



## **Brent Pension Fund Sub-Committee**

**Wednesday 8 October 2025 at 6.00 pm**

Boardrooms 4 - 6 - 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**

Councillors:

Johnson (Chair)  
Kennelly (Vice-Chair)  
Ahmadi-Moghaddam  
Choudry  
Crabb  
Kansagra  
Molloy

#### **Substitute Members**

Councillors

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  
Tel:07394 837462; Email: [harry.ellis@brent.gov.uk](mailto:harry.ellis@brent.gov.uk)

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### **Notes for Members - Declarations of Interest:**

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

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

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

### **\*Disclosable Pecuniary Interests:**

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

### **\*\*Personal Interests:**

The business relates to or affects:

- (a) Anybody of which you are a member or in a position of general control or management, and:
  - To which you are appointed by the council;
  - which exercises functions of a public nature;
  - which is directed is to charitable purposes;
  - whose principal purposes include the influence of public opinion or policy (including a political party or trade union).
- (b) The interests of a person from whom you have received gifts or hospitality of at least £50 as a member in the municipal year;

or

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

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

# Agenda

Introductions, if appropriate.

Item	Page
<b>1 Apologies for Absence and clarification of Alternative Members</b>	
<b>2 Declarations of personal and prejudicial interests</b>	
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.	
<b>3 Minutes of the previous meeting</b>	1 - 16
To approve the minutes of the previous meeting held on Tuesday 24 June 2025 as a correct record.	
Agenda republished to include the attached minutes on 7 October 2025	
<b>4 Matters arising</b>	
To consider any matters arising from the minutes of the previous meeting.	
<b>5 Deputations (if any)</b>	
<b>6 Investment Monitoring Report - Q2 2025</b>	17 - 50
To receive the Brent Pension Fund Q2 2025 - 26 Investment Monitoring Update Report.	
<b>7 Brent Pension Annual Report &amp; Accounts 2024/25</b>	51 - 216
This report presents the Brent Pension Fund Annual Report & Accounts for the year 2024/25.	
<b>8 2025 Triennial Valuation Update &amp; Funding Strategy Statement</b>	217 - 294
The purpose of this report is provide the Committee with an update on the 2025 Triennial Valuation & Funding Strategy Statement (FSS) review.	
Members are asked to note the report also includes (as an exempt appendix) details on the Whole Fund Result, which will be considered in	

the closed session of the meeting.

**9 LAPFF Engagement Report** 295 - 316

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

**10 Training Update - Members' Learning and Development** 317 - 334

This report provides an update on provision and member progress against of the LGPS online learning facility.

**11 Minutes of Pension Board** 335 - 352

To note the draft minutes of the Pension Board meeting held on Tuesday 22 July 2025.

Agenda republished to include an initial draft of the attached minutes on 7 October 2025. Members are asked to note these minutes have been published as subject to final review.

**12 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.

**13 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: Q2 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 8: 2025 Triennial Valuation – Appendix 2: (Whole Fund Results)

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)"

#### **14 2025 Triennial Valuation - Whole Fund results**

Following on from Agenda Item 8, the Sub Committee is asked to consider and review the update provided on the Triennial Valuation Whole Fund results.

#### **15 2025 Triennial Valuation - Contribution Rate Modelling** 353 - 410

The purpose of this report is to update the committee on the 2025 Triennial Valuation and provide members with the Contribution Rate Modelling.

#### **16 Investment Strategy Review** 411 - 452

This report provides an update on the investment strategy review being carried by the Fund's investment advisor, Hymans Robertson, following on from the Fund's 2025 valuation. The purpose of the review was to evaluate the current investment strategy and analyse the ability of alternative strategies to meet the Fund's strategic objectives.

#### **17 London CIV update** 453 - 632

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

Agenda republished to include this report on 6 October 25.

**Date of the next meeting: Wednesday 18 February 2026**



- Please remember to **SWITCH OFF** your mobile phone during the meeting.
- The meeting room is accessible by lift and seats will be provided for members of the public. Alternatively, it will be possible to follow proceedings via the live webcast [HERE](#)





## LONDON BOROUGH OF BRENT

### MINUTES OF THE BRENT PENSION FUND SUB COMMITTEE

Held in the Conference Hall, Brent Civic Centre on Tuesday 24<sup>th</sup> of June 2025  
at 6.00 pm

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

Co-opted Member (Non-Voting): Elizabeth Bankole

Also present: Kenneth Taylor & Craig Alexandar (Hymans Robertson), David Ewart (Independent Chair – Brent Pension Board) and Councillor Milli Patel (Deputy Leader & Cabinet Member for Finance & Resources – in attendance as an online participant)

1. **Apologies for Absence and clarification of alternate members**

Apologies for absence were received from Councillor Crabb.

2. **Declarations of interest**

None declared.

3. **Minutes of the previous meeting**

**RESOLVED** that the minutes of the previous meeting held on 19 February 2025 be approved as an accurate record of the meeting.

4. **Matters arising**

None.

5. **Deputations**

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 along with other representatives from the Brent & Harrow PSC who were attending in support. Members were advised that the deputation was seeking an update on the 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 and subsequent deputation to the Sub Committee in February 2025.

In addressing the Committee, Sheila Guhadasan began by congratulating Brent Council on their recent decision to twin with Nablus, stating that she was pleased to see Brent receiving their first visitors from Nablus that same week.

In highlighting the ongoing situation in Gaza and the previous call on the Council to consider divesting from companies complicit in Israel's stance against the Palestinians, the Sub Committee was reminded that the original petition submitted in support to the request made by the PSC had attracted over 2000 signatures calling on 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 the six divestment calls for action presented as part of the previous deputation, the Sub Committee was advised of the growing support and public commitments being made by other local authorities and companies (including those in the retail sector) towards divestment, with surveys showing that public support for such action also remained high.

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, with the Council also called upon to fully commit to the process including consideration of the investments held in the Local Government Pension Fund. In recognising the move toward pooled funding arrangements with the London CIV the Sub Committee was also urged to ensure the necessary assurances were sought on the ethical criteria of the investment funds operated through the CIV to ensure zero complicity in what were regarded (by the deputation) as the genocidal acts being committed by Israel in relation to their occupation of Gaza and the West Bank. Similarities, in this respect, were drawn to the stance which had previously been taken by the Council in seeking to divest from companies implicit in the apartheid regime in South Africa.

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 which had been identified. Having referred to the work being undertaken with Brent National Education Union in support of the divestment campaign, Sheila Guhadasan advised that she had hoped to be joined in making the deputation by Lucy Cox from Brent NEU representing Brent Trades Council with the Sub Committee advised that she had unfortunately been delayed in getting to the meeting and was therefore not able to attend. The support expressed by Trade Unions in support of the PSC divestment campaign as a recognised partners of the Council was, however, once again outlined.

In summing up, Sheila Guhadasan felt it important to recognise the opportunity now available for the Council in seeking to support the divestment campaign in advance of the moved to the pooled LGPS funding arrangements 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 deputation, Councillor Johnson (as Chair) in highlighting the value placed on the engagement of communities across the borough took the opportunity to acknowledge the significance of the issues brought forward. It was pointed out that a full written response had been provided separately to Brent & Harrow PSC on the issues raised as part of the previous deputation and, recognising the important of the concerns highlighted regarding the Pension Fund's investments, the Chair took the opportunity in responding to the additional comments

made to outline the Fund's current position and ongoing work regarding Brent's approach to responsible investment.

In recognising the depth of feeling within communities across the borough around what was acknowledged as the ongoing and deeply concerning conflict in the Middle East given the devastating humanitarian consequences, loss of civilian life and suffering Councillor Johnson began by outlining the Council's support in seeking a lasting and peaceful resolution to the conflict, grounded in international law, human dignity, and mutual recognition. In terms of the issues relating to Brent's Pension Fund the opportunity was taken to acknowledge how seriously the Council took the ethical concerns raised recognising the moral dimensions of public investment and the power of responsible financial stewardship.

At the same time, however, the Funds statutory responsibility to its 22,000 members (including current and former teachers, social workers, and council staff who had served the borough for many years) was also highlighted along with the Council's fiduciary duty to invest in the best interests of scheme members and employers. The need to meet these obligations had required the adoption of a diversified approach to investment to ensure long-term financial sustainability with the Fund it was pointed out, in discharging their responsibility, legally bound (as an overriding principle) to manage the investment portfolio in a way that prioritised the financial security of members' pensions which they had been proud to safeguard over many years.

Moving on to focus on the principles of divestment, the Chair felt it important to highlight that the Fund did not invest directly in companies based in Israel or the Occupied Palestinian Territories, nor in arms manufacturers. The investments made were through pooled funds, including passive and tracker funds, and via London CIV (LCIV). Whilst these structures were favoured due to low investment manager costs they would, due to the nature of the investment held, also limit the Fund's ability to divest from specific companies. As had been recognising during the deputation, the Chair also referred to the impact arising from the Government's recent proposals under "LGPS Fit for the Future" which would require a majority of Fund assets to be managed through London CIV by March 2026 under pooled arrangements further reducing the scope for bespoke investment strategies. As such, he advised, no immediate changes in the investment strategy were planned pending suitable options becoming available although an assurance was provided that the Fund remained committed to responsible investment with confirmation provided that all investment managers were signatories to the United Nations Principles for Responsible Investment (UNPRI), which promoted the integration of environmental, social, and governance (ESG) factors into investment decisions. In reminding members and the deputation that the Scheme Advisory Board (SAB) statement published in September 2024 had stated that administering authorities may only consider non-financial factors where there was no significant risk of financial detriment and where there was broad support among scheme members, a commitment was made that the Fund would continue to review its investment strategy in light of evolving guidance, advice and available options.

In recognising that divesting from individual firms would require exiting entire pooled mandates, a step back which it was known the government would not support, the Chair advised that the Council's approach towards responsible and ethical investment

did, however, remain a core priority for the Fund and one that would also be made clear to the LCIV as part of the move towards the new “Fit for Future” arrangements.

Taking account of the context of the above alongside ongoing international conflicts, the Chair recognised the fund faced a difficult balancing act, honouring its fiduciary duties to protect pension benefits, respecting the diverse views of its membership, and considering the ethical concerns raised by residents. As these were not straightforward matters, no simple solutions were seen as available to Brent although he once again assured the deputation of the Councils continued commitment to a process of ongoing engagement. As part of this process, he pointed out the Council would also continue to work collaboratively with other London boroughs, engage with the LCIV, and remain open to exploring responsible investment approaches that reflected the Fund’s financial responsibilities and values.

In once again assuring those in support of the deputation that the points raised both during the meeting and as part of previous representations, would remain part of Brents thinking as national policies and investment options evolved Councillor Johnson concluded by thanking Brent & Harrow PSC for their engagement with the Council, valuing the respectful and constructive way they had sought to highlight their concerns and seek an update on progress.

## **6. Q1 2025 Investment Monitoring report**

The Chair then moved on to deal with the remainder of the agenda and began by inviting Kenneth Taylor (Senior Investment Analyst, Hymans Robertson LLP) to introduce a report, which outlined the performance of the Brent Pension Fund over the first quarter for the 2025 financial year. In addition to the performance update, the Sub Committee was advised the report also included an update focussed around the impact on the Fund’s assets following the US Administration’s “Liberation Day” tariff announcements in April 2025 and outlook for the main asset classes and considerations for the Fund.

In noting the outline provided in relation to market background covering the monitoring period the Sub Committee were advised in relation to total Fund performance that the Fund had 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 identified as the main contributors to negative absolute returns over the quarter. UK government bonds had also detracted, as rising gilt yields led to a fall in their value. In contrast, UK equities had delivered positive returns during the period. On a relative basis the Fund had underperformed its benchmark by 0.1%. The Fund was also behind its composite benchmark over the past 12 months and over 3 years 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 decreased slightly over the period to £63.6m. Whilst US tariffs on imports had led to material falls in equity valuations during April it was noted markets had since largely recovered.

As at 31 March 2025, the funding level was estimated to be 131% with the fall in the funding level in Q1 2025 mainly attributable to a decline in asset values driven by

market movements. Members also noted that a formal actuarial valuation was in the process of being carried out (as at 31 March 2025).

Moving on to consider performance relating to Fund Managers, members were advised that the portfolio had delivered a return of -1.6% over the first quarter of 2025 to 31 March, underperforming its benchmark by 0.1%. While performance over the past 12 months and 3-year periods remains strong on an absolute basis, returns had continued to lag the benchmark over both timeframes. After a period of strong gains, global equities had posted negative returns in Q1 2025 with UK equities the only growth asset class to have delivered a positive return during the quarter. In contrast, emerging market funds had declined and underperformed their respective benchmark.

It was noted that the decline in global equities had been driven by renewed tariff-related uncertainty, which had weighed on investor sentiment. As a result, market participants had rotated out of high-valuation US technology stocks in favour of lower-valued names, leading value stocks to outperform growth. As a result, US equities had experienced their weakest quarterly performance since 2022, contributing significantly to the broader market decline. Members were advised the property and infrastructure markets had also delivered mixed performance over the period. Property allocations had performed well on an absolute basis, while infrastructure performance had been more varied.

In terms of specific Funds, the Capital Dynamics infrastructure mandate had posted negative returns; however, members were reminded this allocation was now in run down and represented 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 had also experienced volatility, resulting in gilt yields increasing over the period. This has resulted in the BlackRock gilts mandate falling in value, since gilt yields had risen compared to end of Q4 levels.

Details were also provided on each mandate's contribution to the Fund's absolute performance over first quarter 2025, according to their allocation (including supporting details within the exempt appendix which had been provided for members of the Sub Committee). Positive contributions to performance over the period had been registered 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 to performance had been the LGIM Global Equity fund, which represented approximately 41% of the Fund's total assets. Although the Capital Dynamics Infrastructure Fund also posted negative returns, its allocation was less than 1% of the portfolio and, therefore, had a negligible impact on overall performance.

Kenneth Taylor then proceeded to introduce the second section of the report, outlining and covering events transpiring from April 2<sup>nd</sup> onwards in relation to the imposition of US Tariffs on global markets and Fund assets.

The use of tariffs as an economic management tool was explained to the Committee, alongside the US administration's attempts to use them to boost demand for American goods and services whilst cutting foreign competition with the range of tariffs implemented far wider than initially predicted.

The results of the announcement were swift, with equity markets falling by 10-15%. As a result of subsequent economic pressure, however, a number of tariff policies had been scaled back leading to market recovery by the end of April. The Sub Committee was advised of the position relating to the impact on Fund Manager valuations and provided with a summary of the outlook in relation to growth and inflation. Whilst asset values at the start of April had experienced a large swing (£20m) members were assured that these had now largely been recovered and without further US intervention were expected to achieve a healthy recovery. Summary asset class outlooks were provided in relation to Sovereign bonds, credit, equity and currency with the specific impact on the Fund identified in relation to equity, income and protection assets and market performance updates noted in relation to the position on equities, sovereign bonds, credit spreads, commodities.

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

- In response to concerns being raised as to whether uncertainty in the US constituted sufficient grounds for divestment from that market, Kenneth Taylor observed that US investment would need to remain a fundamental component of the fund's portfolio. Nevertheless, he emphasised that the unprecedented instability characterising the current environment rendered diversification more critical than in any previous year. This position was predicated on the substantial potential returns and growth prospects offered by the US market, which were deemed too significant to disregard and essential to the Fund's objectives. Kenneth Taylor further noted that several factors contributed to the unpredictability of the US investment landscape. These included the diversification occurring within technology sectors, competitive pricing strategies employed by Chinese firms and rapid development of more cost-effective alternatives to American artificial intelligence software. Such dynamics presented opportunities for investment in alternative markets, particularly given the increasing regulatory scrutiny facing American technology companies and the apparent relocation of infrastructure projects beyond US borders. Kenneth Taylor suggested that the trend of corporations seeking to establish operations overseas created enhanced investment opportunities outside the United States.
- Views were sought on the potential for further fiscal change to be introduced by the US during the remainder of the current US Administration tenure. In response, members were advised of the need to recognise the distinction between the approach adopted by current and previous US Administrations and volatility in terms of future policy measures. The role of the bond market in driving some of the change in approach, following initial introduction of the tariffs, was however noted which it was felt could serve a similar function in signalling to the US government when policy measures exceed acceptable parameters.
- In addressing member concerns regarding the ongoing impact of wider geopolitical tensions on global markets, officers advised that whilst not able to provide accurate predictions of outcomes, the Fund had been impacted by fluctuations, for example, in oil prices attributable to supply chain challenges, which it was pointed out supported the approach to maintaining a diversified investment portfolio. It was also recognised that as the Fund progressively



transitioned towards low-carbon investment strategies, the dependency on oil-related revenues would also be expected to diminish over time.

With no further issues raised, the Chair thanked Kenneth Taylor (Hymans Robertson LLP) for the update and the Sub Committee (having noted the Fund Manager Performance updated included within the exempt appendix of the report) **RESOLVED** to note the report recognising and supporting the prudent approach adopted towards ongoing diversification within the investment strategy.

## 7. **LGPS ‘Fit for the future’ Consultation outcome**

Sawan Shah (Head of Finance Pensions and Housing Companies) introduced a report from the Corporate Director Finance & Resources, outlining the outcome of the Government’s Fit for the Future consultation.

In presenting the report, the Sub Committee was advised that in July 2024, the Chancellor had 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 had 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. Following this, the Government had published its final report on the UK Pensions Investment Review and its response to the Fit for the Future consultation and confirmed the decision to move ahead with the core proposals, setting out the final policy measures on pooling, local investment and fund governance with the key areas of focus identified as follows:

- In terms of pooling arrangements, the London CIV had been set up as the designated pooling entity for the 32 London boroughs. All pools had been required to submit transition plans to demonstrate how the proposed minimum standards could be met. Of the 8 regional pools originally identified, only 6 pool plans had been accepted with the government having concluded that proposals from the ACCESS and Brunel pools did not align with its vision for the future of the LGPS. It was confirmed that this would not impact on the London CIV.

In relation to concerns regarding the accommodation of Fund specific requirements on responsible investment, the Government had 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 would be expected to work together to reach a common approach although it had been acknowledged this may not always be possible, in which case more than one option could be offered. Funds would continue to set their individual investment strategy, with implementation being delegated to their respective pools. To facilitate this, members were advised pools would 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). Despite some opposition to the proposals, it had been agreed that pools would therefore be mandated to provide partner funds with principal advice on their investment strategies and whilst Fund’s would be

able to procure advice from other sources, it was expected this would only be under exceptional circumstances. Whilst the Government had originally proposed that all listed assets should be transferred to pooled vehicles by March 2026, with remaining legacy illiquid assets included, this had now been relaxed with the Government having stated that not all assets would need to be invested through a pool's own funds (reflecting concern that it would not always make financial sense to transfer passive assets into a pool) but with the preference and default position remaining investment through a pool's own funds.

- The Government had also taken the opportunity to reiterate its encouragement for the LGPS to increase its investment exposure in the UK, with particular focus on exploring local investment opportunities covering areas which were broadly regional to the pool and its partner funds. For the Brent Pension Fund, this would cover investments in the Greater London area.

Under these proposals, funds would be required to set a target allocation for local investment, outlined within their investment strategy. No statutory minimum had been prescribed for capital allocation; however, funds would be required to work with local authorities and regional stakeholders to ensure collaboration with local growth plans and prioritise opportunities which had the greatest impact. Administering Authorities would be required to disclose information relating to their local investments, including their target range and their impact, in their annual report. However, to simplify reporting and to avoid duplication, a key change in reporting requirements would be that pools would now be required to report annually on total local investments made on behalf of their administering authorities as well as their impact, although the metrics by which local impact was assessed had not been prescribed by the Government and would be decided locally between funds and their pools.

- The main governance proposals being taken forward based on recommendations following the Good Governance project, undertaken by the Scheme Advisory Board (SAB). These included 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 would be met and also including a conflict of interest policy. There would also be a need to appoint a Senior LGPS Officer who would hold overall responsibility for the management and administration of the fund, including the provision of advice to the Pension Fund Sub Committee and Pension Board and ensuring compliance with all statutory and regulatory obligations. The proposals also included the need for pension committees to appoint an independent adviser, as a key driver of strengthening improvements in governance.

The Sub Committee noted the requirement this would place on committee members, the senior LGPS officer, and officers to have the appropriate level of knowledge and understanding of their roles, with requirements for pension committee members and local pension board members aligned and guidance for non-compliance also to be issued. These changes would be supported by an independent review of governance arrangements every three years, with the aim of providing assurance that governance recommendations were being met aligned with the triennial valuation cycle.

Members noted and welcomed the additional briefing provided by Hymans Robertson as the Funds investment advisors on the consultation outcome, attached as Appendix 1 to the report with the Chair then inviting members to raise any comments, as summarised below:

- In response to further details being sought on the reasons for the ACCESS and Brunel Regional Pools having been unsuccessful in their acceptance under the new LGPS pooling new arrangements, officers advised the basis of the decision by the government was still awaited with concern expressed by members at the apparent lack of transparency given the impact on those Funds directly impacted.
- Responding to questions on the benefits associated with the new pooling arrangements, members were advised these reflected continuation of the approach already adopted by Brent through the creation of established funding pools. Without these pools, Brent would not have easy access to larger investment funds. This would result in Brent needing to pay higher costs leading their own tender processes, holding a smaller voice in sector discussions due to only being a small percentage of any investment fund. Regional pools were able to provide benefits of larger scale, greater access to investments, better investment advice and lower investment management fees. In addition, it was also expected that the London CIV's internal investment and management capabilities would be expanded providing further economies of scale as well as being beneficial to collective fund growth.
- Discussing the next phase of the scheme, officers stated that the London CIV was now engaging with all Funds in seeking to develop their transition plans. Brent was stated to be in an advanced position, due to the level of investment assets already held under pooled management. Looking to the future, Brent's Pension Fund was likely to have three options available to it, firstly when a commonality of mandate between pools was present existing mandates could be transferred into the pooled one. Second, LCIV could create new funds to facilitate the ones already holding Brent's investments. Thirdly, the option to create a new layer of oversight in pre-existing funds were available.
- Following on, members queried if officers believed returns could be compromised or decreased following adoption of the new pooling arrangements. Recognising the concerns raised (and additional focus on local investment) these had been acknowledged with the aim being, as part of any transition, to ensure pools remained focussed on increasing returns. As such, Brent would now be expected to scrutinise the choices made by LCIV in implementing investment strategy. Kenneth Taylor (Hymans Robertson) related this model to the UK housing fund already established by London CIV.
- In noting the scale of change in terms of the current Fund investment strategy, given the dependency moving forward on performance of the London CIV members recognised the enhanced level of oversight required by the Pension Fund Sub-committee in monitoring LCIV's performance given the more limited control over investment decisions under the pooled funds with the level of work required to deliver a successful transition also acknowledged.

With no further queries raised, the Chair thanked Hymans Robertson and the Finance Team for the update and the Sub Committee **RESOLVED** to note the report and ongoing need to ensure progress in relation to the transition arrangements were kept under review.

## 8. **Brent Pension Fund Draft Annual Accounts 2024/25**

George Patsalides (Finance Analyst, Brent Council) introduced the report from the Corporate Director Finance and Resources, presenting the draft Pension Fund Annual Accounts for the year ending 31<sup>st</sup> March 2025.

In presenting the report members were advised that while the statutory deadline for publication of the draft accounts had been 30 June 2025, the Pension Fund accounts were now expected to be published by 18 July 2025. This revised timeline reflected delays arising from matters identified during the audit of the Council's core financial statements. Although these matters were not directly related to the Pension Fund, they had a consequential impact on the timing of the accounts publication although this was not expected to affect the timing of the Pension Fund audit, which had been scheduled to commence in July.

In noting the indicative draft audit plan for the 2024/25 accounts, as detailed within Appendix 2 of the report and draft Pension Fund Annual Accounts for the year ended 31 March 2025, as detailed in Appendix 1 of the report, the following main issues were highlighted for members:

- During 2024/25, the value of the Pension Fund's investments had increased to £1,310m (2023/24 £1,259m) with the Fund's passive global equity exposure identified as 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 had fallen in value as gilt yields rose over the period.
- Total contributions received from employers and employees had been £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 remained in a positive cash-flow position because its contributions exceed its outgoings to members.

In terms of the next steps for the year-end accounts, members were advised that work had now commenced on preparation of the Pension Fund Annual Report which was due to be presented to the Sub Committee at the next meeting.

Following the update, the Chair invited members to raise any comments with the issues summarised below:

- Details were sought as to whether the audit process was expected to include any hot review, which officers confirmed was not anticipated during the current audit

process and an assurance provided in relation to the availability and provision of supporting information in response to external audit activity in order to ensure the review could be progressed within required timescales.

- In response to a specific query, further clarification was provided on the net return and liabilities figures identified in the draft Statement of Accounts with details also provided on the impact of the triennial valuation process on the overall Pension Fund assessment as it primarily related to the Funds cash flow position. Members were advised that valuations were dependent upon the assets held within the fund's investment portfolio.

With no further issues raised and in thanking the Finance team for their work regarding the funds management, the Committee **RESOLVED** to note the Draft Brent Pension Fund Year End Accounts 2024-25.

## 9. 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 Q2 2025 (as detailed in Appendix 1 of the report) the key areas of activity were highlighted in relation to Water Stewardship, the progress of banks in transitioning to net zero in relation to the financing of Fossil Fuels along with updates on efforts to engage with UK boards on corporate governance.

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:

- In considering the remit of the LAPFF, their ability to keep investment within the local area was questioned by members. George Patsalides responded reminding members of the LGPS Fit for the Future proposals focused on local and UK based investment. As such, LAPFF was set to fulfil the role of holding these companies to account in their operations with the update provided in Appendix 1 of the report outlining how the LAPFF sought to enforce ESG principles, good governance and ethical practice from the partners they were engaged with.

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

#### 10. **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, members were reminded of the new measures included within the Fit for the Future proposals designed 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 had 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 reflected within the current learning plan and members urged to ensure they had completed any outstanding modules.

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 required modules 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 and continue delivery of the learning programme as outlined in the training timetable.

#### 11. **2025 Triennial and Actuarial Assumptions**

Sawan Shah (Head of Finance) introduced a report from the Corporate Director Finance and Resources updating the committee on the 2025 Triennial Valuation.

In presenting the report the Sub Committee was advised of the process, undertaken every three years, in terms of a formal valuation of the whole Fund. The purpose of the valuation was 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) and also perform a health check on the Fund's solvency. Members were reminded that the previous valuation had taken place in March 2022 with the current valuation process to be carried out as at 31 March 2025 and the results being reported to the administering authority within twelve months of the valuation date.

Craig Alexander (Hymans Robertson Partner and Fund Actuary) was then introduced to the Sub Committee who provided a presentation on the key inputs and assumptions identified as the basis for undertaking the 2025 valuation, as set out in Appendix 1 of the report. Members were advised that the assumptions had been designed to reflect both current market conditions and long-term expectations as well as being benchmarked against industry standards and LGPS-wide trends to ensure consistency and prudence. The following key areas were highlighted by Craig Alexander (Hymans Robertson) in presenting the assumptions to the Sub Committee:

- The background to the valuation assumptions, with the key focus on the discount rate (used to value liabilities to be paid out in the future); Future investment returns (the rate of return the Fund's assets were assumed to achieve in the future); Future price inflation (CPI); Salary expectations; how long pensions would be paid for (longevity) and other demographic assumptions.
- The funding progression and general market insights since the previous valuation in 2022, which had seen an improvement in the whole fund position.
- An outline of the key financial assumptions, which included considerations in relation to:
  - the level of prudence & Future Investment Returns (Discount Rate) leading to the recommended increase in prudence level from 73% to 80% for the 2025 valuation. In general, it was stated that Pension Funds were expected to be prudent, with most funds currently moving to minimum targets of 70%-80% or above. This was even more so the case following the recent global developments and whilst the decision was noted to be subjective to individual cases, an established process was expected to be put into place for the purposes of good governance.
  - Benefit & Salary Increases leading to the recommendation that the same approach be adopted for the 2025 valuation as in 2022, reflecting the current inflationary environment;
  - the recommended continue use of the tailored Club Vita assumptions in terms of longevity and adoption of the overall Club Vita LGPS future improvement assumption with other demographic considerations and assumptions based on analysis of the Fund's actual membership experience. An example was provided in relation to operation of the longevity assumption with figures updated annually.
- The summary of the proposed key assumptions being recommended for adoption in relation to the 2025 valuation process as compared to the 2022 valuation along with the additional detail provided within the full advice report attached as Appendix 2 to the main report, which it was noted had been classified

as exempt and contained further background on the basis on which the assumptions had been developed.

In terms of timescales, the Sub Committee was advised that the 2025 valuation process had now commenced, based on the indicative timeline set out in section 3.2.6 of the report. It was noted this would include consultation with employers, currently anticipated for October 2025, with the need for complete and accurate membership data also identified as critical in ensuring the valuation results are accurate. Based on the timetable outlined it was anticipated that the valuation process would be completed by 31 March 2026 with new contribution rates payable by employers from 1 April 2026.

Following the presentation of the report, the Chair invited members to raise any questions or comments, with the issues highlighted summarised below:

- In response to a question regarding the differences between LGPS average life expectancy and the national average, Craig Alexander (Hymans Robertson – Partner & Fund Actuary) provided further clarification highlighting the principal distinction in the national average not accounting for every individual as being in, or having been in, employment, whereas the LGPS tended to estimate marginally higher life expectancy overall. The LGPS data was also adjusted to reflect more specifically the demographic characteristics of the areas under its coverage. Craig Alexander subsequently confirmed that longer life expectancy increased the financial contributions required within a scheme with reference made to the example provided during the presentation in relation to application of the longevity assumption model in Glasgow.

Members welcomed the report and, with no further issues raised, the Chair thanked Craig Alexander (as Fund Actuary - Hymans Robertson) for his presentation and update provided. Consequently, the Sub-Committee **RESOLVED**, having noted the additional detail provided within the exempt appendix of the report, to:

- (1) Note the update on the 2025 valuation.
- (2) Note and agree the key assumptions for the 2025 valuation as summarised in Appendix 1 and detailed in full in Appendix 2 (classified as containing exempt information) within the report.

## 12. Minutes of the Pension Board

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 24 March 2025, 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 (including an ongoing focus on data quality and migration of the pension payroll system over to LPPA) 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.

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 24 March 2025.

13. **Any other urgent business**

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

14. **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 item 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*

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 progress with engagement on the Pension Investment Review
- The launch of the London CIV in-house strategy and advisory service, which included cash flow forecasting, climate analytics and triennial valuation support along with progress on the continued the process of negotiating fee savings with fund managers.

- 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 Fund's Investment Strategy.

The meeting closed at 8:15pm

COUNCILLOR R JOHNSON  
Chair

# London Borough of Brent Pension Fund

## Q2 2025 Investment Monitoring Report

The person responsible for this advice is James Glasgow – Investment Consultant.

Members of the London Borough of Brent Pension Fund client team who contributed to the production of this paper but are not responsible for the advice are Kenneth Taylor (Senior Investment Consultant) and Malcolm Olsson (Investment Analyst).

September 2025

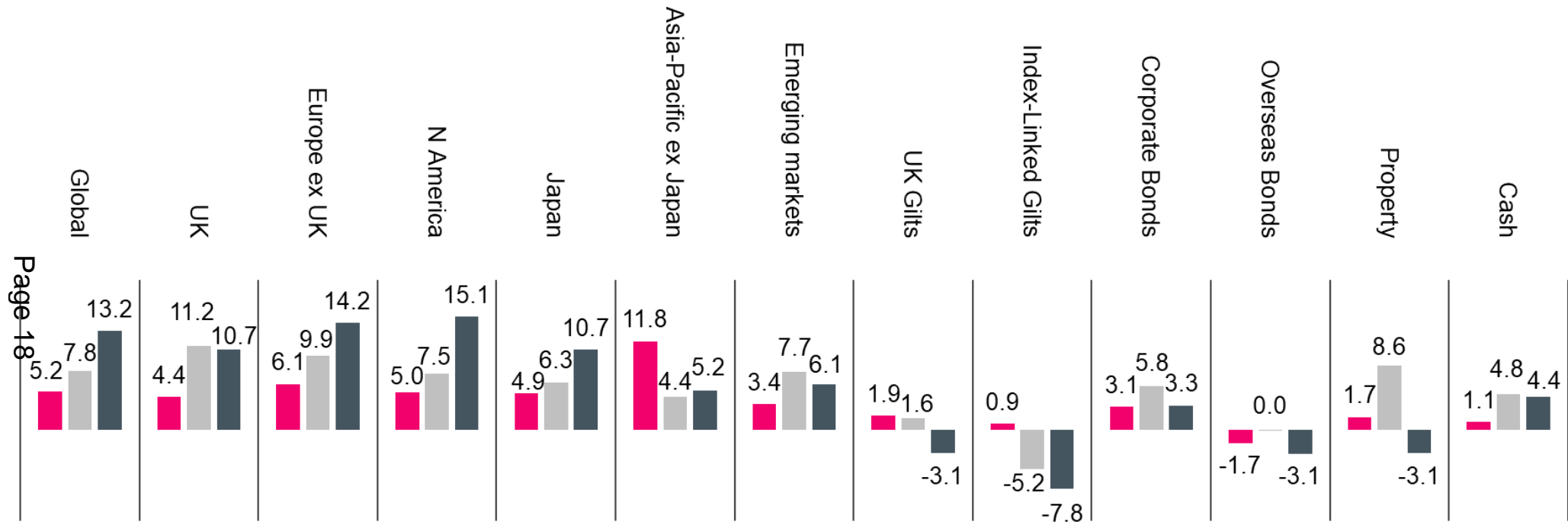
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# Market Background

## Historical returns for world markets

■ 3 Months (%) ■ 12 Months (%) ■ 3 Years (% p.a.)



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

US GDP contracted 0.5% in Q1 2025, down from 2.4% in Q4. However, this figure was distorted by surging imports before April's tariff announcement, with underlying domestic demand and investment still growing. US companies rushed to buy foreign goods, boosting Q1 GDP data for many economies.

UK annual CPI inflation rose to a greater-than-expected 3.4% in May, driven partly by Ofgem's energy-price-cap hike. US inflation held steady at 2.4%, while the eurozone's rate dipped below the European Central Bank's (ECB) 2% target. Core inflation remained higher at 3.5%, 2.8% and 2.3% in the UK, US and eurozone, respectively.

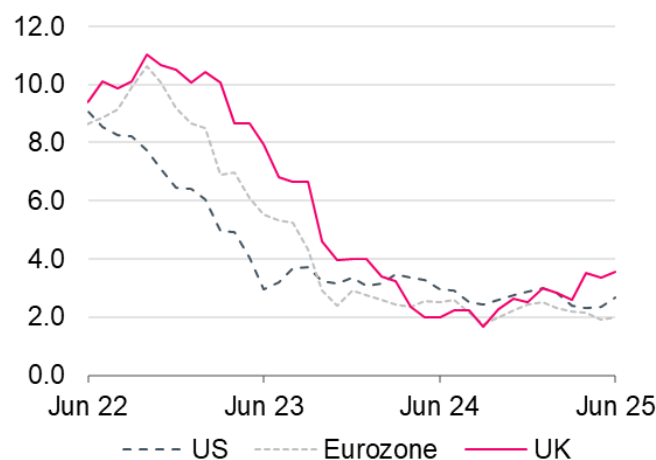
Given ongoing disinflation signs, the ECB cut rates twice more in Q2, to 2.0% pa. The Bank of England (BoE) lowered rates by 0.25% pa, to 4.25% pa, and appears to be looking past the energy-price-driven uptick in inflation. The US Federal Reserve (Fed) held rates at 4.5% pa amid robust employment and growth data. Markets expect a couple more 0.25% pa cuts from the BoE and Fed this year.

On 2 April, the US administration announced larger-than-expected reciprocal tariffs, triggering a drop in global equities and a surge in bond yields as US Treasuries were sold. In response, the US paused tariffs for 90 days and agreed a trade deal with China.

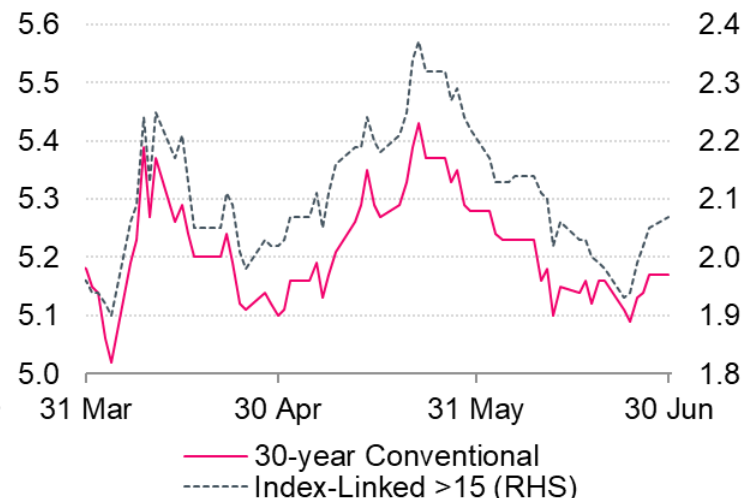
Global equities recovered their losses, rising 9.4% in local-currency terms. Renewed investor confidence and strong earnings supported mega-cap tech stocks. Growth outperformed value, but the former is behind over the year to date.

With its high technology exposure, the US outperformed the global benchmark. Asia Pacific ex Japan outperformed, benefiting from easing trade tensions and a falling US dollar. All other regions delivered positive returns but more markedly underperformed.

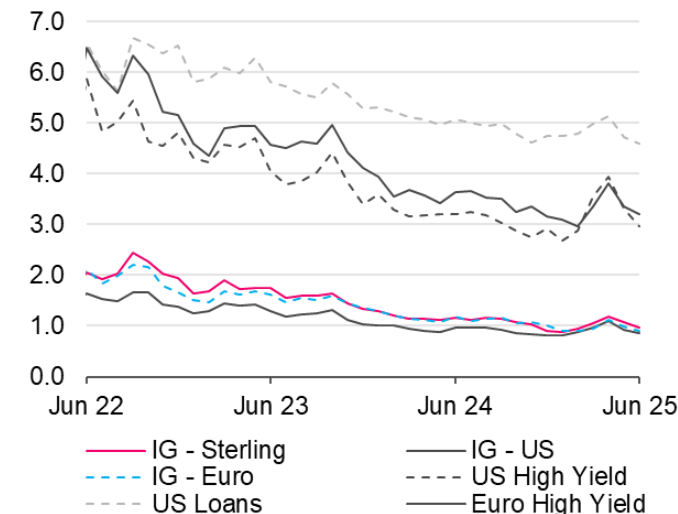
Annual CPI Inflation (% year on year)



Gilt yields chart (% p.a.)

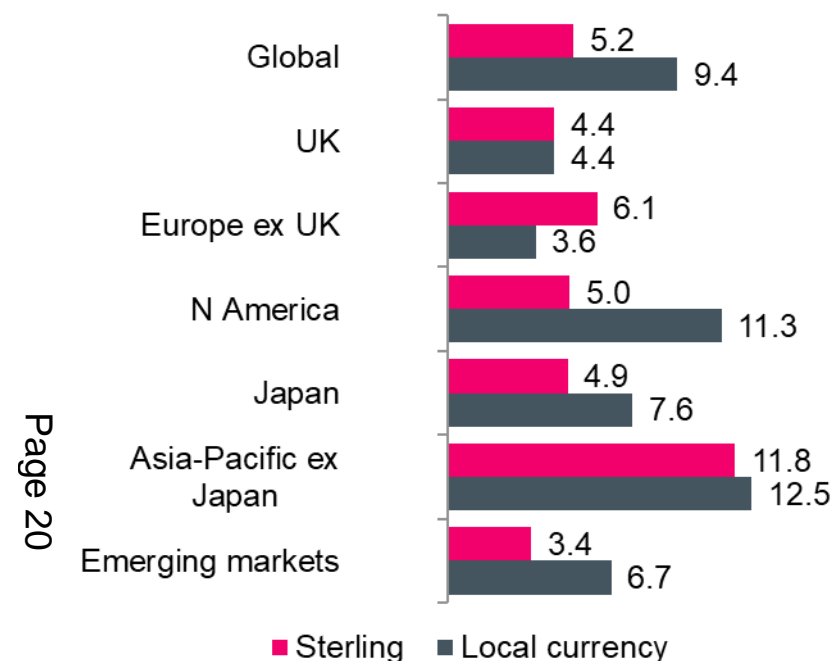


Investment and speculative grade credit spreads (% p.a.)

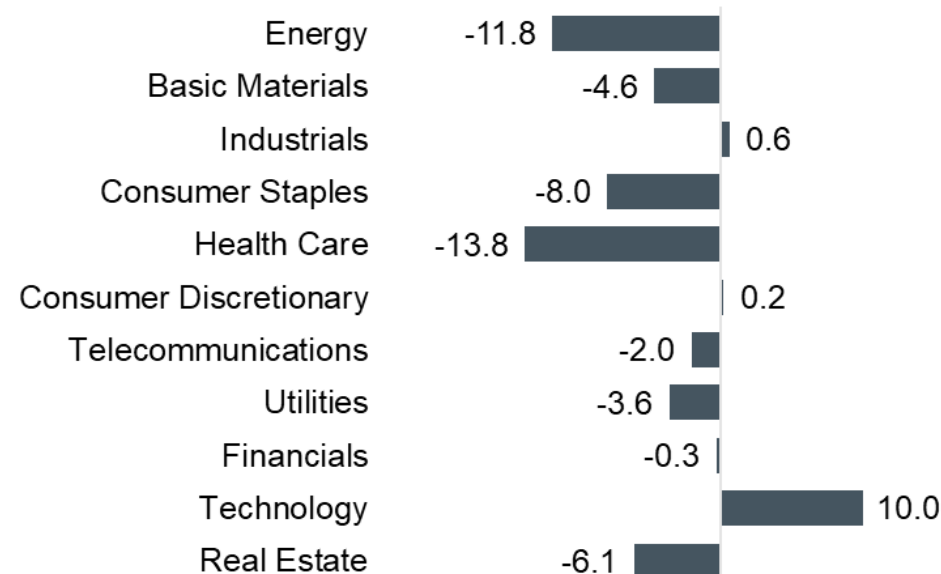


## Market Background

### Regional equity returns <sup>[1]</sup>



### Global equity sector returns <sup>[2]</sup>



### Market commentary

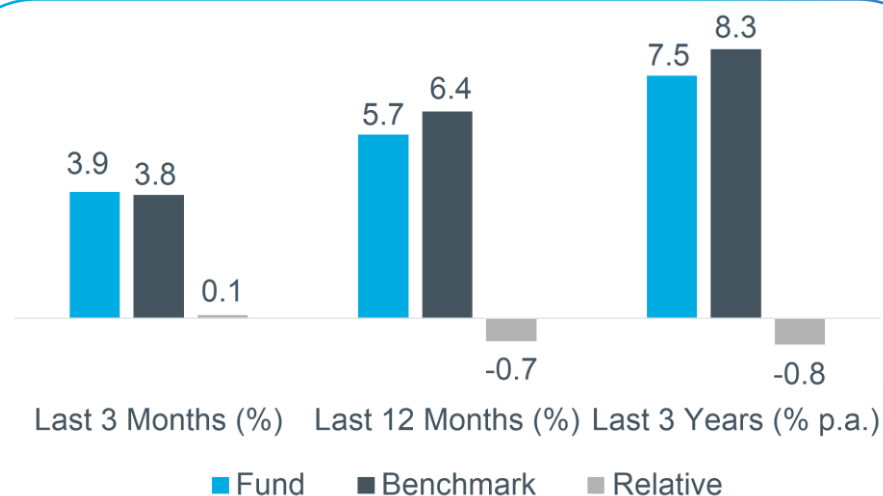
Ten-year gilts yields fell 0.2% pa amid downside economic surprises and interest-rate cuts. However, longer-dated gilt yields were little changed, due to concerns about rising bond issuance and waning institutional demand. Thirty-year US and Japanese yields rose 0.2% pa and 0.4% pa, respectively.

Despite trade ructions, sterling investment-grade spreads ended the quarter only marginally wider, while equivalent US and euro spreads ended lower. Highlighting improved sentiment, US and euro speculative-grade bond spreads ended 0.6% and 0.2% pa tighter, respectively.

The trade-weighted US dollar fell a further 5.0% in Q2 on trade and fiscal policy concerns, while equivalent euro and sterling measures rose 4.0% and 1.2%, respectively. Oil prices spiked amid conflict in the Middle East but fell when a ceasefire was agreed. Oil ended down 9.5% as demand forecasts were lowered and OPEC+ announced production increases. Gold prices rose further, up 5.1% in Q2, amid geopolitical uncertainty and the dollar's decline.

The MSCI UK Property Total Return Index rose 1.7% in Q2 and 8.6% over 12 months, supported by steady income and 2.6% capital growth. Industrial and retail capital values rose 5.3% and 3.0%, respectively, in the 12 months to June, while offices fell by 1.8%.

## Total fund performance



## High-level asset allocation

GrIP	Actual	Benchmark	Relative
Growth	55.8%	58.0%	-2.2%
Income	27.7%	25.0%	2.7%
Protection	13.1%	15.0%	-1.9%
Cash	3.4%	2.0%	1.4%

## Key points to note:

- The Fund has posted a positive return over the quarter, ending the period with a valuation of £1,360.6m, up from £1,320.1m at the end of Q1 2025.
- The Fund's passive global equity mandates were the main contributors to positive returns this quarter, reversing their position as the largest detractor in Q1. UK equities and emerging markets also added gains, while property and credit provided modest support. UK government bonds were broadly flat as long-dated gilt yields showed little movement.
- On a relative basis the Fund outperformed its benchmark by 0.1%. The Fund remains behind its composite benchmark over the past 12 months and over 3 years.
- The LCIV Private Debt II Fund was funded across April and May 2025, valued at £17.1m as of end of Q2 2025.
- The cash held by the Fund decreased over the period to £46.1m.

Source: Northern Trust.

## Asset allocation

	Valuation (£m)		Actual Proportion	Benchmark	+ / -
	Q1 25	Q2 25			
LGIM Global Equity	536.9	566.1	41.6%	40.0%	1.6%
LGIM UK Equity	83.7	87.3	6.4%	5.0%	1.4%
Capital Dynamics Private Equity	1.5	1.5	0.1%	5.0%	-4.9%
LCIV JP Morgan Emerging Markets	61.4	65.2	4.8%	5.0%	-0.2%
Blackrock Acs World Low Crbn	36.5	38.7	2.8%	3.0%	-0.2%
<b>Total Growth</b>	<b>720.0</b>	<b>758.8</b>	<b>55.8%</b>	<b>58.0%</b>	<b>-2.2%</b>
LCIV Baillie Gifford Multi Asset	101.8	104.1	7.7%	6.0%	1.7%
LCIV Ruffer Multi Asset	96.0	97.5	7.2%	6.0%	1.2%
Alinda Infrastructure	15.9	15.4	1.1%	0.0%	1.1%
Capital Dynamics Infrastructure	2.1	2.1	0.2%	0.0%	0.2%
LCIV Infrastructure	54.2	57.2	4.2%	5.0%	-0.8%

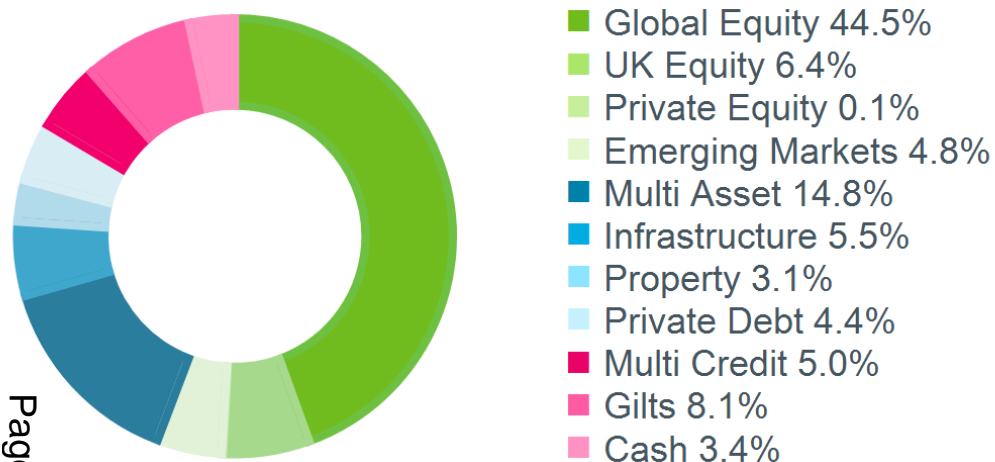


## Asset allocation

	Valuation (£m)		Actual Proportion	Benchmark	+ / -
	Q1 25	Q2 25			
Fidelity UK Real Estate	14.9	15.0	1.1%	1.5%	-0.4%
UBS Triton Property	11.3	11.3	0.8%	1.5%	-0.7%
LCIV UK Housing Fund	15.2	15.2	1.1%	0.0%	1.1%
LCIV Private Debt	40.2	42.6	3.1%	5.0%	-0.6%
LCIV Private Debt II	0.0	17.1	1.3%		
<b>Total Income</b>	<b>351.6</b>	<b>377.5</b>	<b>27.7%</b>	<b>25.0%</b>	<b>2.7%</b>
LCIV CQS MAC	66.6	68.3	5.0%	5.0%	0.0%
BlackRock UK Gilts Over 15 yrs	108.3	109.8	8.1%	10.0%	-1.9%
<b>Total Protection</b>	<b>175.0</b>	<b>178.1</b>	<b>13.1%</b>	<b>15.0%</b>	<b>-1.9%</b>
Cash	63.6	46.1	3.4%	2.0%	1.4%
<b>Total Scheme</b>	<b>1,310.1</b>	<b>1,360.6</b>	<b>100.0%</b>	<b>100.0%</b>	

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.

## Asset class exposures\*



## 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 investment period for LCIV Private Debt fund I ended in March 2025. The fund is now expected to move into its distribution phase.
- The first capital call for LCIV Private Debt Fund II was met on 30 April, and the holding was valued at £17.1 million as at 30 June. This forms part of the £45 million commitment made in February 2025, which will continue to be drawn down gradually as further calls are made.

## 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	5.5	5.5	0.0	7.6	7.7	-0.1	13.9	14.1	-0.2
LGIM UK Equity	4.4	4.4	0.0	11.1	11.2	0.0	10.7	10.7	0.0
LCIV JP Morgan Emerging Markets	6.2	5.5	0.7	6.0	6.3	-0.3	4.3	5.4	-1.0
Blackrock Acs World Low Crbn	6.1	5.0	1.1	7.5	7.2	0.2	14.1	13.6	0.4
<b>Growth</b>									
LCIV Baillie Gifford Multi Asset	2.3	1.6	0.7	8.0	6.7	1.2	4.4	6.4	-1.9
LCIV Ruffer Multi Asset	1.6	1.6	0.0	4.1	6.7	-2.4	1.3	6.4	-4.8
Alinda Infrastructure	-4.4	2.2	-6.5	9.7	5.6	4.0	11.2	6.5	4.5
Capital Dynamics Infrastructure	-1.1	2.2	-3.2	-12.8	5.6	-17.4	-7.1	6.5	-12.8
LCIV Infrastructure	2.9	2.2	0.6	9.2	5.6	3.4	7.9	6.5	1.3

9 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	1.1	1.5	<b>-0.3</b>	13.0	6.8	<b>5.8</b>	-3.3	-4.1	<b>0.8</b>
UBS Triton Property	0.5	1.5	<b>-1.0</b>	3.3	6.8	<b>-3.2</b>	-	-	-
LCIV UK Housing Fund	0.1	1.5	<b>-1.4</b>	-0.5	6.0	<b>-6.1</b>	-	-	-
LCIV Private Debt	10.0	1.5	<b>8.4</b>	11.0	6.0	<b>4.7</b>	10.7	6.0	<b>4.4</b>
LCIV Private Debt II	-	-	-	-	-	-	-	-	-
<b>Income</b>									
LCIV CQS MAC	2.5	1.6	<b>0.9</b>	8.7	6.9	<b>1.7</b>	8.5	6.5	<b>1.9</b>
BlackRock UK Gilts Over 15 yrs	1.4	1.4	<b>0.0</b>	-4.2	-4.3	<b>0.1</b>	-10.1	-10.1	<b>0.0</b>
<b>Protection</b>									
<b>Total Scheme</b>	<b>3.9</b>	<b>3.8</b>	<b>0.1</b>	<b>5.7</b>	<b>6.4</b>	<b>-0.7</b>	<b>7.5</b>	<b>8.3</b>	<b>-0.8</b>

Note: Performance from Capital Dynamics' private equity allocation is not shown and has been excluded from the total performance calculations. The LCIV Private Debt II Fund was initially funded on 30/04/2025

## Manager performance commentary

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The Fund delivered a return of 3.9% in Q2 2025, outperforming the benchmark by 0.1%.

