Public Document Pack

Brent Pension Fund Sub-Committee

Wednesday 18 February 2026 at 6.00 pm
Boardrooms 4 - 6, 3rd Floor – Brent Civic Centre, Engineers Way, Wembley, HA9 0FJ

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

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

Membership:

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

Non Voting Co-opted Members

Elizabeth Bankole	Brent Unison

For further information contact: Harry Ellis, Governance Officer
Tel: 07394 837462; Email: 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 of trade union).

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

or

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

- You yourself;

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

Agenda

Introductions, if appropriate.

Item		Page
1	**Apologies for Absence and clarification of Alternative Members**	
2	**Declarations of personal and prejudicial interests** Members are invited to declare at this stage of the meeting, any relevant disclosable pecuniary or personal interests in the items on the agenda and to specify the item(s) to which they relate.	
3	**Minutes of the previous meeting** To approve the minutes of the previous meeting held on Wednesday 8 October 2025 as a correct record. (Agenda pack republished on the 11th of February 2026 to include this item)	1 - 14
4	**Matters arising** To receive an update on the action agreed at the September 2025 Full Council meeting to disclose pension fund investments in companies listed by the United Nations OHCHR.	
5	**Deputations (if any)**	
6	**Investment Strategy Review** This report provides an update on the Investment Strategy Review. (Agenda pack republished on the 11th of February 2026 to include this item)	15 - 52
7	**Investment Monitoring Report - Q4 2025** To receive the Brent Pension Fund Q4 2025-26 Investment Monitoring Update Report.	53 - 76

(Agenda pack republished on the 11th of February 2026 to include this item)

8 **2025 Triennial Valuation Results and Funding Strategy Statement** 77 - 162

This report sets out the results of 2025 triennial actuarial valuation and the Funding Strategy Statement (FSS) for consideration and approval.

9 **LAPFF Update** 163 - 184

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

10 **Training Update**

This report provides an update on provision and member progress against of the LGPS online learning facility. 185 - 204

11 **Minutes of Pension Board**

To note the draft minutes of the Pension Board meeting held on the 6 November 2025. 205 - 218

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: Investment Strategy Review – Appendix 2 – Investment Strategy implementation

This appendix will need to be 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 7: Q4 2025-26 Investment Monitoring Report – Fund Manager performance ratings.

This appendix will need to be 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 Results and Funding Strategy Statement – Appendix 3: Draft Valuation Report appendices

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 London CIV update 219 - 366

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

Date of the next meeting: To be confirmed once the 2026-27 calendar of meetings has been finalised

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Brent

LONDON BOROUGH OF BRENT

MINUTES OF THE BRENT PENSION FUND SUB-COMMITTEE
Held in the Conference Hall, Brent Civic Centre on Wednesday 8th October 2025 at 6.00 pm

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

Also present: Councillor Crabb (as an online participant), James Glasgow & 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 Alternative Members**

Apologies for absence were received from Elizabeth Bankole (Non-Voting co-opted member).

It was also noted that whilst unable to attend in person Councillor Crabb had joined the meeting as an online participant.

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

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

3. **Minutes of the previous meeting**

RESOLVED that the minutes of the previous meeting held on Tuesday 24th June 2025 be approved as an accurate record of the meeting.

4. **Matters arising**

Deputation – Brent & Harrow Palestine Solidarity Campaign (PSC)

The Chair advised members that following on from the deputation received at the last meeting he had received a request for a further deputation from the Brent & Harrow Palestine Solidarity Campaign seeking an update on progress following the response to Council question on divestment provided by the Deputy Leader and Cabinet Member for Finance & Resources at the September 2025 Full Council meeting. Members were advised, however, that on this occasion he had declined the request, which had been on the basis that the Council (as was the case with other local authorities) was still awaiting final advice from the LGPS Scheme Advisory Board and the relatively short time since the Council meeting.
Members were advised that Brent & Harrow PSC had been informed of the decision and had subsequently submitted a written representation detailing the issues on which they were keen to receive updates. It was noted that representatives from Brent & Harrow PSC were also in attendance at the meeting in order to observe proceedings with the Chair (having welcomed them) advised that once the SAB

response had been received and Council obtained any subsequent legal opinion it should be in a position to provide a more detailed update for the PSC.

