS officer, and officers to have the appropriate level of knowledge and understanding for their roles, with requirements for pension committee members and local pension board members aligned will be taken forward and guidance for non-compliance will be issued.

4.15 An independent review of governance arrangements will take place every three years, with the aim of providing assurance that governance recommendations are being met. This is a welcome change from the original proposal of a biennial review, which would not have aligned with the triennial valuation cycle.

4.16 The Fund’s investment advisors, Hymans Robertson, have published a briefing note on the consultation outcome, which is enclosed as Appendix 1.

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 (if appropriate)

10.1 Not applicable.

11.0 Communication Considerations

11.1 Not applicable.

Report sign off:

Minesh Patel
Corporate Director of Finance and Resources

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HYMANS ROBERTSON

POLICY BRIEFING NOTE:

The Government's response to the 'LGPS: Fit for the future' consultation

Iain Campbell
Head of LGPS Investment

Susan Black
Head of LGPS Governance, Administration and Projects

The UK Government's much-awaited response to the feedback on its 'LGPS: Fit for the future' consultation was published on 29 May. As a reminder, you can find a summary of the proposals set out here. In its response, the Government confirmed its planned route forward for the range of proposals from last November, covering pooling, local investment and governance. We summarise their response below and now await legislation and guidance to provide greater detail.

Perhaps surprisingly, the consultation response noted that the Pension Schemes Bill will also clarify the existing provision in the Public Service Pensions Act 2013 to allow for the winding-up of pension funds so that it explicitly includes the merger, including compulsory merger, of pension funds. This is intended to provide Government with the power to force mergers if needed, with examples provided being as a consequence of local government reorganisation or 'in the event local decision making is not effective in bringing about satisfactory arrangements'.

Pooling

What was proposed?

Perhaps the most significant proposed changes were about pooling. FCA authorisation; pooling of all assets, including the oversight of assets that could not be transitioned; and pools taking on additional services, including providing investment strategy advice, were the key proposals. Alongside this, a transition of many aspects of decision-making from pension committees to pools was proposed. Committees remained responsible for high-level strategy, but all implementation below that was to be delegated to pools. Committees would set "high-level objectives", with an option to also set a target asset allocation. However, the options for asset classes that committees could select from were limited. It was proposed that all of this was delivered by 31 March 2026. Whilst already a tall order, this was further complicated in April by the Government instructing the ACCESS and Brunel pools to disband and their partner funds to find new pools to join by 30 September 2025.

What will go forward?

- The Government has confirmed it will move ahead with the core of its proposals, with only minimal amendments.
- Funds will continue to set their own investment strategies, but will be required to delegate the implementation of their investment strategy to their pool, as well as taking their "principal" investment strategy advice from the pool. Funds can procure their own supplementary advice, but only in "exceptional"

circumstances. It has been clarified that decisions on investment style, including the level of active and passive management, will be an implementation decision taken by the pool. Similarly, Government has confirmed that their proposed list of asset classes that funds can choose from will be used but have clarified that ‘cash’ refers to ‘investment cash’ and not the ‘operational cash’ that funds require for paying pensions.

- All assets, listed and unlisted, must also be transferred to the management of a fund’s pool. However, Government has stated that not all assets will need to be invested through a pool’s own funds. Instead, the pools will take a decision on all assets, inside or outside of the pool, of whether to buy, hold or sell. However, Government does note that they expect the default position to be investing through a pool’s own funds.
- Government stated that, to achieve scale, pools would not be expected to create a range of bespoke solutions to fit each fund’s ESG and RI requirements. Instead, funds should work together to reach a common approach. However, they acknowledge this will not always be possible, in which case more than one option can be offered.
- There was also acknowledgement that fiduciary oversight services could be used to help funds to oversee their pools, but that this should be procured as collective groups of funds, in conjunction with their pool.
- There is confirmation that the pools must be established as FCA-authorised and regulated investment management companies, affecting two of the remaining pools.
- The Government has confirmed the deadline of 31 March 2026 still stands for those funds whose pool remains. For those funds needing to find a new pool, government state that the deadline should “be adhered to as closely as possible with an aim to have shareholder agreements in place by 31 March 2026” but do acknowledge there may be challenges resulting in delays. They also state that there are no plans to reduce the number of pools to less than six.
- In finding a new pool, Government stated that it would prefer funds to join new pools on a voluntary basis but will create the power within the Pension Schemes Bill to direct funds into pools if needed, or even wind up/merge a fund.

Additionally, Government has stated it will work with pools to understand how Stamp Duty Land Tax might prevent property assets from being pooled. It also states that the Pension Schemes Bill will look for a solution to the Procurement Act 2023 that currently prevents pools from collaborating more fully.

Local investment

What was proposed?

After much discussion and commentary from the Government on the need for more UK pension assets to be invested in the UK, the focus for the LGPS was on investing locally. It was proposed that LGPS funds were required to set out their approach to local investment, with a target range for local opportunities in their investment strategies. The proposals stopped short of setting out a requirement for a minimum investment size. Government aimed to clarify what “local” means to the LGPS, with a proposed definition of being in a fund’s “region” or the area covered by their pooling partners. It was proposed that funds work with local entities, such as the mayoral authorities being set up as part of Local Government Reorganisation, to plug into local economic growth plans to find investment needs and opportunities. Aligned to the need to pool all assets, all local investments would be made through the pool. The pools were then required to develop the capacity for due diligence on these investment opportunities and would take the final decision on whether to invest. Finally, it was proposed that funds will have to report on their local investments, both the value and their impact, in their annual reports.

What will go forward?

- Again, the Government have confirmed they will move ahead with the core of their proposals, with only minimal amendments.
- The definition of 'local' has been set as 'broadly local or regional to the Administering Authority or pool'. They also state that the investment 'should have some quantifiable external benefits to the area', which they say include 'economic growth, environmental benefits or positive social impacts'.
- Each pool will be required to build the capability to enable local investment for their funds, including being able to carry out due diligence and manage these types of investments. They noted the potential initial challenges in this area and stated that external managers can be used at first, but eventually expect to see internal management of these investments.
- The proposals for funds to set out their approach to local investment and a target range within their Investment Strategy Statement have been confirmed.
- The Government also have confirmed a requirement for funds to work with local authorities, regional mayors and their strategic authorities, and Welsh Authorities to ensure collaboration on local growth plans. They have added the pools to this requirement. They also note that the National Wealth Fund will play a role in addressing access to "finance gaps".
- There was acknowledgement of the level of work and potential for replication involved in each fund reporting on the impact of their local investments. The Government has therefore stated that this reporting should be provided by the pools, which the funds can then draw from for their own reporting.

Governance

What was proposed?

After many calls from the industry, the Government put forward proposals to address the recommendations of the Scheme Advisory Board's (SAB's) Good Governance review. These included: a requirement that committee members have the appropriate knowledge and skills; funds publish strategies on governance, training and administration (including conflicts of interest); and that a senior LGPS officer is appointed at each fund. A key proposal was for funds to be required to participate in a biennial independent review to obtain assurance that they are meeting governance requirements. There was also a new proposal for pension committees to appoint an independent adviser to drive governance improvement, challenge and delivery. For pools, it was proposed that boards include one or two representatives from their partner funds and improve transparency, including reporting investment performance and transaction costs.

What will go forward?

The consultation proposals received general support from respondents, and most will be taken forward with minimal amendments. One theme that came through was call for more clarity. Government has stated that it will work with the SAB to produce statutory guidance in a number of these areas.

- Responding to fears that a single governance and training strategy, including a pension fund specific conflicts of interest policy, would prove unwieldy, the requirement will now be for separate polices in in these areas. They must be reviewed on a three yearly cycle but Government will not be prescriptive about when.
- A mandated administration strategy supported by additional guidance will be required.
- Administering authorities will be required to appoint a senior LGPS officer with overall responsibility for the management, business planning, strategy and administration of the fund. There will be guidance covering how the role will interact with the existing s151 officer's role and that of the pool. We welcome the

statement that “pension fund budget-setting should be seen as separate from that of the AA as a whole and should not be subject to resource restrictions which may apply across other functions”.

- The biennial independent governance review will now be a triennial event, with flexibility to carry out the review at any point within that timeframe. Government will have the power to impose a review on any fund which it believes has substandard governance.
- The committee knowledge and understanding requirement will be taken forward. Knowledge will be an individual, not collective, responsibility and guidance will cover how members can be held account for non-compliance.
- The original requirement for every pension committee to appoint a pensions professional as an independent member, either with voting rights or as an adviser, has been watered down. Recognising the principle of democratic accountability, the requirement will now to be appoint such a professional purely in an advisory, non-voting, capacity. The individual will need to have pensions qualifications and experience but not necessarily specific to the LGPS.
- On the pooling front, the Government has pulled back from insisting that pool company boards include one or more representatives of partner administering authorities. There will now be more flexibility to consider the governance structure that best meets the needs of their shareholders and scheme members.

What’s next?

This response from Government confirms their intentions for changes to the LGPS. However, key details of how this will be implemented remain to be seen, with further legislation and guidance to follow.

In the meantime, despite the generally negative feedback on the proposals and widespread concern on the implementation timeline, it’s clear that the Government is intent on implementing these changes. Officers and Committees should now consider how to fulfil these new requirements in the best interests of their funds.

Areas we suggest funds should consider:

- Pool oversight – with the pools set to provide a significant range of services that will be incredibly impactful on your fund’s returns, you will need the governance in place to ensure they’re operating well and delivering on your requirements. Whilst arrangements are already in place across the pools, this has become especially important, particularly during the build – ensuring that pools develop this vast range of new services to a sufficient level, while still delivering on the “day job” of managing your current assets well. Funds should consider whether the current arrangements need strengthening to reflect the larger role.
- Local investment – funds should now work on setting out a strategy and policy to inform local investment activities. This will ensure you are a ‘maker’ rather than a ‘taker’ of your local investment work. Considerations such as your definition of ‘local’, the impacts you wish to target and asset classes you are willing to invest in will be key.
- Governance – Whilst we wait for further details, we recommend that you think about which role in your organisation will correspond to the senior LGPS officer post, or, if none currently exists, how will that be filled. How do you propose to provide committee members with the appropriate level of training they require and how will this be evidenced? Work could start on considering which policies will need developing/refreshing.

If you would like to discuss any of the topics covered in the briefing note, please get in touch.

HYMANS ROBERTSON

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Brent	**Brent Pension Fund Sub-Committee** 24 June 2025
	Report from the Corporate Director of Finance and Resources
	Lead Member – Deputy Leader & Cabinet Member for Finance & Resources (Councillor Mili Patel)

Brent Pension Fund: Draft Annual Accounts 2024/25

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt:	Open
List of Appendices:	Two Appendix 1: Draft Brent Pension Fund Accounts 2024/25 Appendix 2: Brent Pension Fund Indicative Audit Plan - 31 March 2025
Background Papers:	N/A
Contact Officer(s):	Minesh Patel, Corporate Director, Finance and Resources 020 8937 4043 (minesh.patel@brent.gov.uk) Amanda Healy, Deputy Director Investment & Infrastructure 020 8937 5912 (amanda.healy@brent.gov.uk) Sawan Shah, Head of Finance 020 8937 1955 (sawan.shah@brent.gov.uk) George Patsalides, Finance Analyst (george.patsalides@brent.gov.uk)

1.0 Executive Summary

1.1 This report presents the draft Pension Fund Annual Accounts for the year ended 31 March 2025.

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**

3.1.1 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.

4.0 Background

4.1 The Brent Pension Fund is administered by Brent Council and the pension fund's accounts form part of the Council's financial statements. Therefore, formal approval of the pension fund accounts rests with the Council's Audit and Standards Advisory Committee and the Pension Sub-Committee are presented with the accounts for noting.

4.2 While the statutory deadline for publication of the draft accounts is 30 June 2025, the Pension Fund accounts are now expected to be published by 18 July 2025, as advised to the Council's Audit and Standards Advisory Committee on 16 June. This revised timeline reflects delays arising from matters identified during the audit of the Council's core financial statements. Although these matters are not directly related to the Pension Fund, they have a consequential impact on the timing of its publication. However, this is not expected to affect the timing of the Pension Fund audit, which is scheduled to commence in July.

4.3 Grant Thornton will present the indicative draft audit plan for the 2024/25 accounts at the Audit and Standards Advisory Committee meeting of 16 June 2025. The audit plan covers the nature, timing and extent of audit procedures to be performed by the engagement team. This is attached to this report in Appendix 2.

4.4 Fund officers will now prepare the Pension Fund annual report which will be presented to the Committee at the next meeting.

4.5 Attached as Appendix 1 are the Draft Pension Fund Annual Accounts for the year ended 31 March 2025.

4.6 The accounts have been prepared to meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) governing the preparation of the 2024/25 financial statements for Local

Government Pension Scheme funds. The accounts (which are unaudited) aim to give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2025 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2025.

4.7 The main items to note are as follows:

- During 2024/25, the value of the Pension Fund's investments increased to £1,310m (2023/24 £1,259m). The Fund's passive global equity exposure was the main driver of positive returns, along with its allocation to UK equities. The main detractor from performance was the Fund's government bond exposure, which fell in value as gilt yields rose over the period. Further detail on investment performance is available in the regular monitoring reports.

- Total contributions received from employers and employees were £73m for the year, an increase on the previous year's £69m.

- Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, were £60m, an increase on the previous year's £52m.

- As in 2023/24, the pension fund is in a positive cash-flow position because its contributions exceed its outgoings to members.

5.0 Stakeholder and ward member consultation and engagement

5.1 There are no direct considerations arising out of this report.

6.0 Financial Considerations

6.1 There are no direct financial considerations arising out of this report.

7.0 Legal Considerations

7.1 There are no legal considerations arising out of this report.

8.0 Equality, Diversity & Inclusion (EDI) Considerations

8.1 There are no equality considerations arising out of this report.

9.0 Climate Change and Environmental Considerations

9.1 There are no climate change and environmental considerations arising out of this report.

10.0 Human Resources/Property Considerations (if appropriate)

10.1 There are no HR or property considerations arising out of this report.

11.0 Communication Considerations

11.1 There are no communication considerations arising out of this report.

<u>Report sign off:</u>

Minesh Patel
Corporate Director of Finance and Resources

Draft Brent Pension Fund Accounts

Pension Fund Accounts as at 31 March 2025

2023/24 £m		Notes	2024/25 £m
	Dealings with members, employers and others directly involved in the fund		
(68.9)	Contributions	7	(73.2)
(7.8)	Transfers in from other pension funds	8	(6.8)
(76.7)			**(80.0)**
52.0	Benefits	9	59.9
7.8	Payments to and on account of leavers	10	9.3
59.8			**69.2**
(16.9)	**Net (additions)/withdrawals from dealings with members**		**(10.8)**
4.2	Management expenses	11	5.1
(12.7)	**Net (additions)/withdrawals including management expenses**		**(5.7)**
	Returns on investments		
(10.9)	Investment income	12	(15.4)
(0.2)	Taxes on income	13	0.1
(117.1)	(Profits) and losses on disposal of investments and changes in the market value of investments	14	(30.6)
(128.2)	**Net return on investments**		**(45.9)**
(140.9)	**Net (increase)/decrease in the net assets available for benefits during the year**		**(51.6)**
(1,120.3)	**Opening net assets of the scheme**		**(1,261.2)**
(1,261.2)	**Closing net assets of the scheme**		**(1,312.8)**

Net Assets Statement of the Pension Fund as at 31 March 2025

	Notes	31 March 2024 £m	31 March 2025 £m
Investment assets	14	1,259.3	1,310.3
Total net investments		**1,259.3**	**1,310.3**
Current assets	20	3.5	5.1
Current liabilities	21	(1.6)	(2.6)
Net assets of the fund available to fund benefits at the end of the reporting period		**1,261.2**	**1,312.8**

The net asset statement includes all assets and liabilities of the Fund as at 31 March 2025 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 44 employer organisations with active members within the Brent Pension Fund at 31 March 2025, 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
(Capital City Academy)
Harris Primary Academy
(South Kenton)
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
St Mary's RC Academy
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
Taylor Shaw
Veolia

	31-Mar-25	31-Mar-24
Brent Pension Fund		
Number of employers with active members	44	43
Number of employees in scheme		
Brent Council	4,630	4,501
Other employers	2,100	2,044
Total	**6,730**	**6,545**
Number of pensioners		
Brent Council	6,753	6,487
Other employers	932	880
Total	**7,685**	**7,367**
Deferred pensioners		
Brent Council	6,951	7,091
Other employers	1,428	1,363
Total	**8,379**	**8,454**
Total members in pension scheme	**22,794**	**22,366**

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 2025. 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 2024/25, the most commonly applied employer contribution rate within the Brent Pension Fund was 32% 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 2024/25 financial year and its position at year-end as at 31 March 2025. 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) Management expenses

The fund discloses its management expenses in line with the CIPFA guidance accounting for local government pensions scheme management expenses, as shown below. All items of expenditure are charged to the fund on an accrual basis as follows:

i) Administrative expenses
All staff costs for the pensions administrative team are directly charged to the fund. Council recharges for management, accommodation, and other overhead costs are accounted for as administrative expenses.

ii) Oversight and governance
Costs associated with governance and oversight are separately identified, apportioned, and charged as expenses to the fund.

iii) Investment management expenses: Investment fees are directly charged to the fund as management expenses and are not included in reported investment returns. If fees are netted off returns by investment managers, these expenses are adjusted to reflect their impact on the investment value. Fees charged by external investment managers and custodians are based on the market value of managed investments, increasing, or decreasing with the changes in value. Estimated fees based on market value are included if fee notes are not received by year-end. Costs of the council's in-house fund management team and officer team spent on investment management are charged to the fund.

Net Assets Statement

g) 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.

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.

h) Contingent Assets

Admitted body employers in the Brent Pension Fund hold 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. Contingent Assets are disclosed in Note 25.

i) 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.

j) 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.

k) 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.

l) 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.

m) 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).

n) 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 2024/25.

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 real discount rate assumption would result in an increase in the pension liability of approximately £21m. A 0.1% increase in Pension Increase Rate (CPI) would increase the value of liabilities by approximately £20m, and a one-year increase in assumed life expectancy would increase the liability by around 4% (c. £49m).
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 £113.9m. 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 £13.9m.

6. *Events after the Reporting Date*

Global investment markets have been particularly volatile during April 2025, in response to the imposition of tariffs by the United States. The announcement and subsequent implementation of these tariffs triggered substantial volatility across global investment markets, to which the Brent Pension Fund has significant exposure.

As at the date of publication of these accounts, volatility in financial markets has subsided, and, at the time of writing, global markets have largely recovered since the initial disruption. The Brent Pension Fund continues to monitor developments and the Fund will continue to hold a well-diversified portfolio maintaining a long-term perspective.

7. Contributions receivable

By Category

	2023/24	2024/25
	£m	£m
Employees' Contributions	11.1	12.0
Employers' Contributions:		
Normal contributions	36.9	39.1
Deficit recovery contributions	20.4	18.9
Augmentation contributions	0.5	3.2
Total Employers' contributions	57.8	61.2
Total contributions receivable	**68.9**	**73.2**

By authority

	2023/24	2024/25
	£m	£m
Administering Authority	53.1	57.9
Scheduled bodies	13.7	14.0
Admitted bodies	2.1	1.3
Total	**68.9**	**73.2**

8. Transfers in from other pension funds

	2023/24	2024/25
	£m	£m
Individual transfers	7.8	6.8
Total	**7.8**	**6.8**

9. Benefits payable

By Category

	2023/2024	2024/2025
	£m	£m
Pensions	45.2	49.3
Commutation and lump sum retirement benefits	6.0	10.0
Lump sum death benefits	0.8	0.6
Total	**52.0**	**59.9**

By authority

	2023/24	2024/25
	£m	£m
Administering Authority and Scheduled bodies	51.4	58.9
Admitted bodies	0.6	1.0
Total	**52.0**	**59.9**

10. Payments to and on account of leavers

	2023/24	2024/25
	£m	£m
Refunds to members leaving service	0.1	0.2
Individual transfers	7.7	9.1
Total	**7.8**	**9.3**

11. Management Expenses

	2023/24	2024/25
	£m	£m
Administration costs	1.6	2.4
Investment management expenses	2.4	2.3
Oversight and Governance costs	0.2	0.4
Total	**4.2**	**5.1**

The management fees disclosed above include all investment management fees directly incurred by the Fund including those charged on pooled fund investments. Audit fees were £105k (£86k 2023/24).

11a. Investment management expenses (see Note 11a for further details)

	2023/24	2024/25
	£m	£m
Management fees	2.4	2.3
Custody fees	0.0	0.0
One-off transaction costs	0.0	0.0
Total	**2.4**	**2.3**

11a. Investment management expenses

Fund Manager	2024/25 Total	Management fees	Custody fees	One-off transaction costs
	£m	£m	£m	£m
Alinda	0.2	0.2	0.0	0.0
Capital Dynamics	0.1	0.1	0.0	0.0
Fidelity	0.1	0.1	0.0	0.0
Legal & General	0.1	0.1	0.0	0.0
LCIV MAC	0.2	0.2	0.0	0.0
LCIV JP Morgan	0.3	0.3	0.0	0.0
LCIV Baillie Gifford	0.3	0.3	0.0	0.0
LCIV Infrastructure	0.0	0.0	0.0	0.0
LCIV Private Debt	0.0	0.0	0.0	0.0
LCIV Ruffer	0.6	0.6	0.0	0.0
LCIV UK Housing Fund	0.0	0.0	0.0	0.0
London LGPS CIV LTD	0.2	0.2	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	**2.3**	**2.3**	**0.0**	**0.0**

Fund Manager	2023/24 Total	Management fees	Custody fees	One-off transaction costs
	£m	£m	£m	£m
Alinda	0.2	0.2	0.0	0.0
Capital Dynamics	0.1	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	0.1	0.1	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**

12. Investment income

	2023/24	2024/25
	£m	£m
Pooled investments- unit trusts and other managed funds	(8.4)	(9.6)
Dividend income from private equities/infrastructure/property	(0.5)	(2.7)
Interest income from private equities/infrastructure/private debt	(0.4)	(0.4)
Interest on cash deposits	(1.6)	(2.7)
Total	**(10.9)**	**(15.4)**

13. Taxes on income

	2023/24	2024/25
	£m	£m
Withholding tax	(0.2)	0.1
Total	**(0.2)**	**0.1**

14. Investments

Investments asset	Market value 31 March 2024	Market value 31 March 2025
	£m	£m
Pooled investments	1,068.4	1,091.8
Pooled property investments	24.1	41.1
Private equity/infrastructure/private debt	122.7	113.8
	1,215.2	**1,246.7**

14a. Investments 2024/25	**Market value 1 April 2024**	**Purchases during the year**	**Sales during the year**	**Change in market value during the year**	**Market value 31 March 2025**
	£m	**£m**	**£m**	**£m**	**£m**
Pooled investments	1,068.4	27.6	(34.5)	30.3	1,091.8
Pooled property investments	24.1	15.2	(0.2)	2.0	41.1
Private equity/infrastructure /private debt	122.7	7.2	(14.4)	(1.7)	113.8
	1,215.2	**50.0**	**(49.1)**	**30.6**	**1,246.7**
Other investment balances: Cash Deposit	44.1			0.0	63.6
Investment income due	0.0				0.0
Net investment assets	**1,259.3**				**1,310.3**

14a. Investments 2023/24	**Market value 1 April 2023**	**Purchases during the year**	**Sales during the year**	**Change in market value during the year**	**Market value 31 March 2024**
	£m	**£m**	**£m**	**£m**	**£m**
Pooled investments	947.9	82.5	(75.7)	113.7	1,068.4
Pooled property investments	25.0	0.0	(0.2)	(0.7)	24.1
Private equity/infrastructure /private debt	115.7	10.6	(7.6)	4.0	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**

14b. Analysis of investments by category

	Market value 31 March 2024	Market value 31 March 2025
	£m	£m
Pooled funds - additional analysis		
UK		
Fixed income unit trust	61.8	66.6
Unit trusts	193.7	192.1
Diversified growth funds	220.4	197.8
Overseas		
Unit trusts	592.5	635.2
Total Pooled funds	**1,068.4**	**1,091.8**
Pooled property investments	24.1	41.1
Private equity/infrastructure/private debt	122.7	113.8
Total investments	**1,215.2**	**1,246.7**

14c. Analysis of investments by fund manager

Market value 31 March 2024 £m	%	Fund manager	Market value 31 March 2025 £m	%
590.6	48.6	Legal & General	620.4	49.8
0.2	0.0	London CIV	0.2	0.0
42.7	3.5	LCIV - JP Morgan	61.4	4.9
19.7	1.6	Capital Dynamics	3.6	0.3
127.7	10.5	LCIV - Baillie Gifford	101.8	8.2
92.7	7.6	LCIV - Ruffer	96.0	7.7
61.8	5.1	LCIV - CQS & PIMCO	66.6	5.4
45.2	3.7	LCIV - Stepstone Infrastructure	54.2	4.3
-	-	LCIV UK Housing Fund	15.2	1.2
39.1	3.2	LCIV - Private Debt	40.2	3.2
18.7	1.5	Alinda	15.9	1.3
13.3	1.1	Fidelity UK Real Estate	14.7	1.2
152.7	12.6	Blackrock	145.4	11.7
10.8	0.9	UBS Triton Property Fund	11.2	0.9
1,215.2	**100.0**		**1,246.7**	**100.0**

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

Security	Market value 31 March 2024 £m	% of total fund %	Market value 31 March 2025 £m	% of total fund %
L&G - Global Equities	514.9	46.1	536.8	43.1
L&G - UK Equities	75.7	6.8	83.6	6.7
Blackrock - Over 15-Year Gilts	117.8	10.6	108.3	8.7
LCIV - Baillie Gifford DGF	127.7	11.4	101.8	8.2
LCIV - Ruffer DGF	92.7	8.3	96.0	7.7
LCIV - CQS & PIMCO MAC	61.8	5.1	66.6	5.3

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
Cash	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
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
Private Equity, Infrastructure and Private Debt	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 2025.