Global equities rebounded in Q2, led by large US technology companies, with Asia (ex-Japan) also performing well. Emerging markets posted positive returns, helped by easing trade tensions and a weaker US dollar, which supported investor confidence. All equity allocations performed well in this environment, including the LGIM Global Equity and LGIM UK Equity allocations, with the LCIV JP Morgan emerging markets allocation the strongest performer this quarter.

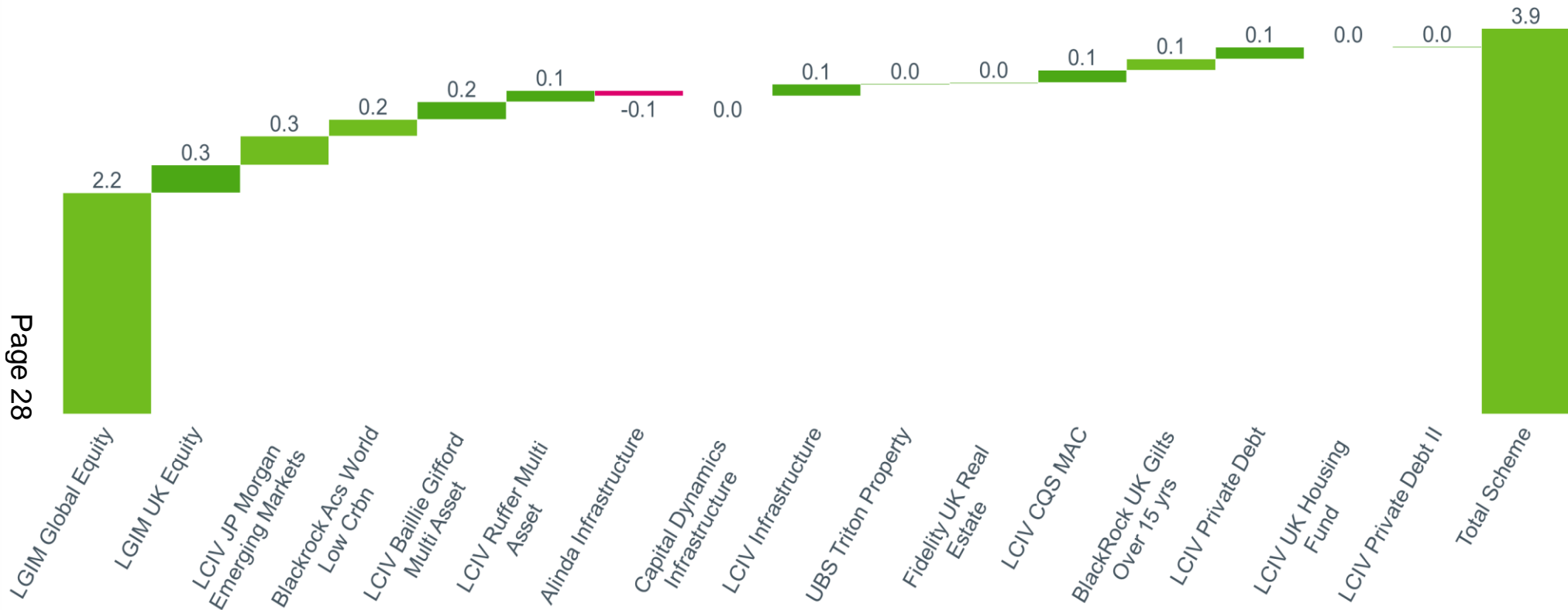
Government borrowing costs for medium-term UK gilts fell slightly, which lifted bond prices and provided a small gain for the BlackRock Gilts mandate. Very long-term yields were broadly unchanged, leaving long-dated gilts close to flat overall.

Credit markets were calmer, with risk premiums narrowing in the US and euro areas while sterling investment-grade spreads were broadly steady. This supported the LCIV Multi-Asset Credit fund.

Within real assets, UK property delivered another modest positive return, with industrial and retail sectors ahead of offices. This supported the property allocation. The Capital Dynamics infrastructure exposure remains small and in run-off, so its effect on overall results was limited.

The combination of rising equities and steadier bond markets during the quarter was also supportive for the LCIV Baillie Gifford and Ruffer multi-asset allocations.

Fund performance by manager



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

Positive contributions came from the LGIM Global Equity fund, which was the largest driver of returns this quarter after being the main detractor in Q1. Additional gains came from the LGIM UK Equity fund, the LCIV JP Morgan Emerging Markets fund, and the LCIV Baillie Gifford and Ruffer Multi-Asset funds, alongside steady contributions from property and credit allocations.

The only notable detractor was the Alinda Infrastructure fund, although its impact was minimal given its small weighting.

12 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 – August 2025 edition

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The summer holidays don't mean a rest for national level changes which will likely affect LGPS funds. And there's no rest for those involved with the valuation or accounting exercises!

### Access and fairness consultation – our response

We have [published](#) our draft response ahead of the closure of MHCLG's 'Access and fairness' consultation on 7 August. This sets out our thoughts on the proposals and highlights some of the practical issues which we believe will need to be considered. As many of the amendments would require retrospective changes, we believe clear and practical implementation expectations would need to be set out by the government so that LGPS funds can deliver the changes in an efficient and effective way. Our prior Briefing Note, providing a detailed overview of the proposals, can be read [here](#).

### A tool to tackle English devolution

The deadlines for councils in the priority devolution areas to submit final proposals to the government will soon be here, with submissions due by 26 September. For those not in priority areas, it will soon be your turn, with submissions due by 28 November. To help funds navigate through this significant exercise, we're developing a Devolution Toolkit. As well as identifying all the activities you'll need to keep an eye on, it will help to structure workloads and pick out times when your fund's resources may become stretched. Our dedicated Project Manager team can help you through the changes, no matter what form devolution takes in your local area. Please speak to your usual Hymans contact for further details.

### Inheritance tax on pensions

In some rare welcome news for busy LGPS administrators, the government has [announced](#) a new approach to the inheritance tax (IHT) charge on death benefits that is due to take effect from 6 April 2027. It has decided to switch tack and make personal representatives (not scheme administrators) liable for reporting and paying any IHT due. Our [blog](#) provides an overview of the key changes that were contained in the announcement.

## Current issues in LGPS – August 2025 edition

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### LGPS benchmarking salary survey

We have recently launched our salary and benefits benchmarking survey. Our aim is to build a comprehensive and LGPS-specific data set to ensure that LGPS funds have the evidence and data they need when undertaking workforce planning. Alongside salaries for around 20 roles across the breadth of LGPS pensions teams, we will also be asking for information relating to other benefits offered (e.g. cycle to work scheme), training or additional qualifications and working from home policy. All funds who take part will receive a free summary report, detailing Current issues in LGPS 2 salary benchmarks for a few of the roles. There will also be the opportunity to receive a more detailed report which covers all of the roles and additional information collected in the survey. The survey will remain open until the end of August. Funds can sign up now, by registering an interest [here](#).

### Pensions adequacy: the Gender Pensions Gap in the LGPS

Pensions awareness and discussion of the Gender Pensions Gap (GPG) in the LGPS space has been picking up at pace. With the Access and Fairness consultation being followed by the UK Government announcing a new Pensions Commission to improve future pension outcomes, GPG and pensions adequacy are now rightly receiving the attention they deserve. Our first [briefing note](#) in our Pensions Adequacy series explores the results from analysis we have carried out into the GPG for a number of LGPS funds.

### Spotlight on Responsible Investment:

#### CTAP-ping into the desire for climate resilience

The UK government is [consulting](#) on making 'Climate Transition Plans' mandatory for UK financial firms, including providers/asset managers and pension funds. The idea is to improve the availability of decision-useful information to help asset owners and companies decarbonise and improve climate resilience. There are no timescales outlined in this first consultation phase, but if you'd like to take action, you might consider developing your own climate transition action plan (CTAP) ahead of the regulatory requirement. Our recent [webinar](#) has some practical guidance. And of course, you can engage with asset managers on their climate risk plans.

### What does effective engagement look like?

In a landscape where asset manager activity is changing, it's vital to ensure investors' expectations and longterm interests are met – and now is an important time to refocus those efforts. Investor resource is finite, so engagement should be focused to best fulfil responsibilities. We encourage investors to focus on building and implementing an effective stewardship framework. What does that framework look like? Some ideas are [here](#).



## Current issues in LGPS – August 2025 edition

### Fuelling the debate on fossil fuels

Investment in fossil-fuel companies is an issue that often attracts ire from activists, and funds are under pressure to respond. Many want to see capital withdrawn from fossil-fuel companies and redirected to more sustainable investments. To get a better handle on this issue, we recently undertook a project with an LGPS fund to explore the implications of creating exclusionary policies based on varying definitions of a fossil-fuel company. We started with different definitions of energy companies, including the type of reserves owned and exploited, and the nature of the underlying activity. The full case study is [here](#).

### Fiduciary duty and sustainability – what do you need to know?

When it comes to making decisions relating to climate change, local investment and sustainability, the question of fiduciary duty often comes up. We know that funds should take account of financial factors, but to what extent do ESG considerations count as such? To start with, many issues that initially seem non-financial are, on closer examination, in fact financial. There's also an emerging view that pension schemes can (but are not required to) take account of issues such as member standards of living, broader best interests and the impacts of firms in which schemes invest. We explore this issue in more depth here.

### Spotlight on the actuarial valuations:

#### 2025 valuations (England & Wales)

It's all systems go for English & Welsh valuations with funds submitting data throughout July. We have our first cab off the rank with initial fund results being issued and we expect many more to follow in the coming weeks. Current issues in LGPS 3 2025 promises to be an interesting valuation year and we will be discussing initial results, early insights and the big themes from our view across the LGPS in our upcoming webinar on 2nd September. Look out for the invites coming soon. Consulting on the updated Funding Strategy Statement (FSS) is an important part of the valuation exercise. As well as communicating this to employers in the fund, the recent [LGPC bulletin](#) reminded funds to consider whether the Department for Education (DfE), as guarantor for Academies and Further Education bodies, should be included in the consultation exercise. The DfE has set up a specific email address for this purpose: [LGPS.WORKINGGROUP4@education.gov.uk](mailto:LGPS.WORKINGGROUP4@education.gov.uk).

#### 2026 valuations (Scotland)

It's now only 8 months until the Scottish 2026 valuations officially kick off and preparations are ramping up. As funds finalise year end processes, now is the perfect time to turn attention to the upcoming valuation to get all your ducks in a row. We will be working closely with our funds to cleanse data and put plans together for a successful valuation. Look out for more information coming soon or speak to your Hymans contact for further information on what to expect and when.

## Current issues in LGPS – August 2025 edition

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### Accounting surpluses on the horizon

Having just passed the 31 July FRS102 reporting date for colleges and universities, early indications suggest that net asset (surplus) positions will be even more common at 2025 than 2024. The biggest driver of this is the increase in the corporate bond yield, which is used to determine the discount rate for financial reporting. This higher discount rate means that obligations (liabilities) at this year-end will likely be lower than last year. However, the overall net position will depend on individual pension fund (and individual investment strategy) performance over the year. To speak to our accounting experts about dealing with net asset (surplus) positions, please reach out to [LGPSCentralAccountingTeam@hymans.co.uk](mailto:LGPSCentralAccountingTeam@hymans.co.uk).

### And now for something completely different...Design Thinking

In the next [blog](#) in his series about Design Thinking, our LGPS digital expert Chris shows how defining the right problem to solve is the most critical – but often most overlooked – step in the design process. Moving beyond empathy, he explores the ‘Define’ stage, and how we can turn user insights into clear, actionable problem statements that align teams, focus decisions, and prevent wasted effort.

### Events, webinars & training

#### Reset Connect, London Climate Action Week 2025

As London Climate Action Week got underway, we joined the [Reset Connect](#) conference, which brought together sustainability leaders, innovators and decision-makers to address climate change and drive impactful transformation. We have collated some of the [key highlights](#) we took from the day. Our Biodiversity Lead, André Ranchin, also contributed his views in two insightful talks on issues impacting the ocean and marine biodiversity.

## Manager benchmarks and performance targets

Mandate	Date appointed	Benchmark description
LGIM Global Equity	31/10/2010	FTSE All World Developed ex UK
LGIM UK Equity	12/06/2012	FTSE All Share
LCIV JP Morgan Emerging Markets	30/11/2018	MSCI Emerging Markets
Blackrock Acs World Low Crbn	03/09/2021	MSCI World
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% p.a.
Capital Dynamics Infrastructure	31/10/2012	UK CPI +2% p.a.
LCIV Infrastructure	31/10/2012	UK CPI +2% p.a.
Capital Dynamics Private Equity	31/12/2003	MSCI All World +1% p.a.
LCIV Private Debt	22/06/2021	Absolute BM 6%
LCIV Private Debt II	30/04/2025	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% p.a.
BlackRock UK Gilts Over 15 yrs	05/03/2019	FTA UK Gilts Over 15 yrs

## 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.

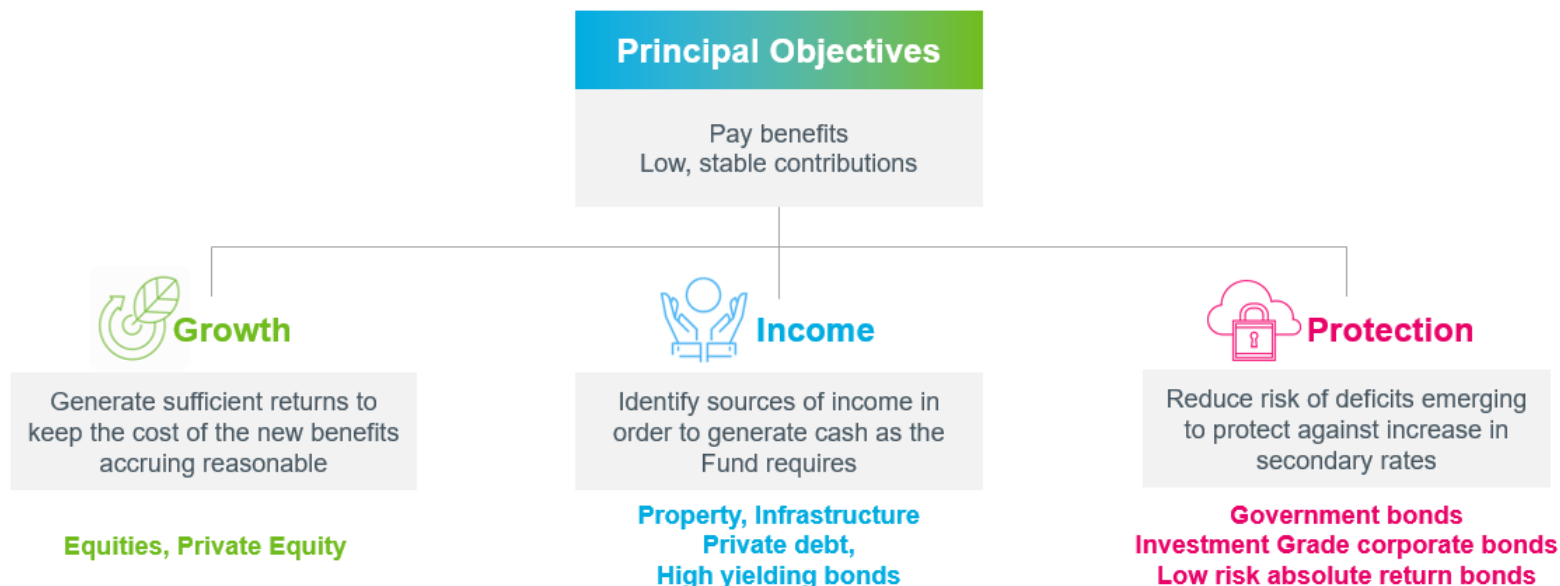
- **Neutral** - A neutral manager will aim to construct portfolios that have no significant sector or style biases relative to the benchmark index. This is more common in bottom up, in-depth research, managers (sometimes referred to as ‘stock pickers’) who aim to isolate stocks that are undervalued relative 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

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- **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 of risk based on 'ups and downs' of stock/portfolio over a period of time.

## Growth, Income and Protection



## 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:

$$\text{Fund Performance} - \text{Benchmark Performance}$$

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

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

## Risk warning

This report is provided to the Pension Fund Investment Panel of the London Borough of Brent Pension Fund in our capacity as your investment adviser. Its purpose is to assist the Committee with their monitoring of the Fund's investments. The report shows how the assets have performed over various time periods, on an absolute basis and relative to the agreed benchmarks, in the context of general market movements. It also shows how the asset allocation compares with the Fund's strategic target allocation. The 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. No investment decisions should be taken based solely on the contents of this report.

The report should not be released or otherwise disclosed to any third party except as required by law or regulatory obligation or without our prior written consent. We accept no liability where the report is used by, or released or otherwise disclosed to, a third party unless we have expressly accepted such liability in writing. Where this is permitted, the report may only be released or otherwise disclosed in a complete form which fully discloses our advice and the basis on which it is given.

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

In some cases, we have commercial business arrangements/agreements with clients within the financial sector where we provide services. These services are entirely separate from any advice that we may provide in recommending products to our advisory clients. Our recommendations are provided as a result of clients' needs and based upon our independent research. Where there is a perceived or potential conflict, alternative recommendations can be made available.

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of the Local Government Act 1972.

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	<b>Brent Pension Fund Sub-Committee</b> 8 October 2025
	<b>Report from the Corporate Director, Finance and Resources</b>
<b>Brent Pension Fund: Annual Report and Accounts 2024/25</b>	
<b>Wards Affected:</b>	N/A
<b>Key or Non-Key Decision:</b>	Not Applicable
<b>Open or Part/Fully Exempt:</b>	Open
<b>List of Appendices:</b>	One: Appendix 1: Draft Brent Pension Fund Annual Report 2024/25
<b>Background Papers:</b>	None
<b>Contact Officers:</b>	<p>Minesh Patel, Corporate Director, Finance and Resources  (<a href="mailto:minesh.patel@brent.gov.uk">minesh.patel@brent.gov.uk</a>)  020 8937 4043</p> <p>Amanda Healy, Deputy Director of Finance  (<a href="mailto:amanda.healy@brent.gov.uk">amanda.healy@brent.gov.uk</a>)  020 8937 5912</p> <p>Sawan Shah, Head of Finance  (<a href="mailto:sawan.shah@brent.gov.uk">sawan.shah@brent.gov.uk</a>)  020 8937 1955</p> <p>George Patsalides, Finance Analyst  (<a href="mailto:george.patsalides@brent.gov.uk">george.patsalides@brent.gov.uk</a>)</p>

## 1.0 Executive Summary

- 1.1 This report provides an update on the Pension Fund Annual Report and Accounts for the year ended 31 March 2025.

## 2.0 Recommendation(s)

- 2.1 The Committee is recommended to:

- Note the draft accounts included as part of the annual report;

- Note the draft Brent Pension Fund Annual Report 2024/25 which will be published as set out in paragraph 4.4.

### **3.0 Detail**

#### **3.1 Contribution to Borough Plan Priorities & Strategic Context**

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

#### **Statement of Accounts**

- 3.3 Included in the Brent Pension Fund Annual Report 2024/25 attached in Appendix 1 are the latest version of the Pension Fund Annual Accounts for the year ended 31 March 2025.
- 3.4 At the time of writing, audit fieldwork is substantially complete. The auditors are now working on completing their closing procedures and final reviews. The responsibility for approving the statement of accounts resides with the Audit and Standards Committee and sign off of the Pension Fund accounts is dependent on progress on the Council's audit.
- 3.5 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 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.
- 3.6 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). 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 2024/25, the pension fund is in a positive cash-flow position because its contributions exceed its outgoings to members.

#### **Pension Fund Annual Report**

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

- 3.8 The Annual Report for 2024/25 has been updated to reflect the latest guidance from MHCLG, which sets out the required structure and content for LGPS Annual Reports. The report is divided into several sections:
- **Overall Fund management** - which explains the management arrangements for the Fund and the Fund's approach to risk management.
  - **Governance & Training** – details the Fund's governance structure and how the Fund has complied with its Governance Compliance Statement
  - **Financial Performance** – which considers financial performance excluding investments focused on income, expenditure, and cash flows.
  - **Investments & Funding** - which details the Fund's investment strategy, arrangements, and performance.
  - **Scheme Administration** - which sets out how the scheme is administered including a summary of some key administration statistics
  - **Actuarial report** - which provides an update on the Fund's Funding Position including a statement from the Fund Actuary.
- 3.9 Also included are the Investment Strategy Statement, Pensions Administration Strategy, Funding Strategy Statement and Communications Policy Statement which have been approved by the Committee at previous meetings.
- 4.0 Stakeholder and ward member consultation and engagement**
- 4.1 Not applicable.
- 5.0 Financial Considerations**
- 5.1 Not applicable.
- 6.0 Legal Considerations**
- 6.1 Not applicable.
- 7.0 Equity, Diversity & Inclusion (EDI) Considerations**
- 7.1 Not applicable.
- 8.0 Climate Change and Environmental Considerations**
- 8.1 Not applicable.
- 9.0 Human Resources/Property Considerations**
- 9.1 Not applicable.
- 10.0 Communication Considerations**
- 10.1 Not applicable.

**Report sign off:**

***Minesh Patel***

Corporate Director of Finance and Resources



# Brent

## **Brent Pension Fund**

### **Draft Annual Report and Accounts 2024/25**

Pensions Regulator Scheme Number: 10272080

DRAFT

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## Chairman's Foreword

It is my pleasure to present the Annual Report and Accounts of the Brent Pension Fund for 2024/25.

The Fund has 6,730 contributors, 7,685 pensioners and 8,379 deferred pensioners.

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

During 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.

Total contributions received from employers and employees was £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. This means that the Pension Fund is able to invest some of the contributions from members in order to further increase the assets available to pay future benefits. This is in contrast to some Local Government Pension Scheme funds, who have to use some of their investments each year, reducing the assets on which they can make returns.

The Brent Pension Fund is revalued every three years by an independent actuary. The Pension Fund had its most recent triennial review in 2022. This is a detailed appraisal that uses economic and demographic assumptions in order to estimate future liabilities and set employer contribution rates. During 2024/25, the most commonly applied employer contribution rate within the Brent Pension Fund was 32% of pensionable pay. This is consistent with the Fund's deficit recovery plan to clear its deficit within 20 years of the balance sheet date. This Triennial Valuation revealed that the Fund's assets, at 31 March 2022, were sufficient to meet 87% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. This is an increase on the 78% funding level as at the March 2019 valuation.

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

**Cllr Robert Johnson**  
**Chairman, Brent Pension Fund Sub-Committee**

## Fund Management

### Scheme management and advisors

<b>Administering Authority:</b>	Brent Council Civic Centre Engineers Way Wembley Middlesex HA9 0FJ
<b>Brent Pension Fund Officers:</b>	Minesh Patel, Corporate Director, Finance and Resources Amanda Healy, Deputy Director of Finance Sawan Shah, Head of Finance
<b>Legal Advisers:</b>	In-house
<b>Custodian:</b>	Northern Trust
<b>Actuary:</b>	Hymans Robertson LLP
<b>Financial Adviser:</b>	Hymans Robertson LLP
<b>Fund Managers:</b>	Legal & General Capital Dynamics LCIV Diversified Growth – Baillie Gifford LCIV MAC – CQS/PIMCO LCIV Emerging Markets – JP Morgan LCIV Infrastructure Fund – Stepstone LCIV Absolute Return –Ruffer LCIV Private Debt Fund – Churchill/Pemberton LCIV Private Debt II Fund – Arcmont/Churchill/ Pantheon/Pollen Street LCIV UK Housing Fund –CBRE/Octopus/Savills/ LGIM/Man Group Alinda BlackRock Fidelity UBS
<b>Pooling Operator:</b>	London CIV
<b>Banker:</b>	NatWest
<b>Auditor:</b>	Grant Thornton
<b>Scheme Administrator:</b>	Local Pensions Partnership Administration
<b>Performance Measurement:</b>	Northern Trust
<b>AVC Providers:</b>	Prudential

Utmost (legacy, formerly Equitable Life)  
Clerical (legacy)

## **Risk management**

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

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

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

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

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

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

## **Cyber Risk**

The Council publishes its Cyber Security Strategy which sets out operational procedures and controls to protect critical systems and information from internet based (cyber) threats. This focuses on building robust disaster recovery capabilities, using multi-factor authentication and ensuring staff are appropriately trained to recognise cyber risks and maintain data confidentiality.

The Pension Fund has adopted the Council's data security procedures to maintain effective controls and actively monitors cyber risks as part of the overall risk register. The Fund's external administrators at LPPA also implement a number of controls in relation to cyber security, including network firewalls and daily backups to prevent loss or corruption of sensitive data.

The Council's Cyber Security Strategy for 2022-2026 can be found here:  
<https://democracy.brent.gov.uk/documents/s134188/Appendix%20A%20-%20Brent%20Cyber%20Security%20Strategy%202023.pdf>

## **Third Party Risks**

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

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

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

As these functions are outsourced, the Council is exposed to Third Party Risk. A range of investment managers are used to diversify risk.

To mitigate the risks regarding custodianship of assets, assurance over third party operations is sought by requesting relevant documentation, such as AAF 01/06 and ISAE3402 assurance reports on the internal controls of these service organisations. Any weaknesses in controls are reviewed and reported as necessary to the Pension Fund Sub-Committee.

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

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

In 2023/24, an Internal Audit of the Pension Fund's arrangements regarding the monitoring of the pensions administration contract and the collection of pension contributions was carried out. The objective of the audit is to provide assurance on the effectiveness and robustness of the control framework for the Council's arrangements for the pensions' contributions management process reviewing controls in relation to Roles and responsibilities and monitoring of the SLA, contribution data – employer and employee, contribution receipts and, monitoring and reporting.

No critical, high or low risk issues were identified during the audit, with one medium risk item being reported. In addition, internal audit has identified several areas of good practice. Any risks

identified were agreed between internal audit and management and actions are being undertaken to ensure that the recommendations are implemented and are operating effectively.

The next internal audit of the Brent Pension Fund is set to take place in 2026/27 as part of the 3-Year Rolling Plan.

To mitigate risks associated with pensions administration, the Fund has published its Pension Administration Strategy (PAS), which sets out the quality and performance standards expected from scheme employers. The PAS assists with clarifying the roles and responsibilities of both the Administering Authority and the employers who participate in the Fund. This ensures that the Brent Pension Fund and its employers work together to ensure that accurate data is submitted in a timely manner, and member events are notified within the service level agreements set out in the PAS. The Fund also reserves the right to levy a fee on employers, where performance consistently falls short of the standards expected of them such as late payment of contributions or late submission of data returns (see Annex 1 of the PAS, enclosed in Appendix A).

The Pension Fund also maintains its Members Communications Strategy (see Appendix E), which is designed to ensure that all key stakeholders are kept informed of developments within the Fund and through the appropriate medium. The aim being to ensure an effective communication process is in place to help maintain the efficient and effective running of the Scheme and deliver better stakeholder and customer outcomes.

### **Other Investment Risk**

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

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

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

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

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

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

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## Governance and Training

### Governance Structure

The London Borough of Brent Council has delegated responsibility for pension matters to the Pension Fund Sub-Committee. The Committee is comprised of seven elected representatives of the council – six from the administration and one opposition party representative. An employer representative of the Trade Unions is appointed but has no voting rights.

### Pension Fund Sub-Committee

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

- Ensure compliance with legislation and best practice
- Determine policy for the investment, funding and administration of the Fund
- Monitor performance across all aspects of the service
- Consider issues arising and make decisions to secure efficient and effective performance and service delivery
- Appoint and monitor advisers
- Ensure that arrangements are in place for consultation with stakeholders as necessary.
- To consider the annual statement of pension fund accounts and actuarial valuation.

### Pension Fund Sub-Committee Membership as at 31 March 2025

**Chair:** Cllr R Johnson

**Other Members:** Cllr D Kennelly (Vice Chair)  
Cllr S Choudry  
Cllr S Kansagra  
Cllr I Ahmadi Moghaddam  
Cllr S Crabb  
Cllr A Molloy

**Employee representatives:** Elizabeth Bankole (Unison)

**Other attendees:** Minesh Patel, Corporate Director, Finance and Resources  
Amanda Healy, Deputy Director of Finance  
Hymans Robertson LLP, Financial Adviser

### Pension Board

The Pension Board is responsible for assisting the Administering Authority in ensuring that the Pension Fund is managed effectively and in compliance with all relevant legislation and regulatory requirements. The Pension Board meets quarterly to:

- Ensuring the Fund complies with LGPS regulations
- Promoting effective and efficient oversight of the Fund
- Making sure the Fund's policies and practices are being followed

- Granting a platform for member and employer representatives to provide input and challenge decisions
- Ensuring risk factors are routinely monitored and updated

### **Pension Board Membership as at 31 March 2025**

**Chair:** David Ewart

**Other Members:** Cllr S Kabir  
Cllr T Smith

**Other representatives:** Bola George (Unison)  
Chris Bala (Pension Scheme Members)  
Robert Wheeler (GMB)

**Other attendees:** Minesh Patel, Corporate Director, Finance and Resources  
Amanda Healy, Deputy Director of Finance

The Chair of the Pension Board outlines the work undertaken during the year in the Chair's Annual Report, which includes areas such as training, review of investment activities and monitoring the Fund's risk register.

The report for 2024-25 can be accessed here:

<https://democracy.brent.gov.uk/documents/s151503/06.%20Chairs%20Annual%20Report%2024-25.pdf>

Information on the voting rights and record of attendances at meetings for each member of the Pension Fund Sub-Committee and Pension Board can also be found on their respective committee web pages on the Brent Democracy Portal:

Pension Fund Sub-Committee

<https://democracy.brent.gov.uk/mgAttendanceSummary.aspx?RPID=155>

Pension Board

<https://democracy.brent.gov.uk/mgAttendanceSummary.aspx?RPID=472>

### **Governance Compliance Statement**

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

<b>Ref.</b>	<b>Principles</b>	<b>Compliance and comments</b>
<b>A</b>	<b>Structure</b>	
a.	That the management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	Full compliance. Brent Council's constitution sets out the terms of reference for the Pension Fund Sub-Committee.



<b>Ref.</b>	<b>Principles</b>	<b>Compliance and comments</b>
b.	That representatives of participating LGPS employers, admission bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Full compliance.
c.	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	No formal secondary committees or panels have been established.
d.	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	No formal secondary committees or panels have been established.
<b>B</b>	<b>Representation</b>	
a.	<p>That all key stakeholders have the opportunity to be represented within the main or secondary committee structure. These include:</p> <ul style="list-style-type: none"> <li>i) employing authorities (including non-scheme employers, e.g. admission bodies)</li> <li>ii) scheme members (including deferred and pensioner scheme members)</li> <li>iii) where appropriate, independent professional observers, and</li> <li>iv) expert advisers (ad-hoc basis only).</li> </ul>	<p>Full compliance. The Pension Fund Sub-Committee includes a representative of the other employers in the Fund and contributor members.</p> <p>The Fund's investment adviser attends Pension Fund Sub-Committee meetings. Independent professional observers are not regarded as appropriate.</p>
b.	That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers, meetings, and training and are given full opportunity to contribute to the decision-making process, with or without voting rights.	Full compliance. Equal access is provided to all members of the Pension Fund Sub-Committee.
<b>C</b>	<b>Selection and role of lay members</b>	
a.	That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	Full compliance.
<b>D</b>	<b>Voting</b>	

Ref.	Principles	Compliance and comments
a.	That the individual administering authorities on voting rights are clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Full compliance. All representatives on the Pension Fund Sub-Committee have full voting rights, but the Sub-Committee works by consensus without votes being required.
<b>E</b>	<b>Training/facility time/expenses</b>	
a.	That in relation to the way in which the administering authority takes statutory and related decisions, there is a clear policy on training, facility time and reimbursement of expenses for members involved in the decision-making process.	Full compliance. Full training and facilities are made available to all members of the Pension Fund Sub-Committee.
b.	That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Full compliance.
c.	That the administering authority considers adopting annual training plans for committee members and maintains a log of all such training undertaken.	Full compliance. A training plan has been prepared for the Pension Fund Sub-Committee and training logs are maintained for all such training undertaken.
<b>F</b>	<b>Meetings (frequency/quorum)</b>	
a.	That an administering authority's main committee or committees meet at least quarterly.	Full compliance. The Pension Fund Sub-Committee meets regularly throughout the year. Additional meetings can be arranged to fit its business needs.
b.	That an administering authority's secondary committee or panel meets at least twice a year and is synchronised with the dates when the main committee sits.	No formal secondary committees or panels have been established.
c.	That an administering authority that does not include lay members in its formal governance arrangements must provide a forum outside of those arrangements to represent the interests of key stakeholders.	Full compliance. The Pension Fund Sub-Committee includes lay members. Employers' forums are arranged for employers.
<b>G</b>	<b>Access</b>	
a.	That, subject to any rules in the Council's constitution, all members of main and secondary committees or panels have equal access to committee papers,	Full compliance. Equal access is provided to all members of the Pension Fund Sub-Committee.

Ref.	Principles	Compliance and comments
	documents and advice that are due to be considered at meetings of the main committee.	
<b>H</b>	<b>Scope</b>	
a.	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Full compliance. The Pension Fund Sub-Committee deals with fund administration issues as well as fund investment.
<b>I</b>	<b>Publicity</b>	
	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in how the scheme is governed can say they want to be part of those arrangements.	Full compliance. The Council's Governance Policy Statement is published in the Pension Fund's Annual Report and on its website.

## Member Training

Members of the Pension Fund Sub-Committee and Pension Board are required to have the appropriate level of knowledge and understanding for their roles. This aims to ensure that members possess the necessary knowledge and skills to effectively fulfil their roles in providing effective oversight of the Brent Pension Fund.

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

Training provided during 2024/25 included:

## Committee training

- Capital Markets, Interest Rates and Inflation
- Economic Cycles
- Investment Strategy
- Review of global equities
- Private equity, property and private debt
- Dealing with lobbying
- Private Debt: Key characteristics and strategic purpose
- Infrastructure: Key characteristics and strategic purpose

## LGPS Online Learning Academy (LOLA)

- Module 1: Committee Role and Pensions Legislation
- Module 2: Pensions Governance

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

## **Accountability and Transparency**

Pension Fund Sub-Committee agendas, reports and minutes are published on the Brent Council website at [www.brent.gov.uk](http://www.brent.gov.uk).

## **Conflict of Interests**

A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Pension Board and Sub-Committee. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.

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

On appointment, and following any subsequent declaration of potential conflict by a member, the Administering Authority shall ensure that any potential conflict is effectively managed in line with both the internal procedures of the Conflicts of Interest policy and the requirements of the Code.

## **Summary of Freedom of Information requests**

The Fund promotes a strong sense of accountability and transparency across the organisation, especially with its beneficiaries. Operating under public sector regulations dictates that the Pension Fund must respond to requests under the Freedom of Information (FoI) Act 2000. The Fund received and responded to 27 such requests in 2024-25.

## **Governance Overview – London CIV**

London LGPS CIV Limited is an FCA authorised and regulated company limited by shares, in which all 32 London LGPS Funds are shareholders. In addition to London CIV's Articles of Association, there is a Shareholder Agreement in place which outlines the matters reserved to shareholders. These matters include items such as the approval of the budget, objectives, and the business plan. London CIV hosts several meetings throughout the year to provide touchpoints where such matters may be discussed, including two General Meetings, four Shareholder Committees and four Sustainability Working Groups.

London CIV also publishes an Annual Report, which captures all major developments throughout the year. A copy of the report for 2024/25 may be accessed here:

<https://londonciv.org.uk/block/download/7196/file>

Oversight from the Brent Pension Fund is further exercised through the Pension Fund Sub-Committee meetings, where regular updates on the London CIV's activity are provided to

members each quarter, including fund monitoring updates, issues of new funds and any new reporting or governance requirements which may be stipulated by the UK Government.

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# Financial Performance

## Financial Summary

Income and expenditure of the fund over the past five years is shown below. This shows that a net increase in the Fund's market value of £474m over the five-year period. During 2024/25, the Fund's value increased by £51.6m.

<b>Financial Summary</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>
Contributions receivable	(66.8)	(70.9)	(73.8)	(76.7)	(80.0)
Benefits payable	47.6	52.7	55.6	59.8	69.2
<b>Net (additions)/withdrawals from dealings with members</b>	<b>(19.2)</b>	<b>(18.2)</b>	<b>(18.2)</b>	<b>(16.9)</b>	<b>(10.8)</b>
Management expenses	4.2	4.3	4.1	4.2	5.1
Net of investment income and taxes on income	(0.7)	(1.1)	1.8	(11.1)	(15.4)
Change in market value	(176.1)	(88.1)	25.8	(117.1)	(30.6)
<b>Net (increase)/decrease in Fund Value</b>	<b>(191.8)</b>	<b>(103.1)</b>	<b>13.5</b>	<b>(140.9)</b>	<b>(51.6)</b>

Movements in the Fund's income and expenditure primarily reflect changes in membership and demographics. Contribution income varies with active member numbers, pay levels, employer rates, and transfers, while benefit costs are driven by retirements, pensioner longevity and pension increases. A comprehensive summary of the Fund's member composition can be found in Note 1 of the main Statement of Accounts.

## Analysis of Dealings with Scheme Members

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

<b>Analysis of Dealings with Scheme Members</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>
<b>Contributions receivable</b>					
Members	(9.5)	(9.7)	(10.6)	(11.1)	(12.0)
Employers	(51.4)	(54.4)	(56.9)	(57.8)	(61.2)
Transfers In	(5.9)	(6.8)	(6.3)	(7.8)	(6.8)
<b>Total</b>	<b>(66.8)</b>	<b>(70.9)</b>	<b>(73.8)</b>	<b>(76.7)</b>	<b>(80)</b>
<b>Benefits payable</b>					
Pensions	37.5	39.7	41.4	45.2	49.3
Lump sum retirement and death benefits	4.8	7.2	6.4	6.8	10.6
Transfers Out	5.3	5.7	7.6	7.7	9.1
Refunds to members leaving service	0.0	0.2	0.2	0.1	0.2
<b>Total</b>	<b>47.6</b>	<b>52.7</b>	<b>55.6</b>	<b>59.8</b>	<b>69.2</b>
<b>Net Dealings with Members</b>	<b>(11.1)</b>	<b>(19.2)</b>	<b>(18.2)</b>	<b>(16.9)</b>	<b>(10.8)</b>

## Analysis of Management Expenses

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

<b>Analysis of Management Expenses</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>
Administration costs	1.8	1.6	1.4	1.6	2.4
Oversight and Governance costs	0.2	0.2	0.2	0.2	0.4
<b>Investment management costs</b>					
Management fees	2.2	2.4	2.4	2.4	2.3
Custody fees	0.0	0.1	0.1	0.0	0.0
<b>Total</b>	<b>4.2</b>	<b>4.3</b>	<b>4.1</b>	<b>4.2</b>	<b>5.1</b>

## Analysis of non-investment assets and liabilities

Compared to the prior year, the Fund saw an increase in both non-current assets and liabilities. Sundry debtors increased from £2.0m to £3.8m, and sundry creditors increased from £1.6m to £2.6m.

The main driver for the increase in debtors is that the Fund is due to receive £1.7m from employers to cover voluntary-redundancy costs and £1m for enhanced pension costs. When an employer offers voluntary redundancy, the pension scheme meets the extra pension or early-retirement costs up front. The employer reimburses the Fund for those additional costs.

With regard to creditors, in the final quarter of the fiscal year the Fund moved to a new payroll system, which involves processing pension payments. Two payments in March totalling £1m were completed just before the financial year closed, leading to an increase in our creditor balances.

## Contribution Rates

Members of the LGPS pay a contribution rate dependant on the salary band they fall in to. The contribution rate employees pay depends on their salary. The bands and contribution rates for 2024/25 are set out in the table below.

<b>Annual Pensionable Pay</b>	<b>Rate</b>	<b>50/50 Gross Contribution</b>
Up to £17,800	5.5%	2.75%
£17,801 to £28,000	5.8%	2.90%
£28,001 to £45,600	6.5%	3.25%
£45,601 to £57,700	6.8%	3.40%
£57,701 to £81,000	8.5%	4.25%
£81,001 to £114,800	9.9%	4.95%
£114,801 to £135,300	10.5%	5.25%
£135,301 to £203,000	11.4%	5.70%
£203,001 or more	12.5%	6.25%

Individual employers' rates vary depending on the demographic and actuarial factors particular

to each employer. The most commonly applied employer contribution rate within the Brent Pension Fund was 32% in 2024/25.

Regulations state that contributions must be paid to the Fund by the 22nd day of the month following deduction. The Fund reserves the right to levy interest on an employer for the late payment of contributions. In 2024/25, this power was not exercised.

### **Counter Fraud initiatives**

Brent Council and the Brent Pension Fund have a statutory obligation to protect the public funds it administers. As part of this responsibility, the Council participates in the National Fraud Initiative, a government-led data matching scheme that helps identify fraud by detecting inconsistencies across public records. This initiative assists in identifying issues such as overpayments by flagging cases where pension recipients may have passed away, relocated overseas, or are receiving duplicate benefits. Identifying such inconsistencies allows the Fund to investigate and take corrective action before losses occur.

To further reduce the risk of overpayments, the Council provides information on the Tell Us Once service, which allows residents to report a death just once, ensuring relevant departments are notified promptly.

### **Overpayments and Write-offs**

The Fund monitors and actively manages the recovery of pension overpayments, which can arise from late notification of a member's death or a change in circumstances. Where an overpayment is identified, prompt action is taken to stop further payments and to initiate recovery. Recoveries are pursued by LPPA, who balance the duty to safeguard scheme assets with the need to act reasonably and sensitively in individual cases. The recovery threshold is set at £500.



## Fund Account, Net Assets Statement and Notes to the Accounts

# 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)
	Net (increase)/decrease in the net assets available for benefits during the year		(51.6)
(140.9)			
(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

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

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	North West London Jewish Day School
Alperton Community School	Oakington Manor Primary School
ARK Academy	Our Lady of Grace RC Infants School
ARK Elvin Academy	Our Lady of Grace RC Juniors School
ARK Franklin Academy	Preston Manor High School
Braintcroft Primary School	Queens Park Community School
Claremont High School Academy	Roundwood School and Community Centre
Compass Learning Partnership	St Andrews and St Francis School
Crest Academy	St Claudine's Catholic School for Girls
Furness Primary School	St Gregory's RC High School
Gladstone Park Primary School	St Margaret Clitherow
Harris Lowe Academy	St Mary's RC Academy
(Capital City Academy)	Sudbury Primary School
Harris Primary Academy	The Village School
(South Kenton)	Wembley High Technology College
Kingsbury High School	Woodfield School Academy
Manor School	
Michaela Community School	

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

## 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](http://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
<b>Actuarial present value of promised retirement benefits (Note 19)</b>	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).
<b>Private equity / infrastructure / private debt</b>	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 12% (£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
<b>Total contributions receivable</b>	<b>68.9</b>	<b>73.2</b>

### 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
<b>Total</b>	<b>68.9</b>	<b>73.2</b>

## 8. Transfers in from other pension funds

	2023/24	2024/25
	£m	£m
Individual transfers	7.8	6.8
<b>Total</b>	<b>7.8</b>	<b>6.8</b>

## 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
<b>Total</b>	<b>52.0</b>	<b>59.9</b>

### By authority

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

## 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
<b>Total</b>	<b>7.8</b>	<b>9.3</b>

## 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
<b>Total</b>	<b>4.2</b>	<b>5.1</b>

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
<b>Total</b>	<b>2.4</b>	<b>2.3</b>

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
<b>Total</b>	<b>2.3</b>	<b>2.3</b>	<b>0.0</b>	<b>0.0</b>

Fund Manager	2023/24 Total £m	Management fees £m	Custody fees £m	One-off transaction costs £m
Alinda	0.2	0.2	0.0	0.0
Capital Dynamics	0.1	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
<b>Total</b>	<b>2.4</b>	<b>2.4</b>	<b>0.0</b>	<b>0.0</b>

## 12. Investment income

	2023/24 £m	2024/25 £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)
<b>Total</b>	<b>(10.9)</b>	<b>(15.4)</b>

## 13. Taxes on income

	2023/24 £m	2024/25 £m
Withholding tax	(0.2)	0.1
<b>Total</b>	<b>(0.2)</b>	<b>0.1</b>

## 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
	<u>1,215.2</u>	<u>1,246.7</u>

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
	<u>1,215.2</u>	<u>50.0</u>	<u>(49.1)</u>	<u>30.6</u>	<u>1,246.7</u>
Other investment balances: Cash Deposit	44.1			0.0	63.6
Investment income due	0.0				0.0
Net investment assets	<u>1,259.3</u>				<u>1,310.3</u>

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
	<u>1,088.6</u>	<u>93.1</u>	<u>(83.6)</u>	<u>117.1</u>	<u>1,215.2</u>
Other investment balances: Cash Deposit	27.5				44.1
Investment income due	0.0				0.0
Net investment assets	<u>1,116.1</u>				<u>1,259.3</u>



#### 14b. Analysis of investments by category

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

#### 14c. Analysis of investments by fund manager

Fund manager	Market value 31 March 2024 £m	%	Market value 31 March 2025 £m	%
Legal & General	590.6	48.6	620.4	49.8
London CIV	0.2	0	0.2	0.0
LCIV - JP Morgan	42.7	3.5	61.4	4.9
Capital Dynamics	19.7	1.6	3.6	0.3
LCIV - Baillie Gifford	127.7	10.5	101.8	8.2
LCIV - Ruffer	92.7	7.6	96.0	7.7
LCIV - CQS & PIMCO	61.8	5.1	66.6	5.3
LCIV - Stepstone	45.2	3.7	54.2	4.3
Infrastructure	-	-	15.2	1.2
LCIV UK Housing Fund	-	-	40.2	3.2
LCIV - Private Debt	39.1	3.2	15.9	1.3
Alinda	18.7	1.5		

Fidelity UK Real Estate	13.3	1.1	14.7	1.2
Blackrock	152.7	12.6	145.4	11.7
UBS Triton Property Fund	10.8	0.9	11.2	0.9
	<b>1,215.2</b>	<b>100.0</b>	<b>1,246.7</b>	<b>100.0</b>

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
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	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
			Revenue multiple	
			Discount for lack of marketability	
			Control premium	

### 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 on 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

### 15b. Fair value hierarchy

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

#### Level 1

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

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

#### Level 2

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

### Level 3

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

Such instruments would include unquoted equity investments and fund of hedge funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Brent Pension Fund has invested.

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

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

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

	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
<b>Values at 31 March 2025</b>				
<b>Financial assets at fair value through profit and loss</b>				
Pooled investments		1,091.8		1,091.8
Pooled property investments		41.1		41.1
Private Equity/Infrastructure/Private Debt			113.8	113.8
<b>Subtotal Financial assets at fair value through profit and loss</b>	0.0	1,132.9	113.8	1,246.7
Cash	63.6			63.6
Investment Income due	0.0			0.0
<b>Subtotal Loans and receivables</b>	63.6	0.0	0.0	63.6
<b>Total Financial assets</b>	63.6	1,132.9	113.8	1,310.3
<b>Financial liabilities</b>				
Current liabilities	(2.6)			(2.6)
<b>Subtotal Financial liabilities at amortised cost</b>	(2.6)	0.0	0.0	(2.6)
<b>Total Financial liabilities</b>	(2.6)	0.0	0.0	(2.6)
<b>Net Financial assets</b>	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
<b>Financial assets at fair value through profit and loss</b>				
Pooled investments		1,068.4		1,068.4
Pooled property investments		24.1		24.1
Private Equity/Infrastructure/Private Debt			122.7	122.7
<b>Subtotal Financial assets at fair value through profit and loss</b>	0.0	1,092.5	122.7	1,215.2
Cash	44.1			44.1
Investment Income due	0.0			0.0
<b>Subtotal Loans and receivables</b>	44.1	0.0	0.0	44.1
<b>Total Financial assets</b>	44.1	1,092.5	122.7	1,259.3
<b>Financial liabilities</b>				
Current liabilities	(1.6)			(1.6)
<b>Subtotal Financial liabilities at amortised cost</b>	(1.6)	0.0	0.0	(1.6)
<b>Total Financial liabilities</b>	(1.6)	0.0	0.0	(1.6)
<b>Net Financial assets</b>	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
<b>Value at 31 March 2024</b>	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
<b>Value at 31 March 2025</b>	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
<b>Financial assets</b>					
1,068.4			1,091.8		
24.1			41.1		
122.7			113.8		
	44.1			63.6	
	3.5			5.1	
1,215.2	47.6	0.0	1,246.7	68.7	0.0
<b>Financial liabilities</b>					
		(1.6)			(2.6)
0.0	0.0	(1.6)	0.0	0.0	(2.6)
1,215.2	47.6	(1.6)	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	30.6
	Fair value through profit and loss	
	117.1	30.6
	Total	

## *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.

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## Other price risk – sensitivity analysis

Asset Type	Value as at 31 March 2025	Potential market movements (+/-)	Value on increase	Value on decrease
	£m		£m	£m
Bonds	108.3	6.6%	115.5	101.2
<b>Equities</b>				
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
<b>Other Pooled investments</b>				
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
	<b>1,246.7</b>		<b>1,434.8</b>	<b>1,058.9</b>

Asset Type	Value as at 31 March 2024	Potential market movements (+/-)	Value on increase	Value on decrease
	£m		£m	£m
Bonds	117.8	7.2%	126.3	109.3
<b>Equities</b>				
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
<b>Other Pooled investments</b>				
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
	<b>1,215.2</b>		<b>1,385.6</b>	<b>1,044.8</b>

## 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
<b>Total</b>	<b>105.9</b>	<b>130.2</b>

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)
<b>Total</b>	<b>130.2</b>	<b>1.3</b>	<b>(1.3)</b>

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)
<b>Total</b>	<b>105.9</b>	<b>1.1</b>	<b>(1.1)</b>

## 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 £m	Asset value at 31 March 2025 £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
<b>Total</b>	<b>715.2</b>	<b>749.1</b>

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 £m	+1% £m	-1% £m
Overseas unit trusts	635.2	6.4	(6.4)
Overseas private equity/infrastructure/private debt	113.9	1.1	(1.1)
<b>Total</b>	<b>749.1</b>	<b>7.5</b>	<b>(7.5)</b>

Assets exposed to currency rate risk	Asset value as at 31 March 2024 £m	+1% £m	-1% £m
Overseas unit trusts	592.5	5.9	(5.9)
Overseas private equity/infrastructure/private debt	122.7	1.2	(1.2)
<b>Total</b>	<b>715.2</b>	<b>7.1</b>	<b>(7.1)</b>

#### 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 £63.5m (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
<b>Bank deposit accounts</b>			
NatWest	A+	0.7	0.8
Northern Trust - Aviva Cash		0.2	0.2
Money Market deposits	AAA	43.3	62.6
<b>Total</b>		<b>44.1</b>	<b>63.6</b>

#### 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).

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## 20. Assets

### a) Current assets

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

### Analysis of debtors

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

## 21. Current liabilities

	31 March 2024	31 March 2025
	£m	£m
Group transfers	0.0	0.0
Sundry creditors	1.6	2.6
<b>Total</b>	<b>1.6</b>	<b>2.6</b>

### Analysis of creditors

	31 March 2024	31 March 2025
	£m	£m
Central government bodies	1.2	1.2
Other entities and individuals	0.4	1.4
<b>Total</b>	<b>1.6</b>	<b>2.6</b>



## 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
	<u>2.0</u>	<u>2.3</u>

	Contributions March 2024 £m	Contributions March 2025 £m
Clerical Medical	0.0	0.0
Prudential	0.1	0.1
	<u>0.1</u>	<u>0.1</u>

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	31st March 2025
	£m	£m
Short Term Benefits	0.099	0.082
Post-Employment Benefits	0.033	0.026
Termination Benefits	0.000	0.000
<b>Total Remunerations</b>	<b>0.132</b>	<b>0.108</b>

## 24. Contingent liabilities and capital commitments

Outstanding capital commitments (investments) at 31 March 2025 totalled £107.1m (31 March 2024 £49.3m)

	31st March 2024	31st March 2025
	£m	£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
LCIV Private Debt II Fund	0.0	45.0
<b>Total</b>	<b>49.3</b>	<b>107.1</b>

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 £m	31st March 2025 £m
Ricoh	0.1	0.0
Continental Landscapes	0.5	0.5
<b>Total</b>	<b>0.6</b>	<b>0.5</b>

## 26. Impairment Losses

The Fund had no Impairment Losses at 31 March 2025.