5. **Deputations (if any)**

Following on from the update provided under Matters Arising, the Chair advised that no further requests for any deputations had been received.

6. **Investment Monitoring Report - Q2 2025**

The Chair invited James Glasgow (Hymans Robertson) to introduce a report, which outlined the performance of the Brent Pension Fund over the second quarter for the 2025-26.

In noting the outline provided in relation to market background covering the monitoring period the Sub Committee were advised that equity returns had remained volatile following announcements from the US Administration on Liberation Day, although this position had stabilised as nervousness within the markets had been short-lived, partly due to the backtracking by the US Administration with markets recovering earlier losses. Having recovered initial loses members were advised that global equities had actually finished up 9.4% in local currency terms. This performance was attributed to investor confidence and was strongly supported by mega cap tech stocks. The only outlier had been overseas bonds, which had fallen 1.7% following a surge in yields triggered by the US Administration's announcements of larger-than-expected reciprocal tariffs, which had also created nervousness in bond markets. Regarding the market backdrop over the quarter, James Glasgow reported that US GDP contracted 0.5%, down from 2.4% in Q4. However, this represented a somewhat distorted picture due to a surge in imports before April's tariff announcement, as companies attempted to complete purchases before the tariffs took effect. From an inflation perspective, CPI inflation rose to a greater than expected 3.4%, driven in part by energy price cap hikes. Interest rates in Europe were cut twice to 2%, while the Bank of England reduced rates from 5.25% to 4.25%, with a further reduction of 0.25% near quarter end, bringing rates to 4%.

In relation to total Fund performance members were advised that the Fund had posted a positive return over the quarter, ending the period with a valuation of £1,360.6m, up from £1,310.1m at the end of Q1 2025. The Fund’s passive global equity mandates were identified as the main contributors to positive returns this quarter, reversing their position as the largest detractor in Q1. UK equities and emerging markets had also added gains, while property and credit had provided modest support. UK government bonds were broadly flat as long-dated gilt yields had shown little movement. On a relative basis the Fund outperformed its benchmark by 0.1%. The Fund continued to remain 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. The LCIV Private Debt II Fund had been funded across April and May 2025, valued at £17.1m as of end of Q2 2025. Cash held by the Fund had had decreased over the period to £46.1m.

Moving on to consider performance relating to Fund Managers, members were advised that the Fund had delivered a return of 3.9% in Q2 2025, outperforming the benchmark by 0.1% which were based on long-term target allocations, and following the actuary evaluation and strategy review to be discussed later in the closed section of the meeting, these allocations could potentially shift and be adjusted accordingly. This position had been supported by the rebound in Global equities during Q2, led by large US technology companies, with Asia (ex-Japan) also performing well. Emerging markets had also posted positive returns, helped by easing trade tensions and a weaker US dollar, which supported investor confidence. All equity allocations had 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 during the quarter. Government borrowing costs for medium-term UK gilts had also fallen slightly, which had lifted bond prices and provided a small gain for the BlackRock Gilts mandate although it was noted very long-term yields were broadly unchanged, leaving long-dated gilts close to flat overall. In contrast, 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 had delivered another modest positive return, with industrial and retail sectors ahead of offices supporting the property allocation. The Capital Dynamics infrastructure exposure remained small and in run-off, so members were again advised its effect on overall results was limited. Members noted that 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.

In terms of specific Funds, details were also provided on each mandate's contribution to the Fund's absolute performance over second quarter 2025, according to their allocation (including supporting details within the exempt appendix which had been provided for members of the Sub Committee). Members noted the positive contributions from the LGIM Global Equity fund, which had been the largest driver of returns during quarter having been the main detractor in Q1. Additional gains had come 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 had been the Alinda Infrastructure fund, although members were advised this impact would be minimal given its small weighting.