	Assessed valuation range (+/-)	Value at 31 March 2025	Value on increase	Value of decrease
	%	£m	£m	£m
Private equity	26.6%	1.5	2.0	1.1
Infrastructure	14.5%	72.1	82.6	61.7
Private debt	7.6%	40.2	43.3	37.2

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.

Values at 31 March 2025	**Quoted market price Level 1**	**Using observable inputs Level 2**	**With significant unobservable inputs Level 3**	**Total**
	£m	**£m**	**£m**	**£m**
Financial assets at fair value through profit and loss				
Pooled investments		1,091.8		**1,091.8**
Pooled property investments		41.1		**41.1**
Private Equity/Infrastructure/Private Debt				113.8
Subtotal Financial assets at fair value through profit and loss	**0.0**	**1,132.9**	**113.8**	**1,246.7**
Cash	63.6			**63.6**
Investment Income due	0.0			**0.0**
Subtotal Loans and receivables	**63.6**	**0.0**	**0.0**	**63.6**
Total Financial assets	**63.6**	**1,132.9**	**113.8**	**1,310.3**
Financial liabilities				
Current liabilities	(2.6)			**(2.6)**
Subtotal Financial liabilities at amortised cost	**(2.6)**	**0.0**	**0.0**	**(2.6)**
Total Financial liabilities	**(2.6)**	**0.0**	**0.0**	**(2.6)**
Net Financial assets	**61.0**	**1,132.9**	**113.8**	**1,307.7**

Values at 31 March 2024	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
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**

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 2024	**122.7**
Transfers into Level 3	0.0
Transfers out of Level 3	0.0
Purchases	7.2
Sales	(14.4)
Issues	0.0
Settlements	0.0
Unrealised gains/losses	(1.7)
Realised gains/losses	0.0
Value at 31 March 2025	**113.8**

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 2024				31 March 2025		
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			
1,068.4			Pooled investments	1,091.8		
24.1			Pooled property investments	41.1		
122.7			Private equity/ infrastructure/ private debt	113.8		
	44.1		Cash		63.6	
	3.5		Debtors		5.1	
1,215.2	**47.6**	**0.0**	**Total Financial assets**	**1,246.7**	**68.7**	**0.0**
			Financial liabilities			
		(1.6)	Creditors			(2.6)
0.0	**0.0**	**(1.6)**	**Total Financial liabilities**	**0.0**	**0.0**	**(2.6)**
1,215.2	**47.6**	**(1.6)**	**Net Financial Assets**	**1,246.7**	**68.7**	**(2.6)**

16a. Net gains and losses on Financial Instruments

31 March 2024		31 March 2025
£m		£m
117.1	Fair value through profit and loss	30.6
117.1	**Total**	**30.6**

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 2024/25 reporting period. (Based on data as at 31 March 2025 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	Value as at 31 March 2025 £m	Potential market movements (+/-)	Value on increase £m	Value on decrease £m
Bonds	108.3	6.6%	115.5	101.2
Equities				
UK Equity	83.7	16.3%	97.4	70.1
Global Equity	573.8	18.6%	680.5	467.1
Emerging Market Equity	61.4	24.3%	76.3	46.5
Other Pooled investments				
Diversified Credit	66.6	6.3%	70.8	62.5
Ruffer Multi Asset	96.0	8.6%	104.3	87.8
Baillie Gifford Multi Asset	101.8	12.8%	114.8	88.8
Pooled Property investments	41.1	15.2%	47.3	34.9
Private Equity	1.5	26.6%	2.0	1.1
Infrastructure	72.1	14.5%	82.6	61.7
Private debt	40.2	7.6%	43.3	37.2
	1,246.7		**1,434.8**	**1,058.9**

Asset Type	Value as at 31 March 2024 £m	Potential market movements (+/-)	Value on increase £m	Value on decrease £m
Bonds	117.8	7.2%	126.3	109.3
Equities				
UK Equity	75.9	16.0%	88.0	63.8
Global Equity	549.8	16.7%	641.6	458.0
Emerging Market Equity	42.7	23.0%	52.5	32.9
Other Pooled investments				
Diversified Credit	61.8	7.1%	66.2	57.4
LCIV Ruffer Multi Asset	92.7	7.9%	100.0	85.4
Baillie Gifford Multi Asset	127.7	11.7%	142.6	112.8
Pooled Property investments	24.1	15.6%	27.9	20.3
Private Equity	17.3	31.2%	22.7	11.9
Infrastructure	66.3	13.6%	75.3	57.3
Private debt	39.1	8.8%	42.5	35.7
	1,215.2		**1,385.6**	**1,044.8**

Interest rate risk exposure asset type

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Pension Fund in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as at 31 March 2024 and 31 March 2025 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

	Asset value at 31 March 2024	Asset value at 31 March 2025
	£m	£m
Cash balances	44.1	63.6
UK Fixed income unit trust	61.8	66.6
Total	**105.9**	**130.2**

Asset type	Carrying amount as at 31 March 2025	+1%	-1%
	£m	£m	£m
Cash balances	63.6	0.6	(0.6)
UK Fixed income unit trust	66.6	0.7	(0.7)
Total	**130.2**	**1.3**	**(1.3)**

Asset type	Carrying amount as at 31 March 2024	+1%	-1%
	£m	£m	£m
Cash balances	44.1	0.4	(0.4)
UK Fixed income unit trust	61.8	0.6	(0.6)
Total	**105.9**	**1.1**	**(1.1)**

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 2025 and as at the previous period end:

Currency risk exposure - asset type	Asset value at 31 March 2024	Asset value at 31 March 2025
	£m	£m
Overseas unit trusts	592.5	635.2
Overseas pooled property investments	0.0	0.0
Overseas private equity/infrastructure/private debt	122.7	113.9
Total	**715.2**	**749.1**

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 2025	+1%	-1%
	£m	£m	£m
Overseas unit trusts	635.2	6.4	(6.4)
Overseas pooled property investments	0.0	0.0	0.0
Overseas private equity/infrastructure/private debt	113.9	1.1	(1.1)
Total	**749.1**	**7.5**	**(7.5)**

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	1.2	(1.2)
Total	**715.2**	**7.2**	**(7.2)**

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 2025 was £63.6m (31 March 2024: £44.1m). This was held with the following institutions:

Credit risk exposure

	Rating	Balances at 31 March 2024 £m	Balances at 31 March 2025 £m
Bank deposit accounts			
NatWest	A+	0.7	0.8
Northern Trust - Aviva Cash		0.1	0.1
Money Market deposits	AAA	43.3	62.6
Total		**44.1**	**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.

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 2025 are due within one year."

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 were released in March 2023.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, i.e., that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long-term cost of the Scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 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 2025 was £1,220m (31 March 2024: £1,407m). 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	2.80%
Salary increase rate	3.10%
Discount rate	5.80%

Longevity assumption

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

	Males	Females
Current pensioners	21.7 years	24.4 years
Future pensioners*	22.7 years	25.7 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%	21
1 year increase in member life expectancy	4%	49
0.1% p.a. increase in the Salary Increase Rate	0%	1
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	20

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. £49m).

20. Assets

a) Current assets

	31 March 2024 £m	31 March 2025 £m
Debtors		
- Contributions due – employees	0.2	0.2
- Contributions due – employers	1.3	1.1
- Sundry debtors	2.0	3.8
Total	**3.5**	**5.1**

Analysis of debtors

	31 March 2024 £m	31 March 2025 £m
- Central government bodies	1.0	0.0
- Other local authorities	0.7	2.7
- Other entities and individuals	1.8	2.4
Total	**3.5**	**5.1**

21. Current liabilities

	31 March 2024 £m	31 March 2025 £m
Group transfers	0.0	0.0
Sundry creditors	1.6	2.6
Total	**1.6**	**2.6**

Analysis of creditors

	31 March 2024 £m	31 March 2025 £m
Central government bodies	1.2	1.3
Other entities and individuals	0.4	1.3
Total	**1.6**	**2.6**

22. Additional voluntary contributions

	Market Value 31 March 2024 £m	Market Value 31 March 2025 £m
Clerical Medical	1.2	1.2
Prudential	0.8	1.1
	2.0	**2.3**

	Contributions March 2024 £m	Contributions March 2025 £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 £0.98m (2023/24: £0.92m) 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 £45.2m to the Fund in 2024/25 (2023/24: £43.9m).

Governance

One member of the Pension Fund Sub-Committee (chair Cllr R Johnson) and one member of the Pension Board (C Bala) are in receipt of pension benefits from the Brent Pension Fund. Another member of the Pension Board (Cllr S Kabir) is an active member of the Pension Fund. In addition, both the Chief Executive (Kim Wright), and S.151 Officer (Minesh Patel) are active members of the Pension Fund. Each member of the Pension Fund Sub-Committee is required to declare their interests at each meeting.

Key management personnel

The key management personnel of the fund are the Chief Executive, Corporate Director of Finance and Resources (S.151 officer), Corporate Director of 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 2024 £m	31st March 2025 £m
Short Term Benefits	0.099	0.082
Post-Employment Benefits	0.033	0.026
Termination Benefits	0.000	0.000
Total Remunerations	**0.131**	**0.109**

24. Contingent liabilities and capital commitments

Outstanding capital commitments (investments) at 31 March 2025 totalled £62.1m (31 March 2024 £49.3.m)

	31st March 2024 £m	31st March 2025 £m
Capital Dynamics	12.5	11.9
Alinda Fund II	2.4	2.4
Alinda Fund III	7.6	7.1
London CIV Infrastructure Fund	10.4	4.6
London CIV Private Debt Fund	16.4	16.4
LCIV UK Housing Fund	0.0	19.7
Total	**49.3**	**62.1**

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

25. Contingent Assets

Contingent assets

One non-associated admitted body employers in the Brent Pension Fund held insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default. No Such defaults occurred in 2024/25.

	31st March 2024	**31st March 2025**
	£m	**£m**
Ricoh	0.1	0.0
Continental Landscapes	0.5	0.5
Total	**0.6**	**0.5**

26. Impairment Losses

The Fund had no Impairment Losses at 31 March 2025.

Grant Thornton

Indicative External Audit Plan for Brent Pension Fund

Year ending 31 March 2025

June 2025

*This is an indicative Plan as we are still working through our planning and will provide a further update at the next Committee

Contents

01 Key developments impacting our audit approach

Local Audit Reform

External factors

Proposals for an overhaul of the local audit system

On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement.

- The government's strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for:
- Coordinating the system – including leading the local audit system and championing auditors' statutory reporting powers;
- Contract management, procurement, commissioning and appointment of auditors to all eligible bodies;
- Setting the Code of Audit Practice;
- Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies;
- Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors.

The Minister also advised that, building on the recommendations of Redmond, Kingman and others, the government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including:

- setting out the vision and key principles for the local audit system;
- committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users;
- enhancing capacity and capability in the sector;
- strengthening relationships at all levels between local bodies and auditors to aid early warning system; and
- increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.

Our Response

Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector. For our part, we are proud to have signed 83% of our 2022/23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign off for other firms in the market. We will be keen to work with the Ministry of Housing, Communities and Local Government (MHCLG), with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.

Key developments impacting our audit approach

National Context

Administration and Governance

The total membership of the LGPS was 6.7 million people. Of this number around one third are active employees who still contribute to the scheme. 71.1% (4.8 million) of all the members of the LGPS are covered by local authorities and other connected bodies, though local authorities and connected bodies represent only 16.5% of employers (with 3,478 employers). In total, there were 21,131 employers covered by the Local Government Pension Scheme at the end of March 2024.

In respect of administration and governance some key matters impacting 2024/25:

- The Pension Regulator's (TPR) General Code of Practice came into effect on 28 March 2024. It replaces Code of Practice 14 for public service pension schemes and brings together ten previous codes into one. The Code provides an opportunity for funds to review current practices but also presents challenges during what is already a busy time for the LGPS.
- The Pensions Dashboards Regulations 2022 set out in law the connection to the ecosystem and that maintenance of connection is a legal requirement, it also sets out that schemes must connect to the ecosystem by the 'connection deadline' 31 October 2026. To avoid placing undue strain on all parties facilitating connection, the Department for Work & Pensions (DWP) published guidance confirming that public service pension schemes should 'connect by' 31 October 2025.
- The regulations implementing the McCloud remedy took effect from 1 October 2023. Statutory Guidance was published in June 2024 and pension funds have, for most members, the period up until a fund's annual benefit statements for 2024/25 are issued to complete implementation i.e. by the end of August 2025.

In planning our audit, we have taken account of this national context in designing a local audit programme which is tailored to your risks and circumstances.

Local Context

- For Brent Pension Fund, the 2022 triennial valuation was undertaken by Hyman Robertson, and showed that the Fund's assets, as 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 was a significant increase on the 78% funding level as at the March 2019 valuation. Following the 2022 triennial valuation, the Employer's contributions for the period to 31 March 2024 were approximately **£41.6 million**. The deficit recovery period is 20 years. Contributions remained at 33.5% of pensionable pay in 2023/24.
- We expect requests to be received from employer body auditors to undertake work on the accuracy and completeness of the information provided to the actuary as part of the 2025 valuation process. If these are received, then this will be additional work outside the normal course of our audit work and will be the subject of additional fees/fee variations. We will discuss the scope and timing of this work with the Fund should it arise.
- There is an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to ongoing financial pressures. We are required to identify a significant risk in relation to management override of controls.

Key developments impacting our audit approach (continued)

National and International Context

Investments and Funding

Triennial valuations for local government pension funds as at 31 March 2022 (the 2022 valuation) were published in March 2023. These valuations, provide updated information regarding the funding position of local government pension funds and set employer contribution rates for the period 2023/24 – 2025/26. In August 2024 the Government Actuary's Department (GAD) published its Section 13 report analysing the outcomes of the valuations. GAD noted that funding levels have improved since 2019, however not all funds were in a surplus after the 2022 valuation, with 26 out of 87 being in deficit. In addition, there continues to be considerable variation between funds, with the highest funding level at 154% and the lowest funding level at 67%. This is a wider range than previously reported in the 2019 valuation. The average primary contribution rate to cover future benefit accruals has increased from 18.6% to 19.8% following the 2022 valuations.

At the end of March 2024, the market value of LGPS funds was **£391.5 billion**, an increase of 9.0% compared to the end of March 2023. Total LGPS income in England and Wales in 2023-24 was **£20.7 billion** with expenditure of **£17.1 billion**.

The Fund will be entering the 2025 valuation (as at 31 March 2025) process this calendar year. The valuation will set employer contribution rates for 1 April 2026 through to 31 March 2029. The national and international economic context continue to present challenges for pension funds with a consequential impact on the investments held by pension funds but investment performance and setting stable, affordable contributions for employers will be key factors.

In July 2024 the government launched a Pensions Review of workplace defined contribution pensions schemes and the Local Government Pension Scheme in England and Wales (LGPS). The focus of the review for the LGPS is to look at how tackling fragmentation and inefficiency can unlock the investment potential of the scheme, including through further consolidation. This review, Fit for the future, is being led by the Ministry of Housing, Communities and Local Government (MHCLG). Consultation on the Government's proposals sought views in three key areas; reforming the LGPS asset pools, boosting LGPS investment in their localities and regions in the UK, and strengthening the governance of both LGPS AAs and LGPS pools. The consultation closed in January 2025 and outcomes from it are now awaited.

In planning our audit, we have taken account of this national and international context in designing a local audit programme which is tailored to your risks and circumstances.

Key developments impacting our audit approach (continued)

Our commitments

- As a firm, we are absolutely committed to audit quality and financial reporting in local government. Our proposed work and fee, as set out further in this Audit Plan, has been agreed with the Director of Finance and Resources.
- To ensure close work with audited bodies and an efficient audit process, our preference as a firm is either for our UK based staff to work on site with you and your staff or to develop a hybrid approach of on-site and remote working. Please confirm in writing if this is acceptable to you, and that your staff will make themselves available to our audit team.
- We would like to offer a formal meeting with the Chief Executive twice a year, and with the Director of Finance and Resources quarterly as part of our commitment to keep you fully informed on the progress of the audit.
- At an appropriate point within the audit, we would also like to meet informally with the Chair of your Audit and Standards Advisory Committee, to brief them on the status and progress of the audit work to date.
- Our Value for Money work will continue to consider the arrangements in place for you to secure economy, efficiency and effectiveness in the use of your resources.
- We will continue to provide you and your Audit and Standards Advisory Committee with sector updates providing our insight on issues from a range of sources via our Audit and Standards Advisory Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.

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02 Introduction and Headlines

Introduction and headlines

Purpose

- This document provides an overview of the planned scope and timing of the statutory audit of Brent Pension Fund ('the Fund') for those charged with governance.

Respective responsibilities

- The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Fund. We draw your attention to these documents in the links below.
- Terms of Appointment from 2023/24 - PSAA
- Statement of responsibilities of auditors and audited bodies from 2023/24 audits - PSAA

Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Standards Advisory Committee); and we consider whether there are sufficient arrangements in place at the Fund.

The audit of the financial statements does not relieve management or the Audit and Standards Advisory Committee of their responsibilities. It is the responsibility of the Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Fund's business and is risk based.

Introduction and headlines (continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control;
- Valuation of Level 3 investments;
- The revenue cycle includes fraudulent transactions – rebutted

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be **£23.9 million** (PY £18.6 million) for the Pension Fund, which equates to 1.9% of your gross investment assets as at 31 March 2024.

We have determined a lower specific planning materiality for the Fund Account of **£6.4 million** (PY £5.9 million), which equates to 10% of prior year gross expenditure on the fund account.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

Clearly trivial has been set at **£1.1 million** (PY £930,000).

Audit logistics

Our interim visit took place between February to March 2025 and our final visit will take place in July 2025 to September 2025. Our key deliverables are this Audit Plan, Auditor's Report and our Audit Findings Report.

Our proposed fee for the audit is **£97,945** (PY: £94,414) for the Fund, subject to the Fund delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

Our understanding is that the Custodian independently values some of the Pension Fund's (Level 1/Level 2) Investments. This means we may be able to triangulate some of the valuations included in the financial statements for these investments to custodian and investment manager confirmations. However, where we are not able to triangulate valuations, we will carry out further audit procedures to gain assurance over the valuations of these investments, similar to that performed over level 3. See page 9 for further details regarding our approach to auditing the valuation of Level 3 Investments.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we, as a Firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

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04 Identified risks

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Management override of controls Significant	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	We will: • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

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"In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK)." (ISA (UK) 315).

In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK) 550).

Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue	We have identified and completed a risk assessment of all revenue streams for the Fund. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable. Therefore, we do not consider this to be a significant risk for the Pension Fund.	We do not consider this to be a significant risk for the Fund and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.
The expenditure cycle includes fraudulent transactions	Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	We have identified and completed a risk assessment of all expenditure streams for the Fund. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk, because: • there is little incentive to manipulate expenditure recognition; • opportunities to manipulate expenditure recognition are very limited; and • the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable. Therefore, we do not consider this to be a significant risk for the Pension Fund.	We do not consider this to be a significant risk for the Fund and standard audit procedures will be carried out. We will keep this consideration under review throughout the audit to ensure this judgement remains appropriate.

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	**Planned audit procedures**
Valuation of Level 3 Investments Significant Relevant Assertion(s) Valuation, Existence Applicable Assertion(s) Rights & Obligations, Presentation Planned level of control reliance None	The valuations of level 3 investments are based on unobservable inputs and hence there is a risk of material misstatement due to error and/or fraud.	By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant accounting estimate by management in the financial statements due to the size of the balance (**£122.7 million** as of 31 March 2024) and the sensitivity of the estimate to changes in key assumptions. We have therefore identified the valuation of Level 3 investments as a significant risk.	We will: • evaluate management's processes for valuing Level 3 investments; • obtain and review the audited financial statements of the investment accounts, where these are at a different reporting date to the Fund's financial statements the valuations will be compared accounting for cashflows; • obtain and review the corresponding investment manager report as at the investment accounts and the Fund accounts reporting dates where appropriate; • review purchase and sale transactions of the investments near the reporting date where appropriate; • review the guidelines under which the investment has been valued at the date of the investment accounts and the Fund accounts; • review management's classification of the assets; and • obtain and review investment manager service auditor report on design and operating effectiveness of internal controls where appropriate.

Other matters

Other work

The Pension Fund is administered by London Borough of Brent (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements.

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority.
- We consider our other duties under legislation and the Code, as and when required, including:
  - Giving electors the opportunity to raise questions about your 2024/25 financial statements, consider and decide upon any objections received in relation to the 2024/25 financial statements;
  - Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
  - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
  - Issuing an advisory notice under Section 29 of the Act.

- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

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05 Our approach to materiality

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
01	**Determination** We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Pension Fund including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements	• We determine planning materiality in order to: – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements – assist in establishing the scope of our audit engagement and audit tests – determine sample sizes and – assist in evaluating the effect of known and likely misstatements in the financial statements
02	**Other factors** An item does not necessarily have to be large to be considered to have a material effect on the financial statements	• An item may be considered to be material by nature when it relates to: – instances where greater precision is required
03	**Reassessment of materiality** Our assessment of materiality is kept under review throughout the audit process	• We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality
04	**Matters we will report to the Audit and Standards Advisory Committee** Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Standards Advisory Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	• We report to the Audit and Standards Advisory Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. • In the context of the Pension Fund we propose that an individual difference could normally be considered to be clearly trivial if it is less than **£1.1 million** (PY £930,000). • If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Standards Advisory Committee to assist it in fulfilling its governance responsibilities.

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Area	Amount (£)	Qualitative factors considered
Materiality for the Brent Pension Fund financial statements	**£23,900,000** (This represents 1.9% of gross investment assets)	• Key users of the financial statements and performance measures that key stakeholders are interested in • Business environment • Control environment (e.g., known issues, frauds that could make a misstatement more likely) • Other sensitivities (e.g., Changes in regulations).
Performance materiality	**£17,900,000** (This represents 75% of materiality for financial statements)	• the environment in which the pension fund operates • The size of the pension fund and functionalities • Whether there are material fraud risks that we have identified as being present.
Trivial matters	**£1,100,000** (this represents 5% of overall financial statement materiality)	• Key users of the financial statements and audit methodology
Lower Specific Materiality for the Fund Account (excluding investments):	**£6,400,000** (this represents 10% of gross expenditure)	• Key users of the financial statements and which performance measures that key stakeholders for the entity are interested in.