## Investments & Funding

### Investment Strategy

The Investment Strategy Statement (ISS) is the document that sets out how an LGPS pension fund will invest its assets to meet long-term liabilities. The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“the Regulations”). It covers the Fund’s investment objectives, asset allocation, restrictions on investment, risk management, and approaches to pooling and responsible investment.

The Pension Fund monitors its strategic asset allocation in line with the interim and long-term targets set out in the ISS, ensuring a balanced and well-diversified investment portfolio. The Fund’s holdings (excluding cash) showing target asset allocation and performance over the previous 12 months are shown below.

Investment	Asset Class	Benchmark Name	Long Term Allocation (%)	Interim Allocation (%)	Allocation at 31 March 2025 (%)	Market value 31 March 2025 (£m)	Last Year (%)	
							Fund	Benchmark
Legal & General	Global Equity	FTSE AW Dev World ex UK	40	40	41	536.9	4.3	4.7
BlackRock	Global Equity	MSCI World			3	36.5	4.4	4.8
LCIV JP Morgan	Emerging Market Equity	MSCI Emerging Market	5	5	5	61.4	1.6	5.8
Legal & General	UK Equity	FTSE All Share Index	5	5	6	83.7	10.4	10.5
Capital Dynamics	Private Equity	UK CPI + 2%	0	3	0	1.5	-79.7	6.1
<b>Total Growth</b>			<b>50</b>	<b>53</b>	<b>55</b>			
Capital Dynamics	Infrastructure	MSCI All World + 1%	15	5	0	2.1	-15.3	4.6
Alinda	Infrastructure	UK CPI + 2%			1	15.9	15.2	4.6
LCIV Stepstone	Infrastructure	UK CPI + 2%			4	54.2	9.7	4.6
LCIV Churchill/Pemberton	Private Debt	Absolute BM 6%	5	5	3	40.2	3.0	6.0
LCIV UK Housing Fund	Property	Absolute BM 6%	10	3	1	15.2	-	-
Fidelity UK Real Estate	Property	MSCI/AREF UK All Balanced			1	14.9	12.0	6.4
UBS Triton Property	Property	MSCI/AREF UK All Balanced			1	11.3	3.8	6.4
LCIV Baillie Gifford	Diversified Growth	BoE Base Rate + 2% p.a	5	20	8	101.8	7.4	6.9
LCIV Ruffer	Diversified Growth	BoE Base Rate + 2% p.a			7	96.0	2.9	6.9
<b>Total Income</b>			<b>35</b>	<b>33</b>	<b>27</b>			
LCIV CQS/PIMCO	Multi Asset Credit	SONIA + 2%	5	5	5	66.6	7.8	7.1
Blackrock Over 15-Year	Gilts	FTSE UK Gilts Over 15 Years	10	10	8	108.3	-8.0	-8.2
<b>Total Protection</b>			<b>15</b>	<b>15</b>	<b>13</b>			
Cash	Cash	LBB Total Cash	0	0	5	63.6	-0.1	4.9
<b>Total</b>			<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>1310.1</b>	<b>3.2</b>	<b>4.4</b>

Growth assets, such as global and UK equities, representing over half the Brent portfolio, are subject to greater market volatility relative to income and protection assets. The strong returns from growth assets in-year have pushed their allocation of above their benchmark weight.

The Fund monitors principal risks which may affect funding levels, such as systemic factors in financial markets and shifting demographic changes such as life expectancy. These risks are regularly examined as part of an active risk management programme and fed back to the Pension Fund Sub-Committee and Pension Board.

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

In implementing the ISS, the Pension Fund carefully balances potential returns, risk, and costs. Higher expected returns are generally associated with higher-risk assets, while lower-risk investments provide greater stability but more modest growth.

Investment management fees reflect the expertise and services of fund managers. Passive funds which track established indices require minimal rebalancing and manager input, while actively managed funds charge higher fees in exchange for hiring industry talent, with the potential for outperformance based on security selection and tailored portfolio management. Although higher fees do not guarantee higher returns, they may support strategies aimed at managing risk or enhancing long-term performance.

The Fund actively monitors this balance across its portfolio to ensure that its investment approach delivers sustainable, risk-adjusted returns while providing value for money for scheme members.

### **Funding Strategy Statement**

The Funding Strategy Statement (FSS) sets out the Fund's approach to funding liabilities including:

- how employers' pension liabilities are best met;
- supporting stable employer contribution rates;
- ensuring the fund meets its solvency and long-term cost efficiency objectives
- taking a prudent longer-term view of funding liabilities

The Funding and Investment strategies are closely linked. The fund must be able to pay benefits when they are due, forming a combination of employee and employer contributions and income from assets. If investment returns or income fall short higher contributions would be required from employers.

The Brent Pension Fund is currently undergoing valuation exercises for the 2025 triennial valuation, which takes into account the Fund's assets, liabilities, and membership profile, with the aim of agreeing contribution rates that are both prudent and sustainable for the next 3 years. In practice, this means ensuring contributions remain at an appropriate level to meet the Fund's funding objectives, while balancing affordability for employers.

The previous 2022 valuation indicated that the Brent Pension Fund overall had a funding position of 87%. Owing to strong investment returns in the past three years, this position is estimated to have surpassed 100%, indicating a robust funding level to meet long-term liabilities and therefore a downward pressure on contribution rates. The valuation process will be completed by 31 March 2026, with new contribution rates payable by employers from 1 April 2026.

The FSS was agreed and approved in the February Pension Sub-Committee meeting in 2023, with the next review set to take place in 2026. More information can be found in the FSS enclosed in Appendix C.

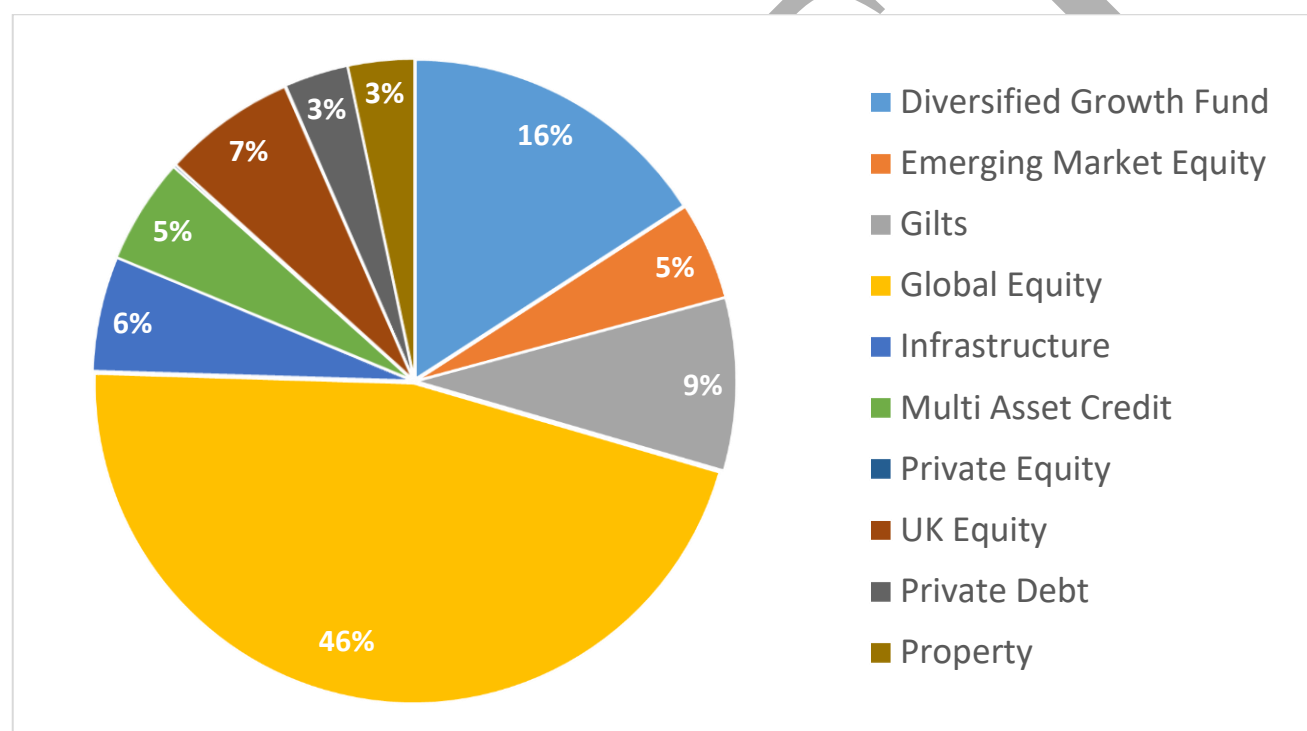
### **2024/25 Investment Performance**

#### **Asset Allocation and Fund Performance**

The investment performance of the Brent Pension Fund in comparison to its benchmark for the period ended 31 March 2025 is shown below:

Total Fund Returns by Time Period	Total Fund Return %	Fund Benchmark Return %
1 year	3.2	4.4
3 years	3.7	4.9
5 years	8.0	7.8

The current asset allocation includes allocations to passive UK and global equities, emerging market equities, diversified growth funds, infrastructure, longer dated gilts, multi-asset credit, private debt and UK commercial property. The allocation to private equity is currently being wound down while exposure to infrastructure and private debt continues to be built up. In February 2025, the Fund committed an additional £45m to pooled private debt to move towards its 5% target allocation to the asset class. Additionally, the Fund finalised its investment into UK affordable housing in April 2024, with the first drawdowns having commenced in May. The total asset allocation as at 31 March 2025 is illustrated by the below chart.



Overall, the fund delivered a positive return of 3.2% for the year. The Fund's passive global equity exposure was the main driver of positive return, along with its exposure to UK equities. Within the income assets, the Fund's private debt and property exposure contributed to performance on an absolute basis. The main detractor from performance was the Fund's government bond exposure, which fell in value as gilt yields rose over the period.

### Comparison of investment performance with other LGPS Funds

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

<b>Investment Benchmarking by Time Period</b>	<b>Rank</b>	<b>Period ended 31 March 25</b>	<b>PIRC Local authority Average</b>
1 year	63	3.2	3.4
3 years	49	3.7	3.6
5 years	56	8.0	8.3
10 years	59	6.3	6.7

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

<b>Investment Benchmarking by Year</b>	<b>Rank</b>	<b>Rolling 3-year return (%)</b>
<b>2024/25</b>	49	3.7
<b>2023/24</b>	36	5.4
<b>2022/23</b>	63	8.7
<b>2021/22</b>	61	8.2
<b>2020/21</b>	72	7.6
<b>2019/20</b>	42	1.5

### **Investment Administration and Custodianship**

The Fund's investments are managed through a combination of pooled and directly appointed mandates. For pooled assets, the pooling vehicle for London LGPS Funds (London CIV) oversees and administers sub-funds, appoints and monitors the underlying fund managers, negotiates management fees, and consolidates reporting on performance, costs, and stewardship.

The Brent Pension Fund's mandates in Legal & General and BlackRock are deemed as being under pooled management. They are investments which are not yet in an authorised London CIV sub-fund, but the mandate is monitored and overseen by the pool on behalf of the LGPS Funds.

Underlying fund managers carry out the day-to-day management of assets within their mandates, including security selection, portfolio rebalancing, trade execution, and cashflow management.

The Fund's assets are safeguarded by Northern Trust, who act as custodian. Northern Trust is responsible for the safe-keeping of securities, settlement of trades, collection of income and reconciliation of holdings. They provide independent reporting on valuations, cashflows, and transactions to ensure that the Fund's assets are accurately recorded and securely managed.

The Brent Pension Fund's officers also maintain oversight, monitor performance and risk, and provide quarterly reporting to the Pension Fund Sub-Committee and Pension Board.

## Responsible Investment

The Fund's Responsible Investment policy formalises the Fund's beliefs and principles with regard to environmental, social, and governance (ESG) considerations, in order to safeguard the long-term sustainability of its investments.

The statement can be found at the following link:

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

The Fund's investment managers, acting in the best financial interests of the Fund, are expected to consider all material factors including environmental, social and governance issues on the performance of an asset when undertaking the acquisition, retention or realisation of investments for the Fund.

The UN Principles for Responsible Investment (PRI) are a set of principles which have been developed to reflect the increasing relevance of ESG issues in investment practices. Each of the underlying investment managers in the Brent Pension Fund's portfolio are signatories to the UN PRIs and must publish a transparency report which details their compliance when measured against the guiding principles.

Our pooling operator, London CIV, is also a signatory to the UK Stewardship Code, which establishes the core Principles of effective stewardship and sets a high standard of transparency for asset owners and asset managers.

## Pooling

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

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

The Brent Pension Fund joined other London local authorities in creating the London Collective Investment Vehicle (LCIV), the regional pool operator for the capital. The London CIV is now established and has £19.3bn of LGPS assets under active management as of 31 March 2025 and a further £14.9bn pooled under passive arrangements. London CIV's annual review for the year ended 31<sup>st</sup> March 2025 can be found at:

<https://londonciv.org.uk/block/download/6863/file>

**Pooled assets:** A further investment was made in the LCIV UK Housing fund, which aims to increase the supply of affordable housing in the UK, with the first capital commitments made in May 2024. LCIV has also launched its Private Debt II fund, offering diversified exposure to senior direct lending in the US and Europe. In February 2025, the Fund committed £45m to Private Debt II.

As of 31 March 2025, the Fund held the following investments with the London CIV:

- Emerging Market equities (JP Morgan)



- Diversified Growth (Baillie Gifford)
- Absolute Return (Ruffer)
- Multi Asset Credit (CQS/PIMCO)
- Infrastructure (Stepstone)
- Private Debt (Churchill/Pemberton)
- UK Housing Fund (CBRE/Octopus/Savills/LGIM/Man Group)

Additionally, the Fund's passive equity investments through Legal and General/Blackrock and Gilts through Blackrock are arranged through the London CIV's negotiated mandate where the Fund benefits from lower negotiated fees.

The table below shows the pooling status of the Fund's investments grouped by asset class.

#### Asset Table

<b>Asset Values as at 31 March 2025 £m</b>	<b>Pooled</b>	<b>Under pooled management</b>	<b>Non-pooled</b>	<b>Total</b>
Global Equities	61.4	573.4		634.8
UK Equities		83.7		83.7
Diversified Growth & Multi Asset	264.5			264.5
Bonds		108.3		108.3
Private Equity			1.5	1.5
Infrastructure	54.2		17.9	72.1
Private Debt	40.2			40.2
Property	15.2		26.2	41.4
Cash			63.6	63.6
<b>Total</b>	<b>435.5</b>	<b>765.4</b>	<b>109.2</b>	<b>1,310.1</b>

Following the UK Government's Fit for the Future consultation, the UK Government proposes that LGPS funds transfer all assets, including legacy assets, to the management of pooling vehicles.

92% of the Brent Fund's assets are pooled or under pooled management.

Another component of the Fit for the Future consultation is for greater emphasis to be placed on investment in the UK. The table below illustrates investments made by the Brent Pension Fund, which are either made directly in UK equities or bonds, or which are exposed to projects based in the UK, such as in infrastructural projects or private equity holdings.

## Supplementary Table – UK Investment

Asset Class	Pooled £m	Under pooled management £m	Non-pooled £m	Total £m
UK Equities	1.1	83.7		84.8
UK Government Bonds		108.3		108.3
UK Infrastructure	13.5		10.1	23.6
UK Property			41.4	41.4
UK Private Debt	5.1			5.1
<b>Total</b>	<b>19.7</b>	<b>192.0</b>	<b>51.5</b>	<b>263.2</b>

## Pool set-up and ongoing costs

The table below shows pool setup and on-going costs paid to London CIV during 2024/25 and since inception:

Type of Cost	2024/25 £'000	Cumulative £'000
<b>Set up costs</b>		
Shareholding at cost	0	150
Development Funding Charge	76	611
Annual Service Charge	25	250
<b>Ongoing investment management costs</b>		
Investment management costs*	69	315
<b>Total</b>	<b>170</b>	<b>1,326</b>

Investment management costs for the whole fund totalled £2.3m in 2024/25 as disclosed in the Pension Fund Accounts.

## Cost savings as a result of pooling

London CIV produce an annual net savings report for the year, which shows the management fees incurred by the Pension Fund and the estimated management expenses for the Fund's investments if they were invested outside the London CIV pool. The net saving is the difference between these two figures.

London CIV calculate cost savings by estimating expenses if the Fund invested outside of the pool and comparing it to actual expenses incurred with London CIV. The difference is the projected saving in management and investment fees which arise from pooling.

In 2024/25, the estimated gross saving achieved by investing with London CIV totalled £1.38m, while net of the CIV's management and investment fees the total saving is £1.05m.

## Contact Details

The London CIV can be contacted as follows:

Post: London CIV, Fourth Floor, 22 Lavington Street, London, SE1 0NZ

Telephone: 0208 036 9000

Website: [londonciv.org.uk](http://londonciv.org.uk)

Email: [info@londonciv.org.uk](mailto:info@londonciv.org.uk)

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## **Administration**

### **The Brent Pensions Team**

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

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

The team's responsibilities include the following:

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

### **Operational costs**

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

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

The key data to confirm value for money is set out on the following pages. In summary, this data confirms that the Brent Pension Fund continues to deliver a good quality service which meets the expectations of members of the fund. Overall performance over the last 12 months was 98.5%.

### **Value for Money Statement**

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

## **Summary of Major Projects Undertaken by the Fund in 2024/25**

### **Pension Payroll Migration**

In April 2024, the Brent General Purposes Committee approved extending the shared service with LPPA to include pensions payroll, where LPPA's large client base allows it to leverage economies of scale, delivering pension payroll more efficiently and at lower cost.

The migration from Brent's Oracle payroll to LPPA's UPM system was completed during the year, creating a fully integrated platform for calculating and paying pensions. As part of the project several parallel runs were completed and the November 2024 parallel run balanced 99.82% of gross and net pay within tolerance. Pensioners were informed through two letters and encouraged to register on the Pension Point portal.

From January 2025, responsibility for compiling monthly pensions payroll and single pension payments was transferred to LPPA, taking over from the former Oracle payroll system. Processing and accounting for pension payroll now resides with the Brent Pensions team. A post-migration data cleanse is underway to ensure all UPM records match pensions in payment.

### **McCloud**

The McCloud project addresses pension scheme equalisation following the McCloud judgement. McCloud has been a significant project in the year and LPPA have been calculating benefits and applying the underpin where possible. Work continued to apply McCloud underpin routines and several system functionality updates were applied as the Fund worked to the 31 August 2025 deadline.

The LPPA Project Team is providing regular updates, measuring progress and monitoring the delivery of the remaining UPM functionality. The LPPA is undertaking data cleanse projects to maximise the number of cases that will pass the validation checks.

### **Pensions Dashboard**

The Pensions Dashboard will give members a single view of all their public sector pensions. Public sector schemes must connect to the Pensions Dashboard by 31 October 2025, with full access for members introduced once the system goes live. The project is underway and LPPA have a full-time project manager in place.

Civica (UPM) are the LPPA's integrated service provider (ISP) for the Dashboard ecosystem. The LPPA are regularly assessing the readiness for the system to go live for members.

### **Cyber Security**

The Pension Fund has adopted the Council's data security procedures to maintain effective controls and actively monitors cyber risks as part of the overall risk register. The Fund's external administrators at LPPA also implement controls in relation to cyber security, including network firewalls and daily backups to prevent loss or corruption of sensitive data.

**Overview of Scheme Membership and Benefits Administration** Pension scheme administration is a joint effort between LPPA, Brent Council, and the Local Pensions Officer (LPOA). LPPA manages all member records, including new starters, transfers, leavers and

benefit calculations. While the LPOA liaises directly with members, all official records and correspondence are held by LPPA.

Brent Council provides LPPA with key data such as leaver forms and final pay details. The pension officer supports this by ensuring timely and accurate information is passed on, helping maintain reliable records and smooth benefit processing.

### Fund Members

Employer	Active	Deferred	Pensioners
Brent	4,630	6,951	6,507
Academy	2,057	1,215	347
Admitted & Other Bodies	43	213	365

### Fund Employers

Employer Type	Active	Ceased
Scheduled Bodies	1	1
Admitted & Other Bodies	12	29
Academies	31	0

**Active employers** are organisations that currently participates in the pension scheme and has employees who are still building up pension benefits. The employer continues to pay contributions for these staff and is responsible for ongoing pension obligations.

**Ceased employers** no longer have any employees contributing to the pension scheme. The employer may need to pay off any outstanding pension liabilities, as they are no longer making regular contributions.

The table below shows a summary of contributions received, analysed by the type of employer.

Employer Type (Active)	Contributions Received (£m)
Scheduled	57.9
Admitted	1.3
Academy	14.0

The total contributions received from both employers and employees in 2024/25 was £73.2m

**Scheduled Bodies** are public sector employers that are automatically entitled to participate in the Local Government Pension Scheme (LGPS).

**Admitted Bodies** include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

### **Communications Policy**

Member training sessions were delivered throughout 2024/25 to support new joiners in understanding their LGPS pension and to prepare members in their plans for retirement.

As part of LPPA's ongoing strategy to support employers and improve administration performance, training sessions were successfully delivered throughout the year. These online training sessions included:

- Monthly Returns
- LGPS Scheme Essentials
- Employer Responsibilities
- Scheme Leavers
- Absence and Ill Health

Statutory communications were issued on-time to members throughout the year including:

- The 2024 active and deferred online newsletter to members
- The annual LPPA client forum took place in November
- The 2024 client survey undertaken in August and September
- The LPPA Efficiency and Service Improvement Programme (ESIP)
- Ongoing updates and information which reflected national guidance around McCloud

Scheme information was shared with members, employer representatives, and stakeholders during the Brent Employer Forum held in November 2024. The session provided a valuable opportunity to walk through the latest scheme valuations, offering clarity on funding positions and long-term projections.

To promote scheme membership among prospective members and employers, the fund has implemented a range of initiatives throughout the year.. Targeted training sessions and pension awareness courses have been offered to support understanding of scheme benefits. During Pension Awareness Week, the fund shared tailored communications including a "Thought for the Day" series to encourage engagement. A dedicated section on VIVA Engage was also launched to raise visibility and provide accessible resources for staff and employers alike.

### **Performance Indicators**

The LPP Pensions Administration Service is measured against key performance indicators that measure compliance, efficiency, and effectiveness of the service. The table below shows a summary of the total cases received and completed by category for the year 1 April 2024 to 31 March 2025.

#### **Total number of casework**

<b>Casework KPI</b>	<b>Total number of cases open as at 31 March</b>	<b>Total number of new cases created in the</b>	<b>Total number of cases</b>	<b>Total % of cases</b>

	(starting position)	year (1 April to 30 March)	completed in year	completed in year
<b>Deaths</b>	230	382	356	58.2%
<b>Retirements - Deferred - Actual</b>	18	366	370	96.4%
<b>Retirements - Deferred - Quote</b>	224	538	628	82.4%
<b>Retirements - Active - Actual</b>	6	174	168	93.3%
<b>Retirements - Active - Quote</b>	81	404	379	78.1%
<b>Deferred Benefits</b>	252	1117	1058	77.3%
<b>Transfers In</b>	167	470	398	62.5%
<b>Transfers Out</b>	220	684	622	68.8%
<b>Refunds</b>	51	738	700	88.7%
<b>Divorces Quote</b>	2	21	21	91.3%
<b>Divorce Settlement</b>	2	2	2	50.0%
<b>Estimates</b>	24	230	238	93.7%
<b>New Starters</b>	12	221	233	100.0%
<b>Aggregation</b>	125	464	397	67.4%
<b>Correspondence</b>	107	770	773	88.1%
<b>Other</b>	70	2613	2593	96.6%

#### Time taken to process casework

Casework KPI	Suggested fund target days	% completed within fund target in year
<b>Deaths</b>	5	91.6%



<b>Retirements - Deferred - Quote</b>	5	98.7%
<b>Retirements - Active - Quote</b>	5	95.8%
<b>Retirements - Deferred - Actual</b>	5	95.8%
<b>Retirements - Active - Actual</b>	5	98.6%
<b>Deferred Benefits</b>	15	98.2%
<b>Transfers In</b>	10	98.1%
<b>Transfers Out</b>	10	96.1%
<b>Refunds</b>	5	98.1%
<b>Divorces Quote</b>	5	100.0%
<b>Divorce Settlement</b>	5	100.0%
<b>New Starters</b>	10	100.0%
<b>Estimates</b>	10	98.1%
<b>Correspondence</b>	10	100.0%
<b>Aggregation</b>	10	99.6%
<b>Other</b>		99.8%

Note that figures for Dependants are included under Deaths and payments of lump sums for active and deferred members are included under their respective totals under Retirements.

#### **Engagement with Online Portals**

<b>Description</b>	<b>Percentage as at 31 March</b>
<b>% of active members registered</b>	37.1%
<b>% of deferred member registered</b>	16.5%
<b>% of pensioner and survivor members</b>	39.7%
<b>% total of all scheme members registered for self-service</b>	29.4%
<b>% of all registered users that have logged onto the service in the last 12 months</b>	65.0%

## Communication

Description	
<b>Total number of telephone calls received in year</b>	6,149
<b>Total number of email and online channel queries received</b>	1,963
<b>Number of scheme member events held in year (total of in-person and online)</b>	24
<b>Number of employer engagement events held in year (in-person and online)</b>	40
<b>Number of active members who received a one-to-one (in-person and online)</b>	0
<b>Number of times a communication (i.e newsletter) issued to:</b>	
<b>a) Active members</b>	9
<b>b) Deferred members</b>	9
<b>c) Pensioners</b>	10

## Resources

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

<b>Total number of all administration staff (FTE) working on Brent Administration</b>	9.3
<b>Average service length of all administration staff</b>	5.3
<b>Staff vacancy rate as %</b>	2.20%
<b>Ratio of all administration staff to total number of scheme members (all staff including management)</b>	2,672
<b>Ratio of administration staff (excluding management) to total number of scheme members</b>	2,713

## Data Quality

Each year, following year-end processing, LPP raise queries with Brent employers such as missing joiners, leavers, change of hours and pay queries. In most instances the queries are

reducing year on year, however LPP continue to identify any errors and work with employers prior to the queries being created. To this end, feedback has been received from employers and subsequently, LPP have improved templates and literature to ensure the data supplied by Brent employers is accurate and continues to improve the overall data quality position. Additionally, data quality is reviewed by the Pension Board on a regular basis.

This table below presents the Common and Scheme-Specific Data scores submitted to The Pensions Regulator (TPR) as part of the annual Scheme Return, in line with disclosure requirements for administration KPIs. The target for Common data is 95% which has been exceeded in 2024/25, where the 90% target for Scheme-specific data has not been met at 84.2%.

	Description	Value
<b>Annual Benefit Statements</b>		
	Percentage of annual benefit statements issued as at 31 August	98.8%
	Short commentary if less than 100%	Remainder were either due to files not received from the employer or outstanding queries that prevented ABS production
<b>Data Category</b>		
	Common data score	96.4%
	Scheme specific data score	84.2%
	Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	2.2%
	Percentage of active, deferred and pensioner members with an email address held on file	54.2%
<b>Employer Performance</b>		
	Percentage of employers set up to make monthly data submissions	100.0%

	Percentage of employers who submitted monthly data on time during the reporting year	46.0%
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## Complaints

LPP now have a dedicated complaints team who deal with all complaints. This allows the complaint to be dealt with independently of the administration team and gives consistency when responding to complaints. Below is a summary of complaints received in 2024/25:

<b>Number of complaints received</b>	47
<b>Number of complaints categorised as Pension Ombudsman cases</b>	2
<b>Number of Internal Dispute Resolution Procedure cases (IDRP)</b>	4

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

## Satisfaction Scores

The majority of those surveyed about their retirement experience do not respond. Of those that responded to the survey, customer satisfaction was 66.7% for Actives into Retirement and 33.3% for Deferred into payment. Low survey responses can lead to high volatility in the satisfaction scores.

Contact Centre satisfaction now includes both overall satisfaction and satisfaction with the individual call handler that the member spoke to. Satisfaction with the individual call handler is typically higher than overall satisfaction, with satisfaction rates for the quarter at 93.8% and 75.3% respectively.

## Other Information

Further information regarding analysis of the Brent Pension Fund's membership data and list of contributing employers to the Fund can be found under the Brent Pension Fund Annual Accounts for 2024-25.

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

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

<a href="mailto:pensions@brent.gov.uk">pensions@brent.gov.uk</a>	For non-teachers pension enquiries
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<a href="mailto:tppensions@brent.gov.uk">tppensions@brent.gov.uk</a>	For teachers pensions enquiries
<a href="#">LPPA Member contact form   Get in touch with your pension queries</a>	To communicate directly with the LPP
<a href="#">Members • Local Pensions Partnership Administration</a>	For additional guidance on your pension

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## Actuarial Report

An actuarial valuation of the Fund is carried out every three years by the Fund's actuary. The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2025.

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

In summary, the key funding principles are as follows:

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

During 2024/25, the most commonly applied employer contribution rate within the Brent Pension Fund was 32% of pensionable pay. Other employers have different rates of contributions depending on their past experience, their current staff profile, and the recovery period agreed with the Administering Authority.

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

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

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

#### **Actuarial Statement for 2024/25**

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

#### **Description of Funding Policy**

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

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

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 70% likelihood that the Fund will achieve the funding target over 20 years.

### **Funding Position as at the last formal funding valuation**

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

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

### **Principal Actuarial Assumptions and Method used to value the liabilities**

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

#### **Method**

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

## Assumptions

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

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

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

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

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

\*Aged 45 at the 2022 Valuation.

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

## Experience over the period since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. More recently, the rate of UK inflation has subsided and resulted in a modest cost of living pension increase of 1.7% in April 2025, with the Bank of England making steady progress in returning inflation to its 2% target rate. Since 2022, assets have seen a significant shift in the wider economic environment and despite substantial interest rate increases they have delivered strong returns, alongside a reduction in the value placed on the Fund's liabilities.

Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

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

Jamie Baxter FFA C.Act

6 May 2025

For and on behalf of Hymans Robertson LLP



## External Audit Opinion

The independent auditor's report is not yet available as of the publication date of the Annual Report. It will be appended separately once published.

DRAFT

## Appendices

### Appendix A – Pension Administration Strategy



# Brent

## London Borough of Brent

### Pension Administration Strategy (PAS)

2023

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# London Borough of Brent Pension Administration Strategy (PAS)

## 1. Introduction

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

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

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

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

## 2. Pension Administration Strategy Policy Statement

### 2.1 Pensions Administration Strategy Statement

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

### 2.2 Legislative context

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

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

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

### 2.3 Aims

In making this strategy the Funds aims are:

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

## 2.4 Objectives

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

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

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

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

For the Administering Authority, effective administration means:

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

For Employing Authorities, effective administration means:

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

For Scheme members, efficient administration means:

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

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

## 2.5 Documents which make up the strategy

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

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

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

- **Pensions Administration Strategy - Employer guide**

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

## 3. Service Level Agreement

### Pensions Administration Strategy - Service level agreement

#### 3.1 Employer Functions

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

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

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

### 3.2 Actuarial Functions

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

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

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

### 3.3 Administering Authority Functions

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

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

#### Key Performance Indicators (KPIs)

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

### 3.4 Employer Responsibilities

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

An employer guide can be found at Annex 2.

<b>Payments of monies due</b>	<p>Monthly contributions – on time by the 22<sup>nd</sup> of the following month at the latest and the correct amount</p> <p>Capital Sums – on time by the 22<sup>nd</sup> of the following month at the latest and the correct amount</p> <p>Single payments of contributions - on time by the 22<sup>nd</sup> of the following month at the latest and the correct amount</p> <p>AVC contributions – to be paid to the AVC provider on time by the 22<sup>nd</sup> of the following month at the latest and the correct amount</p>
<b>Submission of year end return</b>	<p>Returns must be submitted each month from 1<sup>st</sup> April 2023</p> <p>If you are unable to submit your return by month-end, LPPA and Brent Pensions should be informed of any delay, the reasoning and the likely time frame that you can provide the return</p>
<b>Monthly errors</b>  Examples of end of year errors <ul style="list-style-type: none"><li>• A missing joiner Form</li><li>• A missing leaver Form</li><li>• A missing change of hours</li><li>• A missing notification of absence</li><li>• Return from absence</li><li>• Missing additional contributions</li><li>• Significantly low/high pensionable remuneration compared to the previous year with no explanation as to the reason</li></ul>	<p>Respond to errors within 10 working days of notification</p> <p>If you are unable to respond in ten working days, inform LPPA of the likely time frame that you can respond in and advise Brent Pensions of the delay</p>



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

### 3.5 Notes to Employer Responsibilities

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

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

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

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

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

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

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

#### **4. Staff Charging Schedule**

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

VAT is charged on all applicable items.

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

#### **5. Pensions Administration Strategy - Charging**

##### **5.1 Why we need to charge**

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

##### **5.2 Circumstances on when we would charge**

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

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

### 5.3 Monitoring after a Levy has been made on an employer

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

## 6. Fees – Annex 1

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

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

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

## **Appendix 1 - Regulation Extract**

### **LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 2013**

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

#### **Pension administration strategy**

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

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

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

(2) The matters are-

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

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

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

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

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

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

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

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

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

(3) An administering authority must—

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

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

(5) An administering authority must publish—

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

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

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

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

*Payment by Scheme employers to administering authorities*

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

- (a) all amounts received from time to time from employees under regulations 9 to 14 and 16 (contributions);
- (b) any charge payable under regulation 68 (employer's further payments) of which it has been notified by the administering authority during the interval;
- (c) a contribution towards the cost of the administration of the fund; and
- (d) any amount specified in a notice given in accordance with regulation 70 (additional costs arising from Scheme employer's level of performance).

(2) But—

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

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

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

- (a) the total pensionable pay received by members during the period covered by the statement whilst regulations 9 (contributions) applied (including the assumed pensionable pay members were treated as receiving during that period),
- (b) the total employee contributions deducted from the pensionable pay referred to in sub-paragraph (a),
- (c) the total pensionable pay received by members during the period covered by the statement whilst regulation 10 applied (including the assumed pensionable pay members were treated as receiving during that period),
- (d) the total employee contributions deducted from pensionable pay referred to in sub-paragraph (c),
- (e) the total employer contributions in respect of the pensionable pay referred to in sub-paragraphs (a) and (c),
- (f) the total additional pension contributions paid by members under regulation 16 (additional pension contributions) during the period covered by the statement, and
- (g) the total additional pension contributions paid by the employer under regulation 16 (additional pension contributions) during the period covered by the statement.
- (4) An administering authority may direct that the information mentioned in paragraph (3) shall be given to the authority in such form, and at such intervals (not exceeding 12 months) as it specifies in the direction.
- (5) If an amount payable under paragraph (1)(c) or (d) cannot be settled by agreement, it must be determined by the Secretary of State.

*Additional costs arising from Scheme employer's level of performance*

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

- (2) The administering authority may give written notice to the Scheme employer stating-
- (a) the administering authority's reasons for forming the opinion mentioned in paragraph (1);
- (b) the amount the authority has determined the Scheme employer should pay under regulation 69(1)(d) (payments by Scheme employers to administering authorities) in respect of those costs and the basis on which the specified amount is calculated; and
- (c) where the administering authority has prepared a pension administration strategy under regulation 59, the provisions of the strategy which are relevant to the decision to give the notice and to the matters in sub-paragraphs (a) or (b).

## Background

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

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

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

Now it is agreed as follows:

### 1. Interpretation

1.1 The following expressions have the following meanings:

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



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

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

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

## **2. The Service Level Agreement**

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

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

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

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

2.5 Clause 2.3 shall not affect the Administering Authority's ability under Regulation 70 of the Administration Regulations to give written notice to the Employer where it has incurred additional costs which should be recovered from the Employer because of the Employer's level of performance in carrying out its functions under the Regulations or the Service Level Agreement.

2.6 The Employer acknowledges that the Service Level Agreement may be revised from time to time by the Administering Authority in accordance with Regulation 59 of the Administration Regulations and that the Employer will comply with and be bound by the terms of the revised Service Level Agreement.

### **3. Other Charges**

3.1 The Employer acknowledges that the contribution it is required to pay towards the cost of the administration of the Fund is to cover the cost of meeting the Core Scheme Functions.

3.2 Where the Employer requests that the Administering Authority provides services beyond these functions the Administering Authority reserves the right to charge the Employer for the provision of such services. Non-core services include by way of example and without limitation the provision of FRS17 reports, bulk redundancy calculations, bulk information requests, member presentations, site visits and the payment of compensatory added year's benefits. Such services will be provided on terms agreed at the time with the Administering Authority and the Employer.

### **4. Notices**

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

### **5. Waiver**

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

### **6. More than one Counterpart**

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

### **7. Laws**

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

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

## **Appendix 2 – Employer Guide**

### **Employer Guide**

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

#### **Clean and accurate data**

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

This includes:

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

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

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

#### **Brief Summaries of Actions needed**

##### **Joining the scheme**

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

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

##### **Change of hours**

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

##### **Sick Leave**

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

## **Unauthorised Absence**

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

## **Unpaid leave (Including maternity/paternity/adoption leave)**

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

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

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

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

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

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

## **Leaving the scheme**

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

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

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

## **Monthly remittance/end of year returns**

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

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

- The payment method and date.

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

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

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

### **Using online Forms**

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

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

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

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

### **Online Forms**

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

## Appendix B – Employer Numbers

The table below shows the Brent employers and their member details as at 31 March 2025.

Employer name	Active	Deferred	Pensioners	Dependant	Frozen Refund
London Borough of Brent	2632	5778	5430	930	976
AGE CONCERN	0	1	6	0	0
Alliance in Partnership (Gladstone Park Primary)	6	0	0	0	0
Alperton Community School	73	49	19	3	44
Alperton High School	0	29	22	1	0
Anson Primary School	22	23	1	3	2
Apleona HSG Ltd	0	3	2	4	0
Ark Academy	87	101	7	3	51
Ark Elvin Academy	79	30	12	2	32
Ark Franklin Primary School	31	40	8	0	18
Ashley College	6	0	0	0	0
Aspens Srvs Ltd (BR)	3	3	1	0	0
Atalian Servest AMK (BR)	1	0	1	0	0
Barham Primary School	69	41	5	0	8
Barnardos	6	18	4	0	2
Braintcroft JM School	47	27	6	0	16
Brent Association Disabled Peo	0	1	2	0	0
Brent Care at Home LTD	0	5	65	9	0
Brent Crossroads	0	0	2	0	0
Brent Housing Partnership LTD	0	6	4	0	3
Brent Samaritans	0	0	1	0	0
Brentfield JM School	66	32	10	0	9
Byron Court	2	32	5	0	8
Carequest	0	0	1	0	0
Carlton Vale Infant School	13	16	4	0	4
CATERLINK LTD	2	1	0	0	0
Chalkhill Primary School	61	18	5	0	3
Childcare	0	0	2	0	0
Christchurch Brond COFE School	9	12	4	1	2
Churchill Contracts (BACES)	0	1	0	0	0
Churchill Contracts (Day Cent)	0	4	1	0	0
Claremont High School	0	17	12	1	1
Claremont High School Academy	83	37	9	0	19
College Green Nursery	14	9	0	0	4
College of North West London	0	3	0	0	0
COMPASS LEARNING PARTNERSHIP	23	1	6	0	3

Continental Landscapes Limited	12	0	0	1	0
Convent of Jesus&Mary Inf. Sch	18	52	21	2	6
Conway Aecom Ltd	1	1	0	0	0
Copland Community School	0	33	28	4	0
Curzon Crescent Children's Cen	16	11	3	0	2
DB Services	4	1	1	0	0
Donnington Primary School	32	13	4	0	6
Edwards and Blake	0	6	0	0	0
Elsley JM School	40	17	8	0	11
Fawood Children's Centre	26	13	5	0	2
Fryent Primary School	62	18	4	4	4
Furness Primary School (Acad)	35	22	6	0	4
Gladstone Park Primary Sch	0	1	1	0	0
Gladstone Park Primary School	61	34	13	1	15
Goldsborough H&N SVC LTD	0	10	98	4	0
Granville Childrens Centre	32	5	3	0	2
Harlesden Primary School	48	7	4	1	7
Harris Lowe Acad. Willsden BR	56	75	24	4	18
Harris Prim.Acad South Kenton	27	1	0	0	0
Islamia Primary School	62	35	7	2	6
Jarvis Workspace FM LTD	0	1	1	0	0
JFS School	75	56	27	0	18
John Keeble CofE School	51	28	3	0	5
John Kelly Boys Tech College	0	13	4	1	1
John Kelly Girls Tech College	0	4	8	0	0
Kilburn Park School	7	30	6	0	4
Kilburn Skills	0	2	10	2	0
Kingsbury Green JM School	43	46	13	0	12
Kingsbury High School	0	49	48	4	7
Kingsbury High School (Acad)	130	52	23	2	30
LEAP	4	5	1	0	0
Leopold School	50	43	17	0	21
London Borough-Non Member EDM	0	0	0	2	0
Lyon Park Infants School	1	4	0	0	0
Lyon Park Juniors School	44	23	15	0	4
Malorees Infant School	21	19	4	0	3
Malorees Junior School	19	10	8	1	8

Manor School (Academy)	256	57	12	1	44
MENCAP	0	5	2	0	0
MICHAEL SOBELL SINAI SCHOOL	74	32	8	0	4
Michaela Community School Acad	26	12	0	1	18
MITCHELL BROOK PRIMARY SCHOOL	73	41	7	0	22
Mora Primary School	23	18	5	0	5
MOUNT STEWART INFANTS	31	16	0	0	7
Mount Stewart JM School	19	18	7	0	9
National Autistic Society(NAS)	1	118	139	6	3
Newfield Primary School	21	13	6	0	1
Newman Catholic College	60	55	26	3	18
Northview Primary school	28	10	3	0	2
Not in scheme	0	0	1	0	0
Not in scheme	0	1	0	0	0
NWL Jewish Day School	0	9	6	0	0
NWL Jewish Day School (Acad)	29	3	6	1	1
Oakington Manor (not in use)	0	10	10	1	5
Oakington Manor Primary School	59	37	7	0	22
O'Hara Bros.Surfacing Ltd	1	0	0	0	0
Oliver Goldsmith	31	12	3	0	3
Opt Out - No Liability	0	1	0	0	0
OUR LADY OF GRACE RC INFANTS	22	2	10	0	1
Our LADY OF GRACE RC juniors	14	2	4	0	2
Our Lady Of Lourdes Primary Sc	32	8	2	0	2
Pakistani Workers Association	0	0	0	2	0
PARK LANE PRIMARY SCHOOL	76	26	5	0	6
Phoenix Arch School(Vernon Hou	15	13	3	0	4
Preston Manor High School	0	30	16	1	1
Preston Manor High School AC	116	68	16	0	26
PRESTON PARK PRIMARY	49	47	6	1	7
PRINCESS FREDERICA CE VA PRIMA	33	18	2	0	7
Prospects Srvs (BR)	0	2	0	0	0
Queens Park Community Sch AC	82	27	13	0	23
Queens Park Community School	0	20	12	2	4
Ricoh UK Ltd	0	0	1	0	0
Roe Green Infant School	48	16	5	0	4



Roe Green Junior School	43	11	3	0	4
Roundwood Sch Com Cntr	10	2	0	0	1
SALUSBURY PRIMARY SCH	58	28	5	0	4
Sanctuary Housing Association	1	0	1	0	0
St Andrew & St Francis (Acad)	49	26	2	0	1
St Claudine Catholic School for Girls	92	30	6	1	9
St Gregorys RC School	0	5	13	0	0
St Gregorys RC School (Acad)	43	11	11	0	4
St Joseph's Infant School	15	6	3	0	5
St Joseph's Junior School	16	9	2	0	1
St Joseph's RC Primary School	54	34	25	10	16
St Margarets Clitheroe School	20	3	10	0	2
ST MARY MAGDALENES SCHOOL	11	12	8	0	0
ST MARY'S CofE SCHOOL	25	10	1	0	4
St Mary's RC Academy BR	8	1	0	0	0
ST MARY'S RC SCHOOL	5	16	2	0	4
St Robert Southwell Catholic S	46	11	1	0	0
STONEBRIDGE PRIMARY SCHOOL	47	17	5	0	6
Sudbury Neighbourhood Centre	0	6	22	0	3
Sudbury Primary School	0	17	0	0	0
Sudbury Primary School (Acad)	56	47	14	0	17
Taylor Shaw	1	2	0	0	0
Thames Reach Housing Ass	0	1	0	0	0
The Crest Academy	45	34	5	0	24
The Crest Boys Academy	0	13	7	1	0
The Crest Girls Academy	0	9	5	0	1
The Village School	198	76	19	1	22
Torah Temimah Primary School	0	0	1	0	0
Uxendon Manor School	44	23	9	2	6
Veolia	3	13	14	3	0
Veolia (Ground Maintenance)	0	1	1	0	0
Wembley High Technical College	0	0	0	0	0
Wembley High Technology Colleg	100	26	10	1	65
Wembley Primary School	84	20	11	0	6
Wetton Clean SVC (NTH Wembley)	0	0	3	0	0

Wetton Clean SVC (STH Wembley)	0	1	0	0	0
Wettons (NTH Ground Maint.)	0	2	4	1	0
Wettons (STH Ground Maint.)	0	0	3	0	0
WISE	0	0	0	1	0
Woodfield School Academy	97	20	2	0	21
Wykeham JM Primary School	28	11	7	0	3
<b>Total</b>	<b>6,730</b>	<b>8,379</b>	<b>6,653</b>	<b>1,032</b>	<b>1,881</b>

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## Appendix C – Funding Strategy Statement

# Contents

### London Borough of Brent Pension Fund – Funding Strategy Statement

- 1 Welcome to the fund's funding strategy statement
- 2 How does the fund calculate employer contributions?
- 3 What additional contributions may be payable?
- 4 How does the fund calculate assets and liabilities?
- 5 What happens when an employer joins the fund?
- 6 What happens if an employer has a bulk transfer of staff?
- 7 What happens when an employer leaves the fund?
- 8 What are the statutory reporting requirements?

### Appendices

Appendix A – The Regulatory Framework

Appendix B – Roles and responsibilities

Appendix C – Risks and controls

Appendix D – Actuarial assumptions

# 1 Welcome to the fund's funding strategy statement

This document sets out the funding strategy statement (FSS) for London Borough of Brent pension fund.

The pension fund is administered by Brent Council, known as the administering authority. Brent council worked with the fund's actuary, Hymans Robertson, to prepare this FSS which is effective from 20<sup>th</sup> February 2023.

There's a regulatory requirement for Brent Council to prepare an FSS. You can find out more about the regulatory framework in [Appendix A](#). If you have any queries about the FSS, contact sawan.shah@brent.gov.uk

## 1.1 What is the London Borough of Brent pension fund?

The Brent pension fund is part of the Local Government Pension Scheme (LGPS). You can find more information about the LGPS at [www.lgpsmember.org](http://www.lgpsmember.org). The administering authority runs the fund on behalf of participating employers, their employees and current and future pensioners. You can find out more about roles and responsibilities in [Appendix B](#).

## 1.2 What are the funding strategy objectives?

The funding strategy objectives are to:

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

## 1.3 Who is the FSS for?

The FSS is mainly for employers participating in the fund, because it sets out how money will be collected from them to meet the fund's obligations to pay members' benefits.

Different types of employers participate in the fund:

### Scheduled bodies

Employers who are specified in a schedule to the LGPS regulations, including the council and academies. Scheduled bodies must give employees access to the LGPS if they can't accrue benefits in another pension scheme, such as another public service pension scheme.

### Designating employers

Employers such as town and parish councils can join the LGPS through a resolution. If a resolution is passed, the fund can't refuse entry. The employer then decides which employees can join the scheme. The Brent fund has no such employers currently.

### Admission bodies

Other employers can join through an admission agreement. The fund can set participation criteria for them and can refuse entry if the requirements aren't met. This type of employer includes contractors.

Some existing employers may be referred to as **community admission bodies** (CABs). CABs are employers such as charities and housing associations, who have a "community of interest" with another scheme employer.

Others may be called **transferee admission bodies** (TABs), typically contractors which provide outsourced services like cleaning or catering to a scheduled body.

These terms aren't defined under current regulations but remain in common use from previous regulations.

How does the funding strategy link to the investment strategy?

The funding strategy sets out how money will be collected from employers to meet the fund's obligations. Contributions, assets and other income are then invested according to an investment strategy set by the administering authority. You can find the investment strategy at within the Fund's annual report at [brent.gov.uk/pensions](http://brent.gov.uk/pensions).

The funding and investment strategies are closely linked. The fund must be able to pay benefits when they are due – those payments are met from a combination of contributions (through the funding strategy) and asset returns and income (through the investment strategy). If investment returns or income fall short the fund won't be able to pay benefits, so higher contributions would be required from employers.

#### 1.4 Does the funding strategy reflect the investment strategy?

The funding policy is consistent with the investment strategy. Future investment return expectations are set with reference to the investment strategy, including a margin for prudence which is consistent with the regulatory requirement that funds take a 'prudent longer-term view' of funding liabilities (see [Appendix A](#))

#### 1.5 How is the funding strategy specific to the Brent pension fund?

The funding strategy reflects the specific characteristics of the fund employers and its own investment strategy.

## 2 How does the fund calculate employer contributions?

### 2.1 Calculating contribution rates

Employee contribution rates are set by the LGPS regulations. Employer

contributions are made up of two elements:

- **the primary contribution rate** – contributions payable towards future benefits (including an allowance for the fund's expenses)
- **the secondary contribution rate** – the difference between the primary rate and the total employer contribution

The fund actuary uses a model to project each employer's asset share over a range of future economic scenarios. The contribution rate takes each employer's assets into account as well as the projected benefits due to their members. The value of the projected benefits is worked out using employer membership data and the assumptions in [Appendix D](#).