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

- Regarding how investment benchmarks were calculated, members asked officers to explain this process. James Glasgow explained that long-term benchmarks formed part of the strategy review undertaken in 2022, which considered sectors, long-term risk, objectives, and the appropriate allocation for each asset sector within the overall fund, taking into account background economic factors. Reference was made to the details provided within the report circulated with the agenda (page 33 of the agenda pack) which had outlined the benchmarks and performance targets for each of the Fund Managers. Sawan Shah further clarified the review process in relation to the property holdings with these Funds using an industry standard benchmark tracked across the sector.

- Moving on to cover the Ruffer Multi-Asset Fund Performance and Capital Dynamics, the improvement in performance of the Ruffer Fund was welcomed with details sought on the turnaround plan for Capital Dynamics. It was explained by officers that the Capital Dynamics fund was a liquid private asset that had now matured and was in its run-down phase to exit the fund.

- Regarding the impact of tariffs and USA market volatility, James Glasgow highlighted the need to retain a longer-term focus given the nature of Pension Fund investments. Whilst short term adjustments had been noted due to market volatility the market's initial reaction after Liberation Day had become progressively smaller and more resilient to the ongoing situation.

- Moving on to discuss the Government Pooling Strategy impact, details were sought on how it was felt this would impact the Sub-committee's role and remit in terms of management of the Fund. James Glasgow explained that as a result of the pooling arrangements the remit was expected to shift to one of strategy oversight in terms of investment decisions which would be managed through the pool with a comprehensive package provided for oversight and holding pools to account. The Committee would still be responsible for review, development and monitoring of the Funds overall, which Hymans Robertson would continue to support pending the Government's longer-term aim for the Pools to provide that type of investment advice. An upcoming LCIV update would also be detailing discussions and agreements relating to the changes, confirming that strategy and monitoring would become the committee's primary focus.

- As a final issue, details were sought on the performance on funds being managed through LCIV, which James Glasgow confirmed had seen an upturn in returns, although it was difficult to determine whether this was cyclical or due to fundamental portfolio improvements.

With no further issues raised, the Chair thanked James Glasgow (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.

7. **Brent Pension Annual Report & Accounts 2024/25**

Sawan Shah (Head of Finance Pensions and Housing Companies) introduced the report from the Corporate Director Finance & Resources, providing an update on the Pension Fund Annual Report and Accounts for the year ended 31 March 2025. At the time of the meeting, the Sub Committee was advised that the audit fieldwork was substantially complete, with the auditors now working on completing their closing procedures and final reviews in order to enable audit sign off by the Audit and Standards Advisory Committee which it was noted would be dependent on progress on the Council's audit.

Members were advised that the accounts had 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 with the aim of providing 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. The main items of note were identified as follows:

- During 2024/25, the value of the Pension Fund's investments had increased to £1,310m (2023/24 £1,259m).

- 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, had been £60m, an increase on the previous year's £52m.

- As in 2024/25, the pension fund was in a positive cash-flow position on the basis of its contributions exceeding its outgoings to members.

Members noted that the Statement of Accounts had been as Appendix 1 to the report. In terms of the draft Pension Fund Annual Report, members were advised this had been sent to Grant Thornton (External Auditor) for review and would be published on completion of the audit process. The Annual Report had been updated to reflect the latest guidance from MHCLG, which set out the required structure and content for LGPS Annual Reports which included sections on Overall Fund management; Governance & Training; Financial Performance; Investments & Funding; Scheme Administration and Actuarial report. Also included were the Investment Strategy Statement, Pensions Administration Strategy, Funding Strategy Statement and Communications Policy Statement all of which has been subject to approval via the Sub Committee.

The Chair thanked Sawan Shah for the update provided and then invited members to raise any questions or comments, with queries and responses summarised below:

- Following a query relating to employer and employee contributions, confirmation was provided that a detailed breakdown had been provided within the analysis of dealings with scheme members included within the draft Annual Report and Statement of Accounts 2024-25 attached as Appendix 1 to the report circulated with the agenda.