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06 Progress against prior year audit recommendations

Progress against prior year audit recommendations

We identified the following issues in our 2023/24 audit of the Pension Fund's financial statements, which resulted in 2 recommendations being reported in our 2023/24 Audit Findings Report. We are pleased to report that management has implemented all of our recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Ongoing	Fund's process of monitoring performance During our risk assessment and planning procedures, it came to light that management of the Fund does not utilise internally generated outturn reports to monitor and report their financial performance and expenditures, a standard practice for pension funds. These reports offer a comprehensive overview of actual outcomes in comparison to budgeted amounts, serving as an effective tool for tracking financial performance. Instead they rely on investment monitoring reports generated by Hymans Robertson (the actuary) at Q3, 2023, and Q1, 2024. Risk: There is a potential risk that the fund may not effectively monitor actual performance while waiting for the actuaries' reports. Auditors' recommendation: For the Fund to prepare and utilise quarterly outturn reports to measure the performance of the fund during the Course of the year	Management Response: Management currently does not have a M9 outturn report however, monitoring is completed on key areas. This includes investment monitoring reports, reconciliation and monitoring of contributions throughout the year, and an analytical review closer to year-end.
Ongoing	Agreement between the Fund and Custodian Through our examination of the service organisation utilised by the Fund, it was identified that the custody agreement between the Fund and Northen Trust was executed after year end, specifically on 20 June 2024. Discussions revealed that management held multiple meetings to conclude this agreement. Consequently the Fund did not have a formally signed agreement for financial year ending 31 March 2024. Risk: Although this was not classified as significant risk, there is a possibility that during the period when the agreement was not signed, the custodian many not be legally bound by the agreement and, therefore not liable for any actions Auditors' recommendation It is recommended that the Fund ensure all legal contracts relating to the financial year are signed within that year.	Management response: Management recognised the importance of having agreements in place. The approval to award the contract was given in August 2023, therefore, both parties were fully aware of the services to be delivered under the contract and the costs.

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Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Ongoing	**School Employer Contribution Rates** From our testing over the employee/employer contributions we noted that the Pension Fund reviews the contributions schedules at the beginning of each year to ensure that the right employer contributions are paid, and instructions are issued to school/payroll providers. It was identified that a sample of schools had paid incorrect rate of employer contributions in 2023/24 as they had not updated the contribution rates. **Risk** There is a risk that incorrect contributions are recorded in the financial statements.	Management Response: We will ensure that timely follow-ups are done.

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07 IT audit strategy

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Oracle Cloud	Financial reporting	• ITGC assessment (design, implementation and operating effectiveness) • Application controls assessment)
Civica - Pensions Admin System	Fund Information	• ITGC assessment (design and implementation effectiveness only)

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09 Logistics

Logistics

The audit timeline

Key Dates

Year end: 31/03/2025

Close out: September

Audit and Standards Advisory Committee: September

Sign off: September

Audit phases:

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Planning
March – April

Key elements

- Planning meeting with management to set audit scope
- Planning requirements checklist to management
- Agree timetable and deliverables with management and Audit and Standards Committee
- Issue the Audit Plan to management and Audit and Standards Advisory Committee
- Planning meeting with Audit and Standards Advisory Committee to discuss the Audit Plan

April

Key elements

- Document design effectiveness of systems and processes
- Review of key judgements and estimates
- Issue Audit progress report and sector update to management and Audit and Standards Advisory Committee
- Any planned additional testing.

Final
July -September

Key elements

- Audit teams onsite to complete fieldwork and detailed testing
- Weekly update meetings with management

Completion
September

Key elements

- Draft Audit Findings Report issued to management
- Audit Findings meeting with management
- Draft Audit Findings Report issued to Audit and Standards Advisory Committee
- Audit Findings Report presentation to Audit and Standards Advisory Committee
- Finalise and sign financial statements and audit report

Our team and communications

Grant Thornton core team

Matt Dean

Engagement Lead/

Key Audit Partner

- Key contact for senior management and Audit and Standards Advisory Committee
- Overall quality assurance

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Asad Khan

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Tamara Dolidze

Audit Senior / In-charge

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	• Annual client service review	• The Audit Plan • Audit Progress and Sector Update Reports • The Audit Findings Report	• Audit planning meetings • Audit clearance meetings • Communication of issues log	• Technical updates
Informal communications	• Open channel for discussion		• Communication of audit issues as they arise	• Notification of up-coming issues

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

10 Fees and related matters

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Our fee estimate

Our estimate of the audit fees we will charge is set out in the table below, along with the fees billed in the prior year

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard (revised 2024) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. This contract was re-tendered in 2023 and Grant Thornton have been re-appointed as your auditors. The scale fee set out in the PSAA contract for the 2024/25 audit is **£97,945**.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year (exception for new clients in 2023/24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here Fee Variations Overview – PSAA

Description	Audit Fee for 2023/24 (£)	Proposed fee for 2024/25 (£)
Brent Pension Fund Audit	86,884	97,945
ISA 315**	7,530	-
Total (Exc. VAT)	**£94,414**	**£105,475**

**Note that fees for IAS 19 letters for employer body auditors were classed as non-audit fees prior to 2022/23. The National Audit Office have confirmed that the provision of IAS 19 assurances to auditors of local government and NHS bodies should be considered work undertaken under the Code of Audit Practice for 2022/23 onwards. Provision of IAS 19 assurances to auditors of any other type of entity remains non-Code work.*

***included in the scale fee for 2024/25*

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made while preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
  - Actuarial valuation of the fund; and
  - Valuation of level 2/23 investments.

Previous year

In 2023/24 the scale fee set by PSAA was £86,884. The actual fee charged for the audit was £94,414.

11 Independence considerations

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Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). There are no matters that we are required to report:

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Fund and/or Administering Authority that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Fund and/or Administering Authority or investments in the Fund and/or Administering Authority held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Fund/Administering Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Fund and/or Administering Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Fund's and/or Administering Authority's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

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We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Following this consideration we can confirm that we are independent at planning and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

12 Communication of audit matters with those charged with governance

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings Report
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Fund's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings Report will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

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13 Delivering audit quality

Delivering audit quality

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Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:

Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.

Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.

Working with premium clients

We work with great public sector clients that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

Our objective is to be the best audit firm in the UK for the quality of our work and our client service, because we believe the two are intrinsically linked.

How our strategy differentiates our service

Our investment in a specialist team, and leading tools and methodologies to deliver their work, has set us apart from our competitors in the quality of what we do.

The FRC highlighted the following as areas of particularly good practice in its recent inspections of our work:

- use of specialists, including at planning phases, to enhance our fraud risk assessment
- effective deployment of data analytical tools, particularly in the audit of journals

The right people at the right time

We are clear that a focus on quality, effectiveness and efficiency is the foundation of great client service. By doing the right audit work, at the right time, with the right people, we maximise the value of your time and ours, while maintaining our second-to-none quality record.

Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

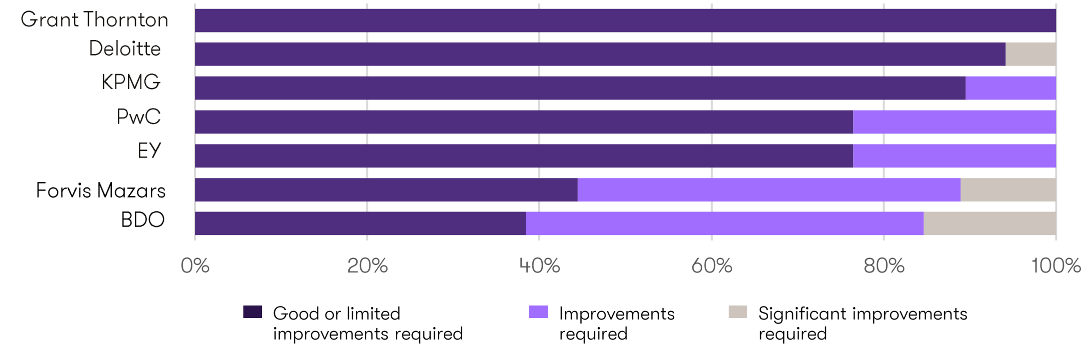
Digital differentiation

We're a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

Oversight and control

Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the time and space to deal with them effectively.

FRC's Audit Quality Inspection and Supervision Inspection
(% of files awarded in each grading, in the most recent report for each firm)



Quality underpins everything at Grant Thornton, as our FRC inspection results in the chart below attest to. We're growing our practice sustainably, and that means focusing where we know we can excel without compromising our strong track record or our ability to deliver great audits. It's why we will only commit to auditing clients where we're certain we have the time and resource, but, most importantly, capabilities and specialist expertise to deliver. You're in safe hands with the team; they bring the right blend of experience, energy and enthusiasm to work with you and are fully supported by myself and the rest of our firm.

Wendy Russell
Partner, UK Head of Audit

14 Appendices

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Escalation Policy

The Backstop

The Department for Levelling Up, Housing and Communities have introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the statutory deadline and respond to audit information requests and queries in a timely manner.

Escalation Process

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 - Initial Communication with Finance Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

- We will have a conversation with the Finance Director(s) to identify reasons for the delay and review the Authority’s plans to address it. We will set clear expectations for improvement.

Step 2 - Further Reminder (within two weeks of deadline)

- If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to Chief Executive (within one month of deadline)

- If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

Step 4 - Escalation to the Audit Committee (at next available Audit Committee meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

- If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 – Consider use of wider powers (within two months of deadline)

- If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

Aim

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority’s financial statements.

IFRS reporters New or revised accounting standards that are in effect

First time adoption of IFRS 16 Lease liability in a sale and leaseback	• IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. • This year will be the first year IFRS 16 is adopted fully within Local Government. It is not expected to have a significant impact on pension fund accounts and auditors.
IAS 1 amendments Non-current liabilities with covenants	• These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendment to IAS 7 and IFRS 7 Supplier finance arrangements	• These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

IFRS reporters Future financial reporting changes

IFRS reporters future financial reporting changes

These changes will apply to local government once adopted by the Code of practice on local authority accounting (the Code).

Amendments to IAS 21 – Lack of exchangeability

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IAS 21 has been amended by the IASB to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are expected to be adopted by the Code from **1** April 2025.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the SPPI criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the Code **in future years**.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 provides reduced disclosure requirements for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is a voluntary standard for eligible subsidiaries and is expected to be adopted by the Code **in future years**.

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

- Introducing new defined categories for the presentation of income and expenses in the income statement
- Introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal.
- Disclosure of management defined performance measures
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 is expected to be adopted by the CIPFA Code **in future years**.

The Grant Thornton Digital Audit – Inflo

A suite of tools utilised throughout the audit process

01 Collaborate

Information requests are uploaded by the engagement team and directed to the right member of your team, giving a clear place for files and comments to be uploaded and viewed by all parties.

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What you'll see

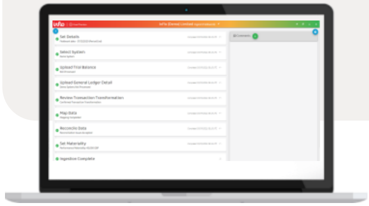
- Individual requests for all information required during the audit
- Details regarding who is responsible, what the deadline is, and a description of what is required
- Graphs and charts to give a clear overview of the status of requests on the engagement

02 Ingest

The general ledger and trial balance are uploaded from the finance system directly into Inflo. This enables samples, analytical procedures, and advance data analytics techniques to be performed on the information directly from your accounting records.

What you'll see

- A step by step guide regarding what information to upload
- Tailored instructions to ensure the steps follow your finance system

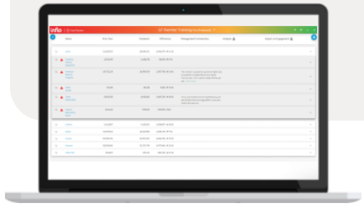


03 Detect

Journals interrogation software which puts every transaction in the general ledger through a series of automated tests. From this, transactions are selected which display several potential unusual or higher risk characteristics.

What you'll see

- Journals samples selected based on the specific characteristics of your business
- A focussed approach to journals testing, seeking to only test and analyse transactions where there is the potential for risk or misstatement



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Grant Thornton

Brent	**Brent Pension Fund Sub-Committee** 24 June 2025
	Report from the Corporate Director of Finance and Resources
	Lead Member – Deputy Leader & Cabinet Member for Finance & Resources (Councillor Mili Patel)

LAPFF Engagement Report

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt:	Open
List of Appendices:	One Appendix 1: LAPPF Engagement Report March 2025
Background Papers:	N/A
Contact Officers:	Minesh Patel, Corporate Director, Finance and Resources 020 8937 4043 (minesh.patel@brent.gov.uk) Amanda Healy, Deputy Director Investment & Infrastructure 020 8937 5912 (amanda.healy@brent.gov.uk) Sawan Shah, Head of Finance 020 8937 1955 (sawan.shah@brent.gov.uk) George Patsalides, Finance Analyst (george.patsalides@brent.gov.uk)

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 March 2025) and highlights the achievements during the relevant period.

Water Stewardship

5.2 The United Nations warns of a 40% global water shortfall by 2030 if current consumption trends continue. With freshwater consumption outpacing replenishment rates, it is becoming increasingly difficult to meet water needs and achieve the United Nations' Sustainable Development Goal for Water (SDG 6).

5.3 LAPFF engages with investee companies, including those in the mining sector, to address critical water-related risks. As water scarcity becomes an increasing threat, LAPFF advocates for companies to develop holistic water stewardship strategies that ensure responsible water use, protect ecosystems, and mitigate environmental risks associated with water shortages.

5.4 In one such engagement, LAPFF held its first meeting with Australian mining company Fortescue Metals Group in Q1, focusing on water management. The meeting provided a valuable opportunity to establish dialogue with the company and gain insight into its approach to water stewardship. Fortescue Metals outlined ongoing internal water assessments at its Pilbara mining sites in Western Australia, including the Western, Chichester, and Solomon hubs, reporting that its water targets for these sites are either met or in progress, with full achievement expected by 2025. LAPFF will continue to monitor these targets and seek access to relevant data and methodologies used in the assessments going forward.

5.5 The discussion also addressed challenges at Fortescue's Iron Bridge magnetite mining site, where leaking pipes have resulted in loss of water resource and delayed production progress. The company indicated that pipe issues are being resolved, through water flow adaptions rather than pipe replacement, allowing production to ramp up.

5.6 Through ongoing engagement and dialogue with companies, participation in initiatives such as the VWFI, and continuous monitoring of corporate progress, LAPFF remains committed to advocating for more robust, measurable, and equitable water management practices across high-impact sectors.

Banking & Financing Fossil Fuels

5.7 LAPFF continues to engage with the banking sector, recognising its pivotal role in financing the transition to a decarbonised economy, with a particular focus on energy supply. The objective of LAPFFs engagements in this sector is to accelerate the transition to zero-carbon energy sources, in alignment with global climate change mitigation goals and the COP 2023 focus on phasing out fossil fuels. LAPFF aims to encourage the diversion of capital away from new fossil fuel extraction and promote the rapid expansion of clean energy. LAPFF's engagement with the banking sector aims to ensure that financiers integrate climate and transition factors into their lending practices, particularly when financing fossil fuel producers and low-carbon alternatives, and in doing so, supporting the broader shift to sustainable energy.

5.8 LAPFF engaged with NatWest with a focus on the bank's financing of the fossil fuel industry, particularly its approach to defining "credible transition plans." This issue has been under intense media scrutiny due to NatWest's continued financing of oil and gas giant BP, this despite BP's rollback on climate commitments described earlier in this report and NatWest having a policy in place which supposedly limits the provision of services to companies which do have a credible transition plan in place.

5.9 While NatWest reaffirmed its commitment to aligning its financing decisions with climate goals, particularly in the oil and gas sector, the meeting highlighted some potential concerns in its approach. When pressed on the matter, NatWest acknowledged the complexities of defining a 'credible transition plan' and noted the difficulty in determining appropriate plans for companies at different stages of their transition journey, particularly as these plans tend to evolve over time

5.10 NatWest's emphasis on transparency and open dialogue with LAPFF is welcomed, but its overall strategy remains under scrutiny. LAPFF will continue to monitor the bank's progress to ensure that its actions align with its stated climate goals.

Governance

5.11 LAPFF believes UK board structures should align with the principles of the UK Corporate Governance Code. This includes ensuring a balanced mix of executive and non-executive directors with diverse experience who can act independently and hold management accountable. A careful balance in the composition of the board is crucial, as boards with an overrepresentation of executives may dilute the influence of independent directors.

5.12 LAPFF revisited governance concerns in a follow up meeting with Vistry Group, following a September 2024 discussion on decarbonisation. This meeting primarily focused on the company's dual CEO and Chair role, held by Greg Fitzgerald since 2024.

5.13 While Vistry defended the structure, pointing to shareholder support and internal governance processes, LAPFF expressed concerns about power concentration, the independence of non-executive directors, and long-term governance stability. LAPFF acknowledged that a significant portion of Vistry's shareholders are based in the US, where the dual CEO and Chair role is more common. However, the Forum emphasised that this structure does not align with best practices in the UK, where Vistry is headquartered.

5.14 LAPFF is committed to maintaining an ongoing dialogue with the company, and Vistry has welcomed further discussion as the governance structure evolves to ensure a balanced and accountable leadership framework.

Nature

5.15 Since Nature Action 100 (NA100) published its benchmark in October 2024 LAPFF has worked within investor groups to refine the asks of companies. This follows a series of calls that largely set out investor expectations within NA100 and aimed to gain a better understanding of how companies were approaching nature risk. The investor group that LAPFF works within for Procter & Gamble (P&G) had met with the company once and sought a subsequent meeting with the company, focusing on the 'Assessment', 'Target Setting' and 'Governance' pillars.

5.16 P&G provided positive updates on its progress with the TNFD process, including working through the framework and refining its biodiversity disclosures. The company acknowledged transparency gaps in biodiversity impact assessments but highlighted commitments to align with TNFD by 2026. On deforestation, P&G outlined its approach, which includes third-party certification, satellite monitoring covering 98% of its palm oil supply, and a grievance mechanism for non-compliance.

5.17 LAPFF will continue to engage as part of the NA100 initiative and intends to advance discussions beyond the initial engagement phase, which was aimed at understanding corporate approaches to nature risk.

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.

<u>Report sign off:</u>

Minesh Patel
Corporate Director of Finance and Resources

Quarterly Engagement Report

January-March 2025

Local Authority Pension Fund Forum

Energy Suppliers, Housebuilders, Water Stewardship

ENGAGEMENTS

CLIMATE

Objective: LAPFF remains actively engaged with the UK's largest housebuilders on their climate transition strategies. Currently, the industry's greenhouse gas emissions are divided between emissions from the production and building of houses (including supplier emissions such as diesel-powered vehicles and cement production) and emissions from homes in use. These engagements aim to ensure that companies have clear plans to achieve net-zero homes, adopt Paris-aligned transition strategies and targets, collaborate with suppliers to lower emissions, and prepare for upcoming regulations like the Future Homes Standard.

In Q1, LAPFF engaged with Persimmon and Barratt Developments. Additionally, LAPFF re-engaged with Vistry, this time with a focus on governance. This is reported on in more detail under the Governance section of the report.

Achieved:

Persimmon

LAPFF engaged with Persimmon to assess its transition plan, focusing on Scope 3 emissions, just transition planning, and value chain decarbonisation. Persimmon is finalising its net-zero transition plan, set for inclusion in the 2025 annual report, and preparing long-term targets aligned with a 90% emissions reduction by 2045. Just transition considerations, including supply chain opportunities and local employment, are being integrated.

Persimmon has been disclosing Scope 3 emissions since 2022, with reductions reported in 2023. A study on embodied carbon in its ten most popular house types is underway, though current reporting relies on spend data, which can be impacted by price fluctuations. A hybrid approach combining spend data and direct embodied carbon measurements is in development. The company is engaged with Future Homes Hub to improve carbon reporting and acknowledges the challenge of decarbonising materials like cement, though specific supplier commitments remain unclear.

Persimmon is awaiting finalised Future Homes Standard legislation and confirmed it is not lobbying for lower standards. Its innovation centre, featuring a prototype net-zero home, will be open for stakeholder visits in summer 2025. Key areas for further engagement include finalising and improving the transparency of its transition plan, refining Scope 3 reporting, making clearer supply chain commitments, and preparing for regulatory changes. Continued engagement will be crucial to ensuring a credible and ambitious climate strategy.

Barratt Redrow

LAPFF engaged Barratt Redrow following its recent 2024 merger (formerly Barratt Developments and Redrow) to assess its decarbonisation strategy and sustainability commitments. Discussion

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with the Chair and Group Sustainability Director covered the company's approach to balancing net-zero goals with the need for large-scale housing development. Barratt Redrow reaffirmed its commitment to achieving net-zero homes despite regulatory uncertainties, policy delays, and infrastructure challenges.

The company continues to integrate sustainability within its operations to ensure climate risks, and challenges such as planning and zoning restrictions, and infrastructure readiness, are embedded in business strategy. The company is actively engaging with the supply chain through workshops, conferences, and data-driven insights to align industry expectations, though pricing pressures and shifting regulatory standards remain key concerns. Barratt Redrow is also mindful of workforce transition, recognising the need for upskilling and industry-wide collaboration to support sustainable building practices.

The company highlighted its focus on electrified housing solutions through innovation, partnerships and research-led projects. Notably the Zed House and eHome2, developed in collaboration with the University of Salford. The Zed House serves as one of the UK's first zero carbon homes built by a major housebuilder and goes beyond what is anticipated by the Future Homes Standard, while eHome2, created in partnership with materials manufacturer Saint-Gobain, explores real-world applications of low-energy design, smart technology, and reduced grid dependency. Barratt Redrow's CEO, David Thomas, is a member of the UK's Net-Zero Council, which aims to support the construction industry's transition toward decarbonisation in alignment with the upcoming Future Homes Standard

In Progress: LAPFF will continue to engage with Persimmon and Barratt Redrow as they progresses their climate transition strategies. Persimmon is in the process of finalising its net-zero transition plan, set for inclusion in its 2025 annual report, while also working to improve Scope 3 emissions reporting by developing a hybrid approach that combines spend-based data with direct embodied carbon measurements.

Similarly, Barratt Redrow is navigating complexities associated with its recent merger while maintaining its net-zero ambitions. The company is working to align sustainability efforts across its newly combined operations and is actively engaging with suppliers to encourage industry wide commitments. However, challenges such as policy uncertainty, infrastructure limitations, and pricing pressures remain barriers to large-scale decarbonisation.

LAPFF will continue monitoring housebuilders in key areas regarding their decarbonisation, particularly in relation to supply chain commitments and preparedness for compliance with the incoming Future Homes Standard.

ENERGY SUPPLIERS

Objective: Decarbonising energy supply is essential for climate change mitigation, as fossil fuel emissions are a major contributor to global warming. LAPFF aims to accelerate the transition to zero-carbon energy by advocating for energy supply companies to shift production and investments away from fossil fuels, scale up renewable energy, and address risks such as stranded assets and disruptive technologies. The focus is on reducing Scope 3 emissions, investing in clean energy infrastructure, and aligning with climate goals for 2030, 2050 and beyond.

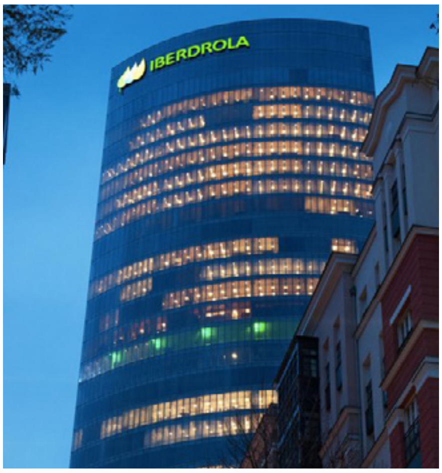
LAPFF will challenge ineffective transition plans, particularly from energy and oil & gas companies, and advocate for increased investment in renewables, energy storage, and grid modernisation to ensure a sustainable and affordable energy future.

Achieved:

Iberdrola

LAPFF engaged with Iberdrola as part of its work on decarbonising energy supply. While Iberdrola has made progress towards its sustainability objectives, room for further progress remains whilst notable challenges persist.