The total contribution rate for each employer is then based on:

- **the funding target** – how much money the fund aims to hold for each employer
- **the time horizon** – the time over which the employer aims to achieve the funding target
- **the likelihood of success** – the proportion of modelled scenarios where the funding target is met.

This approach takes into account the maturing profile of the membership when setting employer contribution

rates.

The fund permits the prepayment of employer contributions in specific circumstances. The fund's policy is to only permit prepayment of Secondary contributions which would otherwise be expressed in monetary (not % of payroll) amounts; the administering authority must be consulted in advance regarding a proposal to prepay, and it may seek assurance that the employer has taken advice and understands the potential risks involved.

## 2.2 The contribution rate calculation

**Table 2: contribution rate calculation for individual or pooled employers**

Type of employer	Scheduled bodies			CABs		TABs*
Sub-type	Council	Academies converted from LEA	Free schools	Open to new entrants	Closed to new entrants	(all)
<b>Funding target**</b>	Ongoing	Ongoing	Ongoing	Ongoing, but may move to low-risk exit basis		Contractor exit basis, assuming fixed-term contract in the fund
<b>Minimum likelihood of success</b>	70%	70%	70%	75%	80%	70%
<b>Maximum time horizon</b>	20 years	20 years	20 years	15 years	Average future working lifetime	Same as the letting employer
<b>Primary rate approach</b>	The contributions must be sufficient to meet the cost of benefits earned in the future with the required likelihood of success at the end of the time horizon					
<b>Secondary rate</b>	% of payroll	% of payroll	% of payroll	Monetary amount	Monetary amount	% of payroll
<b>Stabilised contribution rate?</b>	Yes	Yes	No	No	No	No
<b>Treatment of surplus</b>	Covered by stabilisation arrangement	Covered by stabilisation arrangement	Preferred approach: contributions kept at primary rate. Reductions may be permitted by the administering authority			Reduce contributions by spreading the surplus over the remaining contract term
<b>Phasing of contribution changes</b>	Covered by stabilisation arrangement	Covered by stabilisation arrangement	Covered by stabilisation arrangement	3 years	3 years	None

\* Employers participating in the fund under a pass-through agreement will pay a contribution rate as agreed between the contractor and letting authority

\*\* See [Appendix D](#) for further information on funding targets.

### 2.3 Making contribution rates stable

Making employer contribution rates reasonably stable is an important funding objective. Where appropriate, contributions are set with this objective in mind. If this isn't appropriate, contribution increases or decreases may be phased.

After taking advice from the fund actuary, the administering authority believes a stabilised approach is a prudent longer-term strategy for certain employers as follows:

**Table 1: current stabilisation approach**

Type of employer	Council	Academy converted from LEA
Maximum contribution increase per year	+1.5% of pay	+1.5% of pay
Maximum contribution decrease per year	-1.5% of pay	-1.5% of pay

Stabilisation criteria and limits are reviewed during the valuation process. The administering authority may review them between valuations to respond to membership or employer changes.

### 2.4 Reviewing contributions between valuations

The fund may amend contribution rates between formal valuations, triggered by significant events including but not limited to: significant reductions in payroll, altered employer circumstances, Government restructuring affecting the employer's business, or failure to pay contributions or arrange appropriate security as required by the administering authority.

The result of a review may be to require increased contributions (by strengthening the actuarial assumptions adopted and/or moving to monetary levels of deficit recovery contributions), and/or an increased level of security or guarantee.

### 2.5 What is pooling?

The administering authority operates contribution rate pools for similar types of employers. Contribution rates can be volatile for smaller employers that are more sensitive to individual membership changes – pooling across a group of employers minimises this. In a contribution rate pool, contributions are set to target full funding for the pool as a whole, rather than for individual employers.

Employers in a pool maintain their individual funding positions, tracked by the fund actuary. That means some employers may be better funded or more poorly funded than the pool average. If pooled employers used stand-alone funding rather than pooling, their contribution rates could be higher or lower than the pool rate. Setting contributions in this way means that while the fund receives the contributions required, the risk that employers develop a surplus or deficit increases.

Pooled employers are identified in the rates and adjustments certificate and only have their pooled contributions certified. Individual contribution rates aren't disclosed to pooled employers, unless agreed by the administering authority. CABs that are closed to new entrants aren't usually allowed to enter a pool.

If an employer leaves the fund, the required contributions are based on their own funding position rather than the pool average. Cessation terms also apply, which means higher contributions may be required at that point.

## **2.6 What are the current contribution pools?**

- LEA schools generally pool with the Council, although there may be exceptions for specialist or independent schools.
- Academy schools may be pooled within their Multi Academy Trust (if this applies).
- Smaller Transferee Admission Bodies may be pooled with the letting employer, provided all parties (particularly the letting employer) agree.

## **2.7 Administering authority discretion**

Individual employers may be affected by circumstances not easily managed within the FSS rules and policies. If this happens, the administering authority may adopt alternative funding approaches on a case-by-case basis.

Additionally, the administering authority may allow greater flexibility to the employer's contributions if added security is provided. Flexibility could include a reduced contribution rate, extended time horizon, or permission to join a pool. Added security may include a suitable bond, a legally binding guarantee from an appropriate third party, or security over an asset.

The fund permits the prepayment of employer contributions in specific circumstances. Further details are set out in paragraph 2.1 above.

# **3 What additional contributions may be payable?**

## **3.1 Pension costs – awarding additional pension and early retirement on non ill-health grounds**

If an employer awards additional pension as an annual benefit amount, they pay an additional contribution to the fund as a single lump sum. The amount is set by guidance issued by the Government Actuary's Department and updated from time to time.

If an employee retires before their normal retirement age on unreduced benefits, employers will be asked to pay additional contributions called strain payments.

Employers typically make strain payments as a single lump sum, though strain payments may be spread at administering authority discretion.

## **3.2 Pension costs – early retirement on ill-health grounds**

If a member retires early because of ill-health, their employer must pay a funding strain, which may be a large sum.

The administering authority does not offer any arrangement to mitigate this. Individual employers should make their own arrangements if they are concerned about the risk of unmanageable ill-health strain costs.

Employers must tell the administering authority if the policy ends or if there are any changes to coverage or premium.



## 4 How does the fund calculate assets and liabilities?

### 4.1 How are employer asset shares calculated?

The fund adopts a cashflow approach to track individual employer assets.

Each fund employer has a notional share of the fund's assets, which is assessed yearly by the actuary. The actuary starts with assets from the previous year-end, adding cashflows paid in/out and investment returns to give a new year-end asset value. The fund actuary makes a simplifying assumption, that all cashflow and investment returns have been paid uniformly over the year. This assumption means that the sum of all employers' asset values is slightly different from the whole fund asset total over time. This minimal difference is split between employers in proportion to their asset shares at each valuation.

If an employee moves one from one employer to another within the fund, assets equal to the cash equivalent transfer value (CETV) will move from the original employer to the receiving employer's asset share.

Alternatively, if employees move when a new academy is formed or an outsourced contract begins, the fund actuary will calculate assets linked to the value of the liabilities transferring (see section 4).

### 4.2 How are employer liabilities calculated?

The fund holds membership data for all active, deferred and pensioner members. Based on this data and the assumptions in [Appendix D](#), the fund actuary projects the expected benefits for all members into the future. This is expressed as a single value – the liabilities – by allowing for expected future investment returns.

Each employer's liabilities reflect the experience of their own employees and ex-employees.

### 4.3 What is a funding level?

An employer's funding level is the ratio of the market value of asset share against liabilities. If this is less than 100%, the employer has a shortfall: the employer's deficit. If it is more than 100%, the employer is in surplus. The amount of deficit or surplus is the difference between the asset value and the liabilities value.

Funding levels and deficit/surplus values measure a particular point in time, based on a particular set of future assumptions. While this measure is of interest, for most employers the main issue is the level of contributions payable. The funding level does not directly drive contribution rates. See section 2 for further information on rates.

## 5 What happens when an employer joins the fund?

### 5.1 When can an employer join the fund

Employers can join the fund if they are a new scheduled body or a new admission body. New designated employers may also join the fund if they pass a designation to do so.

On joining, the fund will determine the assets and liabilities for that employer within the Fund. The calculation will depend on the type of employer and the circumstances of joining.

A contribution rate will also be set. This will be set in accordance with the calculation set out in Section 2, unless alternative arrangements apply (for example, the employer has agreed a pass-through arrangement). More details on this are in Section 5.4 below.

### 5.2 New academies

New academies (including free schools) join the fund as separate scheduled employers. Only active members of former council schools transfer to new academies. Free schools do not transfer active members from a converting school but must allow new active members to transfer in any eligible service.

Liabilities for transferring active members will be calculated (on the ongoing basis) by the fund actuary on the day before conversion to an academy. Liabilities relating to the converting school's former employees (ie members with deferred or pensioner status) remain with the ceding council.

New academies will be allocated an asset share based on the estimated funding level of the ceding council's active members, having first allocated the council's assets to fully fund their deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share, capped at a maximum of 100%.

The council's estimated funding level will be based on market conditions on the day before conversion. The fund treats new academies as separate employers in their own right, who are responsible for their allocated assets and liabilities. Whilst academies are not pooled, their contributions may be set on a pooled basis as follows:

Academy type	Primary contribution rate	Secondary contribution rate
<b>Converting from LEA</b>	Calculated using the current funding strategy (set out in section 2) and the transferring membership	Balance so that total rate equals Council rate each year
<b>Free school</b>	Calculated using the current funding strategy (set out in section 2) and the initial membership.	

If an academy leaves one MAT and joins another, all active, deferred and pensioner members transfer to the new MAT.

The fund's policies on academies may change based on updates to guidance from the Department for Levelling Up, Housing and Communities or the Department for Education. Any changes will be communicated and reflected in future funding strategy statements.

### 5.3 New admission bodies as a results of outsourcing services

New admission bodies usually join the fund because an existing employer (usually a scheduled body such as the council or an academy) outsources a service to another organisation (a contractor). This involves TUPE transfers of staff from the letting employer to the contractor. The contractor becomes a new participating fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership. At the end of the contract, employees typically revert to the letting employer or a replacement contractor.

Liabilities for transferring active members will be calculated by the fund actuary on the day before the outsourcing occurs.

New contractors will be allocated an asset share equal to the value of the transferring liabilities. The admission agreement may set a different initial asset allocation, depending on contract-specific circumstances.

There is flexibility for outsourcing employers when it comes to pension risk potentially taken on by the contractor. You can find more details on outsourcing options from the administering authority or in the contract admission agreement.

### 5.4 Other new employers

There may be other circumstances that lead to a new admission body entering the fund, e.g. set up of a wholly owned subsidiary company by a Local Authority. Calculation of assets and liabilities on joining and a contribution rate will be carried out allowing for the circumstances of the new employer.

### 5.5 Risk assessment for new admission bodies

Under the LGPS regulations, a new admission body must assess the risks it poses to the fund if the admission agreement were to end early, for example if the admission body became insolvent or went out of business. In practice, the fund actuary assesses this because the assessment must be carried out to the administering authority's satisfaction.

After considering the assessment, the administering authority may decide the admission body must provide security, such as a guarantee from the letting employer, an indemnity or a bond.

This must cover some or all of the:

- strain costs of any early retirements, if employees are made redundant when a contract ends prematurely
- allowance for the risk of assets performing less well than expected
- allowance for the risk of liabilities being greater than expected
- allowance for the possible non-payment of employer and member contributions
- admission body's existing deficit.

## 6 What happens if an employer has a bulk transfer of staff?

Bulk transfer cases will be looked at individually, but generally:

- the fund won't pay bulk transfers greater in value than either the asset share of the transferring employer in the fund, or the value of the liabilities of the transferring members, whichever is lower
- the fund won't grant added benefits to members bringing in entitlements from another fund, unless the asset transfer is enough to meet the added liabilities
- the fund may permit shortfalls on bulk transfers if the employer has a suitable covenant and commits to meeting the shortfall in an appropriate period, which may require increased contributions between valuations.

## 7 What happens when an employer leaves the fund?

### 7.1 What is a cessation event?

Triggers for considering cessation from the fund are:

- the last active member stops participation in the fund. The administering authority, at their discretion, can defer acting for up to three years by issuing a suspension notice; however this is considered on a case-by-case basis. If such a notice is issued, then the cessation won't be triggered if the employer takes on one or more active members during the agreed time
- insolvency, winding up or liquidation of the admission body
- a breach of the agreement obligations that isn't remedied to the fund's satisfaction
- failure to pay any sums due within the period required
- failure to renew or adjust the level of a bond or indemnity, or to confirm an appropriate alternative guarantor
- termination of a deferred debt arrangement (DDA).

If no DDA exists, the administering authority will instruct the fund actuary to carry out a cessation valuation to calculate if there is a surplus or a deficit when the fund leaves the scheme.

### 7.2 What happens on cessation?

The administering authority must protect the interests of the remaining fund employers when an employer leaves the scheme. The actuary aims to protect remaining employers from the risk of future loss. The funding target adopted for the cessation calculation is below. These are defined in [Appendix D](#).

- (a) Where there is no guarantor, cessation liabilities and a final surplus/deficit will usually be calculated using a low-risk basis, which is more prudent than the ongoing participation basis. The low-risk exit basis is defined in [Appendix D](#).
- (b) Where there is a guarantor, the guarantee will be considered before the cessation valuation. Where the guarantor is only a guarantor of last resort, this will have no effect on the cessation valuation basis applied. If the guarantee is more extensive, the cessation may be calculated using the same basis that was used to calculate liabilities (and the corresponding asset share) on joining the fund.
- (c) Depending on the guarantee, it may be possible to transfer the employer's liabilities and assets to the guarantor without crystallising deficits or surplus. This may happen if an employer can't pay the contributions due and the approach is within guarantee terms.

If the fund can't recover the required payment in full, unpaid amounts will be paid by the related letting authority (in the case of a ceased admission body) or shared between the other fund employers. This may require an immediate revision to the rates and adjustments certificate or be reflected in the contribution rates set at the next formal valuation.

The fund actuary charges a fee for cessation valuations and there may be other cessation expenses. Fees and expenses are at the employer's liability, and are deducted from the cessation surplus or added to the cessation deficit. The cessation policy is available from the administering authority.

### **7.3 What happens if there is a surplus?**

If the cessation valuation shows the exiting employer has more assets than liabilities – an exit credit – the administering authority can decide how much will be paid back to the employer based on:

- the surplus amount
- the proportion of the surplus due to the employer's contributions
- any representations (like risk sharing agreements or guarantees) made by the exiting employer and any employer providing a guarantee or some other form of employer assistance/support
- any other relevant factors.

The exit credit policy is available from the administering authority.

### **7.4 How do employers repay cessation debts?**

If there is a deficit, full payment will usually be expected in a single lump sum or:

- spread over an agreed period, if the employer enters into a deferred spreading agreement (DSA)
- if an exiting employer enters into a deferred debt agreement (DDA), it stays in the fund and pays contributions until the cessation debt is repaid. Payments are reassessed at each formal valuation.

The employer flexibility on exit policy is available from the administering authority.

### **7.5 What if an employer has no active members?**

If an employer leaves the fund because their last active member has left, they may pay a cessation debt, receive an exit credit or enter a DDA/DSA. Beyond this they have no further obligation to the fund and either:

- a) their asset share runs out before all ex-employees' benefits have been paid. The other fund employers will be required to contribute to the remaining benefits. The fund actuary will portion the liabilities on a pro-rata basis at the formal valuation
- b) the last ex-employee or dependant dies before the employer's asset share is fully run down. The fund actuary will apportion the remaining assets to the other fund employers on a pro-rata basis.

## 8 What are the statutory reporting requirements?

### 8.1 Reporting regulations

The Public Service Pensions Act 2013 requires the Government Actuary's Department to report on LGPS funds in England and Wales after every three-year valuation, in what's usually called a section 13 report. The report should include confirmation that employer contributions are set at the right level to ensure the fund's solvency and long-term cost efficiency.

### 8.2 Solvency

Employer contributions are set at an appropriate solvency level if the rate of contribution targets a funding level of 100% over an appropriate time, using appropriate assumptions compared to other funds. Either:

- (a) employers collectively can increase their contributions, or the fund can realise contingencies to target a 100% funding level
- or
- (b) there is an appropriate plan in place if there is, or is expected to be, a reduction in employers' ability to increase contributions as needed.

### 8.3 Long-term cost efficiency

Employer contributions are set at an appropriate long-term cost efficiency level if the contribution rate makes provision for the cost of current benefit accrual, with an appropriate adjustment for any surplus or deficit.

To assess this, the administering authority may consider absolute and relative factors.

Relative factors include:

1. comparing LGPS funds with each other
2. the implied deficit recovery period
3. the investment return required to achieve full funding after 20 years.

Absolute factors include:

1. comparing funds with an objective benchmark
2. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
3. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
4. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate
5. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the fund's actuarial bases don't offer straightforward comparisons.

# Appendices

## Appendix A – The regulatory framework

### A1 Why do funds need a funding strategy statement?

The Local Government Pension Scheme (LGPS) regulations require funds to maintain and publish a funding strategy statement (FSS). According to the Department for Levelling Up, Housing and Communities (DLUHC) the purpose of the FSS is to document the processes the administering authority uses to:

- establish a **clear and transparent fund-specific strategy** identifying how employers' pension liabilities are best met going forward
- support the regulatory framework to maintain **as nearly constant employer contribution rates as possible**
- ensure the fund meets its **solvency and long-term cost efficiency** objectives
- take a **prudent longer-term view** of funding those liabilities.

To prepare this FSS, the administering authority has used guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA).

### A2 Consultation

Both the LGPS regulations and most recent CIPFA guidance state the FSS should be prepared in consultation with "persons the authority considers appropriate". This should include 'meaningful dialogue... with council tax raising authorities and representatives of other participating employers'.

The consultation process included issuing a draft version to participating employers and attending an open employers' forum.

### A3 How is the FSS published?

The FSS is emailed to participating employers and employee and pensioner representatives. Summaries are issued to members and a full copy is included in the fund's annual report and accounts. Copies are freely available on request and by:

- publishing on the administering authority's website
- sending copies to each employer
- including the full statement or summary in the annual report
- adding the FSS to the agenda of pension fund employers' forum
- sending copies to members of the local pension board
- sending copies to employee/pensioner representatives
- making copies freely available on request.

The FSS is published at [www.brent.gov.uk/pensions](http://www.brent.gov.uk/pensions).

#### **A4 How often is the FSS reviewed?**

The FSS is reviewed in detail at least every three years as part of the valuation. Amendments may be made before then if there are regulatory or operational changes. Any amendments will be consulted on, agreed by the Pension Fund Sub-Committee and included in the Sub-Committee meeting minutes.

#### **A5 How does the FSS fit into the overall fund documentation?**

The FSS is a summary of the fund's approach to funding liabilities. It isn't exhaustive – the fund publishes other statements like the statement of investment principles, investment strategy statement, governance strategy and communications strategy. The fund's annual report and accounts also includes up-to-date fund information.

You can see all fund documentation at [www.brent.gov.uk/pensions](http://www.brent.gov.uk/pensions).



## Appendix B – Roles and responsibilities

### **B1 The administering authority:**

- 1 operates the fund and follows all Local Government Pension Scheme (LGPS) regulations
- 2 manages any conflicts of interest from its dual role as administering authority and a fund employer
- 3 collects employer and employee contributions, investment income and other amounts due
- 4 ensures cash is available to meet benefit payments when due
- 5 pays all benefits and entitlements
- 6 invests surplus money like contributions and income which isn't needed to pay immediate benefits, in line with regulation and the investment strategy
- 7 communicates with employers so they understand their obligations
- 8 safeguards the fund against employer default
- 9 works with the fund actuary to manage the valuation process
- 10 provides information to the Government Actuary's Department so they can carry out their statutory obligations
- 11 consults on, prepares and maintains the funding and investment strategy statements
- 12 tells the actuary about changes which could affect funding
- 13 monitors the fund's performance and funding, amending the strategy statements as necessary
- 14 enables the local pension board to review the valuation process.

### **B2 Individual employers:**

- 1 deduct the correct contributions from employees' pay
- 2 pay all contributions by the due date
- 3 have appropriate policies in place to work within the regulatory framework
- 4 make additional contributions as agreed, for example to augment scheme benefits or early retirement strain
- 5 tell the administering authority promptly about any changes to circumstances, prospects or membership which could affect future funding.
- 6 make any required exit payments when leaving the fund.

### **B3 The fund actuary:**

- 1 prepares valuations, including setting employers' contribution rates, agreeing assumptions, working within FSS and LGPS regulations and appropriately targeting fund solvency and long-term cost efficiency
- 2 provides information to the Government Actuary's Department so they can carry out their statutory obligations
- 3 advises on fund employers, including giving advice about and monitoring bonds or other security
- 4 prepares advice and calculations around bulk transfers and individual benefits

- 5 assists the administering authority to consider changes to employer contributions between formal valuations
- 6 advises on terminating employers' participation in the fund
- 7 fully reflects actuarial professional guidance and requirements in all advice.

**B4 Other parties:**

- 1 internal and external investment advisers ensure the investment strategy statement (ISS) is consistent with the funding strategy statement
- 2 investment managers, custodians and bankers play their part in the effective investment and dis-investment of fund assets in line with the ISS
- 3 auditors comply with standards, ensure fund compliance with requirements, monitor and advise on fraud detection, and sign-off annual reports and financial statements
- 4 governance advisers may be asked to advise the administering authority on processes and working methods
- 5 internal and external legal advisers ensure the fund complies with all regulations and broader local government requirements, including the administering authority's own procedures
- 6 the Department for Levelling Up, Housing and Communities, assisted by the Government Actuary's Department and the Scheme Advisory Board, work with LGPS funds to meet Section 13 requirements.

## Appendix C – Risks and controls

### C1 Managing risks

The administering authority has a risk management programme to identify and control financial, demographic, regulatory and governance risks.

The role of the local pension board is set out [here](#). Details of the key fund-specific risks and controls are below.

### C2 Financial risks

Risk	Summary of Control Mechanisms
Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities and contribution rates over the long-term.	<p>Only anticipate long-term returns on a relatively prudent basis to reduce risk of under-performing.</p> <p>Assets invested on the basis of specialist advice, in a suitably diversified manner across asset classes, geographies, managers, etc.</p> <p>Analyse progress at three yearly valuations for all employers.</p> <p>Inter-valuation roll-forward of liabilities between valuations at whole Fund level.</p>
Inappropriate long-term investment strategy.	<p>Overall investment strategy options considered as an integral part of the funding strategy. Used asset liability modelling to measure key outcomes.</p> <p>Chosen option considered to provide the best balance.</p>
Active investment manager under-performance relative to benchmark.	<p>Quarterly investment monitoring analyses market performance and active managers relative to their index benchmark.</p>
Pay and price inflation significantly more than anticipated.	<p>The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases.</p> <p>Inter-valuation monitoring, as above, gives early warning.</p> <p>Some investment in bonds also helps to mitigate this risk.</p> <p>Employers pay for their own salary awards and should be mindful of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.</p>

Risk	Summary of Control Mechanisms
Effect of possible increase in employer's contribution rate on service delivery and admission/scheduled bodies	An explicit stabilisation mechanism has been agreed as part of the funding strategy. Other measures are also in place to limit sudden increases in contributions.
Orphaned employers give rise to added costs for the fund	The fund seeks a cessation debt (or security/guarantor) to minimise the risk of this happening in the future.  If it occurs, the actuary calculates the added cost spread pro-rata among all employers.
Effect of possible asset underperformance as a result of climate change	Covered in the fund's Investment Strategy Statement.

### C3 Demographic risks

Risk	Summary of Control Mechanisms
Pensioners living longer, thus increasing cost to fund.	Set mortality assumptions with some allowance for future increases in life expectancy.  The fund actuary has direct access to the experience of over 50 LGPS funds which allows early identification of changes in life expectancy that might in turn affect the assumptions underpinning the valuation.
Maturing fund – i.e. proportion of actively contributing employees declines relative to retired employees.	Continue to monitor at each valuation, consider seeking monetary amounts rather than % of pay and consider alternative investment strategies.
Deteriorating patterns of early retirements	Employers are charged the extra cost of non-ill-health retirements following each individual decision.  Employer ill health retirement experience is monitored, and insurance is an option.
Reductions in payroll causing insufficient deficit recovery payments	In many cases this may not be sufficient cause for concern, and will in effect be caught at the next formal valuation. However, there are protections where there is concern, as follows:  Employers in the stabilisation mechanism may be brought out of that mechanism to permit appropriate contribution increases.  For other employers, review of contributions is permitted in general between valuations and may require a move in deficit contributions from a percentage of payroll to fixed monetary amounts.

#### C4 Regulatory risks

Risk	Summary of Control Mechanisms
<p>Changes to national pension requirements and/or HMRC rules e.g. changes arising from public sector pensions reform.</p>	<p>The administering authority considers all consultation papers issued by the Government and comments where appropriate.</p> <p>Benefits are valued in line with the regulations in force at the time of the valuation, with an exception relating to the McCloud ruling. The benefits of members likely to be affected by the McCloud ruling have instead been valued as at 31 March 2022 in line with the expected regulations, reflecting an underpin as directed by DLUHC.</p> <p>The government's long term preferred solution to GMP indexation and equalisation - conversion of GMPs to scheme benefits - was built into the 2019 valuation.</p>
<p>Time, cost and/or reputational risks associated with any DLUHC intervention triggered by the Section 13 analysis.</p>	<p>Take advice from fund actuary on position of fund as at prior valuation, and consideration of proposed valuation approach relative to anticipated Section 13 analysis.</p>
<p>Changes by government to particular employer participation in LGPS Funds, leading to impacts on funding and/or investment strategies.</p>	<p>The administering authority considers all consultation papers issued by the government and comments where appropriate.</p> <p>Take advice from fund actuary on impact of changes on the fund and amend strategy as appropriate.</p>

## C5 Governance risks

Risk	Summary of Control Mechanisms
<p>Administering authority unaware of structural changes in an employer's membership (e.g. large fall in employee members, large number of retirements) or not advised of an employer closing to new entrants.</p>	<p>The administering authority has a close relationship with employing bodies and communicates required standards e.g. for submission of data.</p> <p>The actuary may revise the rates and adjustments certificate to increase an employer's contributions between triennial valuations</p> <p>Deficit contributions may be expressed as monetary amounts.</p>
<p>Actuarial or investment advice is not sought, or is not heeded, or proves to be insufficient in some way</p>	<p>The administering authority maintains close contact with its specialist advisers.</p> <p>Advice is delivered via formal meetings involving elected members, and recorded appropriately.</p>

Risk	Summary of Control Mechanisms
	Actuarial advice is subject to professional requirements such as peer review.
Administering authority failing to commission the Fund Actuary to carry out a termination valuation for a departing admission body.	<p>The Administering Authority requires employers with Best Value contractors to inform it of forthcoming changes.</p> <p>CABs' memberships are monitored and, if active membership decreases, steps will be taken.</p>
An employer ceasing to exist with insufficient funding or adequacy of a bond.	<p>The administering authority believes that it would normally be too late to address the position if it was left to the time of departure.</p> <p>The risk is mitigated by:</p> <ul style="list-style-type: none"> <li>• Seeking a funding guarantee from another scheme employer, or external body, where-ever possible.</li> <li>• Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice.</li> <li>• Vetting prospective employers before admission.</li> <li>• Where permitted under the regulations requiring a bond to protect the fund from various risks.</li> <li>• Requiring new admission bodies to have a guarantor.</li> <li>• Reviewing bond or guarantor arrangements at regular intervals.</li> <li>• Reviewing contributions well ahead of cessation if thought appropriate.</li> </ul>
An employer ceasing to exist resulting in an exit credit being payable	<p>The administering authority regularly monitors admission bodies coming up to cessation</p> <p>The administering authority invests in liquid assets to ensure that exit credits can be paid when required.</p>

## C6 Employer covenant assessment and monitoring

Many of the employers participating in the fund, such as admitted bodies (including TABs and CABs), have no local tax-raising powers. The fund assesses and monitors the long-term financial health of these employers to assess an appropriate level of risk for each employer's funding strategy.

London Borough of Brent Pension Fund

Type of employer	Assessment	Monitoring
Council	Tax-raising or government-backed, no individual assessment required	n/a
Academies	Government-backed, covered by DfE guarantee in event of MAT failure	Check that DfE guarantee continues, after regular scheduled DfE review
Admission bodies (including TABs & CABs)	As part of requirement for a bond including its relevant coverage and amount	Periodically, for instance updating bond requirements

## C7 Climate risk and TCFD reporting

The fund has considered climate-related risks when setting the funding strategy. To consider the resilience of the strategy the fund included climate scenario stress testing in the contribution modelling exercise for the Council at the 2022 valuation. The modelling results under the stress tests were slightly worse than the core results (as expected) but were still within risk tolerance levels, particularly given the severity of the stresses applied. The results provide assurance that the modelling approach does not significantly underestimate the potential impact of climate change and that the funding strategy is resilient to climate risks. The results of these stress tests may be used in future to assist with disclosures prepared in line with Task Force on Climate-Related Financial Disclosures (TCFD) principles.

The same stress tests were not applied to the funding strategy modelling for smaller employers. However, given that the same underlying model is used for all employers and that the Council makes up the vast majority of the fund's assets and liabilities, applying the stress tests to all employers was not deemed proportionate at this stage and would not be expected to result in any changes to the agreed contribution plans.

The fund's specific policies in this area are covered in its Investment Strategy Statement.



## Appendix D – Actuarial assumptions

The fund's actuary uses a set of assumptions to determine the strategy, and so assumptions are a fundamental part of the funding strategy statement.

### D1 What are assumptions?

Assumptions are used to estimate the benefits due to be paid to members. Financial assumptions determine the amount of benefit to be paid to each member, and the expected investment return on the assets held to meet those benefits. Demographic assumptions are used to work out when benefit payments are made and for how long.

The funding target is the money the fund aims to hold to meet the benefits earned to date.

Any change in the assumptions will affect the funding target and contribution rate, but different assumptions don't affect the actual benefits the fund will pay in future.

### D2 What assumptions are used to set the contribution rate?

The fund doesn't rely on a single set of assumptions when setting contribution rates, instead using Hymans Robertson's Economic Scenario Service (ESS) to project each employer's assets, benefits and cashflows to the end of the funding time horizon.

ESS projects future benefit payments, contributions and investment returns under 5,000 possible economic scenarios, using variables for future inflation and investment returns for each asset class, rather than a single fixed value.

For any projection, the fund actuary can assess if the funding target is satisfied at the end of the time horizon.

**Table: Summary of assumptions underlying the ESS, 31 March 2022**

		Annualised total returns										Inflation (CPI)	17 year real yield (CPI)	17 year yield
		Fixed Interest Gilts (long)	UK Equity	Property	Emerging Markets Equity	Listed Infrastructure Equity	Diversified Growth Fund (high equity beta)	Diversified Growth Fund (medium equity beta)	Developed World Equity	Multi Asset Credit (sub inv grade)	Global High Yield Debt			
10 years	16th %ile	-1.5%	-0.4%	-0.6%	-2.5%	-1.1%	1.1%	1.4%	-0.6%	1.7%	0.6%	1.6%	-1.7%	1.1%
	50th %ile	0.7%	5.7%	4.4%	5.8%	4.9%	5.4%	4.3%	5.6%	3.5%	3.4%	3.3%	-0.5%	2.5%
	84th %ile	2.8%	11.6%	9.5%	14.4%	10.9%	9.5%	7.1%	11.6%	5.2%	5.8%	4.9%	0.7%	4.3%
20 years	16th %ile	-0.2%	1.7%	1.4%	0.1%	1.2%	2.8%	2.5%	1.6%	2.8%	2.1%	1.2%	-0.7%	1.3%
	50th %ile	0.9%	6.2%	5.0%	6.3%	5.6%	6.0%	4.9%	6.1%	4.4%	4.2%	2.7%	1.1%	3.2%
	84th %ile	2.0%	10.6%	8.9%	12.8%	10.1%	9.4%	7.4%	10.8%	6.0%	6.4%	4.3%	2.7%	5.7%
40 years	16th %ile	1.2%	3.2%	2.6%	2.1%	2.6%	4.0%	3.3%	3.2%	3.6%	3.1%	0.9%	-0.6%	1.1%
	50th %ile	1.9%	6.7%	5.5%	6.8%	6.1%	6.6%	5.5%	6.6%	5.3%	5.1%	2.2%	1.3%	3.3%
	84th %ile	2.8%	10.2%	8.8%	11.7%	9.8%	9.4%	7.9%	10.2%	7.1%	7.2%	3.7%	3.2%	6.1%
Volatility (Disp) (5 yr)		8%	18%	15%	26%	18%	13%	8%	18%	6%	8%	3%		

### D3 What financial assumptions were used?

Future investment returns and discount rate

The fund uses a risk-based approach to generate assumptions about future investment returns over the funding time horizon, based on the investment strategy. The discount rate is the annual rate of future investment return assumed to be earned on assets after the end of the funding time horizon. The discount rate assumption is set as a margin above the risk-free rate. Assumptions for future investment returns depend on the funding objective.

	Employer type	Margin above risk-free rate
<b>Ongoing basis</b>	All employers except transferee admission bodies and closed community admission bodies	1.8%
<b>Low-risk exit basis</b>	Community admission bodies closed to new entrants	0.0%
<b>Contractor exit basis</b>	Transferee admission bodies	Consistent with the margin used to allocate assets to the employer on joining the fund

#### Discount rate (for funding level calculation as at 31 March 2022 only)

For the purpose of calculating a funding level at the 2022 valuation, a discount rate of 4.3% applies. This is based on a prudent estimate of investment returns, specifically, that there is an 70% likelihood that the fund's assets will future investment returns of 4.3% p.a. over the 20 years following the 2022 valuation date.

#### Pension increases and CARE revaluation

Deferment and payment increases to pensions and revaluation of CARE benefits are in line with the Consumer Price Index (CPI) and determined by the regulations.

The CPI assumption is based on Hymans Robertson's ESS model. The median value of CPI inflation from the ESS was 2.7% pa on 31 March 2022.

#### Salary growth

The salary increase assumption at the latest valuation has been set to 0.3% above CPI pa plus a promotional salary scale.

#### D4 What demographic assumptions were used?

Demographic assumptions are best estimates of future experience. The fund uses advice from Club Vita to set demographic assumptions, as well as analysis and judgement based on the fund's experience.

Demographic assumptions vary by type of member, so each employer's own membership profile is reflected in their results.

#### Life expectancy

The longevity assumptions are a bespoke set of VitaCurves produced by detailed analysis and tailored to fit the fund's membership profile.

Allowance has been made for future improvements to mortality, in line with the 2021 version of the continuous mortality investigation (CMI) published by the actuarial profession. The starting point has been adjusted by +0.5% to reflect the difference between the population-wide data used in the CMI and

LGPS membership. A long-term rate of mortality improvements of 1.5% pa applies.

The smoothing parameter used in the CMI model is 7.0. There is little evidence currently available on the long-term effect of Covid-19 on life expectancies. To avoid an undue impact from recently mortality experience on long-term assumptions, no weighting has been placed on data from 2020 and 2021 in the CMI.

London Borough of Brent Pension Fund

### Other demographic assumptions

Retirement in normal health	Members are assumed to retire at the earliest age possible with no pension reduction.
Promotional salary increases	Sample increases below
Death in service	Sample rates below
Withdrawals	Sample rates below
Retirement in ill health	Sample rates below
Family details	A varying proportion of members are assumed to have a dependant partner at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. Beyond retirement the proportion is adjusted for assumed dependant mortality. Males are assumed to be 3 years older than females, and partner dependants are assumed to be opposite sex to members.
Commutation	50% of maximum tax-free cash
50:50 option	1% of members will choose the 50:50 option.

### Males

Age	Salary Scale	Death Before Retirement	Withdrawals		Ill Health Tier 1		Ill Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.17	404.31	813.01	0.00	0.00	0.00	0.00
25	117	0.17	267.06	537.03	0.00	0.00	0.00	0.00
30	131	0.2	189.49	380.97	0.00	0.00	0.00	0.00
35	144	0.24	148.05	297.63	0.10	0.07	0.02	0.01
40	150	0.41	119.2	239.55	0.16	0.12	0.03	0.02
45	157	0.68	111.96	224.96	0.35	0.27	0.07	0.05
50	162	1.09	92.29	185.23	0.90	0.68	0.23	0.17
55	162	1.7	72.68	145.94	3.54	2.65	0.51	0.38
60	162	3.06	64.78	130.02	6.23	4.67	0.44	0.33
65	162	5.1	0	0.00	11.83	8.87	0.00	0.00

## Females

Age	Salary Scale	Death Before Retirement	Withdrawals		III Health Tier 1		III Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.10	352.42	467.37	0.00	0.00	0.00	0.00
25	117	0.10	237.14	314.44	0.10	0.07	0.02	0.01
30	131	0.14	198.78	263.54	0.13	0.10	0.03	0.02
35	144	0.24	171.57	227.38	0.26	0.19	0.05	0.04
40	150	0.38	142.79	189.18	0.39	0.29	0.08	0.06
45	157	0.62	133.25	176.51	0.52	0.39	0.10	0.08
50	162	0.90	112.34	148.65	0.97	0.73	0.24	0.18
55	162	1.19	83.83	111.03	3.59	2.69	0.52	0.39
60	162	1.52	67.55	89.37	5.71	4.28	0.54	0.40
65	162	1.95	0.00	0.00	10.26	7.69	0.00	0.00

### D5 What assumptions apply in a cessation valuation following an employer's exit from the fund? **Low-risk exit basis**

Where there is no guarantor, the low-risk exit basis will apply.

The financial and demographic assumptions underlying the low-risk exit basis are explained below:

1. The discount rate is set equal to the annualised yield on long dated government bonds at the cessation date, with a 0% margin. This was 1.7% pa on 31 March 2022.
2. The CPI assumption is based on Hymans Robertson's ESS model. The median value of CPI inflation from the ESS was 2.7% pa on 31 March 2022.
3. Life expectancy assumptions are those used to set contribution rates, with one adjustment. A higher long-term rate of mortality improvements of 1.75% pa is assumed.

### **Contractor exit basis**

Where there is a guarantor (eg in the case of contractors where the local authority guarantees the contractor's admission in the fund), the contractor exit basis will apply.

The financial and demographic assumptions underlying the contractor exit basis are equal to those set for calculating contributions rates. Specifically, the discount rate is set equal to the risk-free rate at the cessation date, plus a margin consistent with that set to allocate assets to the employer on joining the fund.

## Appendix D – Investment Strategy Statement

### Investment Strategy Statement

#### 1. Introduction and background

This is the Investment Strategy Statement (“ISS”) of the London Borough of Brent Pension Fund (“the Fund”), which is administered by Brent Council, (“the Administering Authority”). The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“the Regulations”).

The ISS has been prepared by the Fund’s Pension Committee (“the Committee”) having taken advice from the Fund’s investment adviser, Hymans Robertson LLP. The Committee acts on the delegated authority of the Administering Authority.

The ISS, which was approved by the Committee on 4 October 2023, is subject to periodic review at least every three years and without delay after any significant change in investment policy. The Committee has consulted on the contents of the Fund’s investment strategy with such persons it considers appropriate.

The Committee seeks to invest in accordance with the ISS, any Fund money that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the Fund’s Funding Strategy Statement dated February 2023.

The Committee has agreed the following long-term target investment strategy for the Fund. It will be necessary for the Fund to allow time for these arrangements to take effect, hence the interim target allocation shown below.

Asset class	Interim target allocation (%)	Long-term target allocation (%)
Global equities	40.0	40.0
UK equities	5.0	5.0
Emerging markets equities	5.0	5.0
Private equity	2.5	-
<b>Total Growth</b>	<b>52.5</b>	<b>50.0</b>
Property	2.5	10.0
Infrastructure	5.0	15.0
Private debt	5.0	5.0
Diversified growth	20.0	5.0
<b>Total Income</b>	<b>32.5</b>	<b>35.0</b>
Multi-asset credit	5.0	5.0

Government gilts	10.0	10.0
<b>Total Protection</b>	<b>15.0</b>	<b>15.0</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

## 2. The suitability of particular investments and types of investments

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. The funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.

The Committee aims to fund the Fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed but will take account of future salary and/or inflation increases.

The Committee has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. This benchmark is consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.

It is intended that the Fund's investment strategy will be reviewed at least every three years following actuarial valuations of the Fund. The approach that the Fund has taken to setting an appropriate investment strategy is set out below.

In 2023, the Fund carried out an asset-liability modelling exercise in conjunction with the 2022 actuarial valuation. The Fund's liability data from the valuation was used in the modelling, and the implications of adopting a range of alternative investment strategies were assessed. The implications for the future evolution of the Fund were considered under a wide range of different scenarios.

This approach helps to ensure that the investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners, deferred and active members), together with the level of disclosed surplus or deficit (relative to the funding bases used).

The Committee assessed the likelihood of achieving their long-term funding target – which was defined at that time as achieving and maintaining a fully funded position in 20 years' time.

A summary of the expected returns and volatility for each asset class is included later in this statement. In addition, the Committee monitors investment strategy on an ongoing basis, focusing on factors including, but not limited to:

- Suitability given the Fund's level of funding and liability profile
- The level of expected risk
- Outlook for asset returns
- Environmental, Social and Governance (ESG) factors

The Committee also monitors the Fund's actual allocation on a regular basis to ensure it does not notably deviate from the target allocation, accepting that given the nature of some of the underlying investments, it may take the Fund time to move towards the target allocation.

The Committee reviews the asset allocation at each quarterly meeting. The review is based on the latest published quarterly investment performance report, supported by more up to date information where available. Rebalancing activity is at the discretion of the Committee and is only made between the Fund's liquid assets. Among the factors taken into account by the Committee in its decisions are:

the materiality of under and overweight positions;

any asset transitions that are already scheduled;

market views on the relative attractiveness of different asset classes;

liquidity and transaction costs; and

the confidence of the Committee in the managers' ability to meet performance targets, informed by manager ratings provided by the Fund's investment adviser.

To help inform rebalancing decisions, the Committee has set the following upper limits to inform rebalancing:

Asset class	Interim target allocation (%)	Long-term target allocation (%)	Upper limit for rebalancing (%)
Listed equities	50.0	50.0	60.0
Diversified Growth	20.0	5.0	25.0
Multi-asset credit	5.0	5.0	10.0
Government gilts	10.0	10.0	15.0
Cash	0.0	0.0	5.0

### 3. Investment of money in a wide variety of investments

#### Asset classes

The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property and commodities either directly or through pooled funds. The Fund may also make use of contracts for differences and other derivatives either directly or in pooled funds investing in these products for the purpose of efficient portfolio management or to hedge specific risks.

The Committee reviews the nature of Fund investments on a regular basis, with particular reference to suitability and diversification. The Committee seeks and considers written advice from a suitably qualified person in undertaking such a review. If, at any time, investment in a security or product not previously known to the Committee is proposed, appropriate advice is sought and considered to ensure its suitability and diversification.

In line with the Regulations, the authority's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that



authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007.

The latest investment strategy review took place in February 2023. At this time the Committee agreed to maintain the current long-term strategic allocation that was agreed following the 2019 actuarial valuation.

The Committee is aware that private market investments take time to invest in, with money committed but not drawn down immediately. This investment phase can take several years. During this investment period the Fund will retain its existing 20% target allocation to Diversified Growth Funds, which will be monitored and regularly assessed in anticipation of its longer-term reduction in size.

The long-term asset class returns assumed within the asset-liability modelling exercise were as follows. These returns reflect financial conditions as at 31 March 2022.

Asset class	Median expected return <sup>1</sup> over 20 years (% p.a.)
UK equities	6.2%
Global equities	6.3%
Emerging markets equities	6.3%
Property	5.0%
Infrastructure	6.5%
Private debt	9.8%
Diversified growth funds	4.9%
Multi-asset credit	6.7%
Government gilts	4.4%
Total Fund	6.0%

At 31 March 2022, the expected volatility<sup>2</sup> of the investment strategy over 1 year was 13.1%. This volatility includes an assumed diversification benefit. Further details on the Fund's risks, including the approach to mitigating risks, is provided in the following section.

### Restrictions on investment

The Regulations have removed the previous restrictions that applied under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The Fund has agreed a number of its own restrictions as set out in the table below. All other investment restrictions will be negotiated with fund managers or the London CIV, subject to the Fund receiving appropriate investment and/or legal advice.

<sup>1</sup> This indicates that over a 20 year period, there is a 50% chance that the actual annualised return will be higher, and a 50% chance that the actual annualised return will be lower, than the median expected return.

<sup>2</sup> A volatility of 13.1% indicates that over 1 year there is a 2/3rds chance that the actual return over this period will be within +/- 13.1% of the expected return assessed over the same 1 year period.



Types of investment	Maximum investment by the Fund (% of assets)
Contributions in any single partnership	5%
Contributions invested in partnerships	30%
Cash deposits	10%
Investment with any single manager strategy either directly or via the London CIV (excluding investments in passive index-tracking strategies)	15%
Total investment in illiquid assets <sup>3</sup>	30%

### Managers

The Committee has appointed a number of investment managers all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business.

The Committee, after seeking appropriate investment advice, has agreed specific benchmarks with each manager so that, in aggregate, they are consistent with the overall asset allocation for the Fund. The Fund's investment managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market and asset class, the managers will maintain diversified portfolios through direct investment or pooled vehicles. The manager of the index-tracking funds in which the Fund invests holds a mix of investments within each pooled fund that reflects that of their respective benchmark indices.

### 4. The approach to risk, including the ways in which risks are to be measured and managed

The Committee is aware that the Fund has a need to take risk (e.g. investing in growth assets) to help it achieve its funding objectives. It has an active risk management programme in place that aims to help it identify the risks being taken and put in place processes to manage, measure, monitor and (where possible) mitigate the risks being taken. One of the Committee's overarching beliefs is to only take as much investment risk as is necessary.

The principal risks affecting the Fund are set out below, we also discuss the Fund's approach to managing these risks and the contingency plans that are in place:

#### Funding risks

Key funding risks considered include:

Financial mismatch – The risk that Fund assets fail to grow in line with the developing cost of meeting the liabilities.

Changing demographics – The risk that longevity improves and other demographic factors change, increasing the cost of Fund benefits.

Systemic risk – The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting the Fund's liabilities.

The Committee measures and manages financial mismatch in two ways.

<sup>3</sup> This represents a maximum at the point of investment. The impact of market volatility will be assessed separately.

- As indicated above, the Committee has set a strategic asset allocation benchmark for the Fund. This benchmark was set taking into account asset liability modelling which focused on probability of success and level of downside risk. The results from the analysis carried out in 2023 highlighted the Fund has a greater than 75% probability of being fully funded in 2041. The downside risk measure shows that the funding level in the average of the worst 5% of outcomes projected to 2028 is 38%. This analysis reflects the current investment strategy and level of agreed contributions and is based on financial conditions as at 31 March 2022. This analysis will be revisited as part of the 2025 valuation process.
- The Committee assesses risk relative to the strategic benchmark by monitoring the Fund's asset allocation and investment returns relative to the benchmark. The Committee also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The Committee also seeks to understand the assumptions used in any analysis and modelling so these can be compared to their own views and the level of risks associated with these assumptions to be assessed.

The Committee seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

### **Asset risk**

Market risk – The risk that the market value of the Fund's assets falls.

Concentration – The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.

Illiquidity – The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.

Currency risk – The risk that the currency of the Fund's assets underperforms relative to Sterling (i.e. the currency of the liabilities).

Manager underperformance – The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

Environmental, social and governance ("ESG") – The risk that ESG related factors reduce the Fund's ability to generate the long-term returns.

Climate change – The extent to which climate change causes a material deterioration in asset values as a consequence of factors including but not limited to policy change, physical impacts and the expected transition to a low-carbon economy.

Geopolitical risk – The risk of underperformance driven by unexpected changes or events involving political, military or trade factors.

The Committee measures and manages asset risks as follows.

The Fund's strategic asset allocation benchmark invests in a diversified range of asset classes. The Committee has put in place re-balancing arrangements to ensure the Fund's "actual allocation" does not deviate substantially from its target. The Fund invests in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, help reduce the Fund's asset concentration risk.

By investing across a range of assets, including liquid quoted equities and bonds, as well as property, the Committee has recognised the need for access to liquidity in the short term.

The Fund invests in a range of overseas markets which provides a diversified approach to currency markets; the Committee also assess the Fund's currency risk during their risk analysis. Details of the Fund's approach to managing ESG risks is set out later in this document.

The Committee has considered the risk of underperformance by any single investment manager and have attempted to reduce this risk by appointing more than one manager [and having a proportion of the Scheme's assets managed on a passive basis]. The Committee assess the Fund's managers' performance on a regular basis, and will take steps, including potentially replacing one or more of their managers, if underperformance persists.

### **Other provider risk**

Transition risk – The risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the Committee seeks suitable professional advice.

Custody risk – The risk of losing economic rights to Fund assets, when held in custody or when being traded.

Credit default – The possibility of default of a counterparty in meeting its obligations.

Stock-lending – The possibility of default and loss of economic rights to Fund assets.

The Committee monitors and manages risks in these areas through a process of regular scrutiny of its providers, and audit of the operations it conducts for the Fund, or has delegated such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds). The Committee has the power to replace a provider should serious concerns exist.

A separate schedule of risks that the Fund monitors is set out in the Fund's Funding Strategy Statement.

## **5. Approach to pooling investments, including use of collective investment vehicles and shared services**

The Fund is a participating scheme in the London CIV Pool. The proposed structure and basis on which the London CIV Pool ("the Pool") will operate was set out in the July 2016 submission to Government.

### **Assets to be invested in the London CIV Pool**

The Fund's intention is to invest its assets through the Pool as and when suitable Pool investment solutions become available. An indicative timetable for investing through the Pool was set out in the July 2016 submission to Government. The key criteria for assessment of Pool solutions will be as follows:

That the Pool enables access to an appropriate solution that meets the objectives and benchmark criteria set by the Fund

That there is a clear financial benefit to the Fund in investing in the solution offered by the Pool, should a change of provider be necessary.

At the time of preparing this statement the Fund has already invested the following assets via the Pool. Note this includes investments in index-tracking equity funds with BlackRock and LGIM, which are commonly regarded as pooled assets even though they sit outside of the Pool.

Asset class	Manager	% of total Fund assets <sup>4</sup>
Global equities (index-tracking)	LGIM	43.7
Global equities (index-tracking)	BlackRock	2.5
UK equities (index-tracking)	LGIM	6.3
Emerging market equities	LCIV (JP Morgan)	3.9
Diversified Growth	LCIV (Baillie Gifford)	11.1
Diversified Growth	LCIV (Ruffer)	8.8
Infrastructure	LCIV multi-manager	3.3
Private debt	LCIV multi-manager	3.1
Multi-asset credit	LCIV multi-manager	3.7
Gilts	BlackRock	4.9
<b>Total</b>		91.3

At the time of preparing this statement the Fund has elected not to invest the following assets via the London CIV Pool.

Asset class	Manager	% of Fund assets <sup>5</sup>	Reason for not investing via the Pool
Private equity	Capital Dynamics	2.2	In wind down
Infrastructure	Capital Dynamics	0.2	In wind down
Infrastructure	Alinda	1.5	In wind down
Property	Fidelity	1.2	No equivalent fund available via the Pool
Property	UBS	1.0	No equivalent fund available via the Pool
<b>Total</b>		6.1	

<sup>4</sup> Actual allocation as at 31 March 2023. Note cash holding of 2.5% is in addition to these amounts. Percentage allocations shown are subject to rounding.

<sup>5</sup> Actual allocation as at 31 March 2023. Note cash holding of 2.5% is in addition to these amounts. Percentage allocations are subject to rounding.

The Fund will consider participating in pooling arrangements for the current and/or future property investment investments if a suitable solution is made available by the Pool.