In thanking the Finance team for their work regarding preparation of the Fund's accounts the Committee **RESOLVED** to:

(1) Note the draft accounts included as part of the annual report.

(2) Note the draft Brent Pension Fund Annual Report 2024-25 which would be published as set out in paragraph 4.4 of the report.

2025 Triennial Valuation Update & Funding Strategy Statement

George Patsalides (Finance Analyst) introduced a report from the Corporate Director Finance & Resources, updating the committee on the 2025 Triennial Valuation and setting the context for the reports from the Fund Actuaries, Hymans

Robertson, to be considered in the closed part of the meeting relating to the initial results of the valuation and review of the Funding Strategy Statement (FSS).

The key issues outlined in relation to the Funding Strategy Statement were noted as follows:

- The requirement for a formal valuation of the whole Fund to be undertaken every 3 years under Regulation 62 (1) of LGPS Regulations 2013 to assess and examine the ongoing financial position of the Fund. The purpose of the update 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) and to review the Funding Strategy Statement (FSS) whilst also performing a health check on the Fund's solvency.

- The last valuation had taken place as of 31st March 2022 with the next one due to be carried out as of the 31st of March 2025. The results of each valuation were required to be reported to the administering authority within twelve months of the valuation date.

- The actuary was required to calculate the funding level at each valuation. This was 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 figure was less than 100% it meant, there was a shortfall and therefore a deficit; if it was more than 100% then there was said to be a surplus. The previous valuation had shown that the Brent Pension Fund overall had a funding position of 87%. Sawan Shah noted that the 2025 valuation process had now commenced, with an indicative timeline of the valuation process provided within section 3.3 of the report.

- In highlighting that the whole fund results look at the overall funding level initial results from the current valuation had identified that various employers had different funding and risk levels. The initial results of the 31 March 2025 Triennial Valuation had been received from the Fund Actuary (Hymans Robertson) which had been provided for consideration within Appendix 1 of the report (classified as exempt) which members were advised would be subject to a more detailed presentation during the closed part of the meeting with the results outlining how the funding position had changed since the last valuation in 2022.

In terms of a high-level summary, members noted that the results had shown an improvement in the Fund's funding position since the last valuation in 2022. The Fund was now in a surplus position, meaning the value of its assets was higher than the estimated value of its long-term pension liabilities. The overall funding level had improved to 113% compared to 87% at the previous valuation and 78% at the 2019 valuation.

- The next stage of the valuation process would focus on analysing data at the individual employer level to set individual employer contribution rates from 1

April 2026. Draft employer results would be issued later in the Autumn, and the Fund would also be holding an employers' forum in November 2025 to communicate the valuation results to the employers.

Moving to cover the Funding Strategy Statement (FFS), George Patsalides advised this formed a key governance document for the valuation with the FSS setting out the underlying assumptions and principles to be adopted when valuing the Fund's liabilities as well as the setting of contribution rates. The FSS was designed to recognise that different employers within the fund maintained different objectives, with the FFS including deficit recovery periods for different employers and would be subject to review during the valuation process in consultation with the Fund actuary and employers. Key issues highlighted in relation to the FSS were noted as follows:

- In January 2025, updated guidance for preparing and maintaining a FSS had been published by the 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 which had replaced the 2016 guidance produced by CIPFA.

The updated guidance had included the need for Funds to now write their FSS in clear, non-technical language and adopt a common structure and terminology. In addition, the FSS would be required to explain (as part of Employer Lifecycle Coverage) how contribution rates were set when an employer joined the fund, at each valuation, and as the employer approached exit with an outline also provided on how exit debts or credits would be managed. Stronger Consultation requirements had also been introduced based on best practice, including early publication of a timetable, concise materials, and engagement with all relevant stakeholders such as employers, guarantors and the Local Pensions Board. Finally, Funds were asked to 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.