The company is on track to achieve its carbon neutrality goals for Scope 1 and 2 emissions by 2030 and aims for Net Zero by 2040. Meanwhile, reliance on gas in certain regions, especially Spain and the US, continues to be a challenge. Despite significant strides in renewable energy integration, with 81% of its energy



production coming from emission-free sources, Iberdrola's progress could be more consistent across its operations, particularly in the regions where gas distribution remains its primary business.

The company's just transition stakeholder engagement strategies appear robust, addressing the needs of employees, customers, and communities. However, its approach to a just transition remains somewhat cautious, especially in regions with heavy fossil fuel reliance. Additionally, Iberdrola has embraced innovative solutions such as nature-based carbon offset programs. While Iberdrola is confident in the increasing market competitiveness of these solutions, particularly for customers and in commercial sector, the viability in the industrial sectors is still to be seen.

In Progress: Both Iberdrola and SSE continue to make progress in their decarbonisation efforts. However, the companies' reliance on gas for energy security and during market fluctuations underscores the complexities of fully transitioning away from fossil fuels. For SSE, leadership changes introduce an element of uncertainty, making it crucial for SSE to reinforce governance structures and maintain strategic momentum.

While SSE is investing in technological carbon capture and storage (CCS), Iberdrola is taking a different approach by focusing on nature-based solutions. LAPFF remains sceptical over the long-term viability and effectiveness of CCS. Further clarity on how these initiatives will translate into tangible cost benefits for consumers is needed to strengthen SSE's credibility and ensure its transition aligns with both sustainability and affordability goals.

ENGAGEMENTS

OIL & GAS

Objective: Drax's Yorkshire power station is the UK's largest single emitter of carbon dioxide. LAPFF has focused for several years, from its own research as well as public coverage of the company, on Drax's business model which faces considerable challenges. These challenges include the continuation of government subsidy which is in excess of £500m a year and is more than all of the profit. That subsidy runs out in 2027. There is an additional proposal to add carbon capture and storage to Drax for what is called BioEnergy Carbon Capture and Storage (BECCS) which would require further subsidy, locked in for the duration of at least 25 years. This proposal has to this point not been approved by HM Government.

Drax's operation is currently dependent on both contracts for difference (CfDs) – by which Drax receives a fixed price for its power output, and subsidy.

On the environmental side there are significant issues with claims of net zero as well as continuity of supply of imported wood pellets.

Achieved: Since meeting with the Senior Non-Executive Director in December 2024, there has been more press coverage that Drax has been cutting down rare forest wood in Canada.

In February 2025, the Government announced that subsidies will continue for another 4 years from 2027, but on a more restrictive basis. The subsidy will be halved, and the output will be more than halved. That is because rather than operating as a baseload plant (operating at any time), Drax will become a dispatchable source of power (i.e. to make up demand when other sources are short).

In revenue terms, the reduced operation may be beneficial as dispatchable power sells at a much higher price. However, the fact Drax will operate as a dispatchable source of power makes any Carbon Capture Storage proposition less viable. That is on cost grounds, as there is less operating time to cover the fixed costs, but also, there is no working model of CCS on dispatchable power as the CCS plant would require power when the generation is off. The capture of carbon is not an instantaneous process, whereas a dispatchable power station coming on and going offline is.

The Government has attached conditions on supply of pellets, to mitigate the import of wood pellets linked to deforestation, and subsidies can be cancelled or repaid if such problems recur.

In Progress: The issues LAPFF has raised are central to the business model.

The argument for the government to continue to support Drax is the claim that "the UK can't be carbon net-zero by 2050 without it" thus Drax with carbon capture and storage would result in "negative emissions". But Drax with a lower output would result in less "negative emissions".

BP & Shell

Objective: Both BP and Shell are retreating from the transition towards renewables.

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 reduce in aggregate terms; and that demand will be met by lowest cost producers.

Renewable power generation (especially solar) can operate on a decentralised and localised basis, scale is not a necessity. Oil and gas production and distribution in contrast is highly centralised and scale has been a necessity.

With there being no shortage of investment in renewables into, and then from, the power generation sector then the need for capital gathering and investment to be intermediated by the large-scale oil and gas sector is less clear.

As opposed to requiring subsidy, renewable power is now a disruptive transition due to the alternative and innovative technologies. The war in Ukraine has also increased governments' focus on less reliance on fossil fuels on energy security and price volatility grounds.

The incentive to decarbonise sits well with the existing power generation sector which is investing in renewables, to increase electricity output and consumption (such as encouraging heat pumps and EVs) and in the process competing favourably with the fossil fuel sector.

The same cannot be said for the oil and gas sector, where investment in renewables means competing with itself – the fossil fuel business.

There now seems to be an inevitable shrinkage in the sector, not matched by growth from elsewhere. That supports the argument for rigorous Paris Aligned capital discipline and more cash returns - not buybacks - to shareholders instead. LAPFF would question the benefit of holding a larger proportion (the effect of buybacks) in an ex-growth sector that is in long-term retreat.

Developments at Shell: LAPFF has been engaging with the Australian Centre for Corporate Responsibility which, with the support of LAPFF members has tabled a resolution for the 2025 AGM. The resolution focuses on the company's planned expansion of LNG, as the implied demand/supply significantly exceeds International Energy Authority ('IEA') projections.

Shell held a "Liquid Natural Gas ('LNG')" day in February 2025 at which an LNG Outlook document was produced. That refers to "LSG" – Liquid Synthetic Gas, which is chemically and physically identical to LNG (methane). LSG is produced by "methanation" a reaction which combines hydrogen and carbon dioxide.

The presentation implies that future LSG can use "existing" LSG (existing and proposed) infrastructure. What is also not clear from the presentation is the cost and energy consumption needed to create LSG.

There is a diagram showing that the hydrogen would come from green hydrogen (from electrolysis using renewable power) and carbon dioxide obtained by direct air capture (DAC). DAC and green hydrogen would be very energy intensive and inefficient given the only output of energy is the combustion of methane.

It would appear that LSG is being promoted as a means of prolonging the life of existing and new LNG infrastructure. This in LAPFF's view would be a very risky – and subsidy dependent – way of going about it.

Credibility issues have arisen with Shell before. LAPFF had previously questioned Shell on trees as "nature-based solutions" (i.e. planting trees) as the IPCC regards that as necessary for hard to abate sectors, not fossil fuel companies.

Shell has said that it cannot make the investment case for renewables. That is

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Grangemouth Petro Chemical Plant

not in itself unreasonable but does support the argument for more cash returns to shareholders instead.

Developments at BP: BP had been regarded as at the better end of the sector in recognising climate change as an issue but faces the same competitive and structural pressures set out above.

In February 2025 BP announced that it was abandoning key parts of its strategy of being an integrated energy company. That means it will cut investment in non-fossil fuel assets and is selling some of the same. It has also announced it will be increasing production in oil and gas to between 2.3 million and 2.5 million barrels of oil equivalent a day by 2030 and raise spending to $10 billion a year, about 20 per cent higher than previous levels.

That marks a U-turn from a target for a 25 per cent reduction in output to about 2 million barrels a day, compared with 2019 levels.

LAPFF's policy of managed decline is all the more relevant given retrenchment in the sector.

In Progress Shell: LAPFF continues to challenge whether Carbon Capture and Storage (CCS) 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, particularly as the mode of synthetic aviation fuel Shell refers to is to take CO_2 resulting from combustion by carbon capture from elsewhere and converting it – by an energy intensive process – into a hydrocarbon. LAPFF's view is that is merely using the same emission twice, whilst still resulting in emissions is not a meaningful contribution to net zero.

CCS has been given prominence for, inter alia, gas (methane) for power, hydrogen for home heating, hydrogen for ammonia production and hydrogen for steel making. All of these have non-fossil hydrogen alternatives. It should be noted that CCS for coal was heavily promoted as a way of maintaining coal demand but never materialised with the phase out of coal on economic as well as emissions grounds. There is the same risk with gas.

In Progress BP: The position of the whole board, given the major shift in strategy from that previously adopted by the whole board, needs scrutiny.

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BP has decided not to put a climate change strategy to the vote at this year's AGM. That is unsatisfactory given that the strategy has now changed.

In previous years the company has questioned the validity of shareholder resolutions requesting enhanced climate disclosure and commitments on the basis that the company has a robust transition strategy. This same argument has lost credibility following the recently announced retrenchment.

With more of the business being in joint ventures with other producers (such as Exxon and Chevron) that progress to net zero is to some extent out of the control of BP itself and would imply that the joint venture partners have the same commitment, or lack of, to net zero for those shared assets.

Particular attention is needed to understand the role of Elliot Advisers, the fund manager which is reported to have pushed BP towards its new position. There is no evidence yet that the objective of increasing BP's share price has been achieved.

In progress both BP and Shell: LAPFF's policy has not been that oil and gas companies should all transition towards renewables but that the sector needs to be in managed decline from fossil fuels. The managed decline is all the more relevant now as that it is the only route to Paris Alignment.

BANKS - FINANCING THE FOSSIL FUEL SECTOR

NatWest

Objective: LAPFF continues to engage with the banking sector, recognising its pivotal role in financing the transition to a decarbonised economy, with a particular focus on energy supply. The objective of LAPFFs engagements in this sector is to accelerate the transition to zero-carbon energy sources, in alignment with global climate change mitigation goals and the COP 2023 focus on phasing out fossil fuels.

LAPFF aims to encourage the diversion of capital away from new fossil fuel extraction and promote the rapid expansion of clean energy, while addressing strategic risks such as stranded assets and the disruptive impact of emerging technologies. LAPFF's engagement with the banking sector aims to ensure that financiers integrate climate and transition factors into their lending practices, particularly when financing fossil fuel producers and low-carbon alternatives, and in doing so, supporting the broader shift to sustainable energy.

Achieved: In Q1, LAPFF engaged with NatWest with a focus on the bank's financing of the fossil fuel industry, particularly its approach to defining "credible transition plans." This issue has been under intense media scrutiny due to NatWest's continued financing of oil and gas giant BP, this despite BP's rollback on climate commitments described earlier in this report and NatWest having a policy in place which supposedly limits the provision of services to companies which do have a credible transition plan in place.

While NatWest reaffirmed its commitment to aligning its financing decisions with climate goals, particularly in the oil and gas sector, the meeting highlighted some potential concerns in its approach. When pressed on the matter, NatWest acknowledged the complexities of defining a 'credible transition plan' and noted the difficulty in determining appropriate plans for companies at different stages of their transition journey, particularly as these plans tend to evolve over time. The bank also emphasised the challenges associated with relying on third-party assessments, such as those from the Transition Pathway Initiative (TPI) and Science-Based Targets initiative (SBTi), both of which have altered or withdrawn guidance within the oil and gas sector. NatWest highlighted issues with these tools when combining scientific data with judgement and highlighted how this can create ambiguity when defining clear and consistent transition pathways.

Despite these challenges, NatWest emphasised its commitment to responsible financing and sustainability, particularly in ending harmful activities, fostering strong partnerships, and improving internal operations. The bank has exceeded its 2025 carbon reduction target ahead of schedule and has set an ambitious new goal of achieving a 70% reduction in emissions by 2030. NatWest also reaffirmed its commitment to supporting small and medium-sized enterprises (SMEs) in their transition efforts, recognising that these businesses often require more tailored support, which the bank is committed to providing.

Overall, while NatWest has limited its oil and gas exposure to less than 1% of its portfolio, it continues to maintain relationships with existing fossil fuel clients. This reflects the complex and nuanced nature of defining and assessing "credible" transition plans. A challenge which the bank is currently in the process of reassessing. NatWest welcomed further engagement and dialogue with LAPFF as it works to address these challenges and refine its approach.

In Progress: NatWest's emphasis on transparency and open dialogue with LAPFF is welcomed, but its overall strategy remains under scrutiny. LAPFF will continue to monitor the bank's progress to ensure that its actions align with its stated climate goals and hold the bank accountable for its financing decisions, particularly regarding its ongoing support for fossil fuel industries. LAPFF also raised the bank's reported plans to significantly increase the quantum available under its executive compensation package. The company agreed to raise this concern internally.

ENVIRONMENTAL

Water Stewardship

Objective: Water is a vital natural resource crucial to communities, ecosystems, and industries. However, the United Nations warns of a 40% global water shortfall by 2030 if current consumption trends continue. With freshwater consumption outpacing replenishment rates, it is becoming increasingly difficult to meet water needs and achieve the United Nations' Sustainable Development Goal for Water (SDG 6).

LAPFF engages with investee companies, including those in the mining sector, to address critical water-related risks. As the threat of water scarcity increases, LAPFF advocates for

ENGAGEMENTS

companies to develop holistic water stewardship strategies. These strategies should ensure responsible water use, protect ecosystems, and address the environmental risks posed by water shortages.

LAPFF also encourages companies to enhance transparency in water usage and reporting, encouraging businesses to integrate water management into their long-term sustainability goals. In doing so, companies swill ultimately reduce operational disruptions, regulatory risks, and reputational damage tied to water-related issues. By fostering accountability and guiding companies towards sustainable water practices, LAPFF seeks to drive positive environmental outcomes, safeguard communities, and mitigate long-term risks to investors.

Achieved:

Fortescue Metals Group

LAPFF held its first meeting with Australian mining company Fortescue Metals Group in Q1, focusing on water management. The meeting provided a valuable opportunity to establish dialogue with the company and gain insight into its approach to water stewardship.

Fortescue Metals outlined ongoing internal water assessments at its Pilbara mining sites in Western Australia, including the Western, Chichester, and Solomon hubs. The company reported that its water targets for these sites are either met or in progress, with full achievement expected by 2025. LAPFF will continue to monitor these targets and seek access to relevant data and methodologies used in the assessments going forward.

The discussion also addressed challenges at Fortescue's Iron Bridge magnetite mining site, where leaking pipes have resulted in loss of water resource and delayed production progress. The company have not indicated there has been any significant environmental damage from the reported leaks, however, due to the operational setbacks, Fortescue recently revised its production target for Iron Bridge, significantly reducing them for the 2024/25 financial year. The company indicated that pipe issues are being resolved, through water flow adaptions rather than pipe replacement, allowing production to ramp up. Water targets for Iron Bridge are expected to be set in FY25.

Graphite mine near the Andasibe-Mantadia National Park, Madagascar

Rio Tinto

Rio Tinto met with LAPFF in Q1 as part of a wider investor meeting focused on water management. LAPFF originally wrote to Rio Tinto to engage on the topic of its water management strategy, requesting a meeting to learn about development of efforts to conduct independent water assessments at its mine sites globally, including QIT Madagascar Minerals (QMM) and Oyu Tolgoi.

In the investor meeting, Rio Tinto's Head of Health, Safety, Environment & Security and Group Head of Environment and Nature reiterated the company's commitment to water stewardship, transparency, and incorporating both Indigenous and Western scientific perspectives in decision-making. LAPFF reiterated its ongoing concerns, including unresolved community grievances and the lack of meaningful progress at critical sites such as QMM.

While Rio Tinto outlined initiatives to address water-related risks, significant

ENGAGEMENTS

gaps remain, particularly in implementation, scale, and communication. The company acknowledged its sustainability goals are being hindered by slow progress and cited a cautious approach in setting targets, to avoid overly ambitious targets without clear execution plans. The investor meeting also highlighted issues such as limited communication and a lack of concrete data demonstrating measurable improvements.

Most recently, in April 2024, a group of villagers in Madagascar wrote to the company and filed a legal claim against Rio Tinto, alleging pollution linked to the QMM mine. The claim references blood test results showing high lead levels, some exceeding World Health Organization (WHO) safety thresholds, including in children requiring medical treatment. Additionally, the letter addressed concerns regarding uranium exposure, particularly as local communities rely on nearby water sources for drinking, washing, and fishing. In its 2024 annual reporting, Rio Tinto noted it is taking the letter and legal filing seriously, however, it does not support the allegations raised in the letter.

Valuing Water Finance Initiative (VWFI)

LAPFF has joined the 2025 Valuing Water Finance Initiative's (VWFI) annual investor letter to focus list companies. As a signatory, LAPFF signed onto 56 letters which were sent to targeted companies in January, including: Alphabet Inc., Microsoft Corporation, Amazon.Com, Diageo, LVMH Moët Hennessy Louis Vuitton, Unilever PLC, and Nestle S.A. The letters emphasise the importance of addressing water-related risks and the growing need for companies to tackle supply chain vulnerabilities.

In February, Amazon.com replied to the VWFI letter outlining its approach to water stewardship, highlighting progress toward AWS's goal of becoming water positive by 2030; this includes efforts to improve water efficiency, expand the use of sustainable water sources, and support replenishment projects globally. Amazon also noted recent water commitments in India, as well as newly launched projects in Brazil, Chile, China, and the US. Additionally, the company referenced a global water risk assessment used to prioritise water stewardship interventions, while noting that some details remain confidential due to competitive sensitivity.

In Progress: The Forum continues to push for meaningful action across high-impact sectors, with initial dialogue established with Fortescue Metals Group and growing investor pressure heightening its long-standing engagement with Rio Tinto.

LAPFF's engagements continue to highlight significant and persistent gaps within mining companies, particularly regarding implementation, transparency, and responsiveness to community concerns. The recent April 2024 legal claim related to Rio Tinto and QMM, alongside repeated concerns and sustained investor pressure, underscores the need for these companies to proactively address water-related risks and community impacts.

Through continued engagement and dialogue with companies, participation in initiatives such as the VWFI, and ongoing monitoring of corporate progress, LAPFF will continue to press for more robust, measurable, and equitable water management practices across high-impact sectors.

NATURE

Procter & Gamble – NA100

Objective: Since Nature Action 100 (NA100) published its benchmark in October 2024, LAPFF has worked within investor groups to refine the asks of companies. This follows a series of calls with companies in 2024 that largely set out the expectations of investors working within NA100 and to gain a better understanding as to how companies were approaching nature risk.

The investor group that LAPFF works within for Procter & Gamble (P&G) had met with the company once, before the NA100 benchmark was published, and sought a subsequent meeting with the company this quarter, choosing to focus on the 'Assessment', 'Target Setting' and 'Governance' pillars.

Achieved: There were positive updates from P&G noting its progress with the TNFD process, including working through the framework and refining its biodiversity disclosures. The company acknowledged transparency gaps in disclosures around biodiversity impact assessments but highlighted positive steps, including commitments to align with TNFD by 2026 and ongoing work on water stress assessments. On deforestation, P&G outlined its approach, which includes third-party certification, satellite monitoring covering 98% of its palm oil supply, and a grievance mechanism for non-compliance. It discussed preparedness for the EUDR (EU deforestation regulation), stating that its suppliers are responsible for compliance and that the additional delay will help smaller suppliers meet geolocation requirements. Finally, it touched on executive remuneration, indicating that ESG factors are integrated into compensation structures but without full disclosure of specific weighting or targets.

In Progress: LAPFF will continue to join engagements as a part of the NA100 initiative and intends to progress engagements past the initial round of engagements which were designed to understand how companies were approaching nature risk.

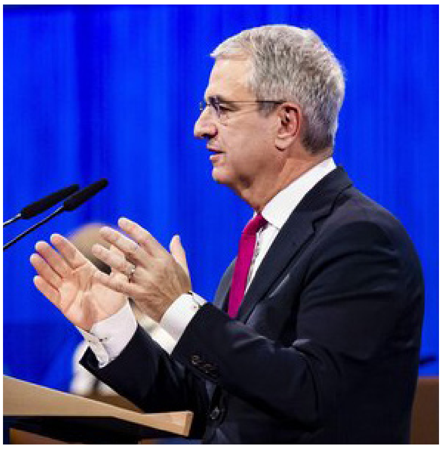
Nestlé Chair's Roundtable

LAPFF attended a roundtable in London with Nestlé Chair Paul Bulcke. LAPFF attends this meeting each year, providing an opportunity to ask questions directly to the chair of the world's largest food and beverage company.

The company provided a high-level overview of its corporate strategy for the coming year, including how it continues to incorporate a variety of ESG factors into this strategy. LAPFF joined 10–15 other investors in a round of questioning, which largely focused on the succession of the company's CEO in August 2024. In this transition, Mark Schneider, who had been CEO for seven years, was replaced by Laurent Freixe, an executive who has been with the company since 1986.

There were questions on the lessons learned from failures under Schneider and how Freixe is operationalising core parts of Nestlé's strategy. Given the significant role that regenerative agriculture is set to play in Nestlé's net zero strategy, LAPFF asked questions on this topic, focusing on efficiencies and the positive impact the company can have on nature.

ENGAGEMENT



Laurent Freixe, CEO of Nestle

Nestlé has surpassed its 2025 target for regenerative agriculture, with 21.3% (target of 20%) of key ingredients now sourced from farmers adopting these practices and appears to remain on track to reach 50% by 2030. The company's efforts focus on improving soil health, reducing reliance on synthetic inputs, and supporting farmers in adopting techniques such as cover cropping and precision farming. Through its Nestlé Agriculture Framework, the company continues to provide long-term support, training, and incentives to accelerate the transition to sustainable food systems

SOCIAL FACTORS

Conflict-Affected and High-Risk Areas

Objective: LAPFF maintains a continued focus on engaging companies with business activities in or linked to conflict-affected and high-risk areas. LAPFF's expectations of companies are guided by the UN Guiding Principles on Business and Human Rights (UNGPs), which call for human rights due diligence in all operating contexts. Further guidance is provided for CAHRAs through the UNGPS and guidance released by the UN Development Programme in cooperation with the UN Working Group on Business and Human Rights, which advises undertaking a more comprehensive process known as heightened human rights due diligence (hHRDD).

Standard human rights due diligence focuses on identifying, preventing, mitigating, and accounting for human rights impacts. hHRDD extends this approach by requiring companies not only to examine their impacts on people, but also on the dynamics of the conflict itself. This includes recognising early warning "red flags" that might signal escalating violence or instability. Such red flags could be the presence of private security contractors, pervasive hate speech, severe restrictions on media, or forced displacement of people. LAPFF therefore expects companies operating in or linked to CAHRAs to implement the following core asks:

Adopt and publicly disclose policies on hHRDD, including criteria for entering, remaining in, or exiting a CAHRA.

Conduct robust conflict and human rights impact assessments, integrating findings into their corporate strategy.

Strengthen supply chain oversight, ensuring that contracts and business relationships do not contribute to abuses.

Engage openly with stakeholders and provide transparent reporting on progress, challenges, and any remedial actions taken.

Achieved:

Occupied Palestinian Territories (Bank Leumi & Bezeq)

LAPFF has engaged companies that were included on the UN OHCHR's list of companies considered active in the Occupied Palestinian Territories since its inception in 2020 and met with Israeli based companies Bank Leumi and Bezeq this quarter.

Since LAPFF last met with Bank Leumi in May 2023, the company has issued a public human rights policy. LAPFF also noted some improvements in due diligence processes in investment considerations. However, there was no evidence the company was undertaking hHRDD for its operations within CAHRAs.

Bezeq detailed how it operates in Israel and Palestine, stating that its infrastructure provides services to the Palestinian people. LAPFF pressed the company for enhanced human rights disclosures including a commitment to adhere to the UNGPs, although is not clear the company is undertaking hHRDDD at this point.

FTSE100 Letter

In December 2024, LAPFF wrote to all FTSE100 companies (excluding investments trusts) on behalf of LAPFF. These letters aimed to deepen the Forum's understanding of how companies approach risk mitigation in relation to CAHRAs, and signal increasing investor interest and concern on the risks associated with business in CAHRAs.

LAPFF received 28 responses from companies and met NEXT and Aviva in Q1 2025 to discuss this.

LAPFF has previously engaged NEXT Plc in relation to labour rights issues in Myanmar. The most recent meeting this quarter sought to expand prior conversations to include the undertaking of heightened human rights due diligence. NEXT appears to be taking a thorough approach to its business activities in Myanmar, although does not currently have a policy for operations in CAHRAs more widely.

During Q1 LAPFF also held a call with Aviva. The company emphasised it was enhancing its internal human rights policies and conducts a human rights saliency assessment to identify risks to people, rather than just to business, across its insurance and investment portfolios. This includes mapping risks such as modern slavery, indigenous rights, and data privacy. It also focuses on sector-specific risks, particularly where conflict could be exacerbated and is considering how its underwriting and stewardship activities might be better aligned to support CAHRA risks. Although the company's disclosures on CAHRA specific risks were limited, representatives explained that it was an issue of increasing focus

LAPFF is currently liaising on getting meeting dates with Phoenix Group, BAE Systems, and EasyJet, who have all offered calls in response to the letter.