Any assets not currently invested in the Pool will be reviewed at least every three years to determine whether the rationale remains appropriate, and whether it continues to demonstrate value for money. The next such review will take place no later than 2026.

### **Structure and governance of the London CIV Pool**

The July 2016 submission to Government of the Pool provided a statement addressing the structure and governance of the Pool, the mechanisms by which the Fund can hold the Pool to account and the services that will be shared or jointly procured. As the Pool develops and the structure and governance of the Pool are fully established the Fund will include this information in future iterations of the ISS. In the meantime, further information is provided on the London CIV's website (<https://londonciv.org.uk/>).

### **6. How social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments**

The Fund invests on the basis of financial risk and return, having considered a full range of factors, including environmental, social, and corporate governance (ESG) factors where these present financial risks to the delivery of portfolio objectives and therefore impact on the sustainability of the Fund's returns.

The Fund therefore requires its investment managers to integrate all material financial factors, including ESG considerations, into their investment analysis and decision-making for all fund investments.

The Fund's Investment Managers (and specifically the London Collective Investment Vehicle through which the Fund will increasingly invest) are also expected to undertake appropriate monitoring of current investments with regard to their policies and practices on all issues which could present a material financial risk to the long-term performance of the fund, including ESG factors. The Fund monitors this activity on an ongoing basis with the aim of maximising its impact and effectiveness.

Where appropriate, the Committee considers how it wishes to approach specific ESG factors in the context of its role in asset allocation and investment strategy setting. Taking into account the ratification in October 2016 of the Paris Agreement, the Committee considers that significant exposure to fossil fuel reserves within the Fund's portfolio could pose a material financial risk. As a result, the Committee has committed to undertaking a Carbon Risk Audit for the Fund, quantifying the Fund's exposure through its equity portfolio to fossil fuel reserves and power generation and where the greatest risks lie.

Once this audit has taken place the Committee intends to develop a plan to reduce the Fund's carbon exposure. The plan will be periodically reviewed to ensure that it remains consistent with the risks associated with investment in carbon assets and with the Committee's fiduciary duties.

A key consideration in developing this plan, including the setting of any intermediate targets, will be the London CIV's own plans to reduce the carbon exposure of the funds it oversees. Currently, c30% of the Fund's assets sit within the London CIV and this percentage is expected to grow over time.

At this stage, the Committee has not set a target timeframe for the Fund to become carbon neutral. This will be considered in more detail as part of the plan to reduce the Fund's carbon exposure.

Some flexibility may be appropriate to allow the Fund to adjust the pace of the transition in the light of changing financial conditions or technological advances in certain sectors.

The Committee considers exposure to carbon risk in the context of its role in asset allocation and investment strategy setting. Consideration has therefore been given in setting the Fund's Investment Strategy to how this objective can be achieved within a pooled investment structure and the Committee, having taken professional advice, will work with the London CIV to ensure that suitable strategies are made available.

Where necessary, the Fund will also engage with its Investment Managers or the London CIV to address specific areas of carbon risk. The Fund expects its investment managers to integrate financially material ESG factors into their investment analysis and decision making and may engage with managers and the London CIV to ensure that the strategies it invests in remain appropriate for its needs.

The Committee consider the Fund's approach to responsible investment in two key areas:

- **Sustainable investment / ESG factors** – considering the financial impact of environmental, social and governance (ESG) factors (including climate change) on its investments.
- **Stewardship and governance** – acting as responsible and active investors/owners, through considered voting of shares, and engaging with investee company management as part of the investment process.

In light of the latest investment strategy review and the Fund's increased focus and importance of responsible investment, the Fund has bolstered its beliefs in this area, specifically:

- Ongoing engagement is preferable to divestment
- We must act as responsible owners
- The Fund's investment managers should embed the consideration of ESG factors into their investment process and decision-making

Further details are set out in the Fund's Responsible Investment Policy which can be found [here](#).

The Fund's investment beliefs can be found in the appendix.

The Committee takes ESG matters very seriously. Its investment beliefs include explicit statements relating to ESG and climate change. The ESG criteria of its existing investment investments are assessed on an ongoing basis and ESG is a key consideration when assessing the relative merits of any potential new Fund investments. The Fund also conducts an annual review of its:

- Policies in this area,
- Investment managers' approach to responsible investing; and
- Members' training needs and implements training to reflect these needs.

At the present time the Committee does not take into account non-financial factors when selecting, retaining, or realising its investments. The Committee understand the Fund is not able to exclude investments in order to pursue boycotts, divestment and sanctions against foreign nations and UK defence industries.

The London CIV itself is committed to responsible investment and duly recognises the role of ESG factors in the investment decision making process, evidenced by its own 'responsible investment

policy'. The Fund is supportive of this and will monitor the policy on a regular basis as more assets transfer into the pool to ensure consistency with its own beliefs. Details of the investment managers' governance principles can be found on their websites.

## **7. The exercise of rights (including voting rights) attaching to investments**

### **Voting rights**

The Committee considers the Fund's approach to stewardship also as a key area by acting as a responsible and active investor, by commissioning considered voting on the Fund's behalf as shareholders, and by indirectly engaging with investee company management as part of the investment process.

The Committee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the Fund's managers have produced written guidelines of their process and practice in this regard. The managers are strongly encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies under Regulation 7(2)(f). The Committee monitor the voting decisions made by all its investment managers on a regular basis.

### **Engagement**

The Committee endorses the Stewardship Code as published by the Financial Reporting Council.

The Committee expects both the London CIV and any directly appointed fund managers to be signatories to the UK Stewardship Code 2020.

In addition, the Fund believes in collective engagement and is a member of the LAPFF, through which it collectively exercises a voice across a range of corporate governance issues. In addition to the Fund's compliance with the Stewardship Code, the Fund believes in collective engagement and is a member of the Local Authority Pension Fund Forum (LAPFF), through which it collectively exercises a voice across a range of corporate governance issues.

The Committee supports engagement activity that seeks to:

Achieve greater disclosure of information on the ESG-related risks that could affect the value of an investment

Achieve transparency of an investment's carbon exposure and how such companies are preparing for the transition to a low carbon economy

Encourage its asset managers to actively participate in collaborative engagements with other investors where this is deemed to be in the best interests of the Fund.

Further details are set out in the Fund's Responsible Investment Policy which can be found [here](#).

Investments made via the London Pool are subject to its Responsible Investment Policy, which is developed in consultation with all of the Pool's partner funds.

For and on behalf of London Borough of Brent Pension Fund Committee



## Appendix – Investment beliefs

### Core investment beliefs

**Clear and well defined objectives are essential to achieve future success** - the Committee is aware that there is a need to generate a sufficient level of return from the Fund's assets, while at the same time having a clear understanding of the potential risks and ensuring there is sufficient liquidity available to pay members' benefits as they fall due.

**Strategic asset allocation is a key determinant of risk and return, and thus is typically more important than manager or stock selection** - the Committee understands that having the appropriate strategy in place is a key driver of the Fund's future success. As a result, priority is given to more strategic investment matters. The Committee is aware that there is need to take investment risk in order to generate a sufficient level of return.

**Return and risk should be considered relative to the Fund's liabilities, funding position and contribution strategy** – the Committee believes that as the funding position of the Fund improves, the level of risk taken by the Fund should reduce as appropriate i.e. only take as much risk as necessary. The Committee believes that there exists a relationship between the level of investment risk taken and the rate of expected investment return. In reducing risk, the Fund's expected return would typically also reduce.

**Long term investing provides opportunities for enhancing returns** - As a long-term investor it is important that the Fund acts as an asset owner. As a long term investor, the Fund may choose to gain additional compensation by investing in assets that are illiquid or may be subject to higher levels of volatility (a premium return is required for any such investments).

**Equities are expected to generate superior long term returns** - the Committee believes that, over the longer term, equities are expected to outperform other liquid assets, in particular government bonds. However the Committee also recognise that equities can be highly volatile over the short-term.

**Diversification reduces the overall volatility of the Fund's asset returns** - the Committee believes that diversification across asset classes can help reduce the volatility of the Fund's overall asset value and improve its risk-return characteristics. However, the Committee also recognise that there is scope to over diversify and that any desire to diversify needs to be aligned to the Fund's governance arrangements.

**Passive management has a role to play in the Fund's structure** - The Committee recognises that passive management allows the Fund to access certain asset classes (e.g. equities) on a low cost basis and when combined with active management can help reduce the relative volatility of the Fund's performance. There is a belief that passive management is most suitable for markets that are deemed as being more efficient such as developed market equities.

**Active management can add value but is not guaranteed** – the Committee recognises that certain asset classes can only be accessed via active management. The Committee also recognises that active managers may be able to generate higher returns for the Fund (net of fees), or similar returns but at lower volatility, than equivalent passive exposure. There is a belief that active management is most suitable for markets that are deemed as being less efficient e.g. emerging market equities, specialist markets e.g. infrastructure or where views on the relative value of different asset classes are a targeted source of value e.g. DGF mandates.



**Private markets can offer opportunities** - Private markets can offer opportunities and give higher return due to higher illiquidity premia. However it is recognised that private markets can be more expensive, less transparent (e.g. fees and drivers of return), increase the Fund's governance burden and require ongoing maintenance to achieve target exposure. Such factors must be taken into account when considering such an allocation.

**The choice of benchmark index matters** – whilst active managers are expected to take ESG issues in their individual stock selection decisions, it is acknowledged that index-tracking managers will invest in line with the index set out in their mandate. The Committee recognises that, for each asset class, there is a range of benchmark indices that they could use. As a result, the Committee focus on the benchmark's underlying characteristics and consider how they may be appropriate for the Fund.

**Rebalancing policies are important** – the Committee recognises that rebalancing the Fund's assets towards the strategic asset allocation is important in achieving the Fund's longer term objectives, in particular following a period of strong or weak market performance.

**Fees and transaction costs matter** - The Committee considers the fees and costs of its investment arrangements to ensure the Fund is getting value for money and to minimise, as far as possible, any cost leakages from its investment process. It also does not seek to move in and out of investments regularly due to the cost drag. The Committee also seek to have transparency on the fees that it is paying to its providers.

**Governance "budget" matters** – The Committee recognises that the resources (and time) involved in deciding upon (and implementing) an investment strategy and structure play a part in any investment decisions made. A low governance approach to accessing markets is likely to be preferred if it can offer similar risk adjusted returns to alternative approaches.

**The London CIV is the Fund's preferred approach to implementation** – the Committee recognises the potential benefits of LGPS pooling. Their preferred route is to implement their investment strategy via the London CIV, subject to carrying out suitable due diligence on the CIV's investment offering.

### ESG-specific beliefs

**Environmental, social and corporate governance ('ESG') issues can have a material impact on the long term performance of its investments** - the Committee recognises that ESG issues can impact the Fund's returns. The Committee commits to an ongoing development of its ESG policy to ensure it reflects latest industry developments and regulations and ESG is integrated into strategic considerations.

**Climate change and the expected transition to a low carbon economy is a long term financial risk to Fund outcomes** - the Committee recognises that environmental issues can impact the Fund's returns. The Committee aims to be aware of, and monitor, financially material environmental-related risks and issues through the Fund's investment managers and advisors.

**Ongoing engagement is preferable to divestment** – The Committee believes that, in relation to ESG risks, ongoing engagement with investee companies is preferable to divestment. This engagement may be via our managers or alongside other investors (e.g. LAPFF). Where, over a considered period however, there is no evidence of a company making visible progress towards carbon reduction, we believe that divestment should be actively considered.

**We must act as responsible owners** – As asset owners in the 21st Century, we believe it is our responsibility to support the transition to a low carbon global economy, consistent with the aims of the

Paris 2016 Climate Change agreement to limit temperature increases by 2050 to a maximum of 2°C degrees.

**It is important for the Sub-Committee to integrate ESG issues when identifying investment opportunities** – we will consider opportunities to make investments with a positive social or environmental impact subject to the risk and return characteristics being acceptable. Investments expected to have a “positive impact” can be considered if they are consistent with the overall objectives of the Fund’s investment strategy.

**The Fund’s investment managers should embed the consideration of ESG factors into their investment process and decision-making** – Investment managers are responsible for implementing the Fund’s strategy. In this role, the managers should reflect the Fund’s desire for achieving long-term sustainable returns and improve corporate behaviour.

**We will generally avoid investing in the most harmful companies and sectors** – we believe we have a duty to consider the wider environmental and social impacts of investments. We believe that we should generally avoid investing in the most harmful companies and sectors.

**Disclosure is important** – we will encourage companies and investment managers to improve disclosure of their activity in relation to ESG issues. This will be addressed directly with managers, through involvement in the London CIV and also through membership of the LAPFF. We will also disclose the actions we are taking, including publishing this policy and incorporating our RI policies and approach into the way that we engage and communicate with members.

# **LONDON BOROUGH OF BRENT PENSION FUND**

## **MEMBER COMMUNICATIONS STRATEGY**

**2023**

## 1. Introduction

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

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

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

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

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

## 2. Communications with Scheme Members

Our aims for communicating with our scheme members are:

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

Key actions will be:

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

## Table of Actions

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

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

### Schedule of communications

Communication	Media	Frequency of Issue	Distribution	Audience
<a href="#">Pensions Website</a>	Web	Continually available. Updated as required	Advertised on all communications	All
<a href="#">Scheme booklet</a>	Web	Continually available. Updated as required	For viewing as required	All
Newsletters and scheme updates	Web or paper	As required	For viewing as required. Default distribution via website, members can opt out of paperless communications	All

### Schedule of communications

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

### Explanation of communications

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

**Scheme booklet** - A booklet providing detailed overview of the LGPS, including who can join, how

much it costs, the retirement and death benefits and how to purchase additional pension.

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

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

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

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

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

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

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

### 3. Communications with Prospective Scheme Members

Our aims for communicating with our prospective scheme members are:

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

Key actions will be:

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

#### Table of Actions

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

## Schedule of communications

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

## Explanation of communications

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

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

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

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

## 4. Communications with Scheme Employers

Our aims for communicating with our scheme employers are:

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

Key actions will be:

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



- working with relevant parties to admit new employers to the fund

#### Table of Actions

Action	Audience	Media	End of Year Review 2023
Meet with all new scheme employers to discuss responsibilities and requirements	Employers	Face to face/ Online	
Review and update the pension website	Employer	Web	
Work with LPPA and Scheme employers to implement PensionPoint.	Employer	Web	
Work with LPPA and Scheme employers to ensure accurate and timely data submissions	Employer	Email, phone calls or face to face	

#### Schedule of communications

Communication	Media	Frequency of Issue	Distribution	Audience
Contact sheet	Electronic	Annually	By email	All
<a href="#">Pensions Website</a>	Web	Continually available. Updated as required	Advertised on all communications	All
TUPE Manual and Admissions Policy	Web	Continually available. Updated as required	For viewing as required	Scheme employers and potential admitted bodies
Annual Report and Accounts	Web	Continually available. Replaced annually	For viewing as required.	All

#### Schedule of communications

Pension Fund Valuation reports	Electronic	Every three years	Via email	All
Funding Strategy Statement	Web	Continually available. Replaced every three years and updated as required	For viewing as required.	All

## Explanation of communications

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

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

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

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

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

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

## 5. Communications with Representatives of Members

### Pensions Committee

Our aims for communicating with Pensions Committee are:

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

Key actions will be:

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

## Table of Actions

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

### Schedule of communications

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

### Explanation of communications

**Pensions Committee Reports** – Formal reports written by Pension Fund officers and reviewed by Business Partners and a Senior Leadership Team member. Published on the [Brent.gov.uk](http://Brent.gov.uk) website

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

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

### Pensions Board

Our aims for communicating with the Local Pensions Board are:

- to provide information to enable the board to assist the Scheme Manager in executing their duties
- to provide information to ensure the board are kept informed of pension related matters

- to provide training with regards to investment and administration matters

Key actions will be:

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

#### Table of Actions

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

#### Schedule of communications

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

#### Explanation of communications

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

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

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

## **6. Other Stakeholders**

### **Pension Fund Manager (Finance)**

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

### **Local Pensions Partnership Administration**

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

### **Investment Fund Managers**

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

### **Trade Unions**

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

## **7. Member Contacts**

**Member Contacts** - for general administrative queries:

Brent Pensions  
LPPA  
PO Box 1383  
Preston  
PR2 0WR

**Telephone:** 0300 323 0260

[Member contact form](#)

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

**Email:** [engagement@localpensionspartnership.org.uk](mailto:engagement@localpensionspartnership.org.uk)

**Telephone:** 0300 323 0260

[Employer contact form](#)

### **London Borough of Brent Contact**

John Smith  
Pensions Manager  
Brent Pensions  
Brent Civic Centre  
Engineers Way  
Wembley. HA9 0FJ

**Email:** [pensions@brent.gov.uk](mailto:pensions@brent.gov.uk)

**Telephone:** 020 8937 3190

## **Appendix E – Glossary**

### **Accounting Policies**

The rules and practices adopted by the authority that determine how the transactions and events are reflected in the accounts.

### **Accruals**

Amounts included in the accounts for income or expenditure in relation to the financial year but not received or paid as at 31 March.

### **Active Management**

Active management or active fund management is where the fund manager makes specific investments with the aim of outperforming an investment benchmark.

### **Active Member**

Current employee who is contributing to a pension scheme.

### **Actuarial Assumptions**

The combined set of assumptions made by the actuary, regarding the future, to calculate the value of liabilities. The main assumptions will relate to the discount rate, salary growth, pension increases and longevity. More prudent assumptions will give a higher liability value, whereas more optimistic assumptions will give a lower value.

### **Actuarial Gains and Losses**

These arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains and losses) or the actuarial assumptions have been changed.

### **Actuarial Valuation**

A review of the Pension Fund by a qualified Actuary, which takes place every three years to ensure that employers' contributions are sufficient to maintain the solvency of the Fund in the long term.

### **Actuary**

An independent professional who advises the council on the financial position of the Fund. Every three years the actuary values the assets and liabilities of the Fund and determines the funding level and the employers' contribution rates.

### **Administering Authority**

A local authority with statutory responsibility for running a pension fund under LGPS regulations, in effect the Fund's "trustees". Within the geographical boundary of the London Borough of Brent this is Brent Council.

### **Admitted Bodies**

An organisation, whose staff can become members of the Fund by virtue of an admission agreement made between the council and the organisation. It enables contractors who take

on the Council's services with employees transferring to offer those staff continued membership of the Fund.

### **Alternative Investments**

Less traditional investments where risks can be greater but potential returns higher over the long term, for example investments in private equity partnerships, hedge funds, commodities, foreign currency, and futures.

### **Asset Allocation / Asset Mix**

The apportionment of the Fund's assets between different types of investments (or asset classes). The long-term strategic asset allocation of a Fund will reflect the Fund's investment objectives.

### **Auditor**

An independent qualified accountant who is required to verify and agree the Pension Fund Accounts and issue an opinion on their accuracy.

### **AVCs**

Additional voluntary contributions – An option available to active scheme members to secure additional pension benefits by making regular contributions to separately held investment funds managed by the Fund's AVC provider.

### **Benchmark**

A measure against which the investment policy or performance of an investment manager can be compared. e.g., for a global equity fund the benchmark against which it will be measured could be made up 70%/30% by overseas equities/UK equities. A target return is generally expressed as some margin over the benchmark.

### **Bond**

Investments, mainly in government stocks which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date, but which can be traded on a recognised stock exchange in the meantime.

### **Bulk Transfer**

A transfer of a group of members agreed by and taking place between two pension schemes.

### **Cessation Valuation**

A calculation carried out by the Actuary when an employer leaves the Fund, which may result in a final deficit payment becoming due to the Fund.

### **CIPFA (Chartered Institute of Public Finance and Accounting)**

CIPFA is the professional institute for accountants working in the public services. CIPFA publishes the code.

### **Common contribution rate**

The Fund-wide future service rate plus past service adjustment. It should be noted that this will differ from the actual contributions payable by individual employers.

**Commutation**

The conversion of an annual pension entitlement into a lump sum on retirement.

**Contingent Liability**

A possible loss, subject to confirmation by an event after the Balance Sheet date, where the outcome is uncertain in terms of cost.

**Covenant**

The assessed financial strength of the employer. A strong covenant indicates a greater ability (and willingness) to pay for pension obligations in the long run. A weaker covenant means that it appears that the employer may have difficulties meeting its pension obligations in full over the longer term.

**Creditors**

Amounts owed by the Council for goods and services received but not paid for as at 31 March.

**Debtors**

Amounts owed to the Council for goods and services provided but where the associated income was not received as at 31 March.

**Deferred Members**

Scheme members, who have left employment or ceased to be active members of the scheme whilst remaining in employment but retain an entitlement to a pension from the scheme.

**Defined Benefit Scheme**

A type of pension scheme, where the pension that will ultimately be paid to the employee is fixed in advance, and not impacted by investment returns. It is the responsibility of the sponsoring organisation to ensure that sufficient assets are set to meet the pensions promised.

**Deficit**

The shortfall between the assets value and the liabilities value. This relates to assets and liabilities built up to date, and ignores the future build-up of pension (which in effect is assumed to be met by future contributions).

**Derivative**

A derivative is a financial instrument which derives its value from the change in price (e.g. foreign exchange, rate, commodity price or interest rate) of an underlying investment (e.g. equities, bonds, commodities, interest rates, exchange rates and stock market indices), which no net initial investment or minimal initial investment and is settled at a future date.

**Discount rate**

The annual rate at which future assumed cash flows (in and out of the Fund) are discounted to the present day. This is necessary to provide a liabilities value which is consistent with the present day value of the assets, to calculate the deficit. A lower discount rate gives a higher liabilities value, and vice versa. It is similarly used in the calculation of the future service rate and the common contribution rate.



## **Dividends**

Income to the Fund on its holdings of UK and overseas shares..

## **Employer Contribution Rates**

The percentage of the salary of employees that employers pay as a contribution towards the employees' pension

## **Emerging Markets**

The financial markets of developing economies.

## **Equities**

Ordinary share in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

## **Exchange Traded**

This describes a financial contract which is traded on a recognised exchange such as the London Stock Exchange or the London International Financial Futures Exchange.

## **Financial Assets**

Financial assets are contractual obligations to deliver cash or another financial asset (e.g. creditors) or exchange financial assets or financial liabilities under potentially unfavourable conditions (e.g. derivatives)

## **Final Pay**

This is the figure used to calculate most of a member's pension benefits and is normally their pay in the last year before they retire, or one of the previous two years' pay if that amount is higher. For a part-time employee, the figure used is normally the pay they would have received had they worked whole time.

## **Fixed Interest Securities**

Investments in stocks mainly issued by governments, which guarantee a fixed rate of interest.

## **Forward Foreign Exchange Derivative**

Forward foreign exchange derivatives are over the counter contracts whereby two parties agree to exchange two currencies on a specified future date at an agreed rate of exchange

## **FTSE**

A company that specialises in index calculation. Although not part of a stock exchange, co-owners include the London Stock Exchange and the Financial Times. They are best known for the FTSE 100, an index of the top 100 UK companies (ranked by size).

## **Fund Manager**

A firm of professionals appointed by the Pension Fund Sub-Committee to carry out day to day investment decisions for the Fund within the terms of their Investment Management Agreement.

**Funding Level**

The ratio of assets value to liabilities value.

**Funding Target**

The amount of assets which the Fund needs to hold at any point in time to meet all benefits promised.

**Future service rate**

The actuarially calculated cost of each year's build-up of pension by the current active members, excluding members' contributions but including Fund administrative expenses. This is calculated using a chosen set of actuarial assumptions.

**Gilts**

Fixed-interest bonds issued by the British government, i.e., a promise by the Government to pay interest and capital as per the terms of that particular gilt, in return for an initial payment of capital by the purchaser. Gilts can be "fixed interest", where the interest payments are level throughout the gilt's term, or "index-linked" where the interest payments vary each year in line with a specified index (usually RPI). Gilts can be bought as assets by the Fund, but their main use in funding is as an objective measure of solvency. They are the equivalent of U.S. Treasury securities.

**Global Custodian**

A bank that looks after the Fund's investments, implements investment transactions as instructed by the Fund's managers and provides reporting, performance and administrative services to the Fund.

**Guarantor**

A body which guarantees to pay for an Admitted Body's liabilities in case of default. For any new Admitted Body wishing to join the Fund, the Administering Authority will require a Guarantor. The presence of a Guarantor will mean, for instance, that the Fund can consider the employer's covenant to be as strong as its Guarantor's.

**Hedge Fund**

A specialist fund that seeks to generate consistent returns in all market conditions by exploiting opportunities resulting from inefficient markets.

**Hedging**

A strategy which aims to eliminate a risk in an investment transaction (both upside and downside potential). Often used in the context of overseas investments to eliminate the impact of currency movements.

**Income Yield**

Annual income on an investment divided by its price and expressed as a percentage.

**Index**

A calculation of the average price of share, bonds or other assets in a specified market to provide an indication of the average performance and general trends in the market.

## **Index-Linked Securities**

Investments which generate returns in line with an index.

## **Investment Adviser**

A professionally qualified individual or company whose main livelihood is derived from providing objective, impartial investment advice to companies, pension funds or individuals.

## **Letting employer**

An employer which outsources or transfers a part of its services and workforce to another employer (usually a contractor). The contractor will pay towards the LGPS benefits accrued by the transferring members, but ultimately the obligation to pay for these benefits will revert to the letting employer. A letting employer will usually be a local authority, but can sometimes be another type of employer such as an Academy.

## **LGPS**

Local Government Pension Scheme – a nationwide scheme for employees working in local government or working for other employers participating in the scheme. Government Regulations dictate eligibility (particularly for Scheduled Bodies), members' contribution rates, benefit calculations and certain governance requirements. The LGPS is divided into 101 Funds which map the UK. Each LGPS Fund is autonomous to the extent not dictated by Regulations, e.g., regarding investment strategy, employer contributions and choice of advisers.

## **Liabilities**

The actuarially calculated present value of all pension entitlements of all members of the Fund, built up to date. This is compared with the present market value of Fund assets to derive the deficit. It is calculated on a chosen set of actuarial assumptions.

## **Mandate**

A set of instructions given to the fund manager by the client as to how a fund is to be managed (e.g., targets for performance against a benchmark may be set or the manager may be prohibited from investing in certain stocks or sectors).

## **Market Value**

The “on paper” value of a security at a specific point in time. It is calculated by multiplying the number of shares held by market price of that share in sterling terms.

## **Maturity**

A general term to describe a Fund (or an employer's position within a Fund) where the members are closer to retirement (or more of them already retired) and the investment time horizon is shorter. This has implications for investment strategy and, consequently, funding strategy.

## **Members**

The individuals who have built up (and may still be building up) entitlement in the Fund. They are divided into actives (current employee members), deferreds (ex-employees who have not

yet retired) and pensioners (ex-employees who have now retired, and dependants of deceased ex-employees).

### **Orphan Liabilities**

Residual liabilities of employers from whom no further funding can be obtained.

### **Outperformance / underperformance**

The difference in returns gained by a particular fund against the “average” fund or an index over a specified time period, i.e., a target for a fund may be outperformance of a given benchmark over a three-year period.

### **Over The Counter**

This describes a financial contract which is potentially unique as they are not usually traded on a recognised exchange.

### **Past service adjustment**

The part of the employer’s annual contribution which relates to past service deficit repair.

### **Passive Management**

Passive management is where the investments mirror a market index.

### **Performance**

A measure, usually expressed in percentage terms, of how well a fund has done over a particular time period – either in absolute terms or as measured against the “average” fund of a particular benchmark.

### **Pooled Investment Fund**

A collective investment scheme that works by pooling money from different individual investors.

### **Pooling**

Employers may be grouped together for the purpose of calculating contribution rates, so that their combined membership and asset shares are used to calculate a single contribution rate applicable to all employers in the pool. A pool may still require each individual employer to ultimately pay for its own share of deficit, or (if formally agreed) it may allow deficits to be passed from one employer to another.

### **Pooled Investment Vehicles**

Funds which manage the investment of more than one investor on a collective basis. Each investor is allocated units which are revalued at regular intervals. Income from these investments is normally returned to the pooled fund and increases the value of the units.

### **Projected Unit Method – Pension Fund Valuation**

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- The benefits for pensioners and deferred pensioners (i.e individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases and
- The accrued benefits for members in service on the valuation date

### **Portfolio**

Term used to describe all investments held.

### **Private Equity**

Mainly specialist pooled partnerships that invest in private companies not normally traded on public stock markets – these are often illiquid (i.e., not easily turned into cash) and higher-risk investments that should provide high returns over the long term.

### **Profile**

The profile of an employer's membership or liability reflects various measurements of that employer's members, i.e., current and former employees. This includes: the proportions which are active, deferred or pensioner; the average ages of each category; the varying salary or pension levels; the lengths of service of active members vs their salary levels, etc. A membership (or liability) profile might be measured for its maturity also.

### **Rates and Adjustments Certificate**

A formal document required by the LGPS Regulations, which must be updated at least every three years at the conclusion of the formal valuation. This is completed by the actuary and confirms the contributions to be paid by each employer (or pool of employers) in the Fund for the three-year period until the next valuation is completed.

### **Recovery Period**

Timescale allowed over which surpluses or deficiencies to the Fund can be eliminated.

### **Related Parties**

Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party: or
- The parties are subject to common control from the same source; or
- One party has influence over the financial and operational policies of the other party, to an extent that the other party might be inhibited from pursuing at all times its own separate interests: or
- The parties, in entering a transaction are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

### **Related Parties Transaction**

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party, irrespective of whether a charge is made. Examples: of related party transaction include:

- The purchase, sale, lease, rental or hire of assets between related parties;

- The provision by a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund
- The provision of services to a related party, including the provision of pension fund administration services and
- Transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents and payment of benefits.

### **Recovery Period**

Timescale allowed over which surpluses or deficiencies to the Fund can be eliminated.

### **Regulations**

The Scheme is governed by Regulation approved by Parliament. Necessary amendments are made to these Regulations by means of Statutory Instruments.

### **Return**

The total gain from holding an investment over a given period, including income and increase or decrease in market value.

### **Risk**

Generally taken to mean the variability of returns. Investments with greater risk must usually promise higher returns than more “stable” investments before investors will buy them.

### **Scheduled Bodies**

An organisation that has the right to become a member the Local Government Pension Scheme under the scheme regulations. Such an organisation does not need to be admitted, as its right to membership is automatic.

### **Securities**

Investment in company shares, fixed interest or index-linked stocks.

### **Solvency**

When the Fund’s assets are greater than or equal to 100% of the Funding Target, which is the liabilities value.

### **SONIA**

Sterling Overnight Index Average – the average of the interest rates that financial institutions charge banks to borrow sterling overnight. It is often used as a benchmark to set other interest rates or to measure returns on investments.

### **Stabilisation**

Any method used to smooth out changes in employer contributions from one year to the next. This is very broadly required by the LGPS Regulations, but in practice is particularly employed for large stable employers in the Fund. Different methods may involve: probability-based modelling of future market movements; longer deficit recovery periods; higher discount rates; or some combination of these.

## **Statement of Investment Principles**

Requirement, arising from the Pensions Act 1995, that all occupational pension plan trustees must prepare and maintain a written Statement of Investment Principles outlining policy on various investment matters (e.g., risk, balance between real and monetary assets, realisability of assets, etc.).

## **The Code**

The Code incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting standards. It sets out the proper accounting practice to be adopted for the statement of Accounts to ensure they 'present fairly' the financial position of the Council. The code has statutory status via the provision of the Local Government Act 2003.

## **Theoretical contribution rate**

The employer's contribution rate, including both future service rate and past service adjustment, which would be calculated on the standard actuarial basis, before any allowance for stabilisation, or other agreed adjustment.

## **Transfer Value**

Capital value transferred to or from a scheme in respect of a contributor's previous periods of pensionable employment.

## **Unit Trust**

A method which allows investors' money to be pooled and used by fund managers to buy a variety of securities.

## **Unrealised Gain/Losses**

The increase or decrease in the market value of investments held by the fund since the date of their purchase.

## **Valuation**


An actuarial investigation to calculate the liabilities, future service contribution rate and common contribution rate for a Fund, and usually individual employers too. This is normally carried out in full every three years (last done as at 31 March 2019), but can be approximately updated at other times. The assets value is based on market values at the valuation date, and the liabilities value and contribution rates are based on long term bond market yields at that date also.

## **Yield Curve**

A graphic line chart that shows interest rates at a specific point for all securities having equal risk, but different maturity dates. For bonds, it typically compares the two- or five-year Treasury with the 30-year Treasury.

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 <b>Brent</b>	<p align="center"><b>Brent Pension Fund Sub-Committee</b> 08 October 2025</p>
	<p align="center"><b>Report from the Corporate Director, Finance and Resources</b></p>
<p><b>2025 Triennial Valuation – Whole Fund Results and Funding Strategy Statement Update</b></p>	
<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not Applicable
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Part Exempt - 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)"
<b>List of Appendices:</b>	Three: Appendix 1: Actuarial valuation on 31 March 2025 - Initial Results (Exempt) Appendix 2: Funding Strategy Statement (FSS) – September 2025 Hymans Robertson update (Open) Appendix 3: Draft Funding Strategy Statement 2026 (Open)
<b>Background Papers:</b>	One: 2023 Funding Strategy Statement
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Minesh Patel, Corporate Director, Finance and Resources <a href="mailto:minesh.patel@brent.gov.uk">minesh.patel@brent.gov.uk</a> 020 8937 4043  Amanda Healy, Deputy Director of Finance <a href="mailto:amanda.healy@brent.gov.uk">amanda.healy@brent.gov.uk</a> 020 8937 5912  Sawan Shah, Head of Finance <a href="mailto:sawan.shah@brent.gov.uk">sawan.shah@brent.gov.uk</a> 020 8937 1955  George Patsalides, Finance Analyst <a href="mailto:george.patsalides@brent.gov.uk">george.patsalides@brent.gov.uk</a>

## **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 reports from the Fund Actuaries, Hymans Robertson, on the initial results and review of the Funding Strategy Statement (FSS).

## **2.0 Recommendation(s)**

The Committee is asked to:

- 2.1 Note the update on the 2025 valuation.
- 2.2 Note the initial results and the improved funding position since the 2022 valuation.
- 2.3 Note the key changes for the 2025 Funding Strategy Statement (FSS), that the draft FSS will be consulted with employers as required by LGPS Regulations, and that the FSS will come back to the committee in February 2026 for formal ratification.

## **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%.

### 3.3 **Timetable**

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

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

### 3.4 Initial Results

- 3.4.1 The whole fund results look at the overall funding level. Various employers will have different funding levels based on contribution rates in the past. Some will also have very different levels of risks, such as smaller bodies with no guarantee are a high risk whereas academies are guaranteed in effect by the Department for Education.
- 3.4.2 The initial results of the 31 March 2025 triennial valuation have been received from the Fund Actuary, Hymans Robertson and are attached in restricted Appendix 1. They also explain why the funding position has changed since the last valuation in 2022.
- 3.4.3 The high level funding results are summarised below.

<b>Valuation Date</b>	<b>31 March 2025 (£m)</b>	<b>31 March 2022 (£m)</b>	<b>31 March 2019 (£m)</b>
Liabilities	1,162	1,296	1,104
Assets	1,313	1,134	856
Surplus/(Deficit)	151	(162)	(248)
Funding Level	113%	87%	78%

- 3.4.4 The results show an improvement in the Fund's funding position since the last valuation in 2022. The Fund is now in a surplus position, meaning the value of its assets is higher than the estimated value of its long-term pension liabilities. The overall funding level has improved to 113% compared to 87% at the previous valuation and 78% at the 2019 valuation.
- 3.4.5 The next stage of the valuation process will focus on analysing data at the individual employer level to set individual employer contribution rates from 1 April 2026. Draft employer results will be issued later in the Autumn and the Fund will also be holding an employers' forum in November 2025 to communicate the valuation results to the employers.

### 3.5 Funding Strategy Statement

- 3.5.1 A 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.
- 3.5.2 In January 2025, updated guidance for preparing and maintaining a FSS was published by Ministry of Housing, Communities and Local Government (MHCLG), the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Scheme Advisory Board's (SAB's) Compliance and Reporting committee published new guidance for LGPS funds when preparing the FSS. It replaces the 2016 guidance produced by CIPFA and developments include:

- Funds must now write their FSS in clear, non-technical language and adopt a common structure and terminology.
- Employer Lifecycle Coverage – Each FSS must explain how contribution rates are set when an employer joins the fund, at each valuation, and as the employer approaches exit. It should also outline how exit debts or credits will be managed.
- Stronger Consultation Requirements – The guidance sets out best practice for meaningful consultation, including early publication of a timetable, concise materials, and engagement with all relevant stakeholders such as employers, guarantors and the Local Pensions Board.
- Funds should also provide more information in the FSS to explain the impact of employers being in surplus or deficit, recognising a varying effect across different employer groups.

3.5.3 A full review of the FSS document has been carried out to ensure the document is compliant with the updated guidance and attached in Appendix 2 is an update from the Fund Actuary to highlight the key changes being considered for the 2025 FSS review. These include:

- Structural changes – two new parts to the FSS - Key Funding Principles and Employer Events
- Effective date and coverage: Revised FSS takes effect 1 April 2026, following the 31 March 2025 valuation, and governs contribution rates for 1 April 2026–31 March 2029
- Recommendation of regular annual reviews of the FSS

3.5.4 In addition, a new policy has been introduced to the FSS to outline how individual employer contribution rates may be reviewed in-between valuations. The Fund may consider a review of employer contribution rates in such circumstances which could materially impact its funding position. This may be when an employer is exiting the Fund earlier than expected, substantial changes in membership structure, or failure to pay the required level of contributions to the Fund. It also outlines the Fund's policy on employer requests for contribution rate reviews.

3.5.5 The draft FSS for April 2026 is attached as Appendix 3.

3.5.6 In line with LGPS regulations, the FSS will be subject to formal consultation with employers. This is currently scheduled for autumn 2025. The final version of the FSS will be presented to the Sub-committee at the February 2026 meeting for approval and will incorporate any amendments from comments received during the consultation period.

#### **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. The triennial valuation will set employer contribution rates for the following three financial years. Employer contributions are the single largest component in the Pension Fund's yearly cash inflow. Appropriate contribution rates by the various employers are necessary for the stability of the Pension Fund.
- 5.2 The Fund is required to produce an FSS which sets out the underlying assumptions and principles that are adopted when valuing the Fund's liabilities and setting contribution rates.

## **6.0 Legal Considerations**

- 6.1 The valuation is a statutory process conducted every three years that ensures the Pension Fund is both compliant with LGPS regulations and has a viable long-term funding strategy.

## **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.

**Related document for reference:**  
2023 Funding Strategy Statement

**Report sign off:**

***Minesh Patel***

Corporate Director, Finance and Resources

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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 Pension Fund – 2025 FSS drafting guide

This document provides a summary of the changes made to the Brent Pension Fund Funding Strategy Statement in September 2025, in preparation of the 2025 valuation FSS consultation and in response to recent [updated guidance](#) provided by SAB/MHCLG/CIPFA.

- **This is mainly an update of the core FSS only**, the other funding policies which are appended to the FSS should be reviewed and updated separately.
- **The ‘effective date’ of the revised FSS is 1 April 2026**. This means that all employer work from this date will be carried out in line with the requirements of this FSS document, and all existing employer work will be carried out in line with the existing FSS. This is consistent with current practice, but we have made this point explicit in the FSS. This is consistent with a valuation date of 31 March 2025, as this valuation determines contribution rates payable from 1 April 2026 to 31 March 2029, which is the period covered by this FSS.
- **There are two parts to the new FSS**, to align with the structure of the FSS guidance, i.e. relating to 1, Key Funding Principles, and 2 – Employer events. The subheadings within these parts are unchanged relative to the previous FSS.
- Some of the changes may use language that is new for your FSS (e.g. reference to ‘resolution bodies’ and definition of employer groups using the SAB Tiers). This is intentional, and in line with the requirement in the guidance for **consistent terms to be set across funds’ FSSs** so it is easier for employers participating in multiple funds to compare funding policies across funds.
- **Regular reviews of the FSS** – the new guidance includes a requirement for funds to set out how often the FSS is reviewed, and an annual review is recommended. Wording has been added to section 1 to recognise this.
- You may wish to check that the **links to other documents** (held on your website) remain appropriate and add any new links that may be required (these have been flagged by comments in the word document).
- Text had been added to reflect the fund’s position on the use of **non-cash funding options**.
- **No changes have been made to section 3**, which sets out **additional contributions that may be payable** by employers, but please update this as appropriate given any recent changes on the fund’s policy relating to these payments.
- **No changes have been made to section 4**, which sets out how the fund determine asset shares for employers.
- **Minor changes have been made to section 5**.
- **No changes have been made to section 6 (bulk transfers)**.
- **Minor changes have been made to section 7 (cessations)** to provide clarity around guarantors of last resort and subsumption.
- **The FSS now includes a glossary** (appendix C), as is required under the new guidance.
- **The section on climate risk and TCFD reporting has been updated** following the work alongside the contribution rate modelling.
- **The assumptions appendix has been updated** following agreement to the final 2025 valuation assumptions, including the update to the fund’s low-risk exit basis to move to a risk-based approach (as per the ongoing participation basis methodology).

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# Brent Pension Fund Funding Strategy Statement April 2026

Effective date	1 April 2026
Previous valuation date	31 March 2025
Date approved	
Next review	March 2029
Prepared in accordance with SAB / CIPFA / MHCLG guidance dated	January 2025

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# 1 Purpose of the Brent Pension Fund and the Funding Strategy Statement

The Local Government Pension Scheme (LGPS) regulations require funds to maintain and publish a funding strategy statement (FSS). According to the Ministry for Housing, Communities and Local Government (MHCLG) the purpose of the FSS is to document the processes the administering authority uses to:

- *establish a clear and transparent fund-specific strategy identifying how employers' pension liabilities are best met going forward*
- *support the desirability of maintaining as constant and stable primary contribution rate as possible, as defined in Regulation 62(5) of the LGPS Regulations 2013*
- *ensure that the regulatory requirements to set contributions to ensure the solvency and long-term cost efficiency of the fund are met*
- *explain how the fund balances the interests of different employers*
- *explain how the fund deals with conflicts of interest and references other policies/strategies.*

You can find more information about the LGPS at [www.lgpsmember.org](http://www.lgpsmember.org) and about the regulatory framework in [Appendix A](#).

This document sets out the FSS for Brent Pension Fund (the Fund). If you have any queries about the FSS, contact [sawan.shah@brent.gov.uk](mailto:sawan.shah@brent.gov.uk).

The Brent Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by the Brent Council, known as the administering authority. The administering authority runs the Fund on behalf of participating employers, their employees and current and future pensioners. You can find out more about roles and responsibilities in [Appendix B](#).

Brent Council worked with the fund's actuary, Hymans Robertson, to prepare this FSS which is effective from 1 April 2026, and is expected to remain in force until 31 March 2029 at the latest, unless an interim review is carried out prior to then. [LGPS Regulations](#) (specifically Regulation 62) require an actuarial valuation to be carried out every three years, under which contribution rates for all participating employers are set for the following three years. This FSS sets out the assumptions and methodology underpinning the 2025 actuarial valuation actuarial exercise.

## 1.1 What are the funding strategy objectives?

The funding strategy objectives are to:

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

The Fund engages with employers when developing funding strategy in a way which balances the risk appetite of stakeholders. The funding strategy therefore reflects the specific characteristics of its fund employers and its own investment strategy.

## 1.2 Who is the FSS for?

The FSS is mainly for employers participating in the Fund, because it sets out how money will be collected from them to meet the Fund's obligations to pay members' benefits.

Different types of employers participate in the Fund:

### Scheduled bodies

Employers who are specified in a schedule to the LGPS regulations, including councils and employers like academies and further education establishments. Scheduled bodies must give employees access to the LGPS if they can't accrue benefits in another pension scheme, such as another public service pension scheme.

### Designating employers (otherwise known as Resolution bodies)

Employers like town and parish councils can join the LGPS through a resolution. If a resolution is passed, the Fund can't refuse entry. The employer then decides which employees can join the scheme.

### Admission bodies

Other employers can join through an admission agreement. The Fund can set participation criteria for them and can refuse entry if the requirements aren't met. This type of employer includes contractors providing outsourced services like cleaning or catering to a scheduled body.

Some existing employers may be referred to as **community admission bodies** (CABs). CABs are employers with a community of interest with another scheme employer. Others may be called **transferee admission bodies** (TABs), that provide services for scheme employers. These terms aren't defined under current regulations but remain in common use from previous regulations.

The Scheme Advisory Board refer to three different tiers of employers which may participate in the LGPS, specifically:

- Tier 1 – Local Authorities (including contractors participating in the LGPS with Local Authority backing)
- Tier 2 – Academy Trusts and Further Education Institutions (Colleges).
- Tier 3 – Standalone employers with no local or national taxpayer backing. Include universities, housing associations and charities.

## 1.3 How is the funding strategy specific to the Brent Pension Fund?

The funding strategy reflects the specific characteristics of the Fund employers and its own investment strategy.

## 1.4 How often is the Funding Strategy Statement reviewed?

The FSS is reviewed in detail at least every three years ahead of the triennial actuarial valuation and an annual check is carried out in the intervening years.

Any amendments will be consulted on and approved by the Pensions Committee.

Amendments to the FSS may be in the following circumstances:

- material changes to the scheme benefit structure (e.g. HM Treasury-led)
- on the advice of the fund actuary



- significant changes to investment strategy or if there has been significant market volatility which impacts the FSS or goes beyond FSS expectation
- if there have been significant changes to the fund membership and/or Fund maturity profile
- if there have been significant or notable changes to the number, type, or individual circumstances of any of the employing authorities to such an extent that they impact on the funding strategy (e.g. exit/restructuring/failure) which could materially impact cashflow and/or maturity profile and/or covenant)
- if there has been a material change in the affordability of contributions and/or employer(s) financial covenant strength which has an impact on the FSS.
- recommendations from MHCLG/GAD.

In undertaking such reviews, the administering authority should consider:

- looking at experiences in relation to long-term funding assumptions (in terms of both investment income and forecast contributions income) and consequences of actions taken by employers (e.g. pay awards and early retirements)
- the implications for the funding strategy and, if significant, determine what action should be taken to review the FSS
- the implications arising from the funding strategy for meeting the liabilities of individual employers and any amendments required to the ISS
- consulting with individual employers specifically impacted by any changes as an integral part of the monitoring and review process

A review won't necessarily lead to rates changes for individual employers but could impact admissions, terminations, approach to managing risk and employer risk assessment.

### **1.5 Links to Administration Strategy**

The Fund maintains an Administration Strategy Statement which outlines the responsibilities, standards and procedures for employers and the Fund. A copy of this can be found [here](#).

Adherence with the requirements of the Administration Strategy Statement is crucial to ensure the well-running of the pension Fund and any failure to do so may lead to uncertainty around the value of an employer's liabilities and the need for prudent assumptions to fill any data gaps.

### **1.6 Actuarial valuation report**

The actuarial valuation report sets out 1) the actuary's assessment of the past service funding position, and 2) the contributions required to ensure full funding by the end of the time horizon. The Rates and Adjustments certificate shows the contribution rates payable by each employer (which may be expressed as a percentage of payroll and/or monetary amounts).

## PART A – Key Funding Principles

### 2 How does the Fund calculate employer contributions?

#### 2.1 Calculating contribution rates

Employee contribution rates are set by the LGPS regulations.

Employer contributions rates are determined by a mandatory actuarial valuation exercise and are made up of the following elements:

- **the primary contribution rate** – contributions payable towards future benefits
- **the secondary contribution rate** – the difference between the primary rate and the total employer contribution

The primary rate also includes an allowance for the Fund's expenses.

The fund actuary uses a model to project each employer's asset share over a range of future economic scenarios. The contribution rate takes each employer's assets into account as well as the projected benefits due to their members. The value of the projected benefits is worked out using employer membership data and the assumptions in [Appendix E](#).

The total contribution rate for each employer is then based on:

- **the funding target** – how much money the Fund aims to hold for each employer
- **the time horizon** – the time over which the employer aims to achieve the funding target
- **the likelihood of success** – the proportion of modelled scenarios where the funding target is met.

This approach takes into account the maturing profile of the membership when setting employer contribution rates.

The approach taken by the fund actuary helps the Fund meet the aim of maintaining as stable a primary employer contribution rate as possible.

#### 2.2 The contribution rate calculation

**Table 1: contribution rate calculation for individual or pooled employers**

Type of employer	Scheduled bodies			CABs and designating employers		TABs
Sub-type	Local authorities	Academies converted from LEA	Free Schools	Open to new entrants	Closed to new entrants	(all)
SAB Tier	Tier 1	Tier 2	Tier 2	Tier 3	Tier 3	Tier 1
<b>Funding target*</b>	Ongoing	Ongoing	Ongoing	Ongoing, but may move to low-risk exit basis		Ongoing

<b>Minimum likelihood of success</b>	80%	80%	80%	80%	80%	80%
<b>Maximum time horizon</b>	20 years	20 years	20 years	15 years	Average future working lifetime	Same as letting employer
<b>Primary rate approach**</b>	The contributions must be sufficient to meet the cost of benefits earned in the future with the required likelihood of success at the end of the time horizon, expressed as a percentage of pensionable pay					
<b>Secondary rate</b>	The difference between the total contribution rate payable (determined as per 2.1) and the primary rate. Negative adjustments are expressed as a percentage of payroll and positive adjustments can be expressed as a percentage of payroll or monetary amounts (for mature closed employers).					
<b>Stabilised contribution rate?</b>	Yes	Yes	No	No	No	No
<b>Treatment of surplus (assessed at valuation date)</b>	Covered by stabilisation arrangement		Total contribution rate must be set at least at the primary rate. However, reductions may be permitted by the administering authority subject to additional consideration of the low-risk exit basis position.			
<b>Phasing of contribution changes</b>	Covered by stabilisation arrangement		3 years			

\* See [Appendix E](#) or further information on funding targets.

\*\* The Primary Rate for the Whole Fund is the weighted average (by payroll) of the individual employers' primary rates

Employers participating in the Fund under a pass-through agreement will pay a contribution rate as agreed between the contractor and letting employer, subject to administering authority approval.

The Fund manages funding risks as part of the wider risk management framework, as documented in the Fund's risk register. The funding-specific risks identified and managed by the Fund are set out in [Appendix D](#).

### 2.3 Making contribution rates stable

Making employer contribution rates reasonably stable is an important funding objective. Where appropriate, contributions are set with this objective in mind. The Fund may adopt a stabilised approach to setting contributions for individual employers, which keeps contribution variations within a pre-determined range from year-to-year. Stabilisation criteria and limits are reviewed during each triennial valuation process.

In light of both sustained past service funding position improvements and increased market volatility and economic uncertainty, the administering authority believes a stabilised approach remains a prudent long-term strategy and the robustness of this approach was once again tested by extensive asset liability modelling (ALM) carried out by the Fund actuary at the 31 March 2025 funding valuation.

**Table 2: current stabilisation approach**

Type of employer	Local authorities, Academies converted from LEA
Maximum contribution increase per year	+1.5% of pay
Maximum contribution decrease per year	-1.5% of pay

The administering authority may exercise discretion over the phasing of annual contribution rate increases or decreases subject to a maximum increase/decrease of 4.5% of pay over the 3-year inter-valuation period.

## 2.4 How does the funding strategy link to the investment strategy

The funding strategy sets out how money will be collected from employers to meet the Fund's obligations. Contributions, assets and other income are then invested according to an investment strategy set by the administering authority. You can find the Fund's investment strategy in its Investment Strategy Statement (ISS).

The funding and investment strategies are closely linked. The Fund must be able to pay benefits when they are due – those payments are met from a combination of contributions (through the funding strategy) and asset returns and income (through the investment strategy). If investment returns or income fall short the Fund won't be able to pay benefits, so higher contributions would be required from employers.