- A full review of the FSS document had been carried out to ensure the document was compliant with the updated guidance with an update having been provided by the Fund Actuary (within Appendix 2 of the report) highlighting the key changes being considered for the 2025 FSS review. These changes included structural changes introducing two new parts to the FSS - Key Funding Principles and Employer Events: the revised FSS taking effect on the 1st of April 2026, following the 31 March 2025 valuation and governing contribution rates for 1 April 2026–31 March 2029 as well as the recommendation for regular annual reviews of the FSS.
- In addition to these measures, a new policy had been introduced to the FSS to outline how individual employer contribution rates may be reviewed in between valuations. It also outlined the Fund's policy on employer requests for contribution rate reviews with the draft FSS having been attached as Appendix 3 of the report. In line with LGPS regulations, the FSS would be subject to formal consultation with employers, which had been scheduled for autumn 2025 enabling the final version of the FSS to be presented to the next Sub-committee in February 2026 for approval.

Given the nature of the update in providing context to the more detailed review on the initial valuation results scheduled during the closed session of the meeting no questions or comments were raised by the Committee at this stage in proceedings. In taking the opportunity to thank officers for the update provided the Committee **RESOLVED** to:

(1) Note the update on the 2025 valuation, as detailed within the report and on the basis of the more detailed presentation to be provided in the closed part of the meeting.

(2) Note the initial results and the improved funding position since the 2022 valuation as detailed within the report

(3) Note the key changes to the 2025 Funding Strategy Statement (FSS) outlined within the report with the draft FSS subject to consultation with employers as required by LGPS Regulations, prior to it being presented to the Sub Committee in February 2026 for formal ratification.

9. **LAPFF Engagement Report**

George Patsalides (Finance Analyst, Brent Council) introduced a report from the Corporate Director Finance & Resources which outlined the latest 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 April - June 2025 (as detailed in Appendix 1 of the report) the key areas of activity were highlighted in relation to Water Stewardship especially in relation to mining and agriculture; engagement with the UK's largest housebuilders on climate-transition planning and the advancement of low-carbon innovation alongside equitable workforce adaptation, especially in the face of broader sectoral pressures such as skills shortages and energy-grid limitations; engagement with the luxury good sector in relation to human rights and supply chain management; lobbying within the steelmaking industry in relation to the approach towards decarbonisation price volatility and geopolitical risk 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 in seeking to promote corporate responsibility and responsible investment, rather than by single Pension Funds acting individually, the Chair thanked George Patsalides for presentation of the report, and then invited members to raise any questions or comments, with queries and responses summarised below:

- Further clarification was sought on the process of engagement and lobbying undertaken by LAPFF and how the issues raised were prioritised across the Pension Funds included as members. In response, officers advised that as a member the Brent Pension Fund was entitled to contribute and participate in the Forum's work plan, organised around issues of shared concern including voting rights at the LAPFF Annual Meeting and members of the Sub Committee being able to attend their regular meetings. This collaboration with other investors was emphasised as having the potential to strengthen the collective voice of Pension Funds, influence major companies on key Environmental, Social, and Governance (ESG) issues, and help drive real-world change with the issues raised as priorities being areas of concern and focus identified on a collective and collaborative basis across a range of Fund members. Officers advised that they would ensure that details of future LAPFF meetings were shared with Sub Committee members with an interest also expressed in examining the role of the LAPFF in seeking to engage with companies in which fund investments were held regarding their approach towards how these were managed in areas of high risk geopolitical conflicts. Officers advised that whilst much of the detail would not be available publicly, they would follow up with the LAPFF on their activity in this area with further detail also requested on the outcomes being achieved in relation to the nature of changes being made in response to the engagement process being undertaken

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**

Sawan Shah (Head of Finance, Pensions and Housing Companies) 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. This included the requirement for administering authorities to publish a governance and training strategy (attached as Appendix 2 to the report), which would replace the currently used Governance and Compliance statement in outlining the authority's approach to governance, knowledge and training, representation, and conflicts of interest.