2024 CAHRA Related Shareholder Resolutions

As geopolitical tensions have risen alongside increased conflict, so have shareholder resolutions relating to CAHRAs. LAPFF analysed a series of companies who had received such shareholder resolutions in 2024 and subsequently wrote to Mondelez, JPMorgan Chase & Co, Texas Instruments, Eli Lilly, Lockheed Martin, and RTX

ENGAGEMENT

Corporation, seeking engagement on both the resolutions specifically, and company approaches to CAHRAs.

In March, LAPFF met JPMorgan Chase & Co. The company outlined that it did not undertake any specific or heightened due diligence relating to CAHRAs beyond the process it applies for all business transactions, but that this would incorporate geopolitical and reputational risk. LAPFF asked if the company would consider disclosing examples in which a transaction had been impacted as a result of geopolitical or reputational risk to demonstrate that its existing approach would capture concerns relating to CAHRAs. The company said it would consider this request.

In a meeting with Texas Instruments (TI), the company outlined its values-driven approach to business, including efforts to prevent product diversion to sanctioned countries, enhanced due diligence processes, and a preference for actions beyond just compliance. While LAPFF welcomed TI's transparency and commitment to screening and manual checks, it raised concerns regarding the lack of public reporting on human rights due diligence and CAHRAs.

LAPFF received a response to a letter sent to RTX Corporation on this topic. RTX stated that it was unable to discuss its approach to human rights risk management due to legal, contractual, customer, and policy considerations. It instead directed LAPFF to its human rights policy, which did not answer LAPFF's queries on heightened human rights due diligence. The company's human rights policy states that the assessment of specific business opportunities can present heightened human rights risks but does not discuss potential monitoring of end user product use and how this might be further mitigated.

Mondelez, Eli Lilly and Lockheed Martin have yet to respond

Electric Vehicle Manufacturers

LAPFF has held engagements with global auto manufacturers on their electric vehicle (EV) battery supply chains since 2021, seeing positive outcomes at Mercedes, BMW, Ford, General Motors, and Renault. Whilst these companies are making notable progress, there are still a number of manufacturers that are performing poorly in the context of managing human rights risks present in the critical mineral supply chain. In this quarter, LAPFF wrote to BYD, Toyota, Kia, Honda, Nissan, and Hyundai, seeking engagement on human rights considerations in the transition to electric vehicles. LAPFF has not yet received responses from these manufacturers and is in the process of considering escalation at the respective AGMs.

Response from Home Depot re Uyghur forced labour – Investor Alliance for Human Rights

Alongside other investors from the Investor Alliance for Human Rights' Uyghur Working Group, LAPFF has met with Home Depot twice to discuss the company's approach to alleged Uyghur forced labour in its luxury vinyl tile flooring. LAPFF wrote to Home Depot again this quarter seeking further engagement on the issue and received a written response.

Home Depot was able to provide positive developments in the efficacy of its traceability initiatives, detailing information on programmes that had been discussed in past engagements, further enhancements in the company's auditing practices and verification process, and a continuation of how it was monitoring evolving regulatory standards.

In Progress: LAPFF will continue to focus attention on CAHRAs and engage sectors that operate in them. LAPFF will also monitor best practice across industries and consider escalation through AGM attendance and voting alerts to members as the year progresses.

Luxury Goods

Objective: In 2024, the Local Authority Pension Fund Forum (LAPFF) expressed concerns that the luxury goods sector was being overlooked in comparison to high street apparel regarding human rights and supply chain management. There is a common misconception that higher prices for luxury goods directly translate into better working conditions and wages for workers. Following engagements with the sector in 2024, LAPFF has sought further meetings to discuss risk management and proactive action.

LAPFF wrote to companies before the European Commission's proposed Omnibus Package was announced on 26 February 2025, which aims to simplify sustainability reporting and due diligence requirements for businesses. Alongside existing asks, LAPFF is committed to ensuring that these regulatory changes do not lead to diminished oversight of human rights practices within the luxury goods sector. The Forum aims to engage with luxury brands to assess how they plan to adapt to the revised regulations and to encourage the maintenance or enhancement of robust human rights and supply chain management practices despite the potential easing of compliance obligations.

Achieved: LAPFF met with Burberry and Kering on these issues for the second time. The meeting with Burberry covered the company's double materiality assessment, due diligence processes, and supply chain transparency efforts in the context of evolving regulatory requirements such as CSRD and CSDDD. Burberry provided updates on its worker engagement initiatives, ethical trading compliance measures, and partnerships with NGOs and the International Organization for Migration (IOM) to support oversight. Despite regulatory uncertainty with the EU Omnibus Plan, Burberry appeared committed to progressing compliance efforts, refining governance structures, and taking what it described as "no regrets actions" to enhance data robustness and due diligence.

In a meeting with Kering, LAPFF discussed the company's first Corporate Sustainability Reporting Directive (CSRD) compliant annual report. Kering outlined its first CSRD disclosures, identifying 79 material areas and highlighting robust supplier auditing, with 4,500 audits conducted—52% of which were unannounced—and the termination of 89 supplier relationships. LAPFF found that the depth of reporting had not improved greatly since it met the company in 2024, although there appeared to be work in progress on transparency and targets that may be reflected in the company's 2026 reporting. LAPFF encouraged clearer examples of remediation and deeper insight into sub-tier supply chains and whistleblowing effectiveness. Kering acknowledged areas for improvement

ENGAGEMENT

and noted plans to enhance transparency, audit consistency, and stakeholder communication

In Progress: LAPFF has a call scheduled with LVMH Moët Hennessy Louis Vuitton in April. LAPFF has not received a response from Moncler or Richemont at this time but will follow up with further requests to attempt to meet in Q2. The Forum has not had a response from Hermès International on request for engagement to date and is considering next steps.

GOVERNANCE

Vistry

Objective: LAPFF believes UK board structures should align with the principles of the UK Corporate Governance Code. This includes ensuring a balanced mix of executive and non-executive directors with diverse experience who can act independently and hold management accountable. A careful balance in the composition of the board is crucial, as boards with an overrepresentation of executives may dilute the influence of independent directors. LAPFF also supports the separation of chair and chief executive. LAPFF considers the roles distinct role and if combined can lead to concentration of power within the board. LAPFF emphasises the importance of succession planning and developing a diverse executive pipeline to maintain an effective and accountable board composition.

Achieved: LAPFF held a follow-up meeting with Vistry Group to revisit governance concerns initially raised during a September 2024 discussion on decarbonisation and the ongoing CMA investigation. This meeting primarily focused on the company's dual CEO and Chair role, held by Greg Fitzgerald since 2024.

LAPFF met with Rob Woodward, Senior Independent Director, to better understand the rationale behind the leadership model and its impact on independent oversight. While Vistry defended the structure, pointing to shareholder support and internal governance processes, LAPFF expressed concerns about power concentration, the independence of non-executive directors, and long-term governance stability. Currently, Vistry has no set timeline for any changes to the dual role. The discussion also addressed cultural and leadership challenges following recent restructuring. LAPFF acknowledged that a significant portion of Vistry's shareholders are based in the US, where the dual CEO and Chair role is more common. However, the Forum emphasised that this structure does not align with best practices in the UK, where Vistry is headquartered.

In Progress: Although Vistry asserts that its governance model is functioning, LAPFF will continue to monitor and raise concerns about potential long-term risks. LAPFF is committed to maintaining an ongoing dialogue with the company, and Vistry has welcomed further discussion as the governance structure evolves to ensure a balanced and accountable leadership framework.

London Stock Exchange Group

Objective: As has been noted in previous quarterly reports, 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, Finablr and Quindell, the former of which has lost >90% of its value since listing, the other three being 100% losses.

As noted before, 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. It is chaired by the CEO of the London Stock Exchange.

Achieved: A meeting with the Senior Executive Director of the LSEG, Cressida Hogg was held in January. An outcome has been that a meeting is being arranged with the CMIT Chair and members of the CMIT.

One positive outcome from correspondence with the CMIT chair is that there is a shared understanding regarding the fundamental challenge facing the London Stock Exchange. Some work has already been done on that by the LAPFF Executive Working Group.

In Progress: A meeting with the CMIT is pending.

COLLABORATIVE ENGAGEMENTS

Rathbones 'Votes Against Slavery'

LAPFF signed onto Rathbones led initiative "Votes Against Slavery", a collaborative investor-led initiative launched in 2020. The campaign aims to combat modern slavery by ensuring companies comply with Section 54 of the UK Modern Slavery Act 2015. This legislation requires businesses above a certain size operating in the UK to report on the steps they are taking to ensure modern slavery and human trafficking are not occurring within their operations or supply chains. LAPFF signed onto a selection of companies in the FTSE 350 index. The Forum has noted good progress by the initiative over the past few years and will monitor it as the year goes on, joining engagement calls as appropriate.

Nike Inc

LAPFF signed onto a collaborative investor letter raising concerns regarding human rights risks in Nike's supply chain, outlining expectations on heightened human rights due diligence, the effectiveness of binding agreements, especially in high-risk contexts, and worker concerns around wage theft. LAPFF has previously attempted to engage Nike on its approach to human rights, looking at labour rights issues in both Myanmar and the Xinjiang Uyghur Autonomous Region (XUAR) but has not received a response from the company. LAPFF also recommended members support two shareholder resolutions at the company AGM last September relating to supply chain management and social responsibility.

ENGAGEMENT

PRI Vale and Anglo American

Objective: LAPFF continues to lead and participate in the PRI Advance human rights collaborative investor group initiatives; leading the Vale investor group and participating in the Anglo American group.

Achieved: In Q1, LAPFF participated in the first quarterly PRI Advance investor group meeting of 2025, for both Vale and Anglo American initiatives.

Vale

LAPFF led the first quarterly PRI Advance Vale investor group catch-up of 2025, co-leading the initiative alongside Regia (which formed from a merger including JPG Asset Management who LAPFF has worked with previously). The meeting focused on developing the engagement strategy for the year, continuing to emphasise employee and community feedback, grievance mechanisms, and governance, particularly around human rights. With Vale's second Customer Perceptions Survey due to be published in Q1, the investor group plans to request access to the survey results and schedule a related meeting with the company.

Anglo American

Anglo American is implementing a business 'simplification' strategy, following its 2023 asset review. This strategy includes significant corporate restructuring, such as demergers and divestments. A key concern raised by the PRI investor group was the human rights due diligence associated with this simplification. The group requested a meeting with the company, but Anglo American has opted to respond only in writing. The PRI group has submitted their questions and is awaiting the company's response to determine next steps.

The broader engagement with Anglo American focuses on enhancing human rights governance, due diligence, community engagement, grievance mechanisms, employee health and safety, and environmental management.

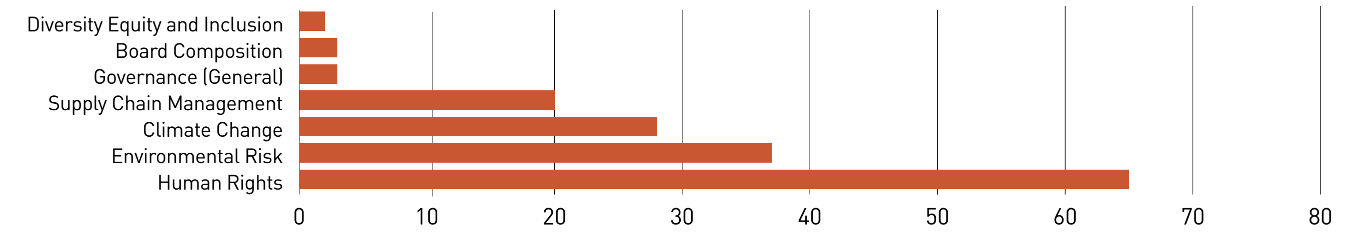
In Progress: LAPFF remains actively involved in the PRI Advance initiatives, with a continued focus on human rights issues within the mining sector. In 2025, the PRI Advance groups are aiming to facilitate engagement meetings with the companies, Vale and Anglo American. Additionally, LAPFF will maintain its independent engagement with these companies to strengthen relationships and foster ongoing dialogue on human rights and sustainability concerns within their operations.

COMPANY ENGAGEMENT TABLE

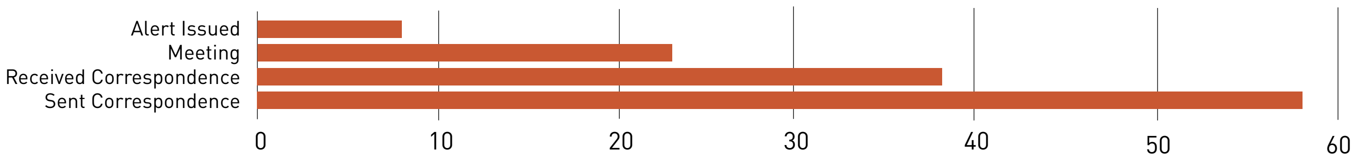
Company/Index	Activity	Topic	Outcome
FORTESCUE METALS GROUP	Meeting	Environmental Risk	Dialogue
BARRATT REDROW PLC	Meeting	Environmental Risk	Dialogue
PERSIMMON PLC	Meeting	Environmental Risk	Satisfactory Response
RIO TINTO GROUP (AUS)	Meeting	Climate Change	No Improvement
NESTLE SA	Meeting	Board Composition	Moderate Improvement
IBERDROLA SA	Meeting	Climate Change	Dialogue
SSE PLC	Meeting	Climate Change	Dialogue
NEXT PLC	Meeting	Supply Chain Management	Small Improvement
TEXAS INSTRUMENTS INCORPORATED	Meeting	Human Rights	Dialogue
LONDON STOCK EXCHANGE GROUP PLC	Meeting	Governance (General)	Dialogue
BURBERRY GROUP PLC	Meeting	Human Rights	Moderate Improvement
KERING SA	Meeting	Human Rights	Small Improvement
THE PROCTER & GAMBLE COMPANY	Meeting	Environmental Risk	Small Improvement
AVIVA PLC	Meeting	Human Rights	Change in Process
CURRYS PLC	Meeting	Employment Standards	Small Improvement
NATWEST GROUP PLC	Meeting	Climate Change	Dialogue
VISTRY GROUP PLC	Meeting	Board Composition	No Improvement
SSP GROUP PLC	Meeting	Diversity Equity and Inclusion	Small Improvement
J SAINSBURY PLC	Meeting	Employment Standards	Dialogue
LEGAL & GENERAL GROUP PLC	Meeting	Diversity Equity and Inclusion	Dialogue
BEZEQ THE ISRAELI TELECOMMUNICATION CORP LTD	Meeting	Human Rights	Dialogue
BANK LEUMI LE-ISRAEL BM	Meeting	Human Rights	No Improvement
JPMORGAN CHASE & CO.	Meeting	Human Rights	No Improvement

ENGAGEMENT DATA

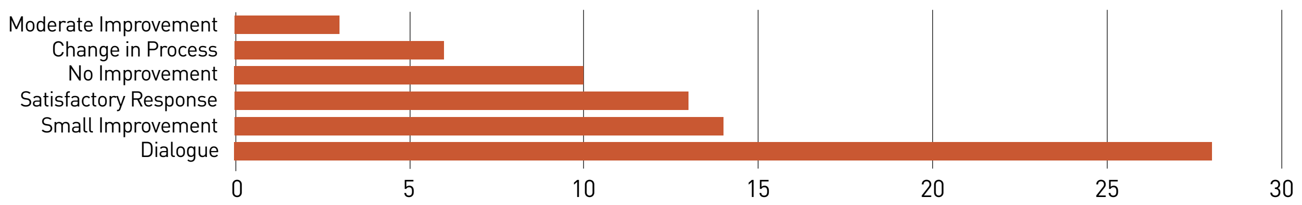
ENGAGEMENT TOPICS



ACTIVITY

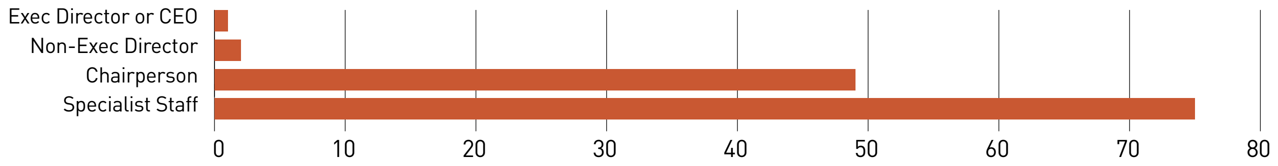


MEETING ENGAGEMENT OUTCOMES*

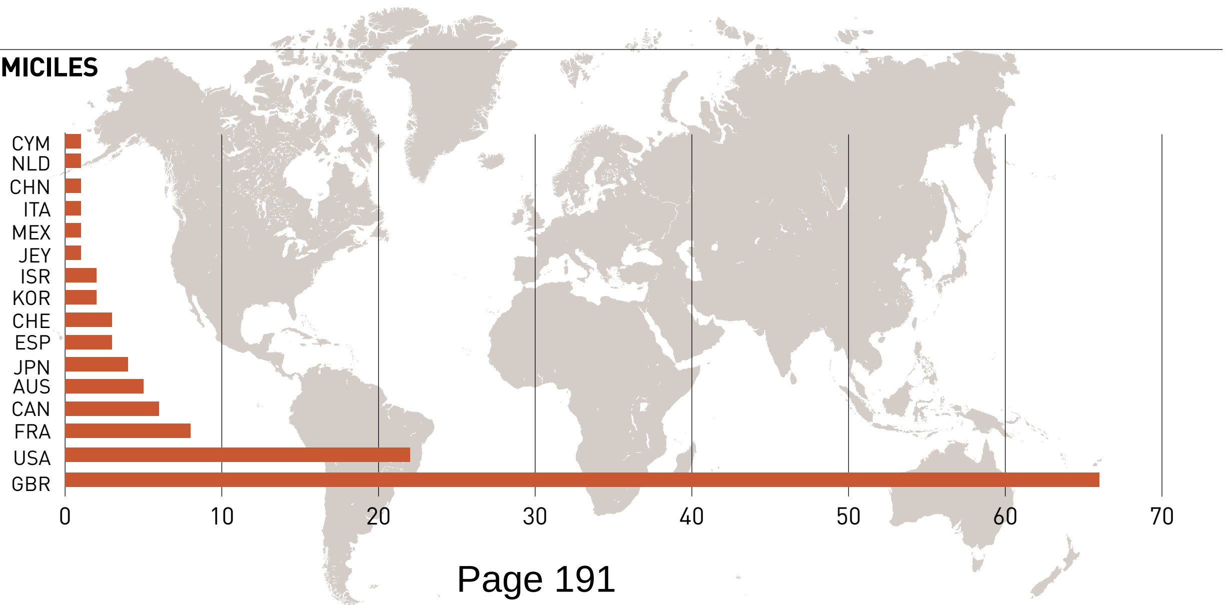


*Outcomes data is taken from 'Meetings', 'AGMs' and 'Received Correspondence' only

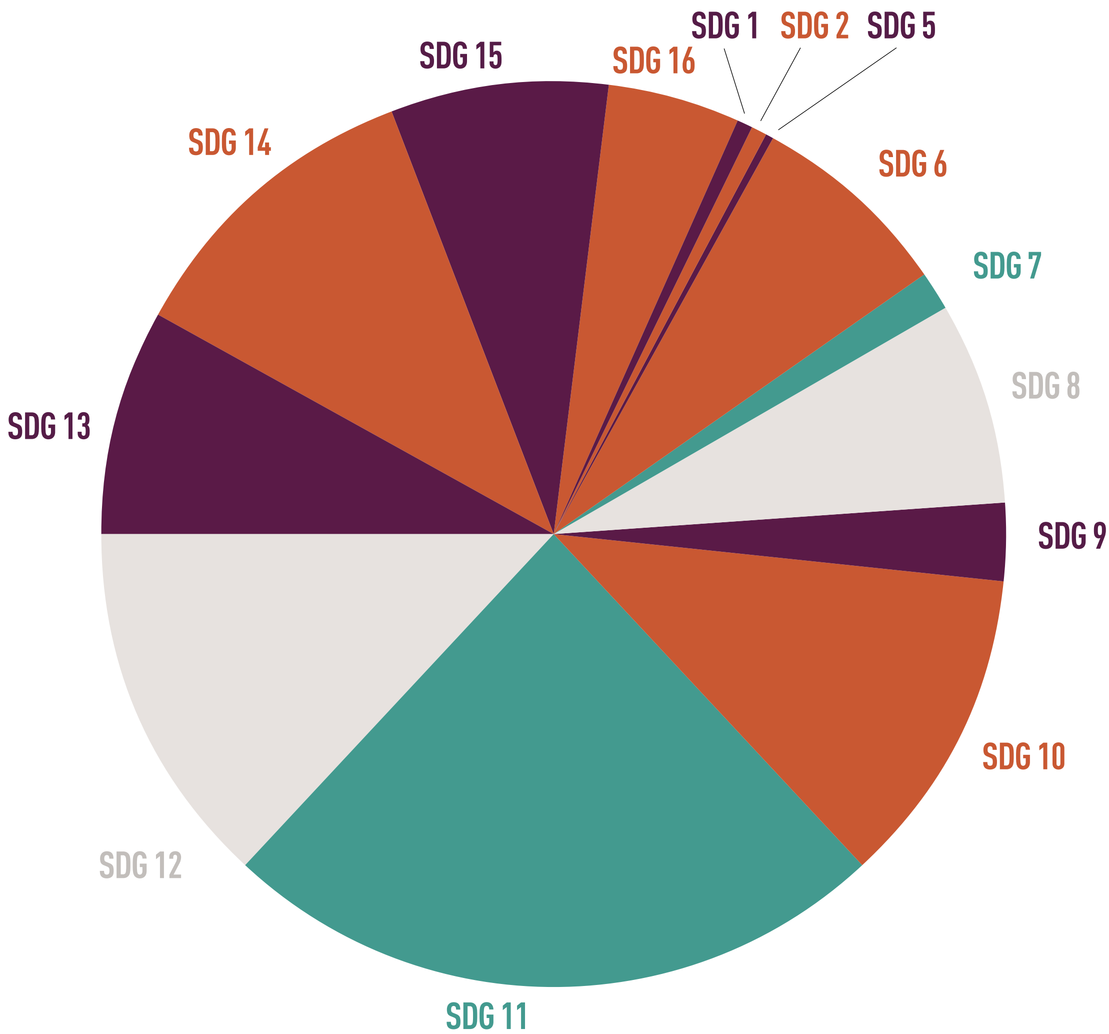
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS	
SDG 1: No Poverty	2
SDG 2: Zero Hunger	1
SDG 3: Good Health and Well-Being	0
SDG 4: Quality Education	0
SDG 5: Gender Equality	1
SDG 6: Clean Water and Sanitation	19
SDG 7: Affordable and Clean Energy	3
SDG 8: Decent Work and Economic Growth	19
SDG 9: Industry, Innovation, and Infrastructure	7
SDG 10: Reduced Inequalities	30
SDG 11: Sustainable Cities and Communities	62
SDG12: Responsible Production and Consumption	34
SDG 13: Climate Action	21
SDG 14: Life Below Water	29
SDG 15: Life on Land	20
SDG 16: Peace, Justice, and Strong Institutions	12
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
Barking and Dagenham Pension Fund
Barnet Pension Fund
Bedfordshire Pension Fund
Berkshire Pension Fund
Bexley (London Borough of)
Brent (London Borough of)
Cambridgeshire Pension Fund
Camden Pension Fund
Cardiff & Glamorgan Pension Fund
Cheshire Pension Fund
City of London Corporation Pension Fund
Clwyd Pension Fund (Flintshire CC)
Cornwall Pension Fund
Croydon Pension Fund
Cumbria Pension Fund
Derbyshire Pension Fund
Devon Pension Fund
Dorset Pension Fund
Durham Pension Fund
Dyfed Pension Fund
Ealing Pension Fund
East Riding Pension Fund
East Sussex Pension Fund
Enfield Pension Fund
Environment Agency Pension Fund
Essex Pension Fund
Falkirk Pension Fund
Gloucestershire Pension Fund
Greater Gwent Pension Fund
Greater Manchester Pension Fund
Greenwich Pension Fund
Gwynedd Pension Fund
Hackney Pension Fund
Hammersmith and Fulham Pension Fund
Haringey Pension Fund
Harrow Pension Fund
Havering Pension Fund
Hertfordshire Pension Fund
Hillingdon Pension Fund
Hounslow Pension Fund
Isle of Wight Pension Fund
Islington Pension Fund
Kensington and Chelsea (Royal Borough of)
Kent Pension Fund
Kingston upon Thames Pension Fund
Lambeth Pension Fund
Lancashire County Pension Fund
Leicestershire Pension Fund
Lewisham Pension Fund
Lincolnshire Pension Fund
London Pension Fund Authority
Lothian Pension Fund
Merseyside Pension Fund
Merton Pension Fund
Newham Pension Fund
Norfolk Pension Fund
North East Scotland Pension Fund
North Yorkshire Pension Fund
Northamptonshire Pension Fund
Nottinghamshire Pension Fund
Oxfordshire Pension Fund
Powys Pension Fund
Redbridge Pension Fund
Rhondda Cynon Taf Pension Fund
Scottish Borders Pension Fund
Shropshire Pension Fund
Somerset Pension Fund
South Yorkshire Pension Authority
Southwark Pension Fund
Staffordshire Pension Fund
Strathclyde Pension Fund
Suffolk Pension Fund
Surrey Pension Fund
Sutton Pension Fund
Swansea Pension Fund
Teesside Pension Fund
Tower Hamlets Pension Fund
Tyne and Wear Pension Fund
Waltham Forest Pension Fund
Wandsworth Borough Council Pension Fund
Warwickshire Pension Fund
West Midlands Pension Fund
West Yorkshire Pension Fund
Westminster Pension Fund
Wiltshire Pension Fund
Worcestershire Pension Fund

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

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	Brent Pension Fund Sub-Committee 24 June 2025
	Report from the Corporate Director of Finance and Resources
	Lead Member – Deputy Leader & Cabinet Member for Finance & Resources (Councillor Mili Patel)

Training Update - Members' Learning and Development

Wards Affected:	N/A
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt:	Open
List of Appendices:	Three: Appendix 1: Brent Pension Fund Training Plan Appendix 2 Brent Pension Fund Training Strategy Appendix 3: Training Content and Learning Schedule
Background Papers:	None
Contact Officers:	Minesh Patel, Corporate Director, Finance and Resources 020 8937 4043 (minesh.patel@brent.gov.uk) Amanda Healy, Deputy Director Investment & Infrastructure 020 8937 5912 (amanda.healy@brent.gov.uk) Sawan Shah, Head of Finance 020 8937 1955 (sawan.shah@brent.gov.uk) George Patsalides, Finance Analyst (george.patsalides@brent.gov.uk)

1.0 Executive Summary

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

2.0 Recommendation(s)

2.1 The Pension Fund Sub-Committee 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 November 2024, the government published their Fit for the Future consultation, which proposes several new measures to enhance governance, particularly the training of members involved in overall strategic direction of local authority pension funds. A key proposal is the requirement for administering authorities to publish a governance and training strategy, which would replace the Governance and Compliance statement. This would outline the authority's approach to governance, knowledge and training, representation, and conflicts of interest and be reviewed once per valuation period.