The investment strategy is set considering the Fund's long-term funding requirements and its investment risk appetite. The fund's current strategic investment strategy is summarised in the table below.

Asset class	Allocation
Equities	52.5%
Property	2.5%
Infrastructure	5.0%
Private Debt	5.0%
Diversified Growth	20.0%
Multi Asset Credit	5.0%
Gilts	10.0%

## 2.5 Does the funding strategy reflect the investment strategy?

The funding policy is consistent with the investment strategy. Future investment return expectations are set with reference to the investment strategy, including a margin for prudence which is consistent with the regulatory requirement that Funds take a 'prudent longer-term view' of funding liabilities (see [Appendix A](#))

## 2.6 Reviewing contributions between valuations

The Fund may amend contribution rates between formal valuations, in line with its policy on contribution reviews. The Fund's policy is available in Appendix F. The purpose of any review is to establish the most appropriate contributions. A review may lead to an increase or decrease in contributions.

## 2.7 What is pooling for funding and contribution rate purposes?

A single contribution rate is payable by all employers in the pool and individual funding positions are not tracked.

## 2.8 What is pooling for contribution rate purposes only?

A single contribution rate is payable by all employers in the pool and individual funding positions are tracked, by the Fund actuary.

Contribution rates can be volatile for smaller employers that are more sensitive to individual membership changes, pooling across a group of employers minimises this.

As individual funding positions are tracked, some employers may be better funded or more poorly funded than the pool average. In this type of pooling arrangement, employers do not target full funding at exit. If an employer leaves the Fund, the cessation valuation is based on their own funding position rather than the pool average.

CABs that are closed to new entrants aren't usually allowed to enter a pool.

TABs are usually also ineligible for pooling (with other TABs). Where pass-through is in place, a TAB will be pooled with the letting authority.

The current contribution rate pools are:

- LEA schools generally pool with the Council, although there may be exceptions for specialist or independent schools
- Academies may be pooled within their Multi-Academy Trust

## 2.9 Administering authority discretion

Individual employers may be affected by circumstances not easily managed within the FSS rules and policies. If this happens, the administering authority may adopt alternative funding approaches on a case-by-case basis.

Additionally, the administering authority may allow greater flexibility to the employer's contributions if added security is provided. Flexibility could include things like a reduced contribution rate, extended time horizon, or permission to join a pool. Added security may include a suitable bond, a legally binding guarantee from an appropriate third party, or security over an asset.

The Fund may, at its absolute discretion, permit the prepayment of employer contributions in specific circumstances.

## 2.10 Non cash funding

The Fund will not accept any form of non-cash assets in lieu of contributions.

## 2.11 Managing surpluses and deficits

The funding strategy is designed to ensure that all employers are at least fully funded on a prudent basis at the end of their own specific time horizon. The uncertain and volatile nature of pension scheme funding means that it is likely there will be times when employers are in surplus and times when employers are in deficit. The funding strategy recognises this by 1) including sufficient prudence to manage the effect of this over the time horizon, and 2) making changes to employer contribution rates to ensure the funding strategy objectives are met.

Fluctuations in funding positions are inevitable over the time horizon, due to market movements and changing asset values, which could lead to the emergent of deficits and surplus from time to time, and lead to changes in employer contribution rates.

### 3 What additional contributions may be payable?

#### 3.1 Pension costs – awarding additional pension and early retirement on non ill-health grounds

If an employer awards additional pension as an annual benefit amount, they pay an additional contribution to the Fund as a single lump sum. The amount is set by guidance issued by the Government actuary's Department and updated from time to time.

If an employee retires before their normal retirement age on unreduced benefits, employers will be asked to pay additional contributions called strain payments.

Employers typically make strain payments as a single lump sum, though strain payments may be spread over an appropriate period if the administering authority agrees.

#### 3.2 Pension costs – early retirement on ill-health grounds

If a member retires early because of ill-health, their employer must pay a funding strain, which may be a large sum.

The administering authority does not offer any arrangement to mitigate this. Individual employers should make their own arrangements if they are concerned about the risk of unmanageable ill-health strain costs.

Employers must tell the administering authority if the policy ends or if there are any changes to coverage or premium.

## 4 How does the Fund calculate assets and liabilities?

### 4.1 How are employer asset shares calculated?

The Fund adopts a cashflow approach to track individual employer assets.

Each Fund employer has a notional share of the Fund's assets, which is assessed yearly by the actuary. The actuary starts with assets from the previous year-end, adding cashflows paid in/out and investment returns to give a new year-end asset value. The fund actuary makes a simplifying assumption, that all cashflow and investment returns have been paid uniformly over the year. This assumption means that the sum of all employers' asset values is slightly different from the Whole Fund asset total over time. This minimal difference is split between employers in proportion to their asset shares at each valuation.

If an employee moves one from one employer to another within the Fund, assets equal to the cash equivalent transfer value (CETV) will move from the original employer to the receiving employer's asset share. These are calculated on an annual basis.

Alternatively, if employees move when a new academy is formed or an outsourced contract begins, the fund actuary will calculate assets linked to the value of the liabilities transferring.

### 4.2 How are employer liabilities calculated?

The Fund holds membership data for all active, deferred and pensioner members. Based on this data and the assumptions in [Appendix E](#), the fund actuary projects the expected benefits for all members into the future. This is expressed as a single value – the liabilities – by allowing for expected future investment returns.

Each employer's liabilities reflect the experience of their own employees and ex-employees.

### 4.3 What is a funding level?

An employer's funding level is the ratio of the market value of asset share against liabilities. If this is less than 100%, the employer has a shortfall: the employer's deficit. If it is more than 100%, the employer is in surplus. The amount of deficit or surplus is the difference between the asset value and the liabilities value.

Funding levels and deficit/surplus values measure a particular point in time, based on a particular set of future assumptions. While this measure is of interest, for most employers the main issue is the level of contributions payable. The funding level does not directly drive contribution rates. See section 2 for further information on rates.

## PART B – Employer Events

### 5 What happens when an employer joins the Fund?

#### 5.1 When can an employer join the Fund

Employers can join the Fund if they are a new scheduled body or a new admission body. New designated employers may also join the Fund if they pass a designation to do so.

On joining, the Fund will determine the assets and liabilities for that employer within the Fund. The calculation will depend on the type of employer and the circumstances of joining.

A contribution rate will also be set. This will be set in accordance with the calculation set out in Section 2, unless alternative arrangements apply (for example, the employer has agreed a pass-through arrangement). More details on this are in Section 5.3 below.

#### 5.2 New academies

##### Academies converting from local authority status

New academies (including free schools) join the fund as separate scheduled employers. Only active members of former council schools transfer to new academies. Free schools do not transfer active members from a converting school but must allow new active members to transfer in any eligible service.

Liabilities for transferring active members will be calculated (on the ongoing basis) by the fund actuary on the day before conversion to an academy. Liabilities relating to the converting school's former employees (ie members with deferred or pensioner status) remain with the ceding council.

New academies will be allocated an asset share based on the estimated funding level of the ceding council's active members, having first allocated the council's assets to fully fund their deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share, capped at a maximum of 100%.

The council's estimated funding level will be based on market conditions on the day before conversion. The fund treats new academies as separate employers in their own right, who are responsible for their allocated assets and liabilities. Whilst academies are not pooled, their contributions may be set on a pooled basis as follows:

Academy type	Primary contribution rate	Secondary contribution rate
<b>Converting from LEA</b>	Calculated using the current funding strategy (set out in section 2) and the transferring membership	Balance so that total rate equals Council rate each year
<b>Free school</b>	Calculated using the current funding strategy (set out in section 2) and the initial membership.	

If an academy leaves one MAT and joins another, all active, deferred and pensioner members transfer to the new MAT.

The fund's policies on academies may change based on updates to guidance from the MHCLG or the DfE. Any changes will be communicated and reflected in future funding strategy statements.



### 5.3 New admission bodies as a results of outsourcing services

New admission bodies usually join the Fund because an existing employer (usually a scheduled body like a council or academy) outsources a service to another organisation (a contractor). This involves TUPE transfers of staff from the letting employer to the contractor. The contractor becomes a new participating Fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership. At the end of the contract, employees typically revert to the letting employer or a replacement contractor.

Liabilities for transferring active members will be calculated by the fund actuary on the day before the outsourcing occurs.

New contractors will be allocated an asset share equal to the value of the transferring liabilities. The admission agreement may set a different initial asset allocation, depending on contract-specific circumstances.

There is flexibility for outsourcing employers when it comes to pension risk potentially taken on by the contractor. You can find more details on outsourcing options from the administering authority or in the contract admission agreement.

### 5.4 Other new employers

There may be other circumstances that lead to a new admission body entering the Fund, e.g. set up of a wholly owned subsidiary company by a local authority. Calculation of assets and liabilities on joining and a contribution rate will be carried out allowing for the circumstances of the new employer.

New designated employers may also join the Fund. Contribution rates will be set using the same approach as any other designated employers in the Fund.

### 5.5 Risk assessment for new admission bodies

Under the LGPS regulations, a new admission body must assess the risks it poses to the fund if the admission agreement ends early, for example if the admission body becomes insolvent or goes out of business. In practice, the fund actuary assesses this because the assessment must be carried out to the administering authority's satisfaction.

After considering the assessment, the administering authority may decide the admission body must provide security, such as a guarantee from the letting employer, an indemnity or a bond.

This must cover some or all of the:

- strain costs of any early retirements, if employees are made redundant when a contract ends prematurely
- allowance for the risk of assets performing less well than expected
- allowance for the risk of liabilities being greater than expected
- allowance for the possible non-payment of employer and member contributions
- admission body's existing deficit.

Where an academy is the letting employer, the Fund will expect academies to ensure and confirm that the outsourcing complies with the requirements set out in the DfE Academy Trust LGPS Guarantee policy before permitting an admission body in the Fund. Where this requirement is met, no additional risk assessment or security will typically be required for the admitted body as the pension liabilities will be covered by the DfE Academy Guarantee.

The Fund's admissions policy can be found [here](#).

## 6 What happens if an employer has a bulk transfer of staff?

Bulk transfer cases will be looked at individually, but generally:

- the Fund won't pay bulk transfers greater in value than either the asset share of the transferring employer in the fund, or the value of the liabilities of the transferring members, whichever is lower
- the Fund won't grant added benefits to members bringing in entitlements from another Fund, unless the asset transfer is enough to meet the added liabilities
- the Fund may permit shortfalls on bulk transfers if the employer has a suitable covenant and commits to meeting the shortfall in an appropriate period, which may require increased contributions between valuations.

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## 7 What happens when an employer leaves the Fund?

### 7.1 What is a cessation event?

Triggers for considering cessation from the Fund are:

- the last active member stops participation in the Fund
- insolvency, winding up or liquidation of the admission body
- a breach of the agreement obligations that isn't remedied to the Fund's satisfaction
- failure to pay any sums due within the period required
- failure to renew or adjust the level of a bond or indemnity, or to confirm an appropriate alternative guarantor
- termination of a deferred debt arrangement (DDA).

The administering authority, at its discretion, can defer triggering a cessation for up to three years by issuing a suspension notice. That means cessation won't be triggered if the employer takes on one or more active members during the agreed time.

If no DDA exists, the administering authority will instruct the fund actuary to carry out a cessation valuation to calculate if there is a surplus or a deficit when the Fund leaves the scheme.

### 7.2 What happens on cessation?

The administering authority must protect the interests of the remaining Fund employers when an employer leaves the scheme. The actuary aims to protect remaining employers from the risk of future loss. The funding target adopted for the cessation calculation is below. These are defined in [Appendix E](#).

- (a) Where there is no guarantor, cessation liabilities and a final surplus/deficit will usually be calculated using a low-risk basis, which is more prudent than the ongoing participation basis.
- (b) Where there is a guarantor, the guarantee will be considered before the cessation valuation. Where the guarantor is a guarantor of last resort this will have no effect on the cessation valuation. If this isn't the case (i.e. if the guarantee continues to apply in respect of the former employer's obligations post cessation), cessation may be calculated using the same basis that was used to calculate liabilities (and the corresponding asset share) on joining the Fund.
- (c) Depending on the guarantee, it may be possible to transfer the employer's liabilities and assets to the guarantor without crystallising deficits or surplus. This may happen if an employer can't pay the contributions due and the approach is within guarantee terms. This is known as 'subsumption' of the assets and liabilities.

If the Fund can't recover the required payment in full, unpaid amounts will be paid by the related letting authority (in the case of a ceased admission body) or shared between the other Fund employers. This may require an immediate revision to the rates and adjustments certificate or be reflected in the contribution rates set at the next formal valuation.

The fund actuary charges a fee for cessation valuations and there may be other cessation expenses. Fees and expenses are at the employer's expense.

The cessation policy is available from the administering authority.

### 7.3 What happens if there is a surplus?

If the cessation valuation shows the exiting employer has more assets than liabilities – an exit credit – the administering authority can decide how much (if any) will be paid back to the employer based on:

- the surplus amount
- the proportion of the surplus due to the employer's contributions over the employer's period of participation in the Fund
- any representations (like risk sharing agreements or guarantees) made by the exiting employer and any employer providing a guarantee or some other form of employer assistance/support
- any other relevant factors.

The exit credit policy is available from the administering authority.

### 7.4 What happens if there is a deficit?

If there is a deficit, full payment will usually be expected in a single lump sum or:

- spread over an agreed period, if the employer enters into a deferred spreading agreement (DSA)
- if an exiting employer enters into a deferred debt agreement (DDA), it stays in the Fund and pays contributions until the cessation debt is repaid. Payments are reassessed at each formal valuation.

The employer flexibility on exit policy is available from the administering authority.

### 7.5 What if an employer has no active members?

When employers leave the Fund because their last active member has left, they may pay a cessation debt, receive an exit credit or enter a DDA/DSA. Beyond this they have no further obligation to the Fund and either:

- a) their asset share runs out before all ex-employees' benefits have been paid. The other Fund employers will be required to contribute to the remaining benefits. The fund actuary will portion the liabilities on a pro-rata basis based on each employer's share of overall liabilities at each formal valuation.
- b) the last ex-employee or dependant dies before the employer's asset share is fully run down. The fund actuary will apportion the remaining assets to the other Fund employers based on each employer's share of overall liabilities at each formal valuation.

## 8 What are the statutory reporting requirements?

### 8.1 Reporting regulations

The Public Service Pensions Act 2013 requires the Government actuary's Department to report on LGPS Funds in England and Wales after every three-year valuation, in what's usually called a section 13 report. The report includes advice on whether the following aims are achieved:

- Compliance
- Consistency
- Solvency
- Long term cost efficiency

### 8.2 Solvency

Employer contributions are set at an appropriate solvency level if the rate of contribution targets a funding level of 100% over an appropriate time, using appropriate assumptions compared to other Funds. Either:

- (a) employers collectively can increase their contributions, or the Fund can realise contingencies to target a 100% funding level; or
- (b) there is an appropriate plan in place if there is, or is expected to be, a reduction in employers' ability to increase contributions as needed.

### 8.3 Long-term cost efficiency

Employer contributions are set at an appropriate long-term cost efficiency level if the contribution rate makes provision for the cost of current benefit accrual, with an appropriate adjustment for any surplus or deficit. To assess this, the administering authority may consider absolute and relative factors.

Relative factors include:

1. comparing LGPS Funds with each other
2. the implied deficit recovery period
3. the investment return required to achieve full funding after 20 years.

Absolute factors include:

1. comparing Funds with an objective benchmark
2. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
3. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
4. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate
5. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for Fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the Fund's actuarial bases don't offer straightforward comparisons. Standard information about the Fund's approach to solvency of the pension Fund and long-term cost efficiency will be provided in a uniform dashboard format in the valuation report to facilitate comparisons between Funds.

# Appendices

## Appendix A – The regulatory framework

### A1 Why do Funds need a funding strategy statement?

The Local Government Pension Scheme (LGPS) regulations require Funds to maintain and publish a funding strategy statement (FSS). The purpose of the FSS was set out in Section 1.

To prepare this FSS, the administering authority has used guidance jointly prepared by the Scheme Advisory Board (SAB), MHCLG, and by the Chartered Institute of Public Finance and Accountancy (CIPFA) dated January 2025.

The Fund has a fiduciary duty to scheme members and obligations to employers to administer the scheme competently to keep employer contributions at an affordable level. The funding strategy statement sets out how the Fund meets these responsibilities.

### A2 Consultation

Both the LGPS regulations and most recent CIPFA guidance state the FSS should be prepared in consultation with “*persons the authority considers appropriate*”. This should include ‘*meaningful dialogue... with council tax raising authorities and representatives of other participating employers*’.

In practice, for the Fund, the consultation process for this FSS included issuing a draft version to participating employers and attending an open employers’ forum.

The fund also shared the draft FSS with the Department for Education.

### A3 How is the FSS published?

The FSS is published on the Fund’s website at <https://www.brent.gov.uk/pensions> and copies are made available on request.

### A4 How does the FSS fit into the overall Fund documentation?

The FSS is a summary of the Fund’s approach to funding liabilities and isn’t exhaustive. The Fund publishes other statements like the Investment Strategy Statement and the Fund’s annual report and accounts also includes up-to-date Fund information.

You can see all Fund documentation at <https://www.brent.gov.uk/pensions>.

## Appendix B – Roles and responsibilities

### **B1 The administering authority is required to:**

1. operate a pension Fund
2. collect employer and employee contributions, investment income and other amounts due to the pension Fund as stipulated in LGPS Regulations
3. have an escalation policy in situations where employers fail to meet their obligations
4. pay from the pension Fund the relevant entitlements as stipulated in LGPS Regulations
5. invest surplus monies in accordance with the relevant regulations
6. ensure that cash is available to meet liabilities as and when they fall due
7. ensure benefits paid to members are accurate and undertake timely and appropriate action to rectify any inaccurate benefit payments take measures as set out in the regulations to safeguard the Fund against the consequences of employer default
8. take measures as set out in the regulations to safeguard the fund against the consequences of employer default
9. manage the valuation process in consultation with the Fund's actuary
10. prepare and maintain an FSS and associated funding policies and ISS, after proper consultation with interested parties
11. monitor all aspects of the Fund's performance and funding, and amend the FSS/ISS accordingly
12. establish a policy around exit payments and payment of exit credits/debits in relation to employer exits
13. effectively manage any potential conflicts of interest arising from its dual role as both Fund administrator and scheme employer
14. enable the local pension board to review the valuation and FSS review process and as set out in their terms of reference
15. support and monitor a Local Pension Board (LPB) as required by the Public Service Pensions Act 2013, the Regulations and the Pensions Regulator's relevant Code of Practice

### **B2 Individual employers are required to:**

1. ensure staff who are eligible are contractually enrolled and deduct contributions from employees' pay correctly after determining the appropriate employee contribution rate (in accordance with the Regulations),
2. provide the Fund with accurate data and understand that the quality of the data provided to the Fund will directly impact on the assessment of their liabilities and their contributions. In particular, any deficiencies in their data may result in the employer paying higher contributions than otherwise would be the case if their data was of high quality
3. pay all ongoing contributions, including employer contributions determined by the actuary and set out in the rates and adjustments certificate, promptly by the due date
4. develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework

5. make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits and early retirement strain
6. notify the administering authority promptly of all changes to active membership that affect future funding
7. Pay any exit payments on ceasing participation in the Fund timely provide the Fund with accurate data and understand that the quality of the data provided to the Fund will directly impact on the assessment of their liabilities and their contributions. In particular, any inaccuracies in data may result in the employer paying higher contributions than otherwise would be the case if their data was of high quality.

### **B3 The fund actuary should:**

1. prepare valuations including the setting of employers' contribution rates at a level to ensure Fund solvency and long-term cost efficiency based on the assumptions set by the administering authority and having regard to the FSS and the LGPS Regulations
2. provide advice so the Fund can set the necessary assumptions for the valuation • prepare advice and calculations in connection with bulk transfers and the funding aspects of individual benefit-related matters such as pension strain costs, ill health retirement costs, compensatory added years costs, etc
3. provide advice and valuations to the Fund so that it can make decisions on the exit of employers from the Fund
4. provide advice to the Fund on bonds or other forms of security against the financial effect on the Fund of employer default
5. assist the Fund in assessing whether employer contributions need to be revised between valuations as permitted or required by the regulations
6. ensure that the Fund is aware of any professional guidance or other professional requirements that may be relevant in the role of advising the Fund.
7. identify to the Fund and manage any potential conflicts of interest that may arise in the delivery the contractual arrangements to the Fund and other clients.

### **B4 Local Pension Boards (LPB):**

Local Pension Boards have responsibility to assist the administering authority to secure compliance with the LGPS regulations, other legislation relating to the governance and administration of the LGPS, any requirements imposed by the Regulator in relation to the LGPS, and to ensure the effective and efficient governance and administration of the LGPS. It will be for each Fund to determine the input into the development of the FSS (as appropriate within Fund's own governance arrangements) however this may include:

1. Assist with the development and review the FSS
2. Review the compliance of scheme employers with their duties under the FSS, regulations and other relevant legislation
3. Assist with the development of and review communications in relation to the FSS.

### **B5 Employer guarantors**

1. Department for Education - To pay cessation debts in the case of academy cessations (where the obligations are not being transferred to another MAT) and to consider using intervention powers if an academy is deemed to be in breach of the regulations.
2. Other bodies with a financial interest (outsourcing employers)



3. Any other guarantor

**B6 Other parties:**

- 1 internal and external investment advisers ensure the investment strategy statement (ISS) is consistent with the funding strategy statement
- 2 investment managers, custodians and bankers play their part in the effective investment and dis-investment of Fund assets in line with the ISS
- 3 auditors comply with standards, ensure Fund compliance with requirements, monitor and advise on fraud detection, and sign-off annual reports and financial statements
- 4 governance advisers may be asked to advise the administering authority on processes and working methods
- 5 internal and external legal advisers ensure the Fund complies with all regulations and broader local government requirements, including the administering authority's own procedures
- 6 MHCLG, assisted by the Government Actuary's Department and the Scheme Advisory Board, work with LGPS Funds to meet Section 13 requirements.

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## Appendix C – Glossary

### **Actuarial certificates**

A statement of the contributions payable by the employer (see also rates and adjustments certificate). The effective date is 12 months after the completion of the valuation.

### **Actuarial valuation**

An investigation by an actuary, appointed by an Administering Authority into the costs of the scheme and the ability of the Fund managed by that authority to meet its liabilities. This assesses the funding level and recommended employer contribution rates based on estimating the cost of pensions both in payment and those yet to be paid and comparing this to the value of the assets held in the Fund. Valuations take place every three years (triennial).

### **Administering Authority (referred to as ‘the Fund’)**

A body listed in Part 1 of Schedule 3 of the regulations who maintains a Fund within the LGPS and a body with a statutory duty to manage and administer the LGPS and maintain a pension Fund (the Fund). Usually, but not restricted to being, a local authority.

### **Admission agreement**

A written agreement which provides for a body to participate in the LGPS as a scheme employer

### **Assumptions**

Forecasts of future experience which impact the costs of the scheme. For example, pay growth, longevity of pensioners, inflation, and investment returns,

### **Code of Practice**

The Pensions Regulator’s General Code of Practice.

### **Debt spreading arrangement**

The ability to spread an exit payment over a period of time

### **Deferred debt agreement**

An agreement for an employer to continue to participate in the LGPS without any contributing scheme members

### **Employer covenant**

The extent of the employer’s legal obligation and financial ability to support its pension scheme now and in the future.

### **Funding level**

The funding level is the value of assets compares with the liabilities. It can be expressed as a ratio of the assets and liabilities (known as the funding level) or as the difference between the assets and liabilities (referred to as a surplus or deficit).

**Fund valuation date**

The effective date of the triennial Fund valuation.

**Guarantee / guarantor**

A formal promise by a third party (the guarantor) that it will meet any pension obligations not met by a specified employer. The presence of a guarantor will mean, for instance, that the Fund can consider the employer's covenant to be as strong as its guarantor's.

**Local Pension Board**

The board established to assist the Administering Authority as the Scheme Manager for each Fund.

**Non-statutory guidance**

Guidance which although it confers no statutory obligation on the parties named, they should nevertheless have regard to its contents

**Notifiable events**

Events which the employer should make the Administering Authority aware of

**Past service liabilities**

The cost of pensions already built up or in payment

**Pension committee**

A committee or sub-committee to which an administering authority has delegated its pension function

**Pensions Administration Strategy**

A statement of the duties and responsibilities of scheme employers and Administering Authorities to ensure the effective management of the scheme

**Primary and secondary employer contributions**

Primary employer contributions meet the future costs of the scheme and Secondary employer contributions meet the costs already built up (adjusted to reflect the experience of each scheme employer). Contributions will therefore vary across scheme employers within a Fund.

**Rates and adjustments certificate**

A statement of the contributions payable by each scheme employer (see actuarial certificates)

**Scheme Manager**

A person or body responsible for managing or administering a pension scheme established under section 1 of the 2013 Act. In the case of the LGPS, each Fund has a Scheme Manager which is the Administering Authority.

## Appendix D – Risks and controls

### D1 Managing risks

The administering authority has a risk management programme to identify and control financial, demographic, regulatory and governance risks.

The local pension board assists the Fund its managing its risks and the full role of the board is set out [here](#).

Details of the key Fund-specific risks and controls are below.

### D2 Financial risks

Risk	Summary of Control Mechanisms
Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities and contribution rates over the long-term.	<p>Only anticipate long-term returns on a relatively prudent basis to reduce risk of under-performing.</p> <p>Assets invested on the basis of specialist advice, in a suitably diversified manner across asset classes, geographies, managers, etc.</p> <p>Analyse progress at three yearly valuations for all employers.</p> <p>Inter-valuation roll-forward of liabilities between valuations at whole Fund level.</p>
Inappropriate long-term investment strategy.	<p>Overall investment strategy options considered as an integral part of the funding strategy. Used asset liability modelling to measure key outcomes.</p> <p>Chosen option considered to provide the best balance.</p>
Active investment manager under-performance relative to benchmark.	Quarterly investment monitoring analyses market performance and active managers relative to their index benchmark.
Pay and price inflation significantly more than anticipated.	<p>The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases.</p> <p>Inter-valuation monitoring, as above, gives early warning.</p> <p>Some investment in bonds also helps to mitigate this risk.</p> <p>Employers pay for their own salary awards and should be mindful of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.</p>

Effect of possible increase in employer's contribution rate on service delivery and admission/scheduled bodies	An explicit stabilisation mechanism has been agreed as part of the funding strategy. Other measures are also in place to limit sudden increases in contributions.
Orphaned employers give rise to added costs for the fund	<p>The fund seeks a cessation debt (or security /guarantor) to minimise the risk of this happening in the future.</p> <p>If it occurs, the actuary calculates the added cost spread pro-rata among all employers.</p>
Effect of possible asset underperformance as a result of climate change	Covered in the fund's Investment Strategy Statement.

### D3 Demographic risks

Risk	Summary of Control Mechanisms
Pensioners living longer, thus increasing cost to fund.	<p>Set mortality assumptions with some allowance for future increases in life expectancy.</p> <p>The fund actuary has direct access to the experience of over 50 LGPS funds which allows early identification of changes in life expectancy that might in turn affect the assumptions underpinning the valuation.</p>
Maturing fund – i.e. proportion of actively contributing employees declines relative to retired employees.	Continue to monitor at each valuation, consider seeking monetary amounts rather than % of pay and consider alternative investment strategies.
Deteriorating patterns of early retirements	<p>Employers are charged the extra cost of non-ill-health retirements following each individual decision.</p> <p>Employer ill health retirement experience is monitored, and insurance is an option.</p>
Reductions in payroll causing insufficient deficit recovery payments	<p>In many cases this may not be sufficient cause for concern, and will in effect be caught at the next formal valuation. However, there are protections where there is concern, as follows:</p> <p>Employers in the stabilisation mechanism may be brought out of that mechanism to permit appropriate contribution increases.</p> <p>For other employers, review of contributions is permitted in general between valuations and may require a move in deficit contributions from a percentage of payroll to fixed monetary amounts.</p>

**D4 Regulatory risks**

<b>Risk</b>	<b>Summary of Control Mechanisms</b>
Changes to national pension requirements and/or HMRC rules e.g. changes arising from public sector pensions reform.	<p>The administering authority considers all consultation papers issued by the Government and comments where appropriate.</p> <p>Benefits are valued in line with the regulations in force at the time of the valuation.</p> <p>The government's long term preferred solution to GMP indexation and equalisation - conversion of GMPs to scheme benefits - was built into the 2019 valuation.</p>
Time, cost and/or reputational risks associated with any MHCLG intervention triggered by the Section 13 analysis.	Take advice from fund actuary on position of fund as at prior valuation, and consideration of proposed valuation approach relative to anticipated Section 13 analysis.
Changes by government to particular employer participation in LGPS Funds, leading to impacts on funding and/or investment strategies.	<p>The administering authority considers all consultation papers issued by the government and comments where appropriate.</p> <p>Take advice from fund actuary on impact of changes on the fund and amend strategy as appropriate.</p>

**D5 Governance risks**

<b>Risk</b>	<b>Summary of Control Mechanisms</b>
Administering authority unaware of structural changes in an employer's membership (e.g. large fall in employee members, large number of retirements) or not advised of an employer closing to new entrants.	<p>The administering authority has a close relationship with employing bodies and communicates required standards e.g. for submission of data.</p> <p>The actuary may revise the rates and adjustments certificate to increase an employer's contributions between triennial valuations</p> <p>Deficit contributions may be expressed as monetary amounts.</p>
Actuarial or investment advice is not sought, or is not heeded, or proves to be insufficient in some way	The administering authority maintains close contact with its specialist advisers. Advice is delivered via formal meetings involving elected members, and recorded appropriately. Actuarial advice is subject to professional requirements such as peer review.
Administering authority failing to commission the Fund Actuary to carry out a termination valuation for a departing admission body.	<p>The Administering Authority requires employers with Best Value contractors to inform it of forthcoming changes.</p> <p>CABs' memberships are monitored and, if active membership decreases, steps will be taken.</p>

An employer ceasing to exist with insufficient funding or adequacy of a bond.	<p>The administering authority believes that it would normally be too late to address the position if it was left to the time of departure.</p> <p>The risk is mitigated by:</p> <ul style="list-style-type: none"> <li>• Seeking a funding guarantee from another scheme employer, or external body, where-ever possible.</li> <li>• Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice.</li> <li>• Vetting prospective employers before admission.</li> <li>• Where permitted under the regulations requiring a bond to protect the fund from various risks.</li> <li>• Requiring new admission bodies to have a guarantor.</li> <li>• Reviewing bond or guarantor arrangements at regular intervals.</li> <li>• Reviewing contributions well ahead of cessation if thought appropriate.</li> </ul>
An employer ceasing to exist resulting in an exit credit being payable	<p>The administering authority regularly monitors admission bodies coming up to cessation</p> <p>The administering authority invests in liquid assets to ensure that exit credits can be paid when required.</p>

#### D6 Employer covenant assessment and monitoring

Many of the employers participating in the Fund, such as admitted bodies (including TABs and CABs), have no local tax-raising powers. The Fund assesses and monitors the long-term financial health of these employers to assess an appropriate level of risk for each employer's funding strategy.

Type of employer	Assessment	Monitoring
Local Authorities	Tax-raising or government-backed, no individual assessment required	n/a
Academies	Government-backed, covered by DfE guarantee in event of MAT failure	Check that DfE guarantee continues, after regular scheduled DfE review
Admission bodies (CABs)	No change since 2022 valuation	Regular ongoing dialogue
Admission bodies (TABs)	No change since 2022 valuation	Regular ongoing dialogue
Designating employers	No change since 2022 valuation	Regular ongoing dialogue

Any change in covenant over the inter-valuation period may lead to a contribution rate review.

## D7 Climate risk and TCFD reporting

The Fund has considered climate-related risks when setting the funding strategy. The Fund has carried out climate scenario analysis incorporating both stress testing, and narrative-based scenario analysis for the local authority employers at the 2025 valuation. The narrative approach explores the complex and interrelated risks associated with climate change by defining a specific extreme, downside risk (in this instance a food shock) and constructing narratives around potential policy and market responses, noting these may be sub-optimal. This approach allows consideration to be given to the impact of sudden, severe downside risks in the short term, the interdependencies that arise and potential immediate actions. Coupling this approach with stress testing (to better understand the impact of possible climate scenarios) has allowed the Fund to assess a range of outcomes that may arise, and assess the resilience of the Fund under these scenarios.

The results show that:

1. When considering climate scenario stress tests, the Fund appears to be generally resilient to different climate scenarios, with generally modest impacts versus the base case modelled
2. The results of the downside, narrative analysis suggest that the Fund is likely to be resilient in the face of some severe downside risk events (in comparison to the base case), but not all.

Climate scenario analysis helps assess risks and tests the resilience of current and long-term strategies under various scenarios. This helps to identify vulnerabilities across both assets and liabilities. Identification of these vulnerabilities can inform risk management processes (see figure 1), helping the Fund ensure appropriate controls and mitigations are in place. Scenario analysis therefore supports informed decision making, and may be used in future to assist with disclosures prepared in line with Task Force on Climate-Related Financial Disclosures (TCFD) principles.

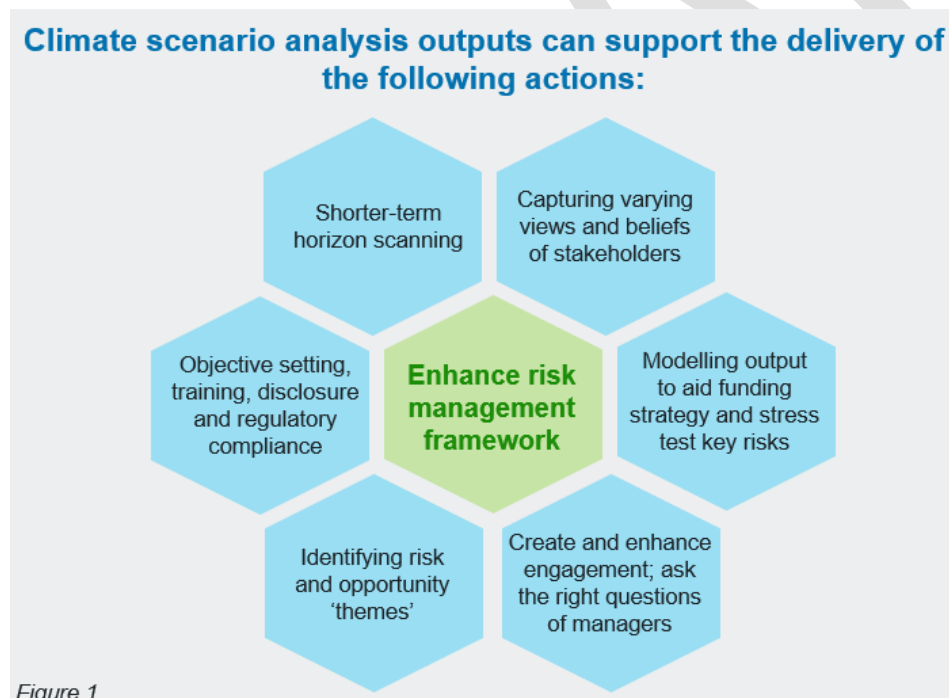


Figure 1.

This climate analysis was not applied to the funding strategy modelling for smaller employers. However, given that the same underlying model is used for all employers and that the local authority employers make up the vast majority of the fund's assets and liabilities, applying the climate analysis to all employers was not deemed proportionate at this stage and would not be expected to result in any changes to the agreed contribution plans.

The Fund's Responsible Investment beliefs are included in its Investment Strategy Statement.



## Appendix E – Actuarial assumptions

The Fund's actuary uses a set of assumptions to determine the strategy, and so assumptions are a fundamental part of the Funding Strategy Statement.

### E1 What are actuarial assumptions?

Actuarial assumptions are required to value the fund's liabilities because:

- There is uncertainty regarding both the timing and amount of the future benefit payments (the actual cost can't be known until the final payment is made). Therefore to estimate 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
- The assets allowed to an employer today are a known figure. However, the future investment return earned on those assets and future cashflows into the fund are uncertain. An assumption is needed about what those future investment returns will be

There are two types of actuarial assumptions that are needed to perform an actuarial valuation: **financial assumptions** determine the expected amount of future benefit payments and the expected investment return on the assets held to meet those benefits, whilst **demographic assumptions** relate primarily to the expected timing of future benefit payments (i.e. when they are made and for how long).

All actuarial assumptions are set as best estimates of future experience with the exception of the discount rate assumption which is deliberately prudent to meet the regulatory requirement for a 'prudent' valuation.

Any change in the assumptions will affect the value that is placed on future benefit payments ('liabilities'), but different assumptions don't affect the actual benefits the fund will pay in future.

### E2 What funding bases are operated by the Fund?

A *funding basis* is the set of actuarial assumptions used to value an employer's (past and future service) liabilities. The fund operates two funding bases for funding valuations: the *ongoing participation basis* and the *low-risk exit basis*. All actuarial assumptions are the same for both funding bases with the exception of the discount rate – see further details below.

### E3 What financial assumptions are used by the fund?

#### Discount rate

The discount rate assumption is the average annual rate of future investment return assumed to be earned on an employer's assets from a given valuation date. The fund uses a risk-based approach to setting the discount rate which allows for prevailing market conditions on the valuation date (see 'Further detail on the calculation of financial assumptions') and the Fund's investment strategy.

The discount rate is determined by the *prudence level*. Specifically, the discount rate is calculated to be:

*The average annual level of future investment return that can be achieved on the Fund's assets over a 20-year period with a x% likelihood.*

The prudence level is the likelihood. The prudence levels used by the fund are as follows:

Funding basis	Prudence level
Ongoing participation	80%
Low-risk exit	90%

### CPI inflation

The CPI inflation assumption is the average annual rate of future Consumer Price Index (CPI) inflation assumed to be observed from a given valuation date. This assumption is required because LGPS benefit increases (in deferment and in payment) and revaluation of CARE benefits are in line with CPI.

The fund uses a risk-based approach to setting the CPI inflation assumption which allows for prevailing market conditions on the valuation date (see 'Further detail on the calculation of financial assumptions'). The CPI inflation assumption is calculated to be:

*The average annual level of future CPI inflation that will be observed over a 20 year period with a 50% likelihood*

### Salary growth

The salary growth assumption is linked to the CPI inflation assumption via a fixed margin. The salary increases assumption is 0.3% above the CPI inflation assumption plus a promotional salary scale.

### E4 Further detail on the calculation of financial assumptions

The discount rate and CPI inflation assumptions are calculated using a risk-based method. To assess the likelihood associated with a given level of investment return or a given level of future inflation, the fund actuary uses Hymans Robertson's propriety economic scenario generator; the *Economic Scenario Service* (or ESS). The model uses statistical distributions to project a range of 5,000 different possible outcomes for the future behaviour of different asset classes and wider economic variables, such as inflation.

The table below shows the calibration of the model as at 31 March 2025 for some sample asset classes and economic variables. All returns are shown net of fees and are the annualised total returns over 5, 10 and 20 years. Yields and inflation refer to the simulated yields at that time horizon.

**Table: Summary of assumptions underlying the ESS, 31 March 2025**

Time period	Percentile	Annualised total returns								Inflation/Yields		
		UK Equities	Global Equities (unhedged)	EM equities (unhedged)	Property	Infrastructure equity (unlisted)	Fixed interest gilt (24 yr maturity)	Multi Asset Credit (sub investment grade)	Private Lending	Inflation (CPI)	17 year real yield (CPI)	17 year yield
5 years	16 <sup>th</sup>	0.1%	-0.5%	-3.2%	0.2%	1.1%	1.7%	4.1%	4.5%	1.2%	1.5%	4.8%
	50 <sup>th</sup>	8.2%	8.2%	8.5%	6.8%	8.1%	4.2%	6.7%	8.2%	2.8%	2.4%	5.8%
	84 <sup>th</sup>	16.4%	16.9%	20.9%	14.1%	15.5%	6.7%	8.8%	11.4%	4.3%	3.3%	7.1%
10 years	16 <sup>th</sup>	2.5%	2.1%	0.2%	2.3%	3.1%	3.9%	5.8%	6.4%	0.8%	0.8%	3.9%
	50 <sup>th</sup>	8.6%	8.5%	8.8%	7.3%	8.4%	5.5%	7.4%	8.8%	2.5%	2.1%	5.3%
	84 <sup>th</sup>	14.6%	14.8%	17.5%	12.7%	13.8%	7.0%	8.9%	10.9%	4.1%	3.3%	7.1%
20 years	16 <sup>th</sup>	3.8%	3.7%	2.2%	3.5%	4.2%	5.0%	6.1%	7.0%	0.7%	-0.5%	1.6%
	50 <sup>th</sup>	8.4%	8.3%	8.5%	7.3%	8.3%	6.1%	7.6%	8.8%	2.3%	1.3%	3.6%
	84 <sup>th</sup>	12.9%	13.1%	15.1%	11.3%	12.4%	7.1%	9.1%	10.7%	3.9%	3.0%	6.2%
Volatility (1 yr)		16.3%	18.6%	24.3%	15.2%	14.5%	6.6%	6.3%	9.3%	1.4%	-	-

The ESS model is recalibrated monthly. The fund actuary uses the most recent calibration of the model (prior to the valuation date) to set financial assumptions for each funding valuation.

## E5 What demographic assumptions were used?

The Fund uses advice from Club Vita to set demographic assumptions, as well as analysis and judgement based on the fund's experience.

Demographic assumptions vary by type of member, so each employer's own membership profile is reflected in their results.

### Life expectancy

The longevity assumptions are a bespoke set of VitaCurves produced by detailed analysis and tailored to fit the fund's membership profile.

Allowance has been made for future improvements to mortality, in line with the 2024 version of the continuous mortality investigation (CMI) tables published by the actuarial profession. The starting point has been adjusted by +0.25% to reflect the difference between the population-wide data used in the CMI and LGPS membership. A long-term rate of mortality improvements of 1.5% p.a. applies.

### Other demographic assumptions

Retirement in normal health	Members are assumed to retire at the earliest age possible with no pension reduction.
Promotional salary increases	Sample increases below
Death in service	Sample rates below
Withdrawals	Sample rates below
Retirement in ill health	Sample rates below
Family details	A varying proportion of members are assumed to have a dependant partner at retirement or on earlier death. For example, at age 65 this is assumed to be 55% for males and 54% for females. The dependant of a male member is assumed to be 3.5 years younger than him and the dependent of a female member is assumed to be 0.6 years older than her.
Commutation	80% of maximum tax-free cash
50:50 option	0% of existing members will opt to change schemes

## Females

Age	Salary Scale	Death Before Retirement	Withdrawals		III Health Tier 1		III Health Tier 2	
			FT	PT	FT	PT	FT	PT
20	105	0.10	281.94	299.12	0.00	0.00	0.00	0.00
25	117	0.10	189.71	201.24	0.10	0.07	0.02	0.01
30	131	0.14	159.02	168.67	0.13	0.10	0.03	0.02
35	144	0.24	137.25	145.52	0.26	0.19	0.05	0.04
40	151	0.38	114.23	121.07	0.39	0.29	0.08	0.06
45	159	0.62	106.60	112.97	0.52	0.39	0.10	0.08
50	167	0.90	89.87	95.14	0.97	0.73	0.24	0.18
55	173	1.19	67.06	71.06	3.59	2.69	0.52	0.39
60	174	1.52	54.04	57.20	5.71	4.28	0.54	0.40
65	174	1.95	25.76	27.25	10.26	7.69	0.00	0.00

## Males

Age	Salary Scale	Death Before Retirement	Withdrawals		III Health Tier 1		III Health Tier 2	
			FT	PT	FT	PT	FT	PT
20	105	0.17	355.79	487.81	0.00	0.00	0.00	0.00
25	117	0.17	235.01	322.22	0.00	0.00	0.00	0.00
30	131	0.20	166.75	228.58	0.00	0.00	0.00	0.00
35	144	0.24	130.28	178.58	0.10	0.07	0.02	0.01
40	151	0.41	104.89	143.73	0.16	0.12	0.03	0.02
45	159	0.68	98.53	134.98	0.35	0.27	0.07	0.05
50	167	1.09	81.22	111.14	0.90	0.68	0.23	0.17
55	173	1.70	63.96	87.56	3.54	2.65	0.51	0.38
60	174	3.06	57.00	78.01	6.23	4.67	0.44	0.33
65	174	5.10	34.99	47.88	11.83	8.87	0.00	0.00

## Appendix F – Contribution review policy

The Fund may amend contribution rates between valuations for a 'significant change' to the liabilities or covenant of an employer. Such reviews may be instigated by the fund or at the request of a participating employer. Any review may lead to a change in the required contributions from the employer.

### F1 Guidance and regulatory framework

[Regulation 64](#) of the Local Government Pension Scheme Regulations 2013 (as amended) sets out the way in which LGPS funds should determine employer contributions, including the following:

- Regulation 64 (4) – allows the Fund to review the contribution rate if it becomes likely that an employer will cease participation in the Fund, with a view to ensuring that the employer is fully funded at the expected exit date.
- Regulation 64A - sets out specific circumstances where the Fund may revise contributions between valuations (including where a review is requested by one or more employers).

This policy also reflects [statutory guidance](#) from MHCLG on preparing and maintaining policies relating to the review of employer contributions. Interested parties may want to refer to an accompanying [guide](#) that has been produced by the Scheme Advisory Board.

### F2 Statement of principles

This statement of principles covers review of contributions between valuations. Each case will be treated on its own merits, but in general:

- The Fund reserves the right to review contributions in line with the provisions set out in the LGPS Regulations.
- The decision to make a change to contribution rates rests with the Fund, subject to consultation with employers during the review period.
- Full justification for any change in contribution rates will be provided to affected employers.
- Advice will be taken from the Fund Actuary in respect of any review of contribution rates.
- Any revision to contribution rates will be reflected in the Rates & Adjustment certificate.

### F3 Circumstances for review

The Fund would consider one or more of the following circumstances as a potential trigger for review:

- in the opinion of the Fund there are circumstances which make it likely that an employer (including an admission body) will become an exiting employer sooner than anticipated at the last valuation;
- an employer is approaching exit from the Fund within the next two years and before completion of the next triennial valuation;
- there are changes to the benefit structure set out in the LGPS Regulations which have not been allowed for at the last valuation;
- it appears likely to the Fund that the amount of the liabilities arising or likely to arise for an employer or employers has changed significantly since the last valuation;
- it appears likely to the Fund that there has been a significant change in the ability of an employer or

employers to meet their obligations (e.g. a material change in employer covenant, or provision of additional security);

- it appears to the Fund that the membership of the employer has changed materially such as bulk transfers, significant reductions to payroll or large-scale restructuring; or
- where an employer has failed to pay contributions or has not arranged appropriate security as required by the Fund.

#### **F4 Employer requests**

The Fund will also consider a request from any employer to review contributions where the employer has undertaken to meet the costs of that review and sets out the reasoning for the review (which would be expected to fall into one of the above categories, such as a belief that their covenant has changed materially, or they are going through a significant restructuring impacting their membership).

The Fund will require additional information to support a contribution review made at the employer's request. The specific requirements will be confirmed following any request and this is likely to include the following:

- a copy of the latest accounts;
- details of any additional security being offered (which may include insurance certificates);
- budget forecasts; and/or
- information relating to sources of funding.

The costs incurred by the Fund in carrying out a contribution review (at the employer's request) will be met by the employer. These will be confirmed upfront to the employer prior to the review taking place.

#### **F5 Other employers**

When undertaking any review of contributions, the Fund will also consider the impact of a change to contribution rates on other Fund employers. This will include the following factors:

- The existence of a guarantor.
- The amount of any other security held.
- The size of the employer's liabilities relative to the whole Fund.

The Fund will consult with other Fund employers as necessary.

#### **F6 Effect of market volatility**

Except in circumstances such as an employer nearing cessation, the Fund will not consider market volatility or changes to asset values as the basis for a change in contributions outside a formal triennial valuation.

#### **F7 Documentation**

Where revisions to contribution rates are necessary, the Fund will provide the employer with a note of the information used to determine these, including:

- Explanation of the key factors leading to the need for a review of the contribution rates, including, if appropriate, the updated funding position.
- A note of the new contribution rates and effective date of these.


- Date of next review.
- Details of any processes in place to monitor any change in the employer's circumstances (if appropriate), including information required by the Fund to carry out this monitoring.

The Rates & Adjustments certificate will be updated to reflect the revised contribution rates

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	<b>Brent Pension Fund Sub-Committee</b> 8 October 2025
	<b>Report from the Corporate Director of Finance and Resources</b>
<b>LAPFF Engagement Report</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not Applicable
<b>Open or Part/Fully Exempt:</b>	Open
<b>List of Appendices:</b>	One Appendix 1: LAPFF Engagement Report June 2025
<b>Background Papers:</b>	N/A
<b>Contact Officers:</b>	<p>Minesh Patel, Corporate Director, Finance and Resources  <a href="mailto:minesh.patel@brent.gov.uk">minesh.patel@brent.gov.uk</a>  020 8937 4043</p> <p>Amanda Healy, Deputy Director of Finance  <a href="mailto:amanda.healy@brent.gov.uk">amanda.healy@brent.gov.uk</a>  020 8937 5912</p> <p>Sawan Shah, Head of Finance  <a href="mailto:sawan.shah@brent.gov.uk">sawan.shah@brent.gov.uk</a>  020 8937 1955</p> <p>George Patsalides, Finance Analyst  <a href="mailto:george.patsalides@brent.gov.uk">george.patsalides@brent.gov.uk</a></p>

## 1.0 Executive Summary

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

## 2.0 Recommendation(s)

- 2.1 The Committee is recommended to note this report.

### **3.0 Detail**

#### **3.1 Contribution to Borough Plan Priorities & Strategic Context**

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

### **4.0 Background to LAPFF**

- 4.1 LAPFF (the Local Authority Pension Fund Forum) represents 87 members and 7 pools with combined assets exceeding £425bn. 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 (as of June 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 driven by population growth, climate change and unsustainable consumption. In this context, water stewardship has become a critical aspect of responsible business, particularly for sectors such as mining and agriculture.
- 5.3 LAPFF encourages mining companies to integrate comprehensive water stewardship and human rights due diligence into their corporate strategies and risk management frameworks. In the last quarter, LAPFF engaged with mining companies Glencore, Antofagasta, and Anglo-American.
- 5.4 LAPFF continued its engagement with Glencore on the topic of water. The company has advanced its understanding and monitoring of water related risks through the implementation of Geographic Information Systems (GIS) which integrates over 50 data layers to effectively track water quantity and quality. The company has also begun integrating external frameworks such as those prescribed by the Taskforce on Nature-related Financial Disclosures (TNFD) and the LEAP Approach (Locate, Evaluate, Assess, Prepare) to conduct site specific water assessments and identify gaps in nature monitoring and maintenance across its operations.
- 5.5 Comprehensive and independent water assessments at mine sites are still evolving and not yet universally implemented. Through engagement the company acknowledged an increase in fines related to water issues in 2024, attributing this primarily to historic problems that have since been rectified. LAPFF will continue to engage with Glencore and welcomes the scheduled meeting with Chair Kalidas Madhavpeddi in London in October to further discuss governance and sustainability oversight.

## **Housebuilders**

- 5.6 This quarter, LAPFF furthered its engagement with the UK's largest housebuilders on climate-transition planning. The Forum's dialogue with housebuilders aims to encourage the adoption of Paris-aligned targets, the publication of credible roadmaps to net zero homes, collaboration with suppliers to reduce embodied carbon, and the advancement of low-carbon innovation.
- 5.7 LAPFF met with Robert Noel, Chair of Taylor Wimpey, who outlined the company's decarbonisation and just transition developments. The company has cut its absolute emissions by 47% since 2019 and is the only UK housebuilder to reach the Carbon Trusts "Route to Net Zero – Advancing Level" in 2024. The company has introduced new water protocols and developed low-carbon construction methods, particularly in foundations. The company reaffirmed its commitment to reaching net zero operational emissions by 2035.