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 1 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 allow members 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 (as detailed within Section 3 of the report) as at 31 August 2025, the Sub Committee was reminded of the importance in ensuring consistent engagement and progress in completion of the require 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 officers for their 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. **Minutes of 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 22 July 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 given its critical role on the valuation process) as well as the updated Risk Register for the Brent Pension Fund Administration Service and Annual Report, 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 22 July 2025.

12. **Any other urgent business**

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

13. **Exclusion of the Press & Public**

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

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

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

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

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

Following on from the initial outline provided under Item 7 in the open session of the meeting George Patsalides (Finance Analyst) provided a brief introduction to the initial results of the Actuarial valuation on 31 March 2025, as had been circulated as an exempt appendix to the main report.

The Sub Committee then received a presentation from Craig Alexander (Hymans Roberston Fund Actuary) on the timetable, key assumptions, risks and sensitives (including levels of prudence, current demographic, investment and economic outlook) relating to the future expectations and the valuation process.

Issues highlighted in response to the presentation included further clarification on the approach taken towards the levels of prudence outlined, employer contribution rates and treatment of schools and Academy Trusts within the Funding Strategy Statement.

Having thanked Craig Alexander for the outline provided in relation to the initial results of the Actuarial Valuation the Sub Committee **RESLOVED** to note the update provided along with timescales for completion of the valuation process, engagement and sign off of the Funding Strategy Statement.

15. **2025 Triennial Valuation - Contribution Rate Modelling**

Sawan Shah (Head of Finance Pensions and Housing Companies) then moved on to introduce a report from the Corporate Director Finance & Resources presenting an analysis from the Fund's actuary regarding the contribution rate strategy for the Council for the 3 years from 1 April 2026.

In presenting the report, members noted the process undertaken with the Council having commissioned, in line with the valuation process a contribution rate modelling exercise allowing consideration of a long term funding strategy for the stabilised employers within the Fund including Brent Council, local authority schools and a number of academy schools in Brent with the testing having involved the use of an 'Asset Liability Modelling' approach involving the assessment of a range of different simulations and contribution rate scenarios assessed against a number of specific metrics. Officers had subsequently been working with the actuary to review the contribution rate payable by Brent Council over the period from 1 April 2026 to 31 March 2029 with the results of the modelling assessment felt to be positive suggesting that the mechanism for the long-term funding of the scheme remained fit for purpose with a reduction in the Council contribution rate over the next 3 years therefore identified as meeting the Fund's criteria for likelihood of success and representing a balanced approach in allowing for the funding improvements to be reflected in affordability for the Council and security for the pension fund.

Craig Alexander (as Hymans Roberston Actuary) was then invited to provide the Sub Committee with a detailed presentation on the 2025 valuation funding review results, as detailed in Appendix 1 of the report circulated with the agenda detailing the objectives and approach towards the funding review along with details outcomes of the modelling approach outlined and recommendations being made as a result.

Issues highlighted in response to the presentation included the use of contributions to fund local economic investment, potential impact any reduction in employer contributions may be able to make towards the Councils budget saving target along with consultation and engagement with employers.

Having thanked Sawan Shah and Craig Alexander for the update provided the Sub Committee **RESOLVED** on the basis of the recommended approach outlined at the meeting and information provided to approve the proposed reduction in the employer contribution rate for the next three financial years for Brent Council, as set out in section 3.4.7 of this report and Appendix 1.

16. **Investment Strategy Review**

Sawan Shah (Head of Finance, Pensions and Housing Companies) introduced a report from the Corporate Director Finance & Resources the report, providing an update on the investment strategy review being carried out by the Fund's investment advisor, Hymans Robertson, following the Fund's 2025 valuation with the purpose of evaluating the current strategy and analysing the ability of alternative strategies to meet the Fund's strategic objectives.