3.5 Currently, there are no statutory requirements for committee members and officers to maintain appropriate knowledge and skills specific to the LGPS or to undertake training of any kind. By contrast, members of the local pension board do have a statutory duty to have appropriate knowledge and skills.

3.6 The government therefore proposes to require that committee members should have the appropriate level of knowledge and understanding for their roles, and that the requirements for pension committee members and local pension board members should be aligned. This aims to ensure that committee members possess the necessary knowledge and skills to effectively fulfil their roles. The outcome to consultation confirms that the government intends to proceed with the proposals in this area.

3.7 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.

3.8 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

3.9 As well as delivering training support, the LOLA platform tracks the progress of users and provides a record of activity, which is included as a standing item in each Committee and Board meeting. The table below shows module progress for each member of the Pension Fund Sub-Committee since starting in November 2023.

Title of Module	Module completed by
Introduction	Elizabeth Bankole Cllr Johnson Cllr Choudry Cllr Crabb Cllr Molloy Cllr Ahmadi-Moghaddam
Module 1 – Committee Role and Pensions Legislation	Cllr Johnson Cllr Choudry Cllr Crabb Cllr Kennelly Cllr Ahmadi-Moghaddam Cllr Molloy
Module 2 – Pensions Governance	Cllr Johnson Cllr Choudry Cllr Crabb Cllr Kennelly Cllr Ahmadi-Moghaddam Cllr Molloy
Module 3 – Pensions Administration	Cllr Johnson Cllr Choudry Cllr Crabb Cllr Kennelly Cllr Ahmadi-Moghaddam
Module 5 – Procurement and Relationship Management	Cllr Johnson Cllr Crabb Cllr Kennelly

Module 6 – Investment Performance and Risk Management	Cllr Johnson Cllr Crabb Cllr Kennelly
Module 7 – Financial Markets and Product Knowledge	Cllr Johnson Cllr Crabb
Module 4 – Pensions Accounting and Audit Standards	Cllr Crabb Cllr Kennelly Cllr Johnson
Module 8 – Actuarial Methods, Standards and Practices	Cllr Crabb

3.10 To accommodate new members to the Committee and allow existing members additional time to complete the training suite, we propose to maintain the current learning plan enclosed in Appendix 3.

3.11 The LOLA platform allows members to complete modules at a convenient time for them. As before, committee 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.

<u>Report sign off:</u> ***Minesh Patel*** Corporate Director of Finance and Resources

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This is the proposed Training Plan for the Brent Pension Fund Committee and Board Members. The Plan aims to give an indication of the delivery method and target completion date for each area. On approval, officers will start to implement this programme, consulting with Members as appropriate concerning their availability regarding appropriate delivery methods.

Training need	Proposed delivery method: Officer briefings	Briefing note	Pre Committee/ Board training	Training event (internal or external)	Conferences or Seminars	E-learning	Webinars /videos	CIPFA Framework	Scheduled date	Feedback
Pensions legislation										
General introduction to the LGPS			✔				✔	1		
General pensions framework			✔			✔	✔	1		
LGPS Discretions and fornulation 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 perfomance 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 legisltive limits placed on investments within the LGPS			✔	✔	✔			7		
Understanding how the Fund interacts woth the UK and overseas taxation systems in relation to investments			✔	✔	✔			7		

Brent Pension Fund Training Log			
Subject/description of training	**Attendees**	**Date**	**Feedback**

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Brent Pension Fund

Pension Committee and Pension Board Training Strategy

March 2021

Contents

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 it 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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Brent	**Brent Pension Fund Sub-Committee** 24 June 2025
	Report from the Corporate Director, Finance and Resources
	Lead Member – Deputy Leader & Cabinet Member for Finance & Resources (Councillor Mili Patel)

2025 Triennial Valuation and Actuarial Assumptions

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Part Exempt – Appendix 2 is not for publication as it contains 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)"
List of Appendices:	Two: Appendix 1: Assumption setting for the 2025 valuation (Summary) Appendix 2: (exempt) Advice on assumptions
Background Papers:	N/A
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Corporate Director, Finance and Resources 020 8937 4043 (minesh.patel@brent.gov.uk) Amanda Healy, Deputy Director Investment & Infrastructure 020 8937 5912 (amanda.healy@brent.gov.uk) Sawan Shah, Head of Finance 020 8937 1955 (sawan.shah@brent.gov.uk)

1.0 Executive Summary

1.1 The purpose of this report is to update the committee on the 2025 Triennial Valuation and to introduce the report from the Fund Actuaries, Hymans Robertson, on the key assumptions.

2.0 Recommendation(s)

2.1 The Committee is asked to note the update on the 2025 valuation.

2.2 The committee is asked to note and agree the key assumptions for the 2025 valuation as summarised in Appendix 1 and detailed in full in Appendix 2.

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 Every three years, a formal valuation of the whole Fund is carried out under Regulation 62 (1) of LGPS Regulations 2013 to assess and examine the ongoing financial position of the Fund.

3.2.2 Its purpose is to:

- Compare actual experience against assumptions made at the last valuation;
- Value the assets and liabilities of each individual employer and the pension fund as a whole using data from the Fund's administration system and financial records;
- Set employer contribution rates, including for the Council, for the next 3 years (1 April 2026 to 31 March 2029);
- Review the Funding Strategy Statement (FSS);
- Perform a health check on the Fund's solvency.

3.2.3 The last valuation took place as at 31 March 2022 and the next one is to be carried out as at 31 March 2025. The results of each valuation must be reported to the administering authority within twelve months of the valuation date.

3.2.4 The actuary calculates the funding level at each valuation. This is calculated as the ratio of the market value of the assets and the value of the benefits built up to the valuation date for the employees and ex-employees. If this is less than 100% then it means there is a shortfall, therefore there is a deficit; if it is more than 100% then there is said to be a surplus. The previous valuation showed that the Brent Pension Fund overall had a funding position of 87%.

3.2.5 The key governance document for the valuation is the Fund's Funding Strategy Statement (FSS). The FSS sets out the underlying assumptions and principles that are adopted when valuing the Fund's liabilities and setting contribution rates. The FSS also addresses the fact that different employers within the fund have different objectives and it includes deficit recovery periods for different employers. The FSS is normally reviewed during the valuation process in consultation with the Fund actuary and employers.

3.2.6 The 2025 valuation process has commenced, below is an indicative timeline for the valuation process:

Date	**Event**
August 2024	2025 Valuation planning begins
January 2025	Advanced data review - holistic review of all data required for the actuarial valuation
February – April 2025	Review funding plans for long-term stable employers
31 March 2025	Valuation date
April 2025	Council contribution rate (comPASS) modelling.
April 2025	Employers submit their month return for March 2025.
June 2025	Resolve all queries arising from monthly returns.
24 June 2025	Sub-committee meeting - Report to Pensions Sub-committee to review and agree key valuation assumptions.
July 2025	Provision of membership data to the Fund actuary by LPPA on behalf of the scheme manager.
August 2025	Data validations, responding to data queries and Fund actuary sign off for data.
August – September 2025	Whole fund results prepared and discussed with officers.
08 October 2025	Sub-committee meeting - Provision of initial whole fund results, Council contribution rate modelling results and employer contribution strategy proposal (draft FSS).
October 2025	Issue employer results together with draft Funding Strategy Statement for formal consultation.
November 2025	Hold employer forum and employer surgeries.
December 2025 – January 2026	Finalise Funding Strategy Statement following consultation. Agree any changes to employer contribution rates.
23 February 2026	Sub-committee meeting - Draft valuation report and rates and adjustments certificate. Sign off FSS.
31 March 2026	Sign off rates and adjustments certificate with final employer contribution rates.
01 April 2026	Implementation of new FSS and contribution rates.

3.2.7 The key financial and demographic assumptions proposed for use in the 2025 valuation process are set out in Appendix 1 to this report. The overall valuation outcome is sensitive to the financial and demographic assumptions used as they directly influence the calculation of liabilities and funding levels for both the overall Fund and individual employers. They include:

- The discount rate – used to value liabilities to be paid out in the future;
- Future investment returns - this is the interest rate we can assume to achieve in the future;
- Future price inflation (CPI);
- Salary expectations;
- How long pensions will be paid for (longevity);
- Other demographic assumptions.

3.2.8 The assumptions have been developed in consultation with the Fund actuary and reflect both current market conditions and long-term expectations. They are benchmarked against industry standards and LGPS-wide trends to ensure consistency and prudence. Fund officers met with Hymans Robertson to discuss the assumptions in detail on 10 June 2025. The Fund Actuary will attend the meeting to present Appendix 1 to the committee.

3.2.9 Further detail is provided in the full advice report attached in restricted Appendix 2. The committee is asked to note and agree the key assumptions for the 2025 valuation.

3.2.10 Brent Council, in its role as the administering authority, will be assisting employers through this process. Support will be provided in the form of employer forums and training. The Fund will consult with employers through the valuation process and the draft employer results and FSS will be issued for formal consultation. This is currently anticipated for early October 2025. The Fund will also hold an employer forum in autumn 2025 following issue of the draft employer results and FSS. There will also be the opportunity to arrange 1-1 meetings with the actuary and Brent officers.

3.2.11 Complete and accurate membership data is critical in ensuring the valuation results are accurate. If the Fund actuary is concerned about the quality of the underlying data, they will usually add a margin of prudence into their assumptions to accommodate data inaccuracies. The Fund has commissioned several data cleanse projects to improve the data quality in recent years. The results of these projects have been reported to previous Pension Sub-committee and Pension Board meetings.

3.2.12 The valuation process will be completed by 31 March 2026 with new contribution rates payable by employers from 1 April 2026.

4.0 Stakeholder and ward member consultation and engagement

4.1 In view of the nature of the report, there has been no consultation or engagement with stakeholders or ward members to date.

5.0 Financial Considerations

5.1 These are discussed throughout the report.

6.0 Legal Considerations

6.1 There are no legal considerations arising out of this report.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 There are no adverse equality considerations arising out of this report.

8.0 Climate Change and Environmental Considerations

8.1 There are no climate change or environmental considerations arising out of this report.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 There are no HR or property considerations arising out this report

10.0 Communication Considerations

10.1 There are no communication considerations arising out of this report.

Report sign off:

Minesh Patel
Corporate Director, Finance and Resources

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Brent Pension Fund

Assumption setting for the 2025 valuation

Pensions Sub-Committee

Craig Alexander, Partner and Fund Actuary

24 June 2025

Today's session

The valuation assumptions

- Background
- Change in environment since 2022
- Discount rate assumption
- Inflationary assumptions
- Longevity assumption
- Other demographic assumptions

Questions and comments welcome throughout

The valuation assumptions

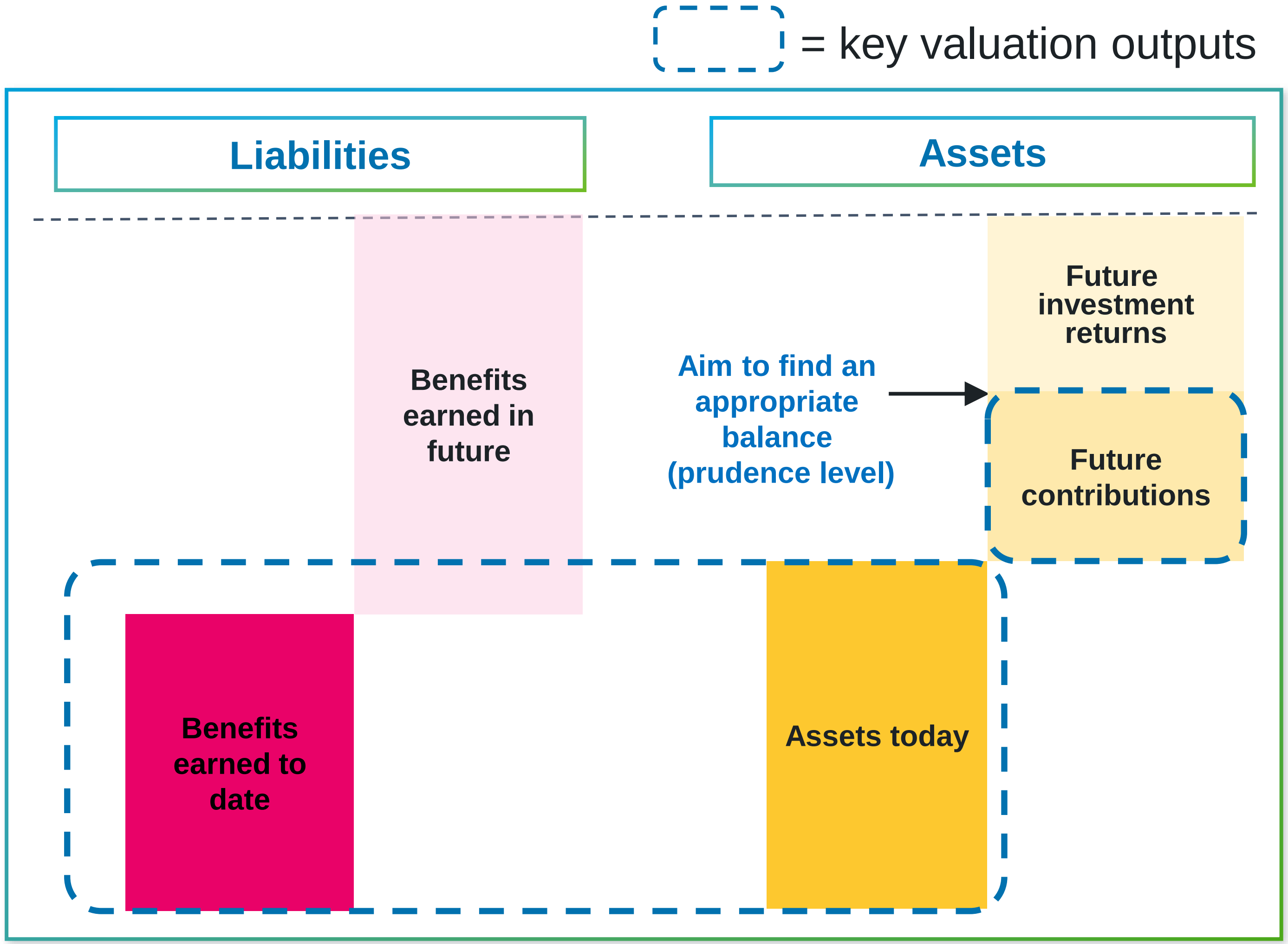
Why we need assumptions

Required for key valuation outputs:

- **Employer contribution rates**
- **Funding level**

To calculate the cost of benefits earned to date and in the future, assumptions need to be made about the timing and amount of these future benefit payments.

Assets today are known, but we need to make an assumption about future investment returns.



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Which assumptions matter the most

Assumption	Source
Future investment returns	Based on Fund's asset portfolio and future expected returns on each asset class (incl. margin of prudence)
Benefit Increases (CPI)	Consumer Prices Index (CPI) inflation
Longevity / Mortality	Tailored to Fund members – Club Vita analysis
Salary Increases	Typically (CPI) inflation plus a margin
Other demographics*	Fund specific, based on actual member experience

*including commutation, ill-health retirements, voluntary withdrawals etc.

High

Impact

Low

Focus time and effort on assumptions that matter the most

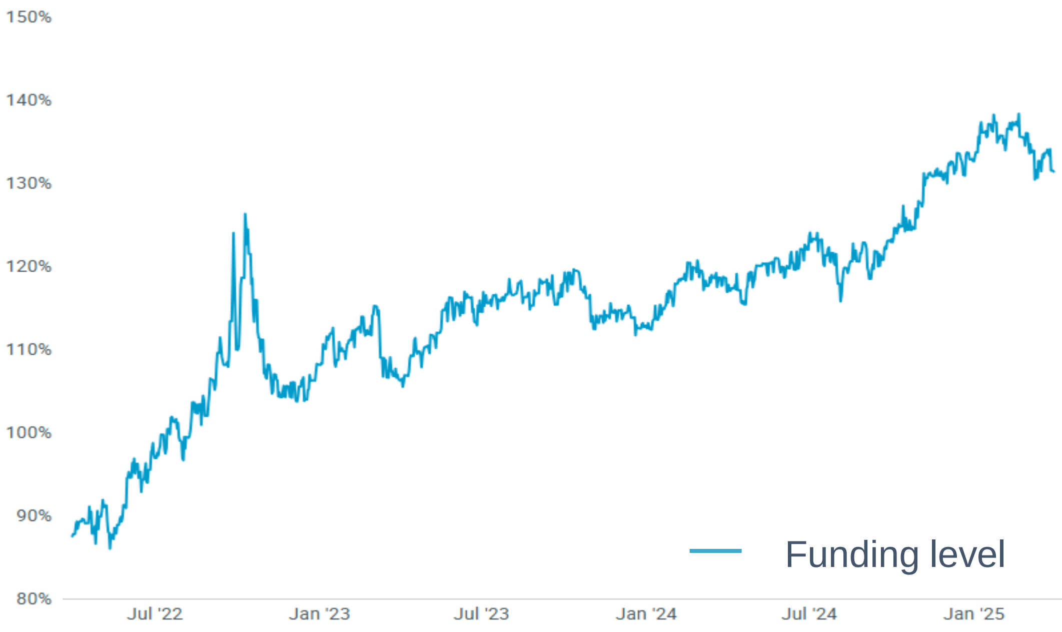
Assumption setting ‘rules’

- Set by the Fund Actuary through discussions with Officers and Sub-Committee
- Reflect the specific characteristics of the Fund (where practical) and the timeframe of the liabilities i.e. very long-term view
- LGPS guidance requires funds to adopt prudent assumptions
- Margin of prudence adopted in the future investment return (discount rate) assumption
- All other assumptions are best estimate
- Starting point is current assumptions, then consider any relevant changes

Evolution from 2022, not a revolution

What has happened since 2022 valuation?

Funding progression since 2022 valuation



General insights

- Whole Fund funding position has improved since 2022
- Assets returns have been positive
- Rising interest rates & high inflation
- Higher expected future return on the Fund's assets

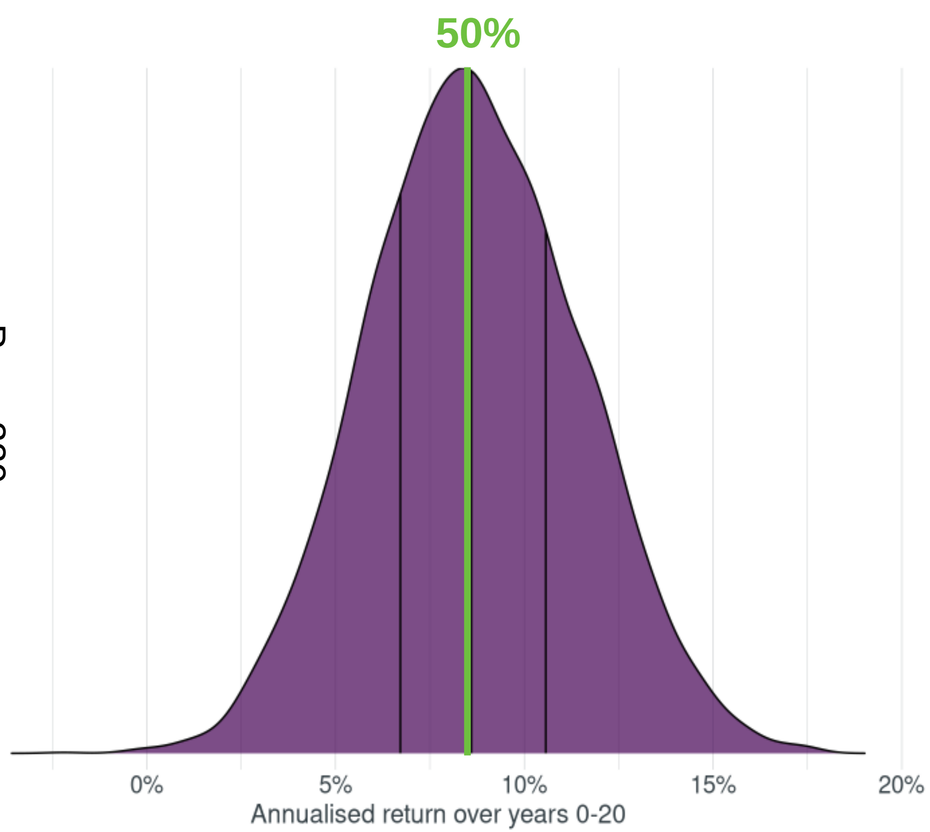
2025 valuation will reflect actual experience since 31 March 2022

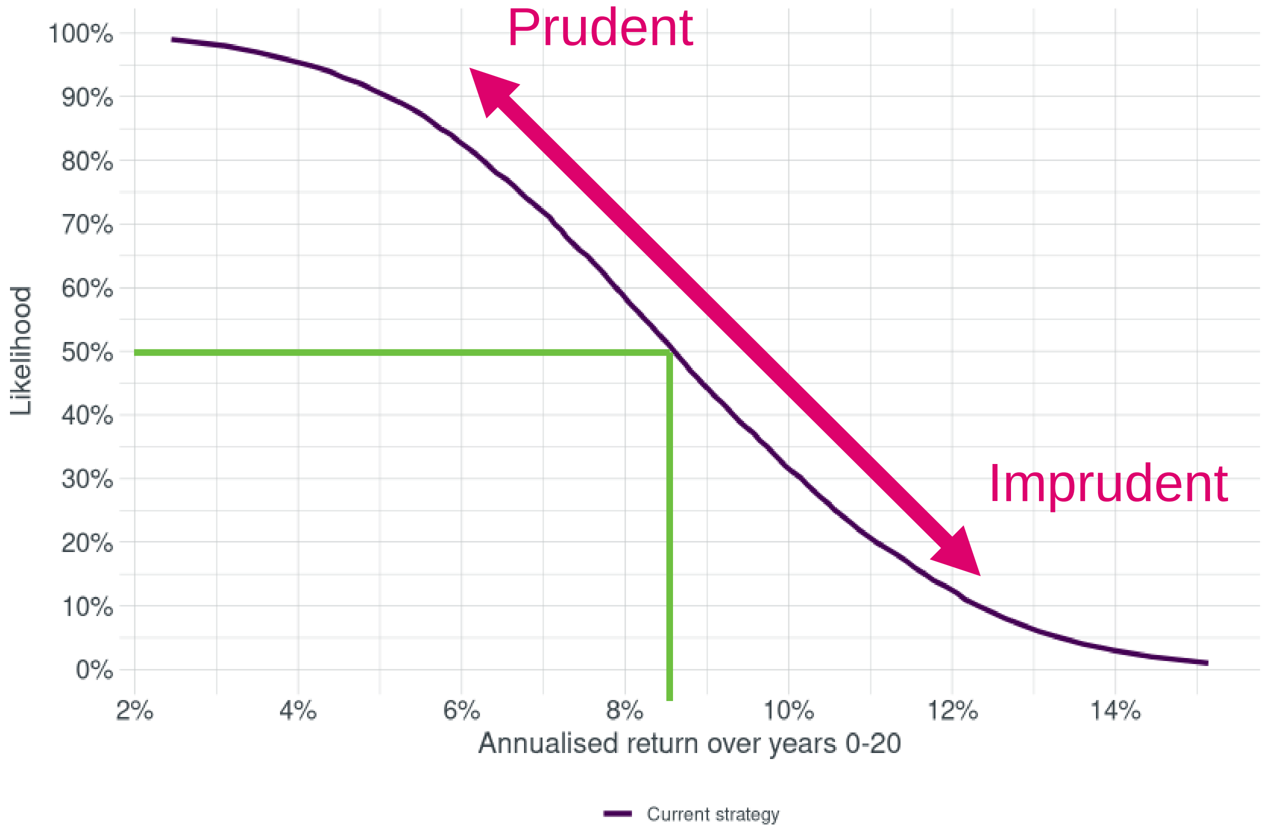
HYMANS ROBERTSON

HYMANS ROBERTSON

Financial assumptions

How much prudence is appropriate?