- 5.8 Taylor Wimpey has embedded this decarbonisation strategy across its governance structures, with full board alignment and engagement via employee forums. The company also demonstrated a willingness to incorporate stakeholder input, including a cautious approach to bringing its sustainability plan to a shareholder vote, due to evolving political and investor landscape.
- 5.9 While Taylor Wimpey has made internal advances, including technology trials and community consultation, the company acknowledged that it is still testing solutions and has not yet identified a definitive pathway to zero-carbon homes. LAPFF will continue to monitor and follow how Taylor Wimpey advances its decarbonisation and just transition plans in practice, including homes and technology testing, contractor training, supply chain resilience, and equitable workforce adaptation, especially in the face of broader sectoral pressures such as skills shortages and energy-grid limitations.

### **Governance**

- 5.10 In 2024, LAPFF raised concerns that the luxury goods sector receives less scrutiny on human rights and supply chain management than high street apparel. The Forum remains committed to ensuring that regulatory changes do not weaken oversight of human rights in the luxury sector.
- 5.11 During the quarter, LAPFF met with Louis Vuitton Moët Hennessy (LVMH) and Moncler to discuss human rights in the respective supply chains. This year marks the first time that LVMH had produced a Corporate Sustainability Reporting Directive compliant report, which it appeared keen to promote despite the current uncertainties surrounding the regulation amidst the EU's Omnibus Directive. The company significantly increased the number of audits it conducted over the past year.
- 5.12 Moncler has also made notable progress publishing its first report which is aligned with the EU's Corporate Sustainability Reporting Directive (CSRD) alongside a first iteration of its key raw materials risk report, providing valuable insight into how Moncler is assessing risks for certain materials. Both companies outlined the challenges associated with the CSRD. However, a key message from both engagements was that in undertaking the process, sustainability teams had gained wider benefits from working more closely with colleagues in different parts of the business.
- 5.13 LAPFF recommended that LVMH'S human rights policy include clear governance responsibilities signed by senior leadership, explicit commitments to international human rights frameworks including the UNGPs and ILO standards, and robust implementation processes, covering detail on risk identification, access to remedy, and meaningful engagement with affected stakeholders. LAPFF also emphasised transparency, urging the company to report openly on audit outcomes and how breaches in more details than it currently does.

## **Steelmaking**

- 5.14 ArcelorMittal is a Luxembourg headquartered steelmaker and is the second largest globally. Conventional steel production is a significant emitter of carbon dioxide. LAPFF's approach to decarbonisation has been to deal with other disadvantages with fossil fuels, such as price volatility and geopolitical risk.
- 5.15 LAPFF has engaged with ArcelorMittal for several years and most recently met with the Arcelor in June 2025. There is now less emphasis on carbon-dependent processes and more on disruptive technologies. LAPFF is increasingly of the view that decarbonisation of the steel industry can be achieved by changes with an appropriate long-term view.
- 5.16 ArcelorMittal outlined its decarbonisation pathway, but critical timing gaps remain. CA100+ recently flagged the absence of a published Just Transition plan. The company says internal workforce roadmaps are in place, at Dunkirk, for example, where employees are being transitioned to Electric Arc Furnace (EAF) roles, which involves steelmaking that uses electricity rather than traditional blast furnaces, or offered retirement. LAPFF will continue to press for clear timelines, fuller disclosure of community engagement outcomes, and transparency on electricity sourcing and costs. At the July LAPFF business meeting, a report will be presented on electricity costs related to the transition.

## **6.0 Stakeholder and ward member consultation and engagement**

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

## **7.0 Financial Considerations**

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

## **8.0 Legal Considerations**

- 8.1 There are no legal considerations arising out of this report.

## **9.0 Equality, Diversity & Inclusion (EDI) Considerations**

- 9.1 There are no equality considerations arising out of this report.

## **10.0 Climate Change and Environmental Considerations**

- 10.1 The Brent Pension Fund is committed to being a responsible investor, which involves engaging with and encouraging companies to take positive action on environmental, social and governance (ESG) issues.

## **11.0 Human Resources/Property Considerations (if appropriate)**

- 11.1 There are no HR or property considerations arising out this report.

## 12.0 Communication Considerations

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

**Report sign off:**

***Minesh Patel***

Corporate Director of Finance and Resources



Quarterly  
Engagement  
Report

April-June  
2025

Local  
Authority  
Pension  
Fund  
Forum

# Collaboration in Asia • Water Stewardship in the Mining Sector • Energy Suppliers



## ENGAGEMENTS



Councillor Doug McMurdo meets Taiwan's Deputy Secretary-General to the President

### COLLABORATION IN ASIA

LAPFF is a member of Asia Research and Engagement (ARE), an organisation that facilitates investor engagement and research on climate, governance, and sustainability in Asia. As a member of ARE, LAPFF had the opportunity to participate in the 'Taiwan in the World: Sustainability Breakthrough & Responsible Investment Dialogue' conference, hosted in Taipei, Taiwan, in April 2025. The conference facilitated engagement with some of LAPFF's most significant investee companies in the region as well as provided insights into Taiwan's sustainability landscape. The trip included direct engagements with several Taiwanese companies and organisations across the energy, semiconductor, and finance sectors.

Taiwan is undergoing a major transition towards a lower-carbon economy.

In 2023, the government passed the Climate Change Response Act, setting a legally binding 2050 net zero target and introducing measures such as a carbon fee and mandatory ESG disclosures for all listed companies by 2025. Ambitious targets have been set to phase out coal and increase renewables to 30% of the energy mix by 2030, supported by significant investment in grid resilience and energy storage. Taiwan now ranks among the global leaders in offshore wind capacity and is expanding solar and battery storage rapidly. However, challenges remain, particularly around grid bottlenecks, energy security, and ensuring sufficient renewable capacity to meet the soaring demand from Taiwan's critical high-tech sectors.

Regulatory momentum on ESG reporting and green finance is also building. The Financial Supervisory Commission has introduced climate risk disclosure guidelines for banks, and a growing sustainable bond market is helping to finance clean energy projects. However,

issues with data quality, Scope 3 emissions reporting, and capacity constraints in auditing ESG data remain common.

LAPFF had the opportunity to engage with Hon Hai Precision (aka Foxconn), and Vanguard International Semiconductor (VIS) while in Taipei.

Foxconn, one of the world's largest electronics manufacturers, is a significant employer and a critical player in global technology supply chains. The company has faced scrutiny over labour issues in its Chinese factories but remains central to Taiwan's economy.

LAPFF delegates met with Foxconn's Chief Human Resources Officer at the company's Taipei headquarters. Discussions focused on Foxconn's transformation into a technology platform provider, with strategic focuses including AI, electric vehicles, and digital health. The company shared its ESG strategy, which is overseen by a board-level committee and underpinned by 32 targets to 2035, alongside a commitment to use 100% renewable electricity and Science Based



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Targets initiative (SBTi) commitments.

Delegates raised questions regarding board independence, labour standards across supply chains, and ESG-linked remuneration. Foxconn outlined ongoing governance reforms, including a rotating CEO system and enhanced board-level engagement on sustainability. Delegates also discussed the company's global production shifts and its efforts to improve supply chain transparency and labour practices.

Vanguard International Semiconductor (VIS) is a major Taiwanese semiconductor foundry, producing power management and energy-efficient technologies for sectors including consumer electronics and electric vehicles.

In the meeting with VIS, delegates questioned how the company is managing climate-related risks and driving sustainability within its operations and value chain. VIS has committed to net zero by 2050, with interim targets of a 45% reduction in GHG emissions by 2030 and full RE100 alignment by 2040.

VIS acknowledged challenges in accessing local renewable energy and managing rising energy costs but reiterated its commitments. On Scope 3 emissions, VIS shared plans to enhance supplier engagement and verification processes, while also addressing water risk through recycling and efficiency investments in response to Taiwan's growing exposure to drought events.

LAPFF's week in Taiwan laid the foundation for a meeting with Taiwan Semiconductor Manufacturing Co (TSMC) after the conclusion of the ARE conference. TSMC is Taiwan's largest listed company and the world's largest producer of semiconductors. It is also one of LAPFF's most widely held companies. Semiconductors are essential to the global economy, powering everything from smartphones and data centres to electric vehicles and renewable energy systems. They underpin modern communications, automation, and medical technologies. As digitalisation and electrification accelerate, semiconductors are increasingly critical for enabling innovation, driving economic growth, and supporting the net zero transition.

In the meeting with TSMC, the company reaffirmed its targets of sourcing 60% of its energy from renewable sources by 2030 and 100% by 2040 for global operations. It remains Taiwan's



Councillor McMurdo speaks about LAPFF's engagement with banks in Europe

largest driver of renewable energy market development and a critical advocate for accelerating national deployment.

TSMC representatives expressed confidence in the government delivering sufficient renewable energy supply but were less forthcoming on how intermittency, grid inertia, and market structure challenges will be addressed.

On Scope 3 emissions, TSMC has raised its supplier target to a 50% reduction by 2030, with 50 key suppliers now committed to RE100 (or RE85 in Taiwan). While progress is evident, LAPFF sees further engagement potential to push for deeper transparency and broader supplier coverage, given TSMC's vast supply chain footprint.

Water risk was also discussed, with TSMC targeting a 60% recycled water replacement rate by 2030 following major investments after the drought and island-wide water shortage Taiwan suffered in early 2023. Governance disclosures and ESG accountability at the board level show progress, but room remains to strengthen board ownership and transparency on ESG linked compensation.

As part of the Forum's engagement with ARE, this quarter LAPFF also joined a meeting with Bank Rakyat Indonesia (BRI). LAPFF focused questions on the bank's climate strategy, particularly its net zero by 2050 commitment. LAPFF sought midterm 2030 targets for finance emissions and requested clarification on

how additional sectoral decarbonisation pathways would be prioritised beyond the existing four (pulp & paper, commercial real estate, power generation, and project finance).

LAPFF also probed the company's oil & gas financing policy, querying whether restrictions on non-conventional oil and gas would extend to full exclusion. Additional questions addressed BRI's approach to coal financing, SME lending emissions and its engagement with high-emitting clients.

LAPFF's collaborative work in Asia has proven successful. The Taiwan in the World: Sustainability Breakthrough & Responsible Investment Dialogue' conference, and the accompanying in-person meetings, have given the Forum multiple opportunities to engage key players in a variety of sectors relative to the energy transition in APAC. The finance sector has been a key area where LAPFF has seen improvements, with financial institutions across Asia broadly setting more stringent targets for their financed emissions and building out their climate strategies in more depth. Despite major advances, some companies remain limited by regulatory constraints from either local government, or the governments of the regions in which they are investing. The region represents both a sizeable share of LAPFF holdings and a strategic focus area for deeper continued engagement.

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### WATER STEWARDSHIP: MINING SECTOR

**Objective:** Water scarcity is emerging as one of the most pressing global challenges, with the World Economic Forum's Global Risks Report 2025 listing "natural resource shortages" (which includes freshwater scarcity) among the most severe risks for the next ten years. Separately, the United Nations warns that the world could face a 40% shortfall in water supply by 2030, driven by population growth, climate change, and unsustainable consumption. In this context, water stewardship has become a critical aspect of responsible business, particularly for sectors, such as mining and agriculture, which operate in water-intensive and water-stressed environments.

Effective water stewardship involves not only reducing consumption and preventing pollution, but also understanding and managing water-related risks, impacts, and dependencies. LAPFF, investor groups and stakeholders alike,

are increasingly calling for companies to demonstrate robust water governance, water transparency, and alignment with global frameworks such as Sustainable Development Goal 6 (Clean Water and Sanitation) and the Valuing Water Finance Initiative (VWFI) principles, of which LAPFF is a signatory.

LAPFF encourages mining companies to integrate comprehensive water stewardship and human rights due diligence into their corporate strategies and risk management frameworks. In Q2, LAPFF engaged with mining companies, Glencore, Antofagasta and Anglo American, companies with which the Forum have a long history of dialogue. Discussions centred on each company's water stewardship practices, including the energy requirements for sustainable water management, and the prevalence of community water-related issues at mining operations.

#### Glencore

**Achieved:** LAPFF continued its engagement with Glencore on the topic of water, which was raised last in a 2023 meeting with the company's Chair,

Mr Kalidas Madhavpeddi. Since 2023, Glencore has made moderate progress in its water stewardship activities. The company has advanced its understanding and monitoring of water-related risks through the implementation of a Geographic Information System (GIS) that integrates over 50 data layers to more effectively track water quantity and quality. The company has also begun integrating external frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD)'s LEAP Approach (Locate, Evaluate, Assess, Prepare) to conduct site-specific water assessments and identify gaps in nature monitoring and maintenance across its operations. While independent water assessments are still developing, the company has introduced participatory water monitoring involving local communities in several areas. The full scope and impact of these projects is not yet clear. As such, LAPFF will be following the development and progress of these initiatives.

Engagement with Glencore highlighted that the company is improving its understanding of climate and nature-related risks, aided by technologies and tools like Google Earth and permit mapping. Yet,



Sora Molino area, in the vicinity of Porco, Bolivia. This area is deserted by its inhabitants because of the lack of water and the environmental contamination linked to the mining activities. Work in cooperative mining in Cerro de Porco, Potosí, dependent on the company Illapa, the same supervision of the Glencore group

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problems including legacy issues, shifting mine boundaries, and overlapping with sensitive areas continue to pose significant risks. The company highlighted its internal audits and whistleblower mechanisms that help enforce nature policy compliance. They noted the company is also making long-term investments, such as a joint desalination project with Anglo American, to ensure water availability in stressed regions. It is important to note, however, that these initiatives are still in early stages.

**In Progress:** Despite many advances, several key aspects of the company's water stewardship approach remain under development. LAPFF notes that group-level water targets and consistent historical data are still lacking. Both are essential for consistent benchmarking and accountability across its global operations. While Glencore's decentralised approach allows for context-specific water strategies, the lack of a global standard across jurisdictions may hinder consistent implementation, particularly in aligning with global frameworks such as Sustainable Development Goal (SDG) 6 - Clean Water and Sanitation, and the Valuing Water Finance Initiative (VWFI) principles and expectations. and the Valuing Water Finance Initiative principles.

While the adoption of the TNFD LEAP framework and participatory community monitoring represent positive steps, comprehensive and independent water assessments at mine sites are still evolving and not yet implemented universally. Through the engagement, the company acknowledged an increase in fines related to water issues in 2024, although it attributes this increase primarily to historic problems and incidents which have since been rectified.

LAPFF will continue to engage with Glencore on these issues and welcomes the scheduled meeting with Chair, Kalidas Madhavpeddi in London in October to further discuss governance and sustainability oversight.

### Antofagasta

**Achieved:** LAPFF met with Iván Arriagada, CEO of Chilean mining company Antofagasta, who outlined the steps the group has taken to

incorporate water sustainability into its operations. The discussion highlighted the critical role of copper (Antofagasta's primary mined raw material) in the global energy transition, as well as the group's awareness of the environmental challenges associated with operating in Chile's desert regions, some of the driest areas on Earth.

A key development has been the increased use of seawater (as opposed to freshwater) in its mining processes, the result of increased desalination capacity. Some of Antofagasta's operations now report using up to 90% seawater, reducing reliance on freshwater sources. At its Zaldívar mine, Antofagasta has stated its intention to fully transition to seawater or recycled water by 2028. The company is also investing in infrastructure to support this shift, including the expansion of a desalination plant at its Los Pelambres mine. This is expected to meet 90% of the site's water requirements.

Given the energy intensity of desalination processes associated with seawater use, LAPFF questioned the impact of increasing desalination on the company's decarbonisation strategy. Antofagasta detailed that while Chile's national grid is approximately 67% powered by renewable energy, the company's own operations run on 99% renewable energy. This higher percentage is the result of Antofagasta's energy procurement strategy, which involves securing long-term power purchase agreements specifically tied to renewable energy sources. These contracts effectively ensure that the electricity supplied to its operations comes predominantly from renewable generation, even though the overall grid mix includes non-renewable sources. Mr Arriagada highlighted that Chile's strong renewables market puts Antofagasta in an advantageous position to secure cheap clean power and avoid fossil fuel risks.

Antofagasta has also adopted the use of thickened tailings (meaning tailings that are made up of up to 65% solids) which supports water recovery efforts and helps to reduce evaporation.

**In Progress:** While Antofagasta has made certain advancements in its water stewardship practices, LAPFF identified areas where further development and clarity would be beneficial. In the meeting, the company referred to a dedicated water stewardship unit which

oversees group-wide water efficiency and recirculation efforts. However, there is limited publicly available information detailing this unit's structure, scope of responsibilities, or reported outcomes. LAPFF would like to see greater transparency in this area as a means of supporting a more complete assessment of governance and accountability practices. In relation to water impact assessments, Antofagasta has not yet provided detailed disclosures outlining the methodology of its evaluations. LAPFF will continue to engage with Antofagasta as it continues to develop its water management approach and move towards its targets.

### Anglo American

**Achieved:** LAPFF has engaged extensively with Anglo American since 2019, particularly concerning human rights and the company's environmental performance. Anglo American has made tangible progress in managing its freshwater use, notably through the development of desalination infrastructure at its Los Bronces mine in Chile. Engagement with the company highlighted this initiative as central to the company's target to reduce freshwater extraction by 50% by 2030, using a 2015 baseline. LAPFF notes the company has currently achieved a 27% reduction.

In response to LAPFF's concerns about the absence of short-term targets, Anglo American confirmed that interim water-related goals are embedded within executive remuneration structures and disclosed through remuneration reporting, reflecting a degree of internal accountability. LAPFF also raised questions regarding regulatory findings at Los Bronces, where seepage from the Donoso waste-rock dump and the Las Tórtolas tailings facility triggered contamination concerns. Anglo American acknowledged this as a common issue in mining operations. It was explained that although the company had agreed to implement dilution wells to mitigate the impact of seepage, it missed key milestones in the system's rollout. This resulted in a notification of non-compliance by the regulatory body in Chile. The company must now file a revised remediation plan or face fines of up to CLP 17 billion (about US \$17 million/£13 million). It notes that at another tailing dam, the El Torito



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tailings dam in Chile, it is already using hydrogeological modelling and a seepage interception system. It also has additional measures to dilute residual sulphate to keep downstream concentrations within limits.

Anglo American highlighted its commitment to nature and its goal to achieve a net-positive impact on nature by 2030. However, the company acknowledged and spoke at length about the challenges in measuring nature-related impacts and noted that its reporting in this area remains largely narrative rather than quantitative to capture the full extent of the work being done. Similar to peers such as Glencore and Antofagasta, Anglo American is adopting the TNFD LEAP framework and was one of the pilot companies for the framework through its Kumba Iron Ore subsidiary.

**In Progress:** LAPFF continues to urge Anglo American to provide clearer disclosure of its water-risk mapping and assessment methods. The Forum will watch closely as the company revises and implements the Los Bronces seepage-remediation plan, with the key aim of preventing further pollution and avoiding the potential £13 million fine. LAPFF will also be reviewing the future freshwater-reduction milestones within remuneration reports to assess progress toward the 50% target. It will also monitor the rollout of qualitative and quantitative nature-related metrics.

### Freeport-McMoRan

**Achieved:** In its meeting with Freeport-McMoRan (FCX), LAPFF raised concerns around target-setting, environmental practices, and executive governance.

While the Forum welcomed FCX's detailed reporting, it questioned the lack of clear, global metrics, particularly on water stewardship, environmental impact, and human rights. LAPFF stressed the need for consistent, measurable targets at the corporate level to enable accountability and alignment with long-term investor expectations. FCX acknowledged the importance of such metrics but highlighted challenges in setting global targets due to the diversity of operational contexts, emphasising instead the use of site-specific objectives. The company noted it is actively exploring how to develop meaningful and

achievable global targets.

The meeting also focused on environmental concerns surrounding tailings management at the Grasberg mine in Papua, Indonesia. This mine is operated by PT Freeport Indonesia (PTFI), which is a joint venture between FCX and the Indonesian government. At this mine, the company uses riverine tailings disposal, discharging waste minerals directly into the Aikwa River system. This is an internationally controversial tailing management practice which dumps as much as 200,000 tonnes of mine waste in the river daily, impacting downstream ecosystems and raising serious concerns from environmental groups, local communities, and human rights observers. The Forum raised questions about the environmental and human rights implications of this method. FCX responded that site-specific factors such as heavy rainfall, seismic risk, and terrain make conventional storage unsafe, and outlined ongoing community engagement, daily stakeholder interaction, and restoration efforts including mangrove replanting. The company also noted it has conducted a Human Rights Saliency Assessment and follows the Voluntary Principles.

On governance, LAPFF welcomed the formal separation of the CEO and Chair roles in 2024, with Kathleen Quirk appointed CEO and Richard Adkerson transitioning to a non-executive role. The Forum questioned the independence of a board member with 19 years of service, but FCX defended its approach, citing sector norms and the value of institutional knowledge and continuity.

The Forum also explored FCX's approach to water efficiency innovation, where the company is investing in metal leaching from existing stockpiles. This process significantly reduces water use compared to traditional mining and allows for the recovery of metals from already-extracted material, presenting a more sustainable operational model.

**In Progress:** The Forum encouraged FCX to consider how setting global targets that are adaptable to local contexts, could strengthen stakeholder confidence and enhance the credibility of its sustainability commitments. While FCX reiterated its preference for site-specific objectives, it acknowledged that the development of meaningful global targets remains under active consideration.

On environmental concerns, LAPFF and FCX have initiated dialogue on the use of riverine tailings disposal at its Grasberg mine in Indonesia. FCX explained that site-specific constraints make conventional tailings storage methods unsafe and unfeasible. LAPFF urged the company to continue exploring alternative disposal methods that better protect water systems and affected communities. FCX highlighted its ongoing local community engagement, regular environmental monitoring, and reforestation initiatives, including mangrove restoration.

The Forum also discussed FCX's investment in water-efficient innovation, particularly its use of metal leaching from existing stockpiles. This process allows for the recovery of metals from previously mined material while significantly reducing water usage compared to traditional mining. LAPFF recognised the potential of this operational model and will continue monitoring the company's progress across these key focus areas.

The Forum values continued transparency and meaningful action and will maintain ongoing engagement with FCX on the issues discussed.

## ENERGY SUPPLIERS

### Drax Group plc

**Objective:** Drax's Selby power station, in North Yorkshire is the UK's largest single emitter of carbon dioxide emissions. The plant generates electricity by burning wood pellets, called "biomass", sourced mainly from forests in North America.

LAPFF has monitored Drax for several years. Drawing on its own research and public reporting, the Forum believes the company's business model faces significant challenges. The main challenges among these are the company's reliance on renewable-energy subsidies worth over £500 million a year (more than the group's total pre-tax profit) which are due to expire in 2027. Government policy on any replacement support beyond 2027 has yet to be finalised, leaving a material uncertainty over future revenues.

The UK government's current position, which was set out during the 2 June 2025

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Ruhr Oel petroleum refineries in Gelsenkirchen, Scholven, NRW, Germany

committee debate that approved new subsidy regulations, centres on an agreement under which Drax would generate only when the grid, and therefore consumers, genuinely need it. When renewable power is abundant, Drax will not generate, and consumers will benefit from cheaper wind and solar instead. That means that Drax will only be supported to operate less than half as often as it currently does.

The new deal would cut Drax's subsidy payments by half, trimming almost £6 from the average household bill and saving consumers about £170 million a year versus securing the same capacity from gas fired plants. It also imposes stricter sustainability requirements and establishes an independent adviser to keep biomass standards aligned with emerging science.

However, the government recognises the remaining concerns about the use of unabated biomass. The current proposed solution is not a long-term solution. The next time these decisions are made, in four years' time, there is the impression that the government does not want to be

left to face the same challenging circumstances. They therefore plan to carry out the necessary work to build strong and credible low-carbon alternatives, so that the government has improved options.

The question of "unabated" biomass remains critical. The government has not approved Drax's proposal to add bio-energy carbon capture and storage (BECCS), which would entail a fresh, 25-year subsidy and significant extra cost. Also, beyond carbon, other environmental concerns persist, notably the security of imported wood pellet supply and potential biodiversity impacts of pellet use.

**Achieved:** Since meeting with the Drax Senior Non-Executive Director in December 2024, LAPFF attended the Annual General Meeting on 1 May. The following question was asked by the LAPFF vice-chair Cllr Chapman:

"I note that the expenditure on carbon capture and storage has been halted. Also, Drax's role as a base load operator will change to dispatchable supply. My question is whether CCS can work on a dispatchable power plant, given the CCS

process will lag demand. i.e. CCS would need to still run when the plant is off."

The Chair answered that the agreement with the government for the subsidy extension to 2031 does not cover CCS. If CCS comes to fruition, it will be a different deal, and he stressed the need for capital discipline. The meeting was halted shortly afterwards due to internal demonstrators.

**In Progress:** Further to the AGM, LAPFF has been offered a follow-up meeting with the company. The issues concerning the post-2027 subsidy arrangements (which have been passed as secondary legislation) include transparency in sourcing and will be raised in the forthcoming meeting with the company

### BP & Shell

**Objective:** Both BP and Shell have retreated from transition towards renewables. During continued engagement with Shell and BP, LAPFF's approach has remained to test oil and gas companies beyond claims of

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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 be reduced in aggregate terms; and that demand will be met by the 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 there is arguably no need for capital gathering and investment to be intermediated by the large-scale oil and gas sector.

Renewable power is now a disruptive technology (capable of being delivered without subsidy). Russia's invasion of Ukraine has further sharpened the focus of governments and energy dependent businesses on renewables, reducing reliance on fossil fuels based on energy security and price volatility concerns. Decarbonisation incentives align with the established power generation sector, which is expanding renewable capacity and promoting electrification, through heat pumps, EVs and similar technologies, to lift electricity demand. These moves position renewables to compete even more effectively against fossil fuel power. 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 inevitable shrinkage and consolidation in the oil and gas 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 has previously questioned the benefit of holding a larger proportion (the effect of buybacks) in an ex-growth sector that is in long-term retreat.

The "reset" of strategy by BP was more marked than that of Shell which didn't have a clear Paris aligned approach in its strategy to start with. The BP reset has not improved the share price of BP. Indeed, the relative performance of BP to Shell has got worse since the departure of the former CEO, Bernard Looney, and then again after the "reset".

There is now speculation in the

financial press that BP may be a takeover target for Shell.

**Achieved Shell:** LAPFF engaged with the Australasian Centre for Corporate Responsibility (ACCR) which tabled a shareholder resolution for the 2025 Shell AGM in conjunction with Brunel Pension Partnership, Greater Manchester Pension Fund and Merseyside Pension Fund. The resolution focused on the expansion of LNG as the implied demand/supply exceeds International Energy Authority (IEA) projections.

LAPFF issued an alert recommending support for the shareholder resolution. The resolution achieved more than 20% votes in support, which is significant for a shareholder led resolution.

Given that Shell's response to the shareholder resolution referred to Liquid Natural Gas (which is methane, the most basic hydrocarbon), the LAPFF Chair attended the company's 2025 AGM to ask, "[if] each member of the board concur with the statement in the Notice of Annual Meeting that LNG, methane is a low-carbon fuel?" The answer given was not convincing, and LAPFF will explore this low-carbon claim with the company further.

**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.

A closer look at aviation-fuel initiatives is warranted, particularly as Shell's preferred synthetic route captures CO<sub>2</sub> from an external industrial source and, using a highly energy-intensive process, combines it with hydrogen to make a new hydrocarbon. Because carbon originates from fossil combustion and the process demands considerable energy, this pathway does little to advance a genuine net zero goal. That is merely using the same emission twice, whilst still resulting in an emission.

CCS has been given prominence for, among other things, 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.

**Achieved 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.

However, in February 2025 BP announced a "reset" which meant that it was abandoning key parts of its strategy of being an integrated energy company. BP 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.

LAPFF's policy of managed decline is all the more relevant given that engagement to date has not achieved positive outcomes. The issues with BP are now governance matters. LAPFF issued an alert which recommended a vote against the Chair, Helge Lund. As with Shell, the LAPFF alert was in line with a significant number of shareholders, and the result of the AGM was 24% of votes cast against the re-appointment of the Chair.

**In Progress BP:** The board's position now warrants scrutiny, given the significant departure from its previously adopted strategy. A request, in line with the Governance Code, has been made for a meeting with the BP Senior Non-Executive Director.

**In progress both BP and Shell:** LAPFF's policy has not been that all oil and gas companies should necessarily 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 is the only route to Paris Alignment.

Some investor approaches have been based on the assumption of a transition to renewables. It is becoming harder to see how that will be achieved at BP and Shell. LAPFF has offered that consolidation may be inevitable and that issue is now relevant in the case of BP and Shell. Some demand issues are also covered later in this report through the commentary on ArcelorMittal and steelmaking. Attention is also being given to executive remuneration, as both BP and Shell have been poor performers when financials are reviewed on a 20-year basis.



## ENGAGEMENT



Italian fashion retailer Moncler

### LUXURY GOODS

#### Moncler & LVMH Moët Hennessy Louis Vuitton

**Objective:** In 2024, LAPFF raised concerns that the luxury goods sector receives less scrutiny on human rights and supply chain management than high street apparel. A common misconception persists that higher prices guarantee better conditions and pay for workers, and therefore limited exposure to human rights risks for investors. Following initial engagements in 2024, LAPFF has pursued further dialogue to promote stronger risk management and proactive action. Prior to the European Commission's proposed Omnibus Package (announced 26 February 2025), LAPFF wrote to companies to underline the importance of maintaining high standards. The Forum remains committed to ensuring that regulatory changes do not weaken oversight of human rights in the luxury

sector. It continues to engage with brands as they adapt to an uncertain regulatory environment, pressing them to maintain robust human rights and supply chain standards and practices.

**Achieved:** During Q2 LAPFF met with LVMH Moët Hennessy Louis Vuitton (LVMH) and Moncler to discuss human rights risks in the respective supply chains.

LVMH has made notable improvements in both its practices and disclosures since LAPFF last met with the company in March 2024. This year marks the first time that LVMH has produced a Corporate Sustainability Reporting Directive (CSRD) compliant report, which it appeared keen to promote despite the current uncertainties surrounding the regulation amidst the EU's Omnibus Directive. The company significantly increased the number of audits it conducted over the past year. This appeared to follow the group's Dior subsidiary being placed under court administration in June 2024 following the uncovering of illegal working conditions at suppliers, including staff lacking contracts and

proper accommodation.

Moncler had also made notable progress in its disclosures since LAPFF met the company in 2024. It too has published its first CSRD-aligned report alongside a first iteration of its key raw materials risk report, providing valuable insight into how Moncler is assessing risks for certain materials.

Both companies outlined the challenges associated with the CSRD. However, a key message from both engagements was that in undertaking the process, sustainability teams had gained wider benefits from working more closely with colleagues in different parts of the business, which had been necessary to complete the reports.

**In Progress:** LAPFF is continuing to monitor regulatory developments globally as uncertainty unfolds around specific pieces of legislation like the CSRD, and Corporate Sustainability Due Diligence Directive (CSDDD).

LAPFF was invited to provide feedback and insight into pieces of LVMH and Moncler's reporting, providing some

## ENGAGEMENT

key information that the Forum would like to see in LVMH's standalone human rights policy. LAPFF recommended that LVMH's human rights policy include clear governance responsibilities signed by senior leadership, explicit commitments to international human rights frameworks including the UN Guiding Principles on Business and Human Rights (UNGPs) and International Labour Organisation (ILO) standards, and robust implementation processes, covering detail on risk identification, access to remedy, and meaningful engagement with affected stakeholders. LAPFF also emphasised transparency, urging the company to report openly on audit outcomes and how breaches in more detail than it currently does.

### CAHRAS

#### **Banks, Lockheed Martin, Safran and Leonardo, and the Oil & Gas Sector**

**Objective:** LAPFF aims to drive improved corporate practices in conflict-affected and high-risk areas (CAHRAs), recognising these contexts pose acute human rights, legal, and reputational risks for companies and investors alike. Against a backdrop of rising global conflict, LAPFF seeks to engage companies to encourage heightened human rights due diligence (hHRDD), informed by the UN Guiding Principles on Business and Human Rights, and additional OECD guidance related to CAHRAs. The Forum also seeks greater transparency on how companies make decisions about operating in these areas, how they provide or contribute to remedy when harm occurs, and whether the company is undertaking a conflict analysis or not.

**Achieved:** The finance industry has particular exposure to CAHRAs but can also play a positive role. By providing capital, insurance, and financial services, the sector can help mitigate human rights abuse and the financing of conflict, directly or otherwise. LAPFF looked for a selection of financial institutions this quarter with the Forum's expectations for investee companies to conduct hHRDD to identify and manage risks linked to clients operating in CAHRAs.

LAPFF wrote to six banks ANZ (Australia & New Zealand Bank), Commonwealth Bank of Australia, Westpac, National Australia Bank, Bank of American Corporation, and BNP Paribas LAPFF sought to engage on how they were embedding conflict-sensitivity and hHRDD across their operations.

During the quarter, LAPFF met with Phoenix Group following letters sent to the FTSE100. The meeting stemmed from a letter that went to the FTSE100 in December 2024, requesting information on how companies were addressing risks associated with CAHRAs. Phoenix provided a detailed written response shortly after this and suggested that LAPFF meet with the company following the publication of its Sustainability and Stewardship reports. During the meeting with Phoenix, representatives laid out the Group's approach to human rights and stewardship, touching on how it was assessing conflict-related risks in its portfolio. Company representatives provided an overview of how new risks were assessed and gave details on the governance structures in place around these processes. Representatives also spoke about how the Group engages with its asset managers. LAPFF emphasised that given its position as a fellow asset owner, the Forum was looking for Phoenix to formally recognise CAHRAs as part of its stewardship strategy, policy direction, and in conversation with its asset managers.

#### **Lockheed Martin**

During the quarter LAPFF met with Lockheed Martin. The company faced shareholder resolutions regarding the alignment of political activities with its Human Rights Policy. The resolutions specifically focused on the impact of such activities on CAHRAs. During the engagement, the company discussed its relationship with the US government and other foreign governments, how sales are vetted and the company's position on lobbying. Representatives shared that the company had also undertaken a double materiality assessment over the past year, which LAPFF encouraged the company to publish in future reporting.

#### **Safran & Leonardo**

An investigation undertaken by FRANCE 24's Observers team in May 2025 raised concerns about a number of European defense companies' links to weapons transfers. These transfers came via the Emirati state-backed International Golden Group (ICG) with the potential for weapons to be re-exported in breach of arms embargoes. Among the five companies cited in the article are Safran and Leonardo, which are both widely held by LAPFF. LAPFF wrote to these companies seeking engagement to discuss the allegations, and the companies' due diligence processes, particularly around third-party end-users.

Written responses were received from Leonardo and Safran with both companies outlining their approaches to compliance with international trade laws, human rights standards, and national export controls. They emphasised the role of internal compliance programmes, risk assessments, and audit processes in mitigating these risks.

### OIL & GAS SECTOR

The oil & gas sector faces significant human rights risks in CAHRAs including land rights violations, community displacement, complicity in violence, and potential indirect funding of armed militia groups amongst a host of other issues. Recognising these issues, LAPFF wrote to TotalEnergies, Eni, and Chevron. LAPFF has engaged TotalEnergies in the past on its presence in Myanmar and its exit from the country in 2022, where the military junta remain in power and civil unrest continues. TotalEnergies faces issues on current plans for an LNG project in Mozambique, which has been on hold since 2021 due to unrest and waves of violence, although has announced plans to restart the project in summer 2025. Chevron has exposure in the Niger Delta whilst Eni has business activities in Libya. LAPFF hopes to secure meetings with these companies in Q3. Tech Voting Alerts – Amazon, Alphabet & Meta

LAPFF has issued voting alerts on US technology companies since 2018, highlighting concerns across governance, climate, human rights, and broader ESG practices. These companies face a wide array of shareholder resolutions



## ENGAGEMENT

each year, spanning one-share one-vote rights, content governance, public health impacts, and increasingly, artificial intelligence and data ethics. LAPFF issued alerts for three key tech companies, recommending support for the vast majority of shareholder proposals, and shared these alerts with the companies, which did not provide substantive responses. Looking ahead, LAPFF will continue to issue voting alerts and seek further engagement.

## STEELMAKING

### ArcelorMittal

**Objective:** ArcelorMittal is a Luxembourg headquartered steelmaker and is the second largest globally. Conventional steel production is a significant emitter of carbon dioxide. Steel (iron) requires removing oxygen (reduction) from the ore, iron oxide. Blast furnaces use coke (a coal-derived fuel) as the reducing agent, which causes CO<sub>2</sub> emissions.

There is no commercial-scale model for capturing CO<sub>2</sub> emissions from a steel blast furnace. But there is an alternative reducing agent, hydrogen, which releases the oxygen of the oxide as water. The issue regarding net zero and steelmaking is the source of hydrogen. Hydrogen is often classified by “colour” to indicate its carbon footprint. “Grey” is hydrogen from methane without capture of CO<sub>2</sub> emissions. “Blue” is hydrogen from methane with capture of CO<sub>2</sub> emissions. “Green” is hydrogen from the electrolysis of water, using electricity from renewable sources.

Steel can also be made by recycling scrap, such as rail lines, ships, pipes and demolished buildings, using electric-arc furnaces (EAFs). In this route, the main variable is the carbon intensity of electricity that powers the furnaces. There is also variance in the quality of the steel that is produced.

LAPFF’s approach to decarbonisation has been to deal with other disadvantages with fossil fuels, such as price volatility and geopolitical risk.

**Achieved:** LAPFF has engaged with ArcelorMittal for several years and most recently met with the Arcelor in June 2025. The Forum noted a significant

change in approach. There is now less emphasis on carbon-dependent processes and more on disruptive technologies. A reason given was the high cost of gas prices since the invasion of Ukraine. Also, there is demand for low-carbon products in supply chains, such as for railways.

LAPFF heard that there is pressure for fast progress on short-term 2030 targets. LAPFF is increasingly of the view that decarbonisation of the steel industry can be achieved by changes with an appropriate long-term view. Hence, a short-term approach, which is appropriate for different industries, may not apply for steel. What is apparent is that cheaper electricity costs are required and desired. In France/Belgium, a deal has been struck with EDF for French nuclear-powered electricity.

**In Progress:** ArcelorMittal outlined its decarbonisation pathway, but critical timing gaps remain. CA100+ recently flagged the absence of a published Just Transition plan. The company says internal workforce roadmaps are in place, at Dunkirk, for example, every employee is slated either for an EAF role or retirement, and local consultations have begun. However, it still offers no public timetable for releasing a Just Transition strategy or for replacing blast furnaces with EAFs. LAPFF will continue to press for clear timelines, fuller disclosure of community-engagement outcomes, and transparency on electricity sourcing and costs. At the July LAPFF business meeting, a report will be presented on electricity costs related to the transition.

### Executive Pay

**Objective:** In response to recent disclosures of significant increases in CEO and top executive pay among widely held LAPFF companies, the Forum initiated a series of engagements to scrutinise the basis for high levels of executive compensation. These dialogues were aimed at better understanding how the revised executive pay structures of these companies align with long-term corporate performance goals and the treatment of the broader workforce, particularly in light of the ongoing cost of living crisis.

LAPFF also sought clarity on how companies are addressing shareholder concerns surrounding pay fairness, value

creation, and transparency. Consistent with its approach to promoting long-term shareholder value and predictable cost structures, LAPFF advocates for executive remuneration models that emphasise fair and appropriate base salaries, restrict variable pay to instances of exceptional performance, and phase out complex long-term incentive plans in favour of simplified, profit-linked bonus pools.

### Standard Chartered

**Achieved:** LAPFF met with Standard Chartered to discuss the proposed boost to its chief executive’s pay. The proposed package could reward the CEO £13.1m. The company is seeking to overhaul its compensation plan following the UK regulator scrapping a long-standing cap on bonuses. Since 2014, an EU bonus cap for bankers has been in place which had limited bonus pay to twice fixed salary, this was in response to the 2008 global financial crisis.

Standard Chartered defended the increase in executive payouts by citing the broader peer group, a limited pool of leaders with appropriate expertise, and a deliberate shift towards performance-linked remuneration. While acknowledging the lack of a perfect benchmark, the bank stated it had consulted over half of its shareholder register, including proxy advisers, and received broad support. Company representatives pointed to two scorecard (short- and long-term) used to govern awards and emphasised that full payouts are rare. They also noted that the compensation package included malus and clawback provisions, substantial shareholding requirements, and target related to Scope 1-3 emissions and sustainable finance.

LAPFF expressed its reservations and raised concerns over quantum of award, an over-reliance on relative LTIP metrics, and the widening of the CEO-to-employee pay ratio. The Forum also cautioned that Standard Chartered’s incentive package might set a new benchmark and push executive pay higher across the sector.

**In Progress:** LAPFF continues to express reservations and will continue to engage a monitor Standard Chartered’s approach to executive conversation.

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### Intercontinental Hotels Group (IHG)

**Achieved:** InterContinental Hotels Group (IHG) proposed a new pay plan that could almost triple its CEO's total remuneration to £20.6 million in 2025. Company representatives told LAPFF, the Remuneration Committee's proposal won unanimous board approval after months of shareholder consultation and now reflects roughly 85% of the original proposal. The revised scheme significantly increases both fixed and variable pay for the CEO.

IHG explained that these increases are designed to bring executive pay in line with global competitors, noting that while IHG ranks among the top three hotel groups globally in terms of scale, it sits around eighth when benchmarked on executive compensation. The company framed this shift as a "catch-up" measure rather than a forward leap, positioning itself closer to the mid-market in terms of branding but acknowledging the need to compete globally for senior talent.

Although the pay review in question centred on the CEO and CFO, IHG explained that broader considerations, such as succession planning and executive pipeline development are also part of the long-term vision. Internally, the company has implemented mechanisms such as "Voice of the Employee" meetings to discuss sensitive topics, including pay, and has stated its commitment to paying the Real Living Wage at properties it manages directly.

**In Progress:** LAPFF expressed its scepticism about the effectiveness of variable pay and shareholding requirements as tools for retention in isolation. This particularly the case in the US market, which IHG positions itself within, where buy-out offers are common and can undermine retention incentives. Although IHG claims a long-term approach is built into the plan through vesting and holding periods, the timing and magnitude of the changes may be perceived by some stakeholders as abrupt. The company has acknowledged the difficulty of retaining high-performing executives in a global market, but whether this justifies the scale of proposed compensation is subject to debate. Regarding the consultation with employees and shareholders, it is unclear

how much influence these channels have on top-level pay decisions. While IHG points to broader rewards including pensions, bonuses and wellbeing programmes, the relevance of these to the growing disparity in executive pay remains uncertain.

LAPFF will continue to scrutinise and question whether abruptly revamped pay package, such as IHGs and Standard Chartered, truly matches long-term company strategy or stakeholder expectations.

## HOUSEBUILDERS

### Taylor Wimpey

**Objective:** This quarter, LAPFF furthered its engagement with the UK's largest housebuilders on climate-transition planning. The Forum's dialogue with housebuilders aims to encourage the adoption of Paris-aligned targets, the publication of credible roadmaps to net zero homes, collaboration with suppliers to reduce embodied carbon, and the advancement of low-carbon innovation.

LAPFF has maintained regular dialogue with housebuilders in recent years and notes growing frustration across the sector over the lack of clarity surrounding the forthcoming Future Homes Standard, which is still expected to be released later this year. Following the Q1 meeting with Persimmon, Barratt Developments, and Vistry. In Q2, the Forum met with Taylor Wimpey.

**Achieved:** LAPFF met with Robert Noel, Chair of Taylor Wimpey who outlined the company's decarbonisation and just transition developments. The company has cut its absolute emissions by 47% since 2019 and is the only UK housebuilder to reach the Carbon Trust's "Route to Net Zero – Advancing Level" in 2024.

The company has introduced new water protocols, developed low-carbon construction methods, particularly in foundations, it has eliminated diesel use in operations and is supporting supply chain partners, particularly SMEs, to adopt sustainable practices. The company reaffirmed its commitment to reaching net zero operational emissions by 2035.

Taylor Wimpey has embedded this decarbonisation strategy across its governance structures, with full board alignment and engagement via employee forums. The company's just transition plan is outlined in its annual report, with an emphasis on supplier support and upskilling, particularly among SMEs. The company also demonstrated a willingness to reflect on stakeholder input, including a cautious approach to bringing its sustainability plan to a shareholder vote, due to the evolving political and investor landscape.

"At Taylor Wimpey it is our priority to run a business that is sustainable over the long-term. To remain sustainable, we need to operate in the interests of all of our stakeholders including Customers, Shareholders, Suppliers, Employees, and the Communities in which we operate." – Robert Noel, Chair of Taylor Wimpey.

**In Progress:** Despite this progress, key challenges remain. Taylor Wimpey, along with other housebuilders LAPFF engages with, continue to express frustration with the lack of clarity surrounding the forthcoming Future Homes Standard. It cites the lack of clarity is hampering the pace of target-setting and long-term planning.

Additionally, while Taylor Wimpey has made internal advances, including technology trials and community consultation, the company acknowledged that it is still testing solutions and has not yet identified a definitive pathway to zero-carbon homes. The company highlighted various factors including the energy grid that housebuilders are reliant on and noted that the industry is still learning. The offsetting strategy required for its 2035 net zero target also remains under development. Further scrutiny is needed on how performance indicators are tracked and disclosed, and how the strategy is communicated to investors.

LAPFF will also continue to monitor and follow how Taylor Wimpey advances its decarbonisation and just transition plans in practice, including homes and technology testing, contractor training, supply chain resilience, and equitable workforce adaptation, especially in the face of broader sectoral pressures such as skills shortages and energy-grid limitations.

## ENGAGEMENT

### COLLABORATIVE ENGAGEMENTS

### COLLABORATIVE INVESTOR MEETINGS

#### Nature Action 100 – AbbVie & Pfizer

LAPFF continues to support Nature Action 100 (NA100), a global investor initiative that drives corporate action on nature-related risks and biodiversity loss. LAPFF has engaged multiple companies through the initiative since its inception in 2023.

During the quarter, LAPFF attended AbbVie's virtual AGM to ask the company to commit to assessing and disclosing its impacts and dependencies on nature. The business of the AGM was concluded in 13 minutes, with a further six minutes being

allocated for questions, in which time the one that LAPFF posed was not answered. AbbVie have followed up subsequently detailing briefly information found in its most recent ESG Action Report. LAPFF is currently undertaking an assessment of the company's latest report and will be following up to seek further engagement.

Pfizer is a company that has not yet been engaged through the initiative other than the initial letter that was sent by NA100 in 2023 laying out ambitions. LAPFF coordinated a letter, co-signed by other investors, that went to Pfizer. The letter sought a meeting to engage on the company's strategy around nature and biodiversity.

#### PRI Advance – Vale

In Q2, LAPFF led a quarterly investor call as part of the PRI Advance initiative to discuss ongoing engagement with mining company Vale. The call focused on clarifying responsibilities within the group and planning the next phase of engagement, including a letter to Vale to request a meeting on how the

company is collecting, managing and integrating employee and community feedback on its operations. Specifically, the group seeks further disclosure on the findings of Vale's latest Community Perception Survey (the second iteration of this community survey), disclosures on employee feedback channels and findings, and more information on how this feedback data is shaping board level insight and long-term stakeholder engagement strategies.

According to Vale's website, the 2024 Community Perception Survey engaged 1,500 more respondents than its first iteration and covered a broader range of communities. Public disclosures state that a total of 6,683 respondents across five Brazilian states participated, representing 221 communities; 168 classified as local and 53 as traditional (including quilombolas, coconut breakers, artisanal fishers, and geraizeiras). The PRI Advance group is particularly interested in further details on these findings and how the insights are being integrated into Vale's broader social strategy.

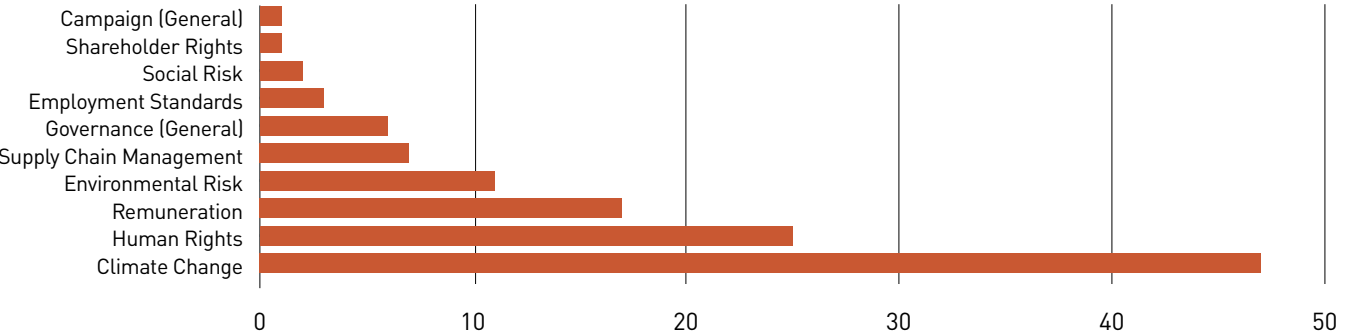
## COMPANY PROGRESS REPORT

This dataset represents data taken from 'Meetings', 'AGMs' and 'Received Correspondence' only.