Choosing the level of prudence is a subjective decision

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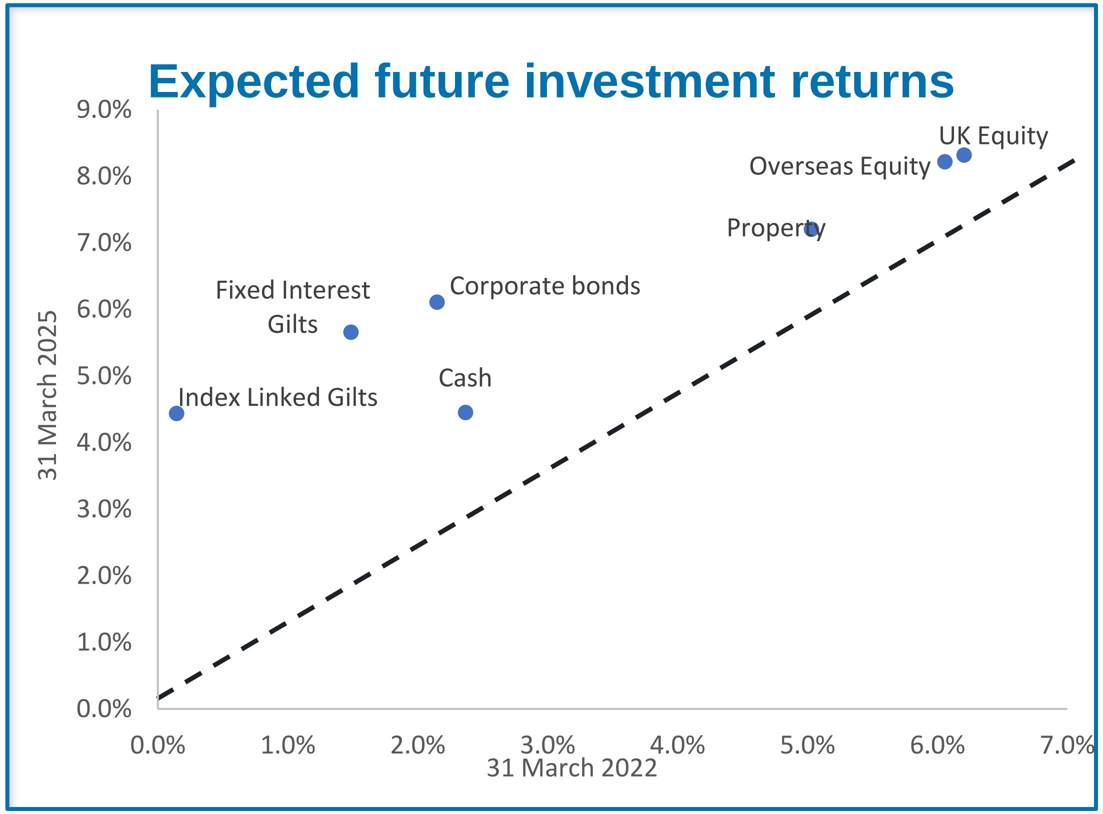
Future investment returns (discount rate)



- Higher expected future investment returns
- Leads to lower value place on future benefit costs
- Higher funding levels and downwards pressure on contribution rates
- But significantly increased market volatility and global economic uncertainty
- Justifies an increase in prudence at this valuation (whilst still targeting a higher nominal level of future investment return)

Recommendation: Increase prudence level from 73% to 80%

Benefit and salary increases

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Benefit increases

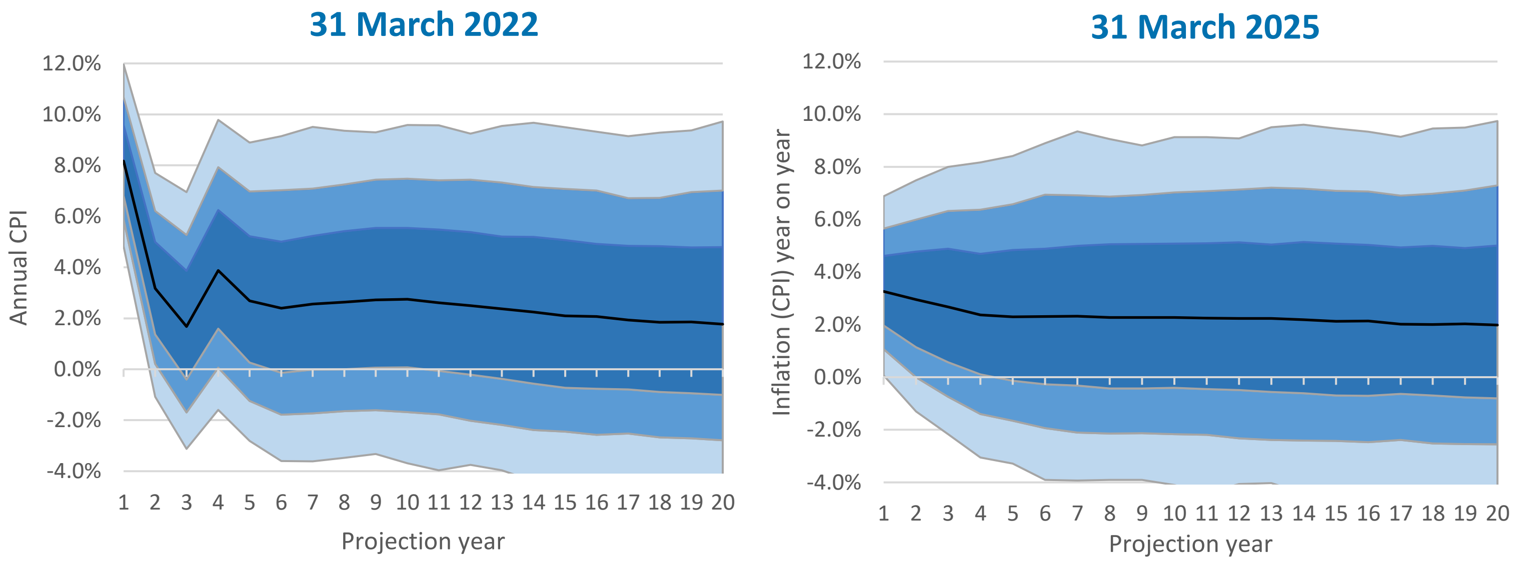
- Benefit increases (and CARE revaluation) linked to CPI
- Reflect current inflation expectations

Salary increases

Inflationary salary increases set at CPI + 0.3%:

- Uncertainty due to competing factors
- Maintain at current margin in absence of strong reason for change

Annual CPI inflation projections*



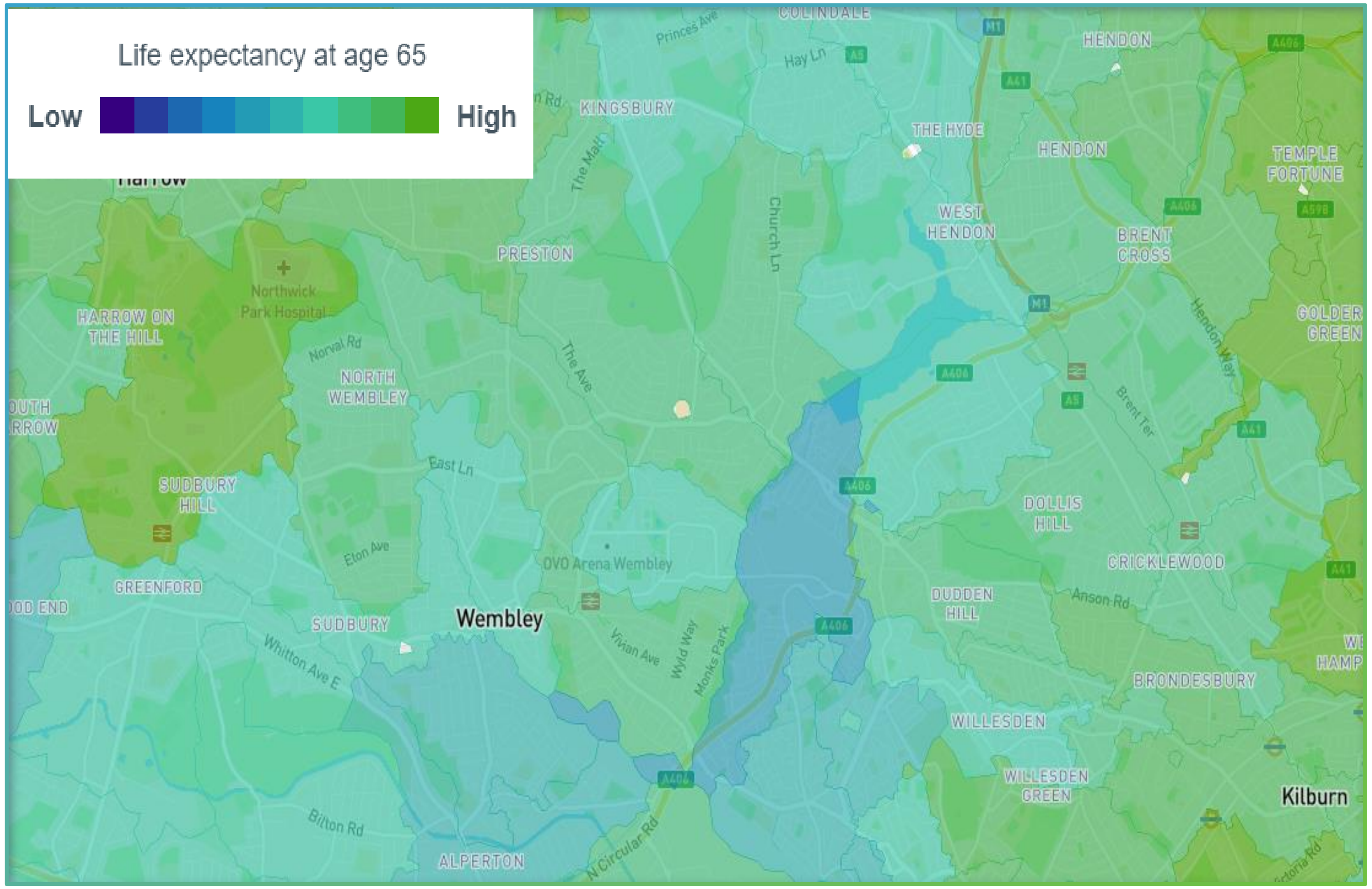
Average* level of future inflation at 31 March 2025 = **2.3% pa (vs 2.7% pa at March 2022)**

Recommendation: Adopt same approach as 2022 valuation but reflect current inflationary environment

* Source: Hymans Robertson's ESS model. Average is the 20-year annualised median

Longevity assumptions

Baseline assumption



- Life expectancy tailored to member postcodes
- Considers postcode (proxy for lifestyle), retirement type and affluence
- Assumption is updated annually to reflect latest available data

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Recommendation: Continue to use tailored Club Vita assumptions

Source: Club Vita, map available at https://maps.clubvita.co.uk

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Life expectancy in Glasgow

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Source: Club Vita, map available at https://maps.clubvita.co.uk

Future improvements – recent experience

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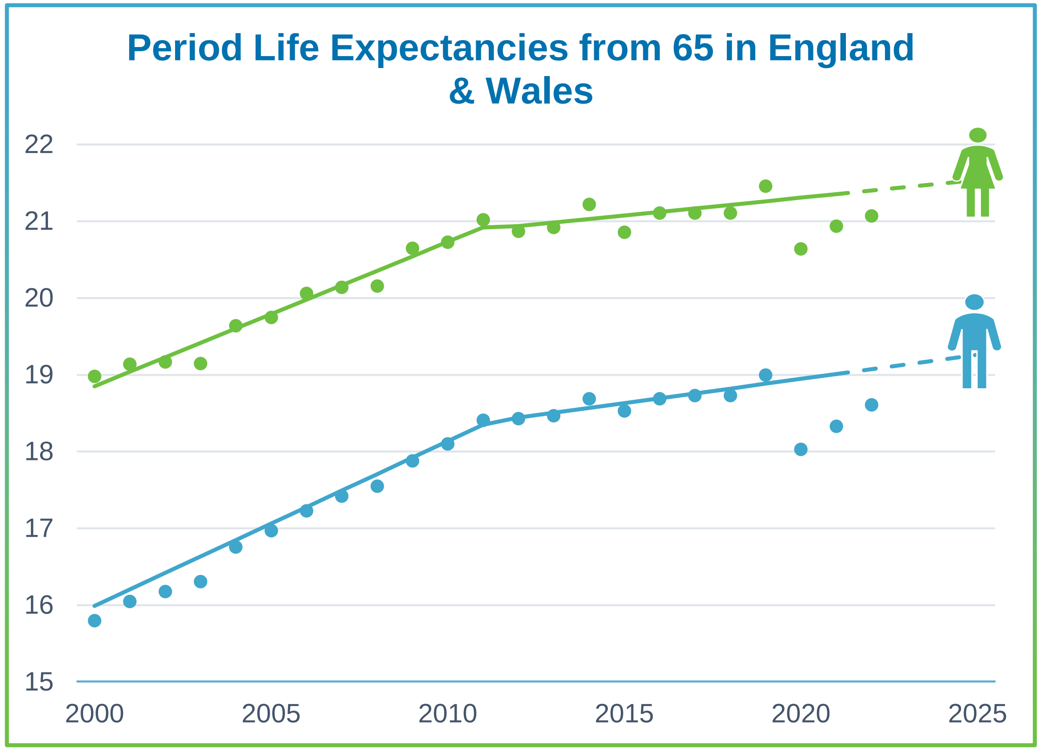


- The world does not stand still, including life expectancy
- Need to allow for future improvements in life expectancy
- Improvements will be driven by medical advances, lifestyle behaviours and other external factors
- Will require subjective decision making

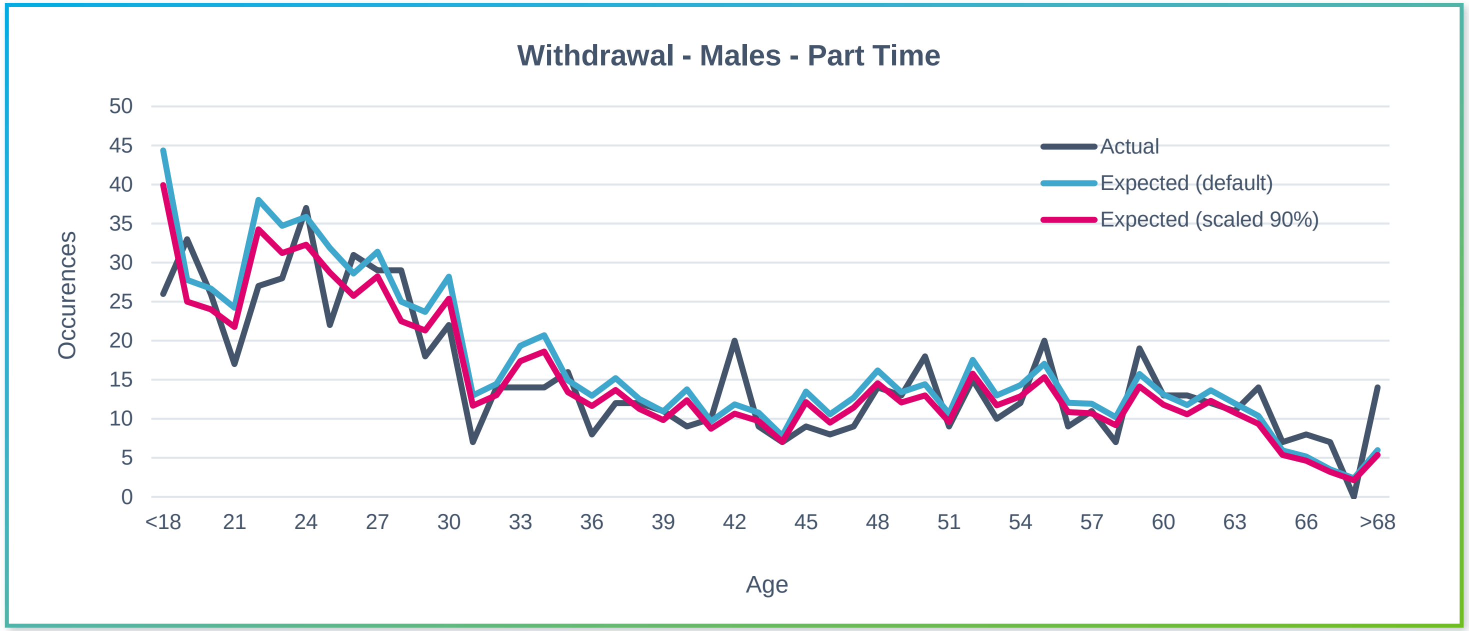
Recommendation: Adopt overall Club Vita LGPS future improvement assumption

Other demographic assumptions

Other demographic assumptions

- Withdrawal
- Ill-health retirements
- Promotional salary scale
- Death before retirement
- 50:50 option take-up
- Retirement age
- Cash commutation

Use analysis of Fund's actual membership experience.



Consider external factors e.g. short-term events which skew analysis or upcoming changes

Recommendation: Adopt assumptions based on analysis of the Fund's actual membership experience

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Recommended assumptions

Assumptions to be approved

Assumption	2022 valuation assumption	Proposed 2025 valuation assumption
Discount rate (level of prudence)	**73%** LoS prudence level	**80%** LoS prudence level Reflects increased market/economic uncertainty
Ongoing basis funding level discount rate	**4.3% p.a**.	**6.0% p.a,**
CPI inflation **(Benefit increases and CARE revaluation)**	Based on Hymans' ESS model, reflecting market expectations Median CPI expectation of **2.7% pa**	Based on Hymans' ESS model, reflecting market expectations Median CPI expectation of **2.3% pa**
Salary increases	**CPI + 0.3%**	**CPI + 0.3%**
Baseline longevity	Latest Club Vita tables	Latest Club Vita tables
Future improvements in longevity	• Use latest available CMI model • Reflect Fund's membership characteristics • Avoid recent Covid experience skewing projections	• Use latest available CMI model • Reflect Fund's membership characteristics • Avoid recent Covid experience skewing projections • Reflect Fund's beliefs about future longevity drivers
Other demographic assumptions (excluding longevity)	• **Withdrawals (excl. ill health)** – Hymans' default LGPS assumption • **Ill health early retirements** – Hymans' default LGPS assumption • **Promotional salary scale** – Hymans' default LGPS assumption • **Death in service** – Hymans' default LGPS assumption • **50:50 assumption** – 1.0% uptake • **Retirement age** – earliest age at which a member can retire with their benefits unreduced. • **Cash commutation** – 50% of the maximum tax-free amount. • **Members leaving dependants** – Hymans' default LGPS assumption • **Age difference with dependant** – Dependant is 3 years younger or older for males and females respectively	• **Withdrawals (excl. ill health)** – Hymans' default LGPS assumption is increased by 10% for full-time males and reduced by 20% for part-time males and females. • **Ill health early retirements** – Hymans' default LGPS assumption • **Promotional salary scale** – Hymans' default LGPS assumption • **Death in service** – Hymans' default LGPS assumption • **50:50 assumption** – 0% uptake • **Retirement age** – no change • **Cash commutation** – 80% of the maximum tax-free amount. • **Members leaving dependants** – Club Vita LGPS-wide analysis • **Age difference with dependant** – Club Vita LGPS-wide analysis (Dependant is 3.5 years younger for males and 0.6 years older for females)

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Thank you

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

Document is Restricted

Brent

MINUTES OF THE PENSION BOARD
Held as an online meeting on Monday 24th March 2025 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) and Robert Wheeler (Member representative - GMB).

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

1. **Welcome and Apologies for Absence**

An apology for lateness was received from Councillor Tazi Smith.

No other apologies for absence were received at the meeting.

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 Tuesday 7th November 2024 were **AGREED** as an accurate record.

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

None.

5. **Pensions Administration Update**

Prior to commencing consideration of the item, the chair advised that he intended to allow a short pause in proceedings at 6:20pm to enable those members observing Ramadan to break for Iftar.

John Smith (Pensions Manager, Brent Council) was then invited to introduce the report, which updated the Pension Board on various pensions' administration matters as part of its remit to oversee the administration of the Brent Pension Fund.

The Board was advised that the update included a review of performance against agreed Service Level Agreements (SLAs) for Q3 (October – December 24) with a brief overview provided on Fund membership, which as of 31 December 24 comprised 6,548 active members, 10,171 deferred members and 7,625 pensioner and dependant members. The Board's attention was drawn to the maturing nature of the age demographic for Fund Members with 57% of working age members over 45 and 50% of the 35-60 age cohort for deferred members being over 50.

In focussing on overall performance during Q3 the Board was advised that this remained high overall with 98.2% of all case types being processed, meeting contractual SLA targets as detailed in section 3.4.6 of the cover report. The Fund's perception was that the service was gradually improving, with it noted that only retirements from deferred status (94.1%), had fallen below SLA (95%) and Figure 2 in the cover report providing detail on the number of cases that had been processed grouped by category. Members also noted the Case Work Performance table, within section 3.4.8 of the cover report which compared number of cases completed to the number of cases received and was felt to provide a more complete overview of performance.

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

- Members were informed that overall operational casework performance remained positive for Q3, with a performance average of 98.2% against SLAs with a more detailed outline provided on the Case Work Performance table and fluctuations in case work being received over the year as a result of various triggers including regulatory and statutory deadlines during relevant reporting periods and the monthly data return process, new joiners, payment queries and deferrals. Clarification was provided that the volume of outstanding casework shown reflected all ongoing work in the system (as opposed to any backlog), including cases on hold awaiting information, with confirmation provided that casework performance had met the 95% SLA target with the exception of a small number of retirement from deferred status and the positive trend continuing for the current monitoring quarter.

- In terms of LPPA contact centre calls performance, the average wait time had consistently been under the target of 4 minutes, with an average wait time over Q3 of 2 minutes 30 seconds and members being advised of the high volume of calls which continued to be received.

- Progress continued to be made in terms of scheme member registrations to the Pension Point online Portal. While the average level of new registrations per month had been approx.100 December had seen an above average increase of approx. 300, predominantly as a result of scheme members seeking to access payslips reflecting work on the payroll migration and with engagement remaining positive.

- In terms of Customer Satisfaction scores, members were reminded 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 Q3 at 95.6% and 78.5% respectively and customer feedback subject to ongoing monitoring to support staff development and training. The Q3 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 71.4% for actives into retirement and 59.1% for deferred into payment with a key issue highlighted as timing of payments.

- Regarding complaints, members were informed that numbers remained on a downward trend with 9 new cases having been received since the last Board meeting, representing a rate of 3 per month. Two stage one Internal Dispute Resolution Procedure ("IDRP") cases had been received during the monitoring period with both subsequently having been determined. Whilst action continued to be taken to ensure IDRP cases were resolved as quickly as possible the complex nature of some cases meant that it was not always possible to resolve these quickly, with each case also supported by a root cause analysis following completion to ensure any lessons were learnt and, if necessary, processes and procedures were amended. The Board was advised that there were currently four open complaint cases involving Brent scheme members of which two were identified as new.

- In terms of LPPA Project updates the Board noted the progress being made in relation to the Efficiency and Service Improvement Program (ESIP) following the transition to the new Pension Administration System which members were advised had been focussed on delivering automation and improved self-service capability. This included 9 projects in flight with the automation of Deferred Retirement Quote having been launched in July and work underway on similar functionality for active members including the development of online retirement forms (available to access through PensionPoint). Other activity included work to improve the monthly returns process and the member and employer online portals.

  As part of the update, the opportunity was taken to update the Board on the detailed work being undertaken in relation to the retirement journey focussed across four key areas – Leaver notification process; quotation stage; scheme member forms and finally the payment stage and positive feedback in relation to customer satisfaction at the improvements in the secure automation process and support being developed for scheme members, which it was confirmed would still include a paper option for those who had opted out of digital communication. The completed process would allow scheme members to receive automated quotes, complete online forms, and receive payment with minimal manual intervention.

At this stage in proceedings the Chair advised that he intended to pause the meeting (as referred to at the start of the item) for a period of 15 minutes to enable those members observing Ramadan to break for Iftar. The meeting was therefore paused at 6.20pm and resumed at 6:35pm.

  Continuing from where she had paused, Emma Hebblethwaite also made reference to the work being undertaken in partnership with Civica and Intellica on a data project to improve data quality ahead of valuation and the introduction of the Pensions Dashboard with the creation of test environments now complete and Data Validation Checks being used to check the integrity of member data having also been scoped and built and the results due to be shared with Funds once available. The project would include the production of a series of dashboards to provide clear visibility of the integrity and accuracy of the data held to comply with regulatory change and enable the launch of further self-service and automation for members and employers

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

- Details were sought on progress with the Pension Payroll migration process, which Emma Hebblethwaite advised was now nearing completion with LPPA having run their first Brent Pensions Payroll on 31st January 2025 and the first single payments (for retirement lump sums, death grants, refunds etc.) completed on 20 January 2025.

- Clarification was sought on the governance checks being developed to provide the necessary level of assurance in relation to security measures being included as part of the automation of processes being developed. In response, Emma Hebblethwaite advised that the development of each process was subject to final sign off by a project management team prior to "go live" in order to provide comprehensive assurance and validation that the necessary operational and security checks had been completed with sign off also required from the risk and compliance team.

- Further assurance was also sought on the work being undertaken to ensure that the necessary reminders were issued to employees in terms of the notice they would be required to provide employers prior to retirement to enable any break in payment to be avoided. In recognition of the concern highlighted, Emma Hebblethwaite outlined the support available which members were advised included an employer toolkit to support them, along with staff, through the process ensuring necessary deadlines were achieved. This was supplemented by monthly online webinars for members planning retirement with LPPA also working to make the notification process as simple as possible. Noting the fluctuations in terms of performance the role of the employer as well as employees in ensuring the necessary stages in the notification and referral process were completed on time was also highlighted.

Turning the Board's attention to the final part of the update, John Smith (Pension Manager, Brent Council), then moved on to update members on progress with the 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. In terms of progress, the Board was advised that data cuts 2 and 3, together with parallel runs 2 and 3 had successful been completed in October and November 2024. The November parallel run had identified that 99.82% of the gross and net pay totals balanced within tolerance with issues in relation to the remaining 0.18% (13 records) having been reviewed and relevant changes made in response. As previously reported by Emma Hebblethwaite, this had enabled LPPA to successfully run their first Brent Pensions Payroll on 31st January 2025 with the first single payments (for retirement lump sums, death grants, refunds etc.) being completed on 20 January 2025 and variations all being within normal tolerances. Further consideration was now being given to the seamless integration of the Pensions Increase run in April 25 with the ongoing data cleanses, with communication material for members pre and post migration having also been issued along with the General Ledger reporting requirements for the monthly payroll and requirements for single payments also having been signed off, deployed and subject to ongoing refinement. HMRC had now set-up of a new PAYE reference for the pension fund with NatWest having also provided a new BACS service user number. The Board was advised that the migration of system was now essentially complete with officers now in the process of commissioning a post-migration data cleanse to ensure that the pension record on the UPM system and the pension in payment were correctly aligned.

The Board was also advised on progress being made in relation to the McCloud remedy with the project currently flagged red to reflect the absence of delivery dates for overdue software from Civica. The Board was advised that LPPA had placed eligibility flags on all records that had been identified as being within scope for the remedy which had included applying the underpin and calculating benefits for active members retiring with an eligibility flag, and whose data had been verified as being correct. The Board noted the underpin had been calculated for 18 Brent cases, and had proved beneficial in three of them with the average increase in annual pension for Brent cases that qualified being £315, compared to £290 for LPPA clients as a whole. As an update on the concerns highlighted regarding the progress being made by Civica in being able to confirm the release dates for the next milestones towards McCloud compliance, Emma Hebblethwaite advised of recent progress with a number of system deliverables having been released and expectations that the remaining components required to support preparation of the Annual Benefit Statements were now anticipated by May 2025. LPPA remained in regular contact with Civica given the route to compliance would depend on Civica agreeing a timetable for implementing the outstanding tranches of software. In noting the update, members welcomed the progress being made to address the concerns identified.

As a final update, the Board was advised that work was progressing well on the transition to the Pension Dashboard which all Public sector schemes were required to connect to by 31 October 2025. LPPA had a dedicated project manager in place with a current focus on systems requirement (including the rules for partial matching of records and the treatment of AVCs) and business readiness, including dealing with new enquiries relating to dashboard.

In thanking Emma Hebblethwaite and John Smith for the update, the Chair commended the progress outlined and with no further comments it was **RESOLVED** that the report be noted.

6. **The Pension Regulators General Code of Practice Compliance Report**

John Smith introduced a report from the Corporate Director Finance & Resources, which updated the Board on the Pension Regulator’s General Code of Practice and Brent’s measures to comply with the new requirements.

The following key issues were highlighted in presenting the report:

- In providing further context, the Board was advised that the General Code of Practice had come into force on 28 March 2024 and was designed to consolidate requirements within the previous codes. The code applied to all public and private sector pensions schemes including the Local Government Pension Scheme (LGPS) and included five sections relating to The Governing

Body; Funding and Investment; Administration; Communications and Disclosure and Reporting to the Pensions Regulator.

- Whilst there was no requirement to be completely compliant immediately, pension schemes were now required to measure their performance against the Code and develop a plan to achieve full compliance in due course.

- Following introduction of the Code, Brent had undertaken a self-assessment, the outcome of which had been detailed in Appendix 1 of the report categorised against specific regulatory requirements, expectations and best practice identifying those areas already assessed as compliant as well as areas for improvement and requiring further action to ensure compliance.

- At this stage, the Board were advised that Brent had not measured itself against the IT module, which covered maintenance of IT systems and Cyber controls as the Pension Fund shared IT services with the Council (as host authority) who were already felt to have robust protocols in place covering the requirements. Moving forward it was, however, confirmed that Pension fund officers would be meeting with the Shared IT Service and external providers in order to complete the required assessment against the Code.

- The Code also sought to extend the range of knowledge and understanding of Board and Committee members, with further training being planned for members by officer.

- In working to achieve full compliance, the need was identified to ensure regular assessment against the code in order to ensure continuous improvement and identify further actions to be completed.

Having thanked John Smith for the report and acknowledged the substantial work involved in terms of the self-assessment process and ongoing progress towards full compliance the Chair then invited comments from members, with the issues raised summarised below:

- In recognising the additional responsibility placed on Board members under the Code in relation to their knowledge and training, members were keen to seek an overall assessment on the progress being made towards achieving full compliance. In response, the Board were advised that positive progress had been made with the Fund well placed in terms of the policies and Pension Administration Strategy already established and level of regulation. A number of areas had already been identified as needing to be addressed including refresh of the Breaches Policy and, whilst Brent was felt to be in a good position, the level of work still required to achieve full compliance was recognised by the Board.

The Chair thanked John Smith and officers for the work in completing the self-assessment and with no further questions raised, the Board **RESOLVED** to note the update provided and work ongoing towards full compliance with the Code.

7. **Local Government Pension Scheme Update**

Sawan Shah (Head of Finance, Brent Council) introduced a report from the Corporate Director Finance & Resources that updated the Board on recent developments within the Local Government Pension Scheme (LGPS) regulatory environment along with recent consultations issued which were likely to impact on the Fund.

In terms of key updates, the following issues were highlighted:

- The LGPS "Fit for the Future" consultation which had closed in January 2025 focussed around governance and management of the eight existing investment pools and measures to accelerate asset pooling the Local Government Pension Scheme (LGPS). Proposals arising from the review had include the need for pools to become Financial Conduct Authority (FCA) regulated entities capable of managing assets internally and providing investment advice to their LGPS partner funds; funds being responsible for setting their strategic asset allocation but delegating implementation to the pool. Funds and pools within London CIV were required to work closely with combined mayoral authorities to develop a plan for more investments in local growth, having regard for local growth plans and the introduction of a new biennial governance review process for LGPS funds. The Board was advised that the Scheme Advisory Board (SAB) had published its response on 10 January 2025 followed by the Local Government Pensions Committee on 16 January 2025. Brent had also submitted a response to the consultation with detail also awaited as to whether any further updates in relation to the LGPS would be included as part of the Chancellor's Spring Statement. Members noted that Brent's Pension Fund was already well placed in respect of the requirements given the pooling arrangements already established through the London CIV.

- On 16 December 2024, the Ministry of Housing, Communities and Local Government (MHCLG) had launched an open consultation setting out proposals for overhauling the local audit system in England. The consultation sets out a strategy to improve the local audit system and had included a specific proposal to decouple pension fund accounts from the main accounts of the administering authority. Brent had already expressed its support for the proposal, recognising this as something which the SAB had also recommended.

- In October 2024 the Ministry of Housing, Communities and Local Government (MHCLG) had published LGPS statistics for 2023-24 with highlights including total expenditure of £17.1 billion, an increase of 11.9 per cent increase of 11.9 per cent on 2022-23; total income of £20.7 billion, an increase of 19.3 per cent on 2022-23; employer contributions of £10.5 billion, an increase of 24.6 per cent on 2022-23; the market value of LGPS funds on 31 March 2024 as £391.5 billion, an increase of 9.0 per cent since 31 March 2023 and 99,505 retirements in 2023-24, an increase of 6.3% on the number of retirements This was considered to reflect a positive year for the LGPS in terms of investment returns and contributions as well as the maturing nature of the scheme.

- Details on the 2025 – 26 employee contribution bands which would be effective from 1 April 2025, as detailed in section 3.23 – 3.2.4 of the report.

- The extension of Inheritance Tax to Death Benefits with the Government having proposed removing the distinction between discretionary and non-discretionary payments on 6 April 2027. If introduced the change would mean that all LGPS death grants would be subject to Inheritance Tax (IHT) from April 2027.

- The arrangements for introduction of the Teachers excess service with the Board advised that as Teachers could not be admitted to the final salary section of the Teachers' Pension Scheme after 31 March 2015, they were now awarded a period of "excess service" in the LGPS instead. The early stages of implementation of the process had involved Teachers' Pensions (TP) identifying members in scope and verifying their excess service with employers with next steps involving Administering Authorities verifying the data supplied in order to set up LGPS records for members in scope (driven as part of the wider McCloud process) and requesting contributions from the TP.

- The update on the Normal Minimum Pension Age (NMPA) which the Board noted was due to increase from 55 to 57 on 6 April 2028

The Chair thanked Sawan Shah for the comprehensive update provided and then welcomed contributions from members, with comments raised summarised below:

- In discussing the impact of the increasing percentage of retirements identified as part of the most recent statistics relating to the LGPS on Brent's Fund the Board was advised that this would be one of the issues reviewed as part of the triennial valuation of the Fund assets and liabilities due to be undertaken during 2025. The regular quarterly Investment monitoring updates provided for the Sub Committee included details on the Fund cashflow position. Whilst the level of retirement would impact on the overall cashflow position, members were advised this remained under constant review and had not been identified as a concern at this stage given the current funding level estimated to be 134% and maturing nature and age profile of the Fund.

- In seeking further details on the diversification of investments held by the Fund under the current pooling arrangements, members were assured that investments being made through the London CIV involved a wider range of fund managers and were spread across a wide range of multiple asset classes managed by numerous investment managers. The CIVs role was to provide a platform of products with a range of options, including infrastructure, private debt, bond funds, and equity funds, each run by different managers and had been created to allow LGPS funds to group together and achieve economies of scale. Moreover, senior management meet regularly with London CIV to ensure performance standards remained high.

With no additional issues or comments raised, the Board welcomed the update provided and **RESOLVED** to note the overall report and recent developments outlined in relation to the LGPS.

8. **Risk Register**

John Smith (Pensions Manager, Brent Council introduced a report from the Corporate Director Finance & Resources, presenting the updated Risk Register for the Brent Pension Fund Administration Service. In considering the report, members noted the updated Risk Strategy (attached as Appendix 2 to the report) and key changes made to the Risk Register (attached as Appendix 1 to the report) since the previous update which included:

- Item 1.1 Business Continuity – the update of supporting commentary
- Item 3.2 Record Keeping – the update of the supporting commentary to reflect recent data cleanse activity
- Item 3.5 Pensions Payroll Migration – the update of supporting commentary to reflect recent activity which had also led to a reduction in score following the successful transfer of the payroll service.
- Item 3.6 Re-enrolment – the reduction in score and update of a supporting comment to reflect recent progress made
- Item 3.7 Pensions Dashboard – the addition of this as a risk following delays with the release if supporting software.
- Item 4.5 Admission agreements – the update of supporting commentary
- Item 5.4 Governance – the update of supporting commentary and controls
- Item 5.5 Discretions – the update of supporting commentary
- Item 6.2 Geographical and economic risk in relation to investments – risk outline and commentary updated
- Item 6.3 Impact of McCloud judgement on Long Term Liabilities – scoring increased and the update of supporting commentary
- Item 6.5 Annual Audit - the update of supporting commentary to reflect the unmodified accounts being signed-off
- Item 6.6 Inflation is higher than expected – scoring increased and the update of supporting commentary,

In thanking John Smith for the overview and commending the quality of the register and comprehensive nature of the update provided the Chair welcomed comments from Board members. Contributions, questions, and responses were as follows:

- Further assurance was sought regarding the level of assessed risk in terms of the impact from the increasing automation of processes involving scheme members from an anti-fraud perspective. In response, the Board was advised this was an issue that remained under ongoing review with the management and prevention of fraud also a high priority in terms of The Pension Regulator. This involved a range of measures and checks having been established to test assurance and prevent fraud in terms of managing scheme member details and ensuring the accuracy of payments and as such it was felt the risk had been appropriately reflected within the register.

- Details were also sought on the way in which the age profile and demographic profile of scheme members would also be monitored given the increasing automation of systems. In response, confirmation was provided on the level of nature of checks being conducted to verify details matched member profiles in order to avoid any issues in terms of payments. These include specific checks relating to overseas members and also the matching of data through the National Fraud Initiative.

The Board was advised that comments on presentation of the Register would continue to be welcomed including on the review of any risk classifications or if it was felt any new or emerging risks needed to be considered.

As no further issues were raised, the Board (having once again commended the report) **RESOLVED t**o note the overall report, including the key changes to the Risk Register (as detailed in Appendix 1 and set out in section 3.2.4 of the report).

9. **Training Update – Member Learning & Development**

Sawan Shah (Head of Finance, 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 the Pension Fund 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 reviewing the progress made, the Board noted the training plan had been adapted to accommodate new members of the Board with the updated plan and timescales for completion of the required modules detailed within Appendix 3 of the report. Recognising the increased focus on the training of members involved in overall strategic direction of local authority pension funds included as part of the Regulator's new code of practice, and need for this to be formally documented, members were encouraged to ensure they completed the required modules in line with the updated plan with officers advising members requiring support to contact them for assistance.

Sawan Shah concluded by noting that, if deemed helpful, the Pensions Team could arrange additional training sessions or for Board members to attend external training covering topics deemed appropriate for their development.

Having thanked officers for the update, the Board **RESOLVED** to note the report and support the continued learning programme as outlined within the training timetable along with the provision of additional training sessions, as required, on key areas such as the valuation process to further supplement knowledge.

Before moving on to the remaining items on the agenda the Chair reminded Board members that agenda items 10, 11 and 12, 16 & 17 were reports referred to the Pension Board for information following their consideration at the Brent Pension Fund Sub Committee on 19 February 2025.

10. **Q3 2024 Investment Monitoring report**

Sawan Shah (Head of Finance, Brent Council) introduced the Brent Pension Fund Investment Q3 Investment Monitoring Update. In terms of key highlights the Board was advised that the Fund had posted a positive return with a valuation of £1,335.8m up from £1,279.2m at the end of Q2. The Fund's passive global equity exposure had been the main driver for positive returns on an absolute basis, along with exposure to UK and emerging market equities. Within the income assets, the Fund's private debt and property exposure had contributed to performance on an absolute basis with the main detractor being the Fund's government bond exposure, which had fallen in value as gilt yields had risen over the period. On a relative basis, Members were advised that whilst assets had combined to return 3.9% over the second half of 2024 the Fund had underperformed its return benchmark by 0.2% and was also behind its composite benchmark over the past 12 month and 3 year period with members noting the current target and asset allocations exposure on an interim and long term basis across growth, income/diversification and protection plus cash and reflecting the Funds Investment and diversification Strategy. Cash held by the Fund had increased over the period to £65 million, with no major changes in asset allocation during this time and Funds identified as having performed in line with market trends. This included not only a focus on Global Equity but also Multi Asset, Property and Infrastructure investment allocations which were aimed at reducing volatility.

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 and the Fund having achieved an overall return of 9.7% through the year with the funding level estimated to be 134% in advance of the next scheduled valuation in 2025.

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

- In response to clarification being sought on the measures in place to monitor performance of Fund Managers the Board was advised of the arrangements established with Hymans Robertson as the Fund Investment Advisor to provide assurance in relation to the monitoring of performance by individual Fund Managers. In terms of the negative performance identified in relation to the BlackRock UK Gilts Fund the Board was advised this had been designed to operate as tracker Fund following the UK index with current performance reflecting volatility in that sector rather than being attributed to the manager given the Fund was performing as expected by accurately tracking its benchmark. As further assurance the Board was advised that the Sub Committee had been provided with further clarification on the role of gilts in the investment portfolio, with members advised of the importance demonstrated in maintaining a diversified investment strategy.

In noting the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 19 February 2025, the Board **RESOLVED** to note the Q3 2024 Investment Monitoring Update.

11. **Implementation and Infrastructure allocation**

Sawan Shah introduced the report from the Corporate Director Finance & Resources which provided an initial overview of considerations for moving towards the target infrastructure allocation of 15% of total Fund assets.

The Board was advised that the report had been presented to outline available pathways which (due to its commercially sensitive nature) had been presented to the Brent Pension Fund Sub Committee on 19 February 2025 as an exempt Appendix to the report by Hymans Roberston in the closed private session of their meeting. The analysis of options presented to the Sub Committee relating to implementation of the Pension Funds infrastructure allocation had included potential pathways in seeking to develop investment options in order to meet the long-term target alongside the objectives and potential return and risk profiles identified based on current infrastructure assets and range of other Funds available for consideration.

In recognising the wider Environmental, Social, and Governance (ESG) considerations that would need to be taken into account in seeking to develop the Fund's Infrastructure allocation and increasing investment opportunities available in relation to areas such as renewable energy alongside more traditional forms of infrastructure. The Board NOTED the strategic outline provided in relation to the different pathways for increasing the infrastructure allocation, including how ESG and local investment could be incorporated, timelines, and alternative Funds which members were advised the Brent Pension Fund Sub Committee had agreed to keep under review as part of progress in developing the allocation.

12. **LAPFF Engagement report**

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 Q3 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 19 February 2025 the Board **RESOLVED** to note the report and update on LAPFF engagement activity.

13. **Any other urgent business**

Prior to moving into the closed session of the meeting, the Chair asked officers for a brief update on progress in the appointment of an employer member (Non-Brent Council) to fill the current membership vacancy on the Board. Officers advised that whilst expressions of interest had been sought towards the end of 2024 it had not been possible to make an appointment. A further recruitment process was therefore due to be undertaken on which a further update would be provided for the next Board meeting.

No other issues were raised for consideration under this item at the meeting.

14. **Dates of the next meetings**

The Board NOTED the provisional schedule of meetings identified for the 2025-26 Municipal Year, which members were advised would be subject to confirmation following the Council's Annual Meeting in May 2025:

- Tuesday 22 July 2025 – 6pm as an online meeting
- Thursday 6 November 2025 – 6pm as an online meeting
- Monday 23 March 2026 - 6pm as an online meeting

15. **Exclusions of the Press and Public**

At this stage in the meeting, the Chair advised that the Board would need to move into closed session to consider the final items on the agenda.

It was therefore **RESOLVED** to exclude the press and public from the remainder of the meeting as the reports and appendices to be considered contained the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Access to Information Act 1972, namely:

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

The meeting then continued in closed session with the webcast ended.

16. **Private Debt Allocation**

Sawan Shah (Head of Finance, Pensions) introduced a report from the Corporate Director of Finance & Resources providing an analysis and review of the Fund's allocation to Private Debt along with proposals for a recommended investment in the LCIV Private Debt Fund II.

The Board noted that the Pension Fund Sub Committee, in considering the report, had also received a supporting presentation from the London CIV on development of their Private Debt Fund II. Members noted the approach outlined towards maintaining a diversified range of investments across a range of asset classes, which following review of the Fund's Investment Strategy had included a continued commitment to maintaining of a 5% strategic asset allocation to Private Debt along with the current and long-term target asset allocation and approach outlined towards the ongoing strategic allocation in Private Debt.

In considering the update, the Board were advised that the Sub Committee had also received detailed supporting analysis (as set out in Appendices 1 & 2 of the report) by the Fund's Investment Advisors (Hymans Robertson) on the LCIV Private Debt Fund II.

Having noted that clarification had also been provided in relation to the overall investment approach and risk exposure as part of the detailed review undertaken by the Brent Pension Fund Sub Committee at their meeting on 19 February 2025 the Board **RESOLVED** to note and endorse the decision made by the Sub Committee to approve the investment commitment identified within the report to the LCIV Private Debt Fund II and rebalance of the appropriate mandates to move towards the Fund's strategic asset allocation to fund the investment.

17. **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: 19:46 pm

DAVID EWART
Independent Chair

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