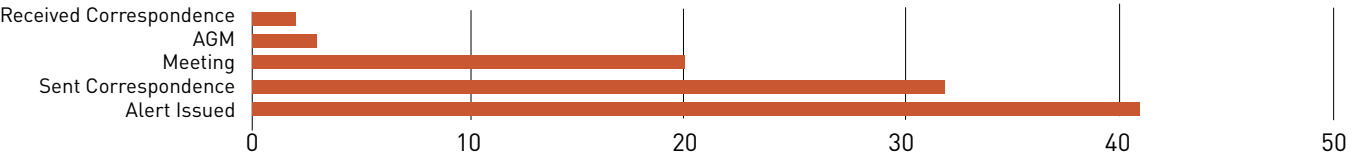
Company/Index	Activity	Topic	Outcome
ABBVIE INC	AGM	Environmental Risk	No Improvement
ANGLO AMERICAN PLC	Meeting	Climate Change	Dialogue
ANTOFAGASTA PLC	Meeting	Climate Change	Moderate Improvement
ARCELORMITTAL SA	Meeting	Climate Change	Moderate Improvement
COMPAGNIE FINANCIERE RICHEMONT SA	Received Correspondence	Human Rights	Small Improvement
DANONE	Meeting	Social Risk	Small Improvement
DRAX GROUP PLC	AGM	Climate Change	Dialogue
FREEPORT-MCMORAN INC.	Meeting	Environmental Risk	Dialogue
GLENCORE PLC	Meeting	Climate Change	Moderate Improvement
HON HAI PRECISION INDUSTRY CO LTD	Meeting	Climate Change	Change in Process
INFINEON TECHNOLOGIES AG	Meeting	Remuneration	Awaiting Response
INTERCONTINENTAL HOTELS GROUP PLC	Meeting	Remuneration	Dialogue
LOCKHEED MARTIN CORPORATION	Meeting	Human Rights	Change in Process
LVMH (MOET HENNESSY - LOUIS VUITTON) SE	Meeting	Human Rights	Moderate Improvement
MARKS & SPENCER GROUP PLC	Meeting	Employment Standards	No Improvement
MONCLER SPA	Meeting	Human Rights	Moderate Improvement
PHOENIX GROUP HOLDINGS	Meeting	Human Rights	Small Improvement
PT BANK RAKYAT INDONESIA	Meeting	Climate Change	Change in Process
SHELL PLC	AGM	Climate Change	No Improvement
SHELL PLC	Meeting	Climate Change	Dialogue
STANDARD CHARTERED PLC	Meeting	Remuneration	Dialogue
TAIWAN SEMICONDUCTOR MFG CO	Meeting	Climate Change	Change in Process
TAYLOR WIMPEY PLC	Meeting	Climate Change	Moderate Improvement
VANGUARD INTL SEMICONDUCTOR	Meeting	Climate Change	Small Improvement
WESTPAC BANKING	Received Correspondence	Human Rights	Small Improvement

# ENGAGEMENT DATA

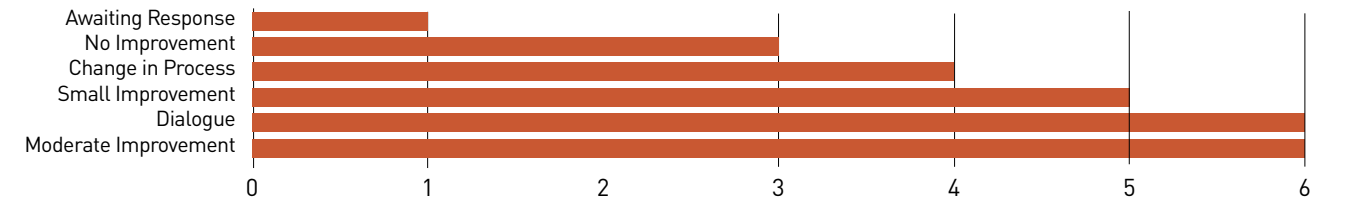
## ENGAGEMENT TOPICS



## ACTIVITY



## MEETING ENGAGEMENT OUTCOMES\*

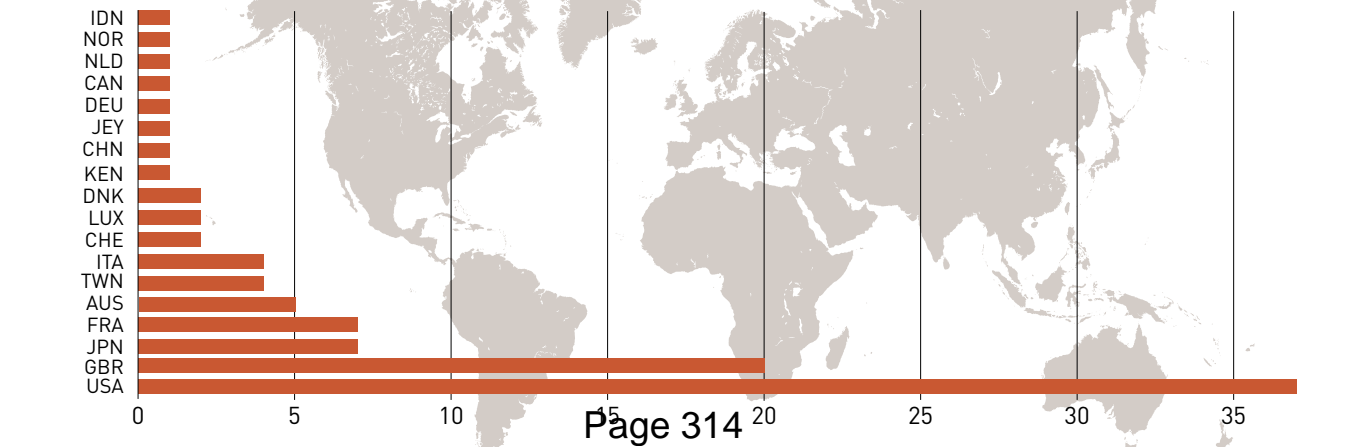


\*Outcomes data is taken from 'Meetings', 'AGMs' and 'Received Correspondence' only

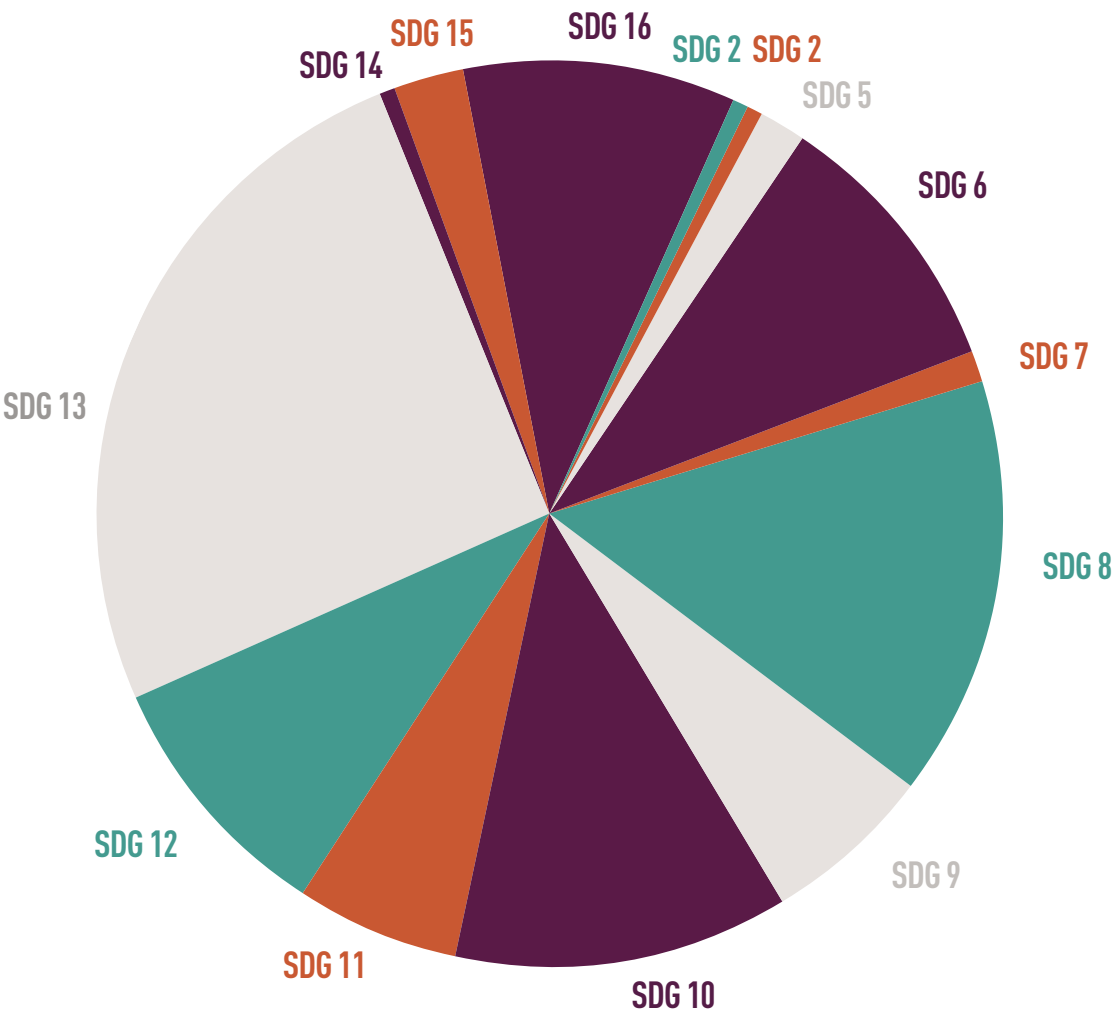
## POSITION ENGAGED



## COMPANY DOMICILES



ENGAGEMENT DATA




LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	0
SDG 2: Zero Hunger	1
SDG 3: Good Health and Well-Being	1
SDG 4: Quality Education	0
SDG 5: Gender Equality	3
SDG 6: Clean Water and Sanitation	16
SDG 7: Affordable and Clean Energy	2
SDG 8: Decent Work and Economic Growth	25
SDG 9: Industry, Innovation, and Infrastructure	10
SDG 10: Reduced Inequalities	20
SDG 11: Sustainable Cities and Communities	10
SDG 12: Responsible Production and Consumption	15
SDG 13: Climate Action	43
SDG 14: Life Below Water	1
SDG 15: Life on Land	4
SDG 16: Peace, Justice, and Strong Institutions	16
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

## LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

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

	<b>Brent Pension Fund Sub-Committee</b> 8 October 2025
	<b>Report from the Corporate Director of Finance and Resources</b>
<b>Training Update - Members' Learning and Development</b>	

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

## 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 as at 31 August 2025.

<b>Title of Module</b>	<b>Module completed by</b>
Introduction	Elizabeth Bankole Cllr Ahmadi-Moghaddam Cllr Johnson Cllr Choudry Cllr Crabb Cllr Molloy
Module 1 – Committee Role and Pensions Legislation	Cllr Ahmadi-Moghaddam Cllr Johnson Cllr Choudry Cllr Crabb Cllr Kennelly Cllr Molloy
Module 2 – Pensions Governance	Cllr Ahmadi-Moghaddam Cllr Johnson Cllr Choudry Cllr Crabb Cllr Kennelly Cllr Molloy
Module 3 – Pensions Administration	Cllr Ahmadi-Moghaddam Cllr Johnson Cllr Choudry Cllr Crabb Cllr Kennelly Cllr Molloy
Module 5 – Procurement and Relationship Management	Cllr Ahmadi-Moghaddam Cllr Johnson Cllr Choudry Cllr Crabb Cllr Kennelly Cllr Molloy
Module 6 – Investment Performance and Risk Management	Cllr Ahmadi-Moghaddam Cllr Johnson Cllr Crabb Cllr Kennelly
Module 7 – Financial Markets and Product Knowledge	Cllr Ahmadi-Moghaddam Cllr Johnson Cllr Crabb
Module 4 – Pensions Accounting and Audit Standards	Cllr Ahmadi-Moghaddam Cllr Johnson

	Cllr Choudry Cllr Crabb Cllr Kennelly Cllr Molloy
Module 8 – Actuarial Methods, Standards and Practices	Cllr Ahmadi-Moghaddam Cllr Johnson Cllr Crabb

3.10 As the training modules are being phased in line with the agreed timetable, it is expected that all members will continue progressing through the learning programme to ensure alignment with the Fund's governance and training strategy.

#### **4.0 Stakeholder and ward member consultation and engagement**

4.1 This is not applicable for this report.

#### **5.0 Financial Considerations**

5.1 There are none arising directly from this report.

#### **6.0 Legal Considerations**

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

#### **7.0 Equality, Diversity & Inclusion (EDI) Considerations**

7.1 There are none arising directly from this report.

#### **8.0 Climate Change and Environmental Considerations**

8.1 There are none arising directly from this report.

#### **9.0 Human Resources/Property Considerations (if appropriate)**

9.1 There are none arising directly from this report.

#### **10.0 Communication Considerations**

10.1 There are none arising directly from this report.

#### **Report sign off:**

***Minesh Patel***

Corporate Director of Finance and Resources

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

	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 formulation of policies			✓				✓	1		
Latest changes to the LGPS			✓				✓	1		
Pensions governance										
Understanding the role of the administering authority			✓				✓	2		
Understanding the general governance framework, including the role of MHCLG, SAB, TPR and other Regulators			✓				✓	2		
The role of the Pension Committee, the administering authority, Pension Board and scheme employers	✓	✓	✓				✓	2		
Understanding the role of the s.151 officer	✓	✓	✓					2		
Monitoring and management of fund risk	✓		✓	✓	✓		✓	2		
Managing conflicts of interest	✓	✓	✓			✓	✓	2		
Reporting breaches of the law		✓	✓			✓	✓	2		
Pensions administration										
General understanding of best practice in scheme administration (e.g. performance and cost measures)	✓	✓	✓	✓				3		
Appreciation of Fund policies, including the administration strategy			✓	✓				3		
Understanding of discretionary powers and their usage			✓	✓				3		
Overview of pension tax rules			✓	✓				3		
Understanding of the Fund's AVC arrangements, including investment choices and performance			✓	✓	✓			3		
Actuarial methods, standards and practices										
General understanding of the role of the actuary	✓	✓	✓	✓	✓		✓	8		
Understanding the valuation process (including the Funding Strategy Statement) and inter-valuation monitoring			✓	✓			✓	8		
Monitoring of early and ill health retirements		✓						8		
Understanding the process for enabling new employers to join the Fund, together with the cessation process		✓	✓	✓	✓		✓	8		
Understanding the pension implication of outsourcing and bulk transfers		✓	✓	✓	✓		✓	8		
Appreciation of the employer covenant		✓	✓	✓	✓		✓	8		
Pension accounting & auditing standards										
A general understanding of the Accounts and Audit Regulations, together with legislative requirements relating to internal controls and accounting practice			✓					4		
A general understanding of the role of internal and external audit		✓	✓					4		
A general understanding of the role played by third party assurance providers			✓					4		
Pension Services procurement & relationship management										
A general understanding of public procurement policy and the role of key decision makers and organisations			✓	✓	✓			5		
A general understanding of the main requirements of UK and EU procurement legislation			✓	✓	✓			5		
An understanding of the importance of considering risk factors for the Fund when selecting third party providers			✓	✓	✓			5		
Appreciation of how the Fund monitors and manages performance of outsourced providers			✓	✓	✓			5		

Investment performance & risk management										
A general understanding of the importance of monitoring asset returns relative to the liabilities			✓	✓	✓			6		
Understanding ways of assessing long term risk			✓	✓	✓			6		
Appreciation of the Myners principles and the approach adopted by the Fund			✓	✓	✓			6		
Appreciation of the range of support services available, who supplies them and the nature of the performance monitoring regime			✓	✓	✓			6		
Financial markets & products knowledge										
A general understanding of the risk and return characteristics of the main asset classes			✓	✓	✓			7		
Understanding the role of these asset classes in long-term Fund investing			✓	✓	✓			7		
Understanding the importance of the Funds Investment Strategy Statement			✓	✓	✓			7		
A general understanding of the financial markets and the investment vehicles available to the Fund, together with their associated risks			✓	✓	✓			7		
Understanding the legislative limits placed on investments within the LGPS			✓	✓	✓			7		
Understanding how the Fund interacts with the UK and overseas taxation systems in relation to investments			✓	✓	✓			7		

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# Brent Pension Fund

## Pension Committee and Pension Board Training Strategy

March 2021

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## Introduction

This is the training strategy of the Brent Pension Fund (“the Fund”). It has been established to aid the Pension Committee, Pension Board and Officers understanding of their respective responsibilities. This training strategy sets out how these key individuals within the Fund will obtain and maintain the necessary knowledge and understanding in order to fulfil their role.

## Objectives

The Funds’ objectives relating to knowledge and understanding are to:

- Ensure the Fund is appropriately managed and those individuals responsible for its management and administration have the appropriate knowledge and expertise;
- Ensures that there is the appropriate level of internal challenge and scrutiny on decisions and performance of the Fund
- Ensure the effective governance and administration of the Fund; and
- Ensure decisions taken are robust and based on regulatory requirements or guidance of the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for Housing, Communities and Local Government.

### **Pension Fund Committee members require an understanding of:**

- Their responsibilities as an LGPS administering authority, as delegated to them by Brent Council;
- The requirements relating to pension fund investments;
- Controlling and monitoring the funding level; and
- Effective decision making in relation to the management and administration of the Fund.

### **Pension Board members must be conversant with –**

- The relevant LGPS Regulations and any other regulations governing the LGPS;
- Any policy or strategy documents as regards the management and administration of the Fund; and
- The law relating to pensions and such other matters as may be prescribed.

### **Officers responsible for Fund management and administration must ensure they have the necessary knowledge and understanding to:**

- carry out the tasks of managing the Fund’s investments, administering the payment of benefits and communicating key messages to scheme employers, scheme members and their dependants.

The knowledge and skills required of staff should be set out in their job descriptions, including any formal qualifications required.

## Compliance

To achieve these objectives, the Fund will aim for full compliance with the CIPFA Knowledge and Skills Framework (KSF) and the Pension Regulator Code of Practice to meet the skills set within that Framework. Attention will also be given to any guidance issued by the Scheme Advisory board (SAB), the Pensions Regulator and the Secretary of State.

### **CIPFA Knowledge and Skills Framework – Pension Fund Committees**

Although there is currently no legal requirement for knowledge and understanding for members of the Pension Committee it is the Fund's opinion that, in accordance with the Scheme Advisory Board's (SAB) "Good Governance" project members of the Pension Committee should have no less a degree of knowledge and skills than those required in legislation by the Local Pension Board.

The CIPFA framework, that was introduced in 2010, covers six areas of knowledge identified as the core requirements:

- Pensions legislative and governance context;
- Pension accounting and auditing standards;
- Financial services procurement and relationship development;
- Investment performance and risk management;
- Financial markets and products knowledge; and
- Actuarial methods, standards and practice.

Under each of the above heading the Knowledge and Skills Framework sets the skills and knowledge required by those individuals responsible for Fund's financial management and decision making.

### **CIPFA Technical Knowledge and Skills Framework – Local Pension Boards**

CIPFA extended the Knowledge and Skills Framework in 2015 to specifically include Pension Board members, albeit there is an overlap with the original Framework. The 2015 Framework identifies the following areas as being key to the understanding of local pension board members;

- Pensions Legislation;
- Public Sector Pensions Governance;
- Pensions Administration;
- Pensions Accounting and Auditing Standards;
- Pensions Services Procurement and Relationship Management;
- Investment Performance and Risk Management;
- Financial markets and product knowledge;
- Actuarial methods, standards and practices.

### The Pensions Regulator's E-learning toolkit

The Pensions Regulator has developed an online toolkit to help those running public service schemes understand the governance and administration requirements set out in its code of practice 14 – *Governance and administration of public service pension schemes*. The toolkit covers 7 short modules, which are:

- Conflicts of Interests;
- Managing Risk and Internal Controls;
- Maintaining Accurate Member Data;
- Maintaining Member Contributions;
- Providing Information to Members and Others;
- Resolving Internal Disputes;
- Reporting Breaches of the Law.

The modules of the Regulator's toolkit are by their very nature generic, having to cater for all public service pension schemes. While they give a minimum appreciation of the knowledge and understanding requirements set out in the Code of Practice they do not cater for the specific requirements of the individual public service schemes.

As a result the Regulator's toolkit does not cover knowledge and skills requirements in areas such as Scheme regulations, the Fund's specific policies and the more general pension's legislation. Therefore, this toolkit should be used to supplement the existing training plans.

## Timing

Ideally, targeted training will be provided that is timely and directly relevant to the Committee and Board's activities as set out in the Fund's business plan.

## Approach

This Strategy sets out how the Fund provide training to members of the Pension Committee and Pension Board. Officers involved in the management and administration of the Fund will have their own section and personal training plans together with career development objectives.

- **Induction training** - Pension Committee and Pension Board members will receive induction training to cover the role of the Fund, Pension Board and understand the duties and obligations Brent Council as the Administering Authority, including funding and investment matters.

It is anticipated that at least 2 day's annual training will be arranged and provided by officers to address specific training requirements to meet the Pension Committee and Pension Board's business plan. All members will be encouraged to attend this event.

- **External courses** - Additionally, a number of specialist courses are run by bodies such as the Local Government Association, actuarial, governance and investment advisers as well as fund manager partners.
- **Conferences** - There are also a number of suitable conferences run annually, which will be brought to members attention where appropriate. Of particular relevance are the LGA Annual Governance Conference, LGA Fundamentals Training, National Association of Pension Funds (NAPF) Local Authority

Conference, the LGC Local Authority Conference, and the Local Authority Pension Fund Forum (LAPFF) annual conference.

Additionally, consideration will be given to various training resources available in delivering training to the Pension Committee and Pension Board members. These may include but are not restricted to:

- In-house and shared training events where it improves economy, efficiency and effectiveness
- Self-improvement and familiarisation with regulations and documents
- The Pension Regulator's e-learning programme
- Attending courses, seminars and external events
- Internally developed training days and pre/post meeting sessions
- Regular updates from officers and/or advisers
- Informal discussion and one-to-one sessions
- Formal presentations
- Circulated reading material
- E-learning

## Flexibility

When considering training for members of the Pension Committee and Pension Board it is recognised that individuals may have different learning styles. The Fund will seek, where possible, to ensure flexibility in the manner in which training is provided to support these different learning styles.

## Maintaining knowledge

In addition to undertaking ongoing training to achieve the requirements of the CIPFA knowledge and skills framework Pension Committee and Pension Board members are expected to maintain their knowledge and understanding of topical issues through attendance at internal/external events and seminars where appropriate. We recommend that members sign up to the various industry communications such as those produced by the SAB, LGA, CIPFA and the Fund Actuary.

Owing to the changing world of pensions, it will also be necessary to attend ad hoc training on emerging issues or on a specific subject on which a decision is to be made in the near future.

## Risk Management

The compliance and delivery of a training strategy is at risk in the event of-

- Frequent changes in membership of the Pension Committee or Pension Board
- Poor individual commitment
- Resources not being available
- Poor standards of training
- Inappropriate training plans

These risks will be monitored within the scope of the training strategy to be reported to the s.151 officer where appropriate.

## Reporting and Compliance

In line with the CIPFA Code of Practice a disclosure will be made in the Fund's Annual Report and Accounts that covers:

- How the Skills and Knowledge framework has been applied.
- What assessment of training needs has been undertaken.
- What training has been delivered against the identified training needs.

## Budget and costs

A training budget will be agreed and costs fully scoped.

All direct costs and associated reasonable expenses for attendance of external courses and conferences will be met by the fund, provided that the Scheme Manager's prior approval is sought before incurring any such expenses (other than routine costs associated with travelling to and from Pensions Board/Committee meetings) and appropriate receipts are sent to the Scheme Manager evidencing the expenses being claimed for.

## Effective date

This strategy comes into effect from 23 March 2021.

## Review

This strategy will be reviewed every 2 years, and if necessary, more frequently to ensure it remains accurate and relevant.

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<b>Title of Module</b>	<b>Module Content</b>	<b>Date to be completed</b>	<b>Time Requirement</b>
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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## **MINUTES OF THE PENSION BOARD** **Held as an online meeting on Monday 25 March 2024 at 6.00 pm**

PRESENT: (in remote attendance): David Ewart (Independent Chair), Councillors Kabir & T.Smith (Employer's Representative), Chris Bala (Pension Scheme Member Representative), Bola George (Member Representative - Unison).

Also Present: (in remote attendance): Chris Batts (Senior Client Relationships Manager LPPA).

### **1. Apologies for Absence and clarification of Alternative Members**

Apologies of absence were received from Robert Wheeler (Member Representative – GMB) & Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance & Resources)

### **2. Declarations of interests**

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

No further declarations were made during the meeting.

### **3. Minutes of the previous meeting**

The minutes of the previous meeting held on Monday 24 March 2025 were **AGREED** as an accurate record.

### **4. Matters Arising**

None.

### **5. Pensions Administrations Update**

John Smith (Pensions Manager, Brent Council) was then invited to introduce a 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 Q4 2024-25 (1 January 2025 to 31 March 2025) with a brief overview provided on Fund membership, which as of 31 March 25 comprised 6,730 active members, 10,260 deferred members and 7,685 pensioner and dependant members. The Board's attention was drawn to the maturing nature of the age demographic for Fund Members with 56% of working age members over 45 and 49% of the 35-60 age cohort for deferred members being over 50.

In focussing on overall performance during Q4 the Board was advised that performance had remained high overall with 98.6% 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 had stabilised with it noted that none of the case types 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 Chris Batts 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 98.6% against SLAs with a more detailed outline provided as part of 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 as well as the focus on migration of Brents Pension Payroll.
- In terms of LPPA contact centre calls performance, the average wait time remained under the target of 4 minutes, with an average wait time over Q4 of 3 minutes 22 seconds which was recognised as being 52 seconds longer than the previous quarter with 69% of the calls received being answered within 4 minutes.
- Progress continued to be made in terms of employer retirement notifications, with enhanced monthly return timeliness and improvements in retirement notification periods. Whilst not currently subject to an SLA, LPPA aim remained to pay retirees within 30 days of their leaving the service. This was in recognition of LPPA's need to provide a seamless transition without gaps, so as to avoid a break between salary and pension payments. To do this, it was noted that the employer notification of staff members retirement was key in making timely payments possible. Additional Voluntary Contributions (AVC's) were also stated to complicate the payments process, often leading to delays.
- 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 92.6% and 78.7% respectively and customer feedback subject to ongoing monitoring to support staff development and training. The Q4 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 66.7% for actives into retirement and 33.3% for deferred into payment with a key issue highlighted as timing of payments.

- Regarding complaints, members were informed that numbers remained consistent with previous quarters and 10 new cases having been received since the last Board meeting, representing a rate of just over 3 per month. The new cases were split between the complaints categories relating to delays and general service with the breakdown marginally worse than the previous quarter but with numbers gradually falling overall. The Board was also advised of the establishment of an internal complaints board by LPPA designed to undertake deep-dive analyses and identify preventative measures aimed at addressing the root causes of complaints and members also advised of the jurisdiction of the Pensions Ombudsman in relation to internal dispute resolution cases.
- Progress continued to be made in terms of scheme member registrations to the Pension Point online Portal with quality improvements also demonstrated, enabling members to more easily access their payslips and P60s online and the focus on efforts to encourage the greater adoption of digital services by members.
- 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 the automation of processes relating to active and deferred retirement quotes, deferred statements for leavers and refunds and the delivery of online retirement forms, which were due to be rolled out to Funds by the end of Q1 2025. Work also continued on automation of the deferred retirements payment process (following previous automation that was delivered to produce deferred retirement quotes) as the next automation process which would be followed by automation for the payment process for CARE only active retirements. As part of the process, bank validation account name checking was also in testing, to be rolled out in Q1 2025 as an enhanced security and anti-fraud measure with other activity in flight including work to improve the monthly returns process and the member and employer online portals.

Reference was also made to the work being undertaken in partnership with Civica and Intellica on a data project to improve data quality ahead of Fund valuation and the introduction of the Pensions Dashboard with the creation of test environments now complete and Data Validation checks being used to assess the integrity of member data. 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.

Work also continued in relation to implementation of the Pensions Dashboard will enable individuals to access their pensions information online, securely and all in one place with the connection date for public sector schemes to connect to the Dashboard remaining on schedule for 31 October 2025.

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

- Whilst welcoming the stable nature of the performance update provided, further details were sought on the increase in contact centre call response times and action being taken to address the concerns outlined. In response, Chris Batts reported that the average wait time had increased between Q3 and Q4 due to March and April being the peak seasonal time for help desk calls. LPPA had observed an increase in calls relating to changes to all public service pension schemes that were in the process of being introduction as a result of the McCloud judgment with these impacting on the number of calls being received and subsequent performance. To help address these issues LPPA had increased call centre resources and introduced further training in an attempt to reduce average call and wait times with it highlighted that performance still compared favourably to other call centres, were wait times often averaged between 10-15 minutes. It was also noted that when the previous new pension system was implemented wait times exceeded the 10-minute mark. Data migration and system backlogs clogged availability; however, this had continuously trended down in recent years and officers believed that improvements would continue.

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 being made in relation to the McCloud remedy with the project currently flagged amber. The Board was advised that LPPA's focus was currently targeted on re-running eligibility flags, preparing retrospective cases and testing the underpin in anticipation of the Annual Benefit Statement deadline of 31 August 2025. The LPPA had not confirmed that UPM's McCloud underpin routines would be fully functional in time for the 31 August 2025 deadline, with members advised this may mean Brent having to inform the Pensions Regulator and its members that it would need to exercise its discretion to delay the implementation for ABS until 31 August 2026. 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, the Board was advised that LPPA continued to provide regular updates measuring progress and monitoring the delivery of the remaining UPM functionality and continued to undertake data cleanse projects to maximise the number of cases that would pass the validation checks with the key being UPM's ability to bulk process retrospective cases. 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. An update was also provided in relation to progress in preparation for the 2025 Fund Triennial Valuation with LPPA due to submit their required data to the actuaries at the end of July 2025. In noting the delay, the Board was advised this had been due to the decision by the LPA to revert to the previous (pre-McCloud) format.

An update was also provided in relation to re-enrolment, with confirmation provided that Brent had re-enrolled all staff and all staff within maintained schools into a relevant pension scheme on 1 November 2024 with 4,149 of 4,755 employees active members of a public sector pension scheme and 340 out of 606 employees who were not active members not eligible to be re-enrolled. This had also involved 182 employees being re-enrolled in the LGPS, 83 into the Teachers' Pension Scheme and 1 into the National Health Service Pension Scheme with the re-enrolment date being moved forward from February 2025 to November 2024 felt to have worked well. In terms of lessons learnt, the need to commence the communication and engagement process earlier in future had been identified along with a need to refine standard letters and provide clear advice to schools and payroll providers that the next re-enrolment date would be 1 November 2027, which would be non-negotiable.

Following on from the final updates provided, the Chair once again invited questions from Board members, with comments summarised below:

- In response to a query regarding the McCloud deadlines Chris Batts advised that the most recent updated had been provided to the Council on 18<sup>th</sup> of July 2025. Whilst some guidance was still awaited it was expected that at least 95% of Annual Benefit Statements could be provided. Clarification was also sought on the position relating to any potential deferral, which officers confirmed related to the inclusion of McCloud data within the ABS. Given the relatively small numbers involved any potential delay was not seen to present a significant cause for concern with it confirmed that, at this stage, no discretion in relation to any deferral had been exercised and the matter flagged as a precaution to lay the groundwork to lawfully exercise the discretion, if subsequently needed.
- In response to details being sought on the breakdown of those members identified as ineligible for re enrolment, the Board was advised these included a wide variety of categories, such as those people who had chosen to opt out within the last few years; members working under contracts of three months or less, earning £10,000 per year, already part of schemes outside of those offered by Brent as well as various other tests.
- In noting the update provided on the re enrolment process details were sought on the impact this had on administration of the pension scheme and valuation of the Fund. In response, the Board was advised of the preference to ensure employees were enrolled in the scheme due to it being a strong offer for their wellbeing, an important retention tool and part of the total pension's rewards package. Regarding those choosing to not to enter the scheme the reasons would be varied and were subject to review, although it was noted that their absence had little impact on the scheme and opt outs were encouraged to take the 50/50 scheme wherever possible. In terms of the valuation process changes in staff numbers and their effects on the funding position of the Council had been discussed, given the current constraints on local government funding. The actuary had confirmed small changes in percent either way had little effect on the pension fund. A localised impact could be observable at the specific employer level, but at the fund level member opt outs would need to be significant to have any adverse effect. The re enrolment scheme was noted to serve a positive role

by bring those outside of pension schemes back into the fold and bolstering the pension fund and providing individuals with valuable pension benefits.

With no further comments raised the Chair thanked John Smith and Chris Batts (LPPA) for the update and commended the progress outlined and it was **RESOLVED** that the report be noted.

## 6. **Chair's Annual Report**

David Ewart (as Chair) introduced the Annual Report to the Pension Board, providing an update on the Board's work during 2024-25.

In introducing the report, the Chair highlighted the work of the Board as it related firstly to the review of investment activity and secondly to the performance of the pension administration function with additional roles in relation to risk management and the use of other discretionary powers. In terms of the review of investment activities, it was recognised whilst this had taken up a relatively small part of the Board's work, given the remit of the Pension Fund Sub Committee in this respect, members had continued to receive regular investment updates and been in general agreement with the action being taken by the Sub Committee including the move to the revised asset allocation, socially responsible investment and the steps towards low carbon investment as well as collective engagement on wider environmental, social and governance (ESG) issues in terms of the Fund's investments with members mindful of their duty to effectively scrutinise the investment activity of the fund.

In terms of Pension Administration, the Board had taken the lead in scrutinising the performance of the Fund's pensions administration partner Local Pensions Partnership Administration (LPPA), with the Board continuing to monitor those areas identified as not meeting SLA targets as well as general levels of performance and a focus on some of the most sensitive activity such as dealing with retirement from active membership and death in service, the level of service to Fund members and the quality of data held, although the need to maintain ongoing and continuous improvements had been recognised.

Whilst 2024-25 year had been a busy year and the Board remained aware of the areas for improvement highlighted it was also felt to have been an encouraging year for the Fund, despite the increasing risks and pressures identified, with the funding level continuing to improve and investment returns remaining strong on an absolute basis although slightly underperforming relative to the Fund's benchmark and a slow but general improvement in the performance of the pension administration function (with some areas of challenges remaining).

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

Following the update provided by the Chair members were invited to raise any comments with the following issues highlighted:

- In raising the ongoing absence of an employer's representative position on the Board, members sought details on progress in filling the position. Sawan Shah (Head of Finance Pensions and Housing Companies) responded that having undertaken an unsuccessful recruitment process at the start of 2025 (given the low level of engagement received) officers were now exploring options to promote better interest in the position in advance of a further recruitment process being undertaken following the school summer holiday period on which members were advised the Board would continue to be updated on progress.

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

## 7. Local Government Pension Scheme Update

John Smith (Pensions Manager, 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:

- Consultation on the Local Government Pension Scheme England and Wales; Access and Fairness – In May 2025, the Ministry of Housing, Communities and Local Government (MHCLG) had published its LGPS Access and Fairness consultation (attached as Appendix 1 to the report) which was focussed on promoting equal access to the LGPS scheme in terms of its benefits and fairness. The consultation was due to close on 7 August 2025 and was felt to provide an opportunity for a comprehensive review of existing Pension Regulations. Further detail was provided on the key areas covered within section 3.2 of the report which included:
  - The proposal is to equalise the survivor pension entitlement of all members, regardless of the sex of the eligible member or their survivor, and to update regulations on survivor benefits and death grants.
  - The proposal to amend the Benefits Regulations to formally remove the nomination requirement for all deaths that occurred between 1 April 2008 and 31 March 2014.
  - The proposal to amend the 2013 Regulations to remove reference to an age 75 limit on eligibility for death grant payments, and to amend the 2014 Regulations to disapply the age 75 limit on death grants for individuals to whom the rules of the previous schemes continue to apply and who had died on or after 1 April 2014.
  - The removal of the requirement to pay death grants to the personal representatives once two years had elapsed after the administrators became aware of the death,
  - The proposal to align the cost of buying back authorised unpaid leave over 30 days with standard member contribution rates.
  - The proposal to update the definition of child-related leave to include all periods of additional maternity, adoption and shared parental leave without pay.
  - The proposal to monitor and report on opt-outs.

- Proposals intended to make the forfeiture process work better and address known issues with current regulations.
- The proposal to extend de-minimis (special type of trivial commutation) payments commutation to pre-2008 leavers.
- The proposal to offer pre-2014 leavers the option to use their additional voluntary contributions (AVCs) to buy additional LGPS pension if they crystallise their AVCs at the same time as their deferred benefits.
- The proposal to remove the five-year limit for refunds.
- The proposal to limit short-term child's pensions under the 1995 and 1997 Regulations (pre-2008 leavers).

Taken overall, whilst noting the aim underpinning the proposed changes in seeking to advance access and fairness it was pointed out that many of the proposals were also necessary to ensure compliance with the law.

- In concluding his update, John Smith drew members' attention to a recent ombudsman decision concerning Mr L. vs the City of Wolverhampton. The case involved the awarding of a Death Grant to a close relative, which was subsequently challenged by their partner. The court's decision concluded that provided all potential beneficiaries acted reasonably and followed the correct procedure, the ombudsman would not be minded to overturn the authority's exercise of discretion.

Following the overview and having commended the quality and comprehensive nature of the update provided, the Chair invited comments from Board members. The key points raised were as follows:

- In noting the technical nature of the proposals contained within the Government consultation being undertaken on the Access and Fairness to the Local Government Pension Scheme details were sought on any potential negative impacts identified in relation to operation of the Pension Scheme or its members. In response confirmation was provided that the changes had been focussed in promoting access and fairness for scheme members. No potentially significant negative impacts were identified, with members advised that the changes were also expected to address unintended and adverse regulatory effects that had operated to the detriment of scheme members.
- Having received assurance regarding the impacts of the proposed changes, members enquired which changes might be implemented into active pension schemes and when this would occur. Officers responded positively, anticipating that most, if not all, would be introduced. This expectation was based on the fact that the regulatory changes had already been widely implemented throughout many public sector and similar pension schemes. Members were advised that officers would be responding to the consultation and would also advocate for similar actions to be taken more frequently in future. In terms of timescales for implementation, these were identified as more difficult to predict as they were dependent on the outcome of the consultation process and with the Ministry of Housing, Communities & Local Government (MHCLG) having ultimate authority over when changes would be implemented.



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

George Patsalides (Finance analyst, Brent Pension Fund) 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 2.3 Cyber Security – the update of likelihood and risk score along with 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 change in the likelihood and risk score following the successful transfer of the payroll service.
- Item 3.6 Re-enrolment – the update of likelihood score and supporting commentary.
- Item 4.2 Annual Benefit Statements – the update to the risk area and supporting commentary.
- Item 4.52 Admission agreements – the update of supporting commentary.
- Item 5.4 Governance – the update of supporting commentary and controls.
- Item 5.6 Data Protection breaches – the update of supporting commentary.
- Item 6.2 Geographical and economic risk in relation to investments – risk outline and commentary updated.
- Item 6.11 Ability of Fund's Assets to meet Long Term Liabilities – the update of supporting commentary.
- Item 6.3 Impact of McCloud judgement on Long Term Liabilities – the update of supporting commentary.
- Item 6.5 Annual Audit - the update of supporting commentary.

In thanking George Patsalides 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:

- Details were sought on the risk considerations identified in relation to the outcome of the Governments "Fit for Future" consultation in relation to the implementation of pooled funding arrangements for the Fund and local investment requirements. Whilst acknowledging the inherent risk identified members were advised the main purpose of the proposed changes had been to make the LGPS more streamlined and efficient with the Government seeing the potential benefits as outweighing potential risks in the intermediate term. As further assurance, Sawan Shah (Head of Finance Pensions and Housing

Companies) felt it important to recognise that under the arrangements the Funds strategic investment strategy would remain under the control of Brent's Fund. Once asset allocation, such as equities, bonds, property, cash or infrastructure, had been decided the new regional pools would manage the execution of this investment on Brents behalf, receiving oversight from the Pension Board and Brent Pension Fund Sub-committee.

- Referring to the update on recent data cleanse activity under item 3.2 Record Keeping within the Risk Register details were sought on progress with the data cleanse process in advance of the Fund valuation and post payroll migration. In response, the Board was advised that areas critical to the successful migration had been focused upon and completed with the focus now on the post migration process. Work was currently ongoing between Brent and LPPA to deep dive the remaining data clearings, with officers stating that data cleansing was a perpetual task for upholding good governance. Chris Batts advised the Board that data cleansing was a business as usual (BAU) activity at LPPA with an assurance also provided on the activity in support of the valuation process and delivery of the pension's dashboard.
- 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** to note the overall report, including the key changes to the Risk Register (as detailed in Appendix 1 and set out in section 3.2.4 of the report).

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

George Patsalides (Finance Analyst, Brent Pension Fund) 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 within the Fit for Future proposals, 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.

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.

*Before moving on to the remaining items on the agenda the Chair reminded Board members that agenda items 10, 11 and 12, 13. 14 & 18 were reports referred to the Pension Board for information following their consideration at the Brent Pension Fund Sub Committee on 24 June 2025.*

#### 10. **Q1 2025 Investment Monitoring report**

Sawan Shah (Head of Finance, Brent Council) introduced the Brent Pension Fund Investment Q1 2025 Investment Monitoring Update. In terms of key highlights the Board was advised in relation to total Fund performance that the Fund had 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 identified as the main contributors to negative absolute returns over the quarter. UK government bonds had also detracted, as rising gilt yields led to a fall in their value. In contrast, UK equities had delivered positive returns during the period. On a relative basis the Fund had underperformed its benchmark by 0.1%. The Fund was also behind its composite benchmark over the past 12 months and over 3 years 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 had decreased slightly over the period to £63.6m. Whilst US tariffs on imports had led to material falls in equity valuations during April it was noted markets had since largely recovered.

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 with the

funding level estimated to be 131% in advance of the current 2025 valuation being completed.

Performance relating to Fund Managers was also outlined, with members advised that the portfolio had 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 had continued to lag the benchmark over both timeframes. After a period of strong gains, global equities had posted negative returns in Q1 2025 with UK equities the only growth asset class to have delivered a positive return during the quarter. In contrast, emerging market funds had declined and underperformed their respective benchmark. It was noted that the decline in global equities had been driven by renewed tariff-related uncertainty, which had weighed on investor sentiment. As a result, market participants had rotated out of high-valuation US technology stocks in favour of lower-valued names, leading value stocks to outperform growth with US equities having experienced their weakest quarterly performance since 2022, contributing significantly to the broader market decline. Members were advised the property and infrastructure markets had also delivered mixed performance over the period. Property allocations had performed well on an absolute basis, while infrastructure performance had been more varied.

The Board was advised that update provided for the Sub Committee had also included an update on events following the 31<sup>st</sup> of March 2025 and imposition of US Tariffs in relation to the impact on global equity markets. Whilst the immediate impact had been swift, with equity markets falling by 10-15% the market had subsequently recovered with the Sub Committee being advised of the position relating to the impact on Fund Manager valuations and provided with a summary of the outlook in relation to growth and inflation.

Having thanked Sawan Shah for the update and noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 24 June 2025, the Board **RESOLVED** to note the Q1 2025 Investment Monitoring Update without further comment.

#### 11. **LGPS 'Fit for the future' Consultation Outcome**

Sawan Shah (Head of Finance, Brent Council) introduced a report from the Corporate Director Finance & Resources, outlining the outcome of the Government's Fit for the Future consultation.

The Board was advised that in July 2024, the Chancellor had 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 had 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. Following this, the Government had published its final report on the UK Pensions Investment Review and its response to the Fit for the Future consultation and confirmed the decision to move ahead with the core proposals, setting out the final policy measures on pooling, local investment and fund governance.

In terms of the key areas highlighted for the Sub Committee the Board were advised these had related to:

- The implementation of pooling arrangements, with the London CIV having been confirmed as the designated pooling entity for the 32 London boroughs. All pools had been required to submit transition plans to demonstrate how the proposed minimum standards could be met. Of the 8 regional pools originally identified, only 6 pool plans had been accepted with the government having concluded that proposals from the ACCESS and Brunel pools did not align with its vision for the future of the LGPS. It was confirmed that this would not impact on the London CIV.

Funds would continue to set their individual investment strategy, with implementation being delegated to their respective pools. To facilitate this, members were advised pools would 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). Despite opposition to the proposals, it had been agreed that pools would therefore be mandated to provide partner funds with principal advice on their investment strategies and whilst Fund's would be able to procure advice from other sources, it was expected this would only be under exceptional circumstances. Whilst the Government had originally proposed that all listed assets should be transferred to pooled vehicles by March 2026, with remaining legacy illiquid assets included, this had now been relaxed with the Government having stated that not all assets would need to be invested through a pool's own funds (reflecting concern that it would not always make financial sense to transfer passive assets into a pool) but with the preference and default position remaining investment through a pool's own funds.

- The Government had also taken the opportunity to reiterate its encouragement for the LGPS to increase its investment exposure in the UK, with particular focus on exploring local investment opportunities covering areas which were broadly regional to the pool and its partner funds. For the Brent Pension Fund, this would cover investments in the Greater London area.

Under these proposals, funds would be required to set a target allocation for local investment, outlined within their investment strategy. No statutory minimum had been prescribed for capital allocation; however, funds would be required to work with local authorities and regional stakeholders to ensure collaboration with local growth plans and prioritise opportunities which had the greatest impact. No specific targets for this local investment had been mandated by the government, meaning that funds could set the figure according to their needs, which would then be implemented through the pool. London CIV were stated to be working closely in order to scale up capacity to accommodate these new procedures, with officers expecting this to fall beyond the 12–18-month timeframe.

- The main governance proposals being taken forward based on recommendations following the Good Governance project, undertaken by the Scheme Advisory Board (SAB). These included 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 would be met and also including a conflict-of-interest policy. There would also be a need to appoint a Senior LGPS Officer who would hold overall responsibility for the management and administration of the fund, including the provision of advice to the Pension Fund Sub Committee and Pension Board and ensuring compliance with all statutory and regulatory obligations. The proposals also included the need for pension committees to appoint an independent adviser, as a key driver of strengthening improvements in governance.

The Sub Committee had noted the requirement this would place on committee members, the senior LGPS officer, and officers to have the appropriate level of knowledge and understanding of their roles, with requirements for pension committee members and local pension board members aligned and guidance for non-compliance also to be issued. These changes would be supported by an independent review of governance arrangements every three years, with the aim of providing assurance that governance recommendations were being met aligned with the triennial valuation cycle.

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

- In response to further details being sought on the reasons for the ACCESS and Brunel Regional Pools having been unsuccessful in their acceptance under the new LGPS pooling new arrangements, officers advised that limited feedback was available on the basis of the decision by the government with the concerns expressed by the Sub Committee at the apparent lack of transparency given the impact on those Funds directly impacted shared by the Board.
- Following on from this, members asked if the Brent Pension Fund would now be reliant on LCIV for investment advice. In response, the Board was advised this had been expressed as a concern by Funds in response to the consultation given the potential conflict of interest that may arise from such an arrangement. In response, the Government had now provided an opt-out enabling Funds to commission external advice in certain scenarios.
- Seeking further assurance, members of the Board sought details on any potential areas of concern arising from the proposals. In response, the key issue highlighted remained the capacity of the bodies providing the pooling arrangements to take on board the changes along with the timescale for delivery. It was noted that a positive factor remained that the pools had been clear with the Government that changes could not happen within 12 months given the need to develop and build the additional capacity and advisory capabilities that would be required. Whilst some already provided mechanisms for local investment, the changes would require more specific targets, and due diligence checks to help manage them. This aspect alone was seen to be a big undertaking, with the main challenge noted to be the shift from investment activity at the local Fund level to implementation at the pool level.

- Assurance was also sought by the Board regarding Brent's preparedness for the upcoming transition. In response, the Board was advised that Brent was in a positive position to implement the changes, given the level of assets already investment through pooled arrangements with the London CIV and the transition plan already subject to development with LCIV. An Investment Management Agreement (IMA) was being coordinated, with Brent cashflow positive and an external audit provided by Grant Thornton progressing well.

With no further comments raised and in noting the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 24 June 2025, the Board **RESOLVED** to note the report and ongoing need to ensure progress in relation to the transition arrangements were kept under review.

## 12. **Brent Pension Fund Draft Annual Accounts 2024/25**

George Patsalides (Finance Analyst, Brent Council) introduced the report from the Corporate Director Finance and Resources, presenting the draft Pension Fund Annual Accounts for the year ending 31<sup>st</sup> March 2025.

In noting the indicative draft audit plan for the 2024/25 accounts, as detailed within Appendix 2 of the report and draft Pension Fund Annual Accounts for the year ended 31 March 2025, as detailed in Appendix 1 of the report members were advised that during 2024-25, the value of the Pension Fund's investments had increased to £1,310m (2023/24 £1,259m) with the Fund's passive global equity exposure identified as 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 had fallen in value as gilt yields rose over the period with the Fund remaining in a positive cash-flow position because its contributions exceed its outgoings to members.

In terms of the next steps for the year-end accounts, members were advised that work had now commenced on the external audit process with no unforeseen issues having been identified, to date, in relation to the Pension Fund and work underway to prepare the Pension Fund Annual Report in advance of the Boards scheduled meeting in November 25.

Officers were commended for their work to complete the draft accounts and in noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 24 June 2024 the Board **RESOLVED** to note the Draft Pension Fund Statement of Accounts and Audit Plan 2024-25.

## 13. **Local Authority Pension Fund Forum (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 Q2 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 24 June 2025 the Board **RESOLVED** to note the report and update on LAPFF engagement activity.

#### 14. **2025 Triennial and Actuarial Assumptions**

Sawan Shah (Head of Finance, Brent Council) introduced a report from the Corporate Director Finance & Resources, which provided an update on the 2025 Triennial Valuation.

In providing a brief overview of the report, the Board was advised that a formal valuation of the whole Fund was undertaken every three years with the purpose being 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) and also perform a health check on the Fund's solvency. Members were reminded that the previous valuation had taken place in March 2022 with the current valuation process to be carried out as at 31 March 2025 and the results being reported to the administering authority within twelve months of the valuation date.

Members were advised that the Pension Fund Sub Committee, when considering the report had been provided with a detailed presentation by Craig Alexander (Hymans Robertson Partner and Fund Actuary) on the key inputs and assumptions identified as the basis for undertaking the 2025 valuation, as had been set out in Appendix 1 of the report. Members were advised that the assumptions had been designed to reflect both current market conditions and long-term expectations as well as being benchmarked against industry standards and LGPS-wide trends to ensure consistency and prudence with an outline of the key assumptions as follows:

- the level of prudence & Future Investment Returns (Discount Rate) leading to the recommended increase in prudence level from 73% to 80% for the 2025 valuation. In general, it was stated that Pension Funds were expected to use as much prudence as possible, with most funds currently moving to minimum targets of 70%-80% or above. This was even more so the case following the recent global developments and whilst the decision was noted to be subjective to individual cases, an established process was expected to be put into place for the purposes of good governance.
- Benefit & Salary Increases leading to the recommendation that the same approach be adopted for the 2025 valuation as in 2022, reflecting the current inflationary environment.
- the recommended continue use of the tailored Club Vita assumptions in terms of longevity and adoption of the overall Club Vita LGPS future improvement assumption with other demographic considerations and assumptions based on analysis of the Fund's actual membership experience. An example was provided in relation to operation of the longevity assumption with figures updated annually.

The Board was advised that a summary of the key assumptions recommended for adoption in relation to the 2025 valuation process as compared to the 2022 valuation along had been provided within Appendix 2 to the main report, which it was noted had



been classified as exempt and contained further background on the basis on which the assumptions had been developed.

In terms of timescales, the Board was advised that the 2025 valuation process had now commenced, based on the indicative timeline set out in section 3.2.6 of the report. It was noted this would include consultation with employers, currently anticipated for October 2025, with the need for complete and accurate membership data also identified as critical in ensuring the valuation results are accurate. Based on the timetable outlined it was anticipated that the valuation process would be completed by 31 March 2026 with new contribution rates payable by employers from 1 April 2026.

Following the presentation of the report, the Chair invited the Board to raise any questions or comments, with the issues highlighted summarised below:

- In seeking assurance, the Board sought details on the increase in the Fund level discount rate which it was noted had risen from 4.3% to 6%. Risk free rate of returns were identified as the reason for this change with members advised that the Actuary regarded this figure as the minimum rate obtainable on the Fund investments. With Brent having moved from a low-interest rate environment to a high-interest-rate environment, as well as UK government bonds being set at a much higher level than in 2022 the Actuary had identified the figure based on the risk free rate of return and consideration of Brent's additional investment assets, such as private equity along with prudence level identified in relation to the valuation process.

In welcoming the enhanced prudence level identified and noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 24 June 2025, the Board **RESOLVED** to note the update on the 2025 valuation and endorse the key assumptions for the 2025 valuation which had been approved by the Sub Committee as summarised in Appendix 1 and detailed in full in Appendix 2 (classified as containing exempt information) within the report.

15. **Any other urgent business**

None.

16. **Dates of Future Meetings**

NOTED the dates of the remaining Pension Board meetings for the 2025-26 Municipal Year, as follows:

- Thursday 6 November 2025 at 6:00pm
- Monday 23 March 2026 at 6:00pm

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

At this stage in the proceedings, the Pension Board was asked to consider whether they wished to exclude the press and public for consideration in the final report on the agenda. Given that the following item had been submitted for information and could be considered without the need to disclose any information classified as exempt, it

was **RESOLVED** not to exclude the press and public from the remainder of the meeting.

*The meeting then continued in open session.*

18. **London CIV update**

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

Meeting closed at 7.58pm

David Ewart  
Independent Chair

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of the Local Government Act 1972.

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