In presenting the report, members noted that the Fund's current strategic asset allocation had been agreed in February 2023 following the 2022 valuation based on a long-term target of 50% to equities, 35% to income (including diversified growth funds) and 15% to protection assets with a phased approach (based around an interim allocation) toward implementation agreed working towards the long-term target allocation.

Members were advised that the Fund's investment advisors, Hymans Robertson, had begun the Investment Strategy review focussed around the high-level investment strategy with the aim of determining the high-level allocation to Growth, Income and Protection assets and incorporating the asset liability modelling carried out during the valuation to test the probability (and associated risks) of the Fund's current investment strategy and alternative strategies achieving its long-term objectives.

James Glasgow (Hymans Robertson) then presented an outline of the initial results identified to date through the review (as had been detailed within Appendix 1 of the report) with members advised that following their initial consideration the proposals would be subject to development over the autumn with the final version of the investment strategy review to then be presented to the Sub-Committee at the February 2026 meeting for approval.

Comments identified following the presentation included the move towards income generating as opposed to growth assets; the impact of the Fit for Future proposals on development and oversight of the strategy including threshold for local investment.

Having thanked Sawan Shah and James Glasgow for their presentation and the information provided the Sub Committee **RESOLVED** to note the update provided and endorse the approach and initial findings outlined as the strategy was developed and finalised.

17. **London CIV update**

The Board received noted 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 in developing an investment management agreement (IMA), in response to the requirement for all local authority pension fund assets to be transferred to a pooling arrangement by March 31st, 2026, with the IMA being a single contract to allow LCIV to manage the investments on behalf of the Brent Pension Fund, and the proposal for the Buckinghamshire Pension Fund to be able to join LCIV

- 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.

Having provided further clarification in relation to the IMA process and arrangements for Buckinghamshire's proposed membership of LCIV, in response to members queries, the Sub Committee **RESOLVED**:

(1) To note the collaborative review process of the proposed IMA being undertaken by London Boroughs, led by the Royal Borough of Greenwich and supported by legal advisors Brabners LLP.

(2) Following on from (1) above to delegate authority to the Corporate Director, Finance and Resources to enter into the IMA with London CIV.

The meeting closed at 8:40pm

COUNCILLOR R JOHNSON
Chair

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Brent	**Brent Pension Fund Sub-Committee** 18 February 2026
	Report from the Corporate Director, Finance and Resources

Investment Strategy Review

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Part Exempt – Appendix 2 is 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)"
List of Appendices:	Two: Appendix 1: Investment Strategy Implementation Appendix 2: Investment Strategy Implementation – Private pack (Exempt)
Background Papers:	N/A
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Corporate Director, Finance and Resources 020 8937 4043 (minesh.patel@brent.gov.uk) Amanda Healy, Deputy Director of Finance 020 8937 5912 (amanda.healy@brent.gov.uk) Sawan Shah, Head of Finance 020 8937 1955 (sawan.shah@brent.gov.uk) Manish Shah, Senior Finance Analyst +44 20 8937 1444 (manish.shah@brent.gov.uk)

1.0 Executive Summary

1.1 This report provides final details on the review undertaken by the Pension Fund's investment advisor, Hymans Robertson, of the current investment strategy, 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.

2.0 Recommendation(s)

That the Pensions Fund Sub-Committee:

2.1 Consider and agree the investment strategy review undertaken by the Fund's investment advisors, Hymans Robertson, available in Appendix 1.

2.2 Following on from the October 2025 meeting, a final version of the investment strategy has been prepared by Hymans Roberston providing further and in-depth analysis to the original report. High-level conclusions are as follows and should be taken into consideration:

- As agreed at the October meeting, the Committee has adopted a new long-term investment strategy, described in this report as Alternative 3, leading to the re-shaping of the Funds' investments (see appendix 1).

- The Fund to reduce its multi-asset fund allocation towards the new long-term strategic target, with the proceeds re-invested in the Protection portfolio, consisting of fixed interest gilts and multi-asset credit as set in paragraph 4.6 and in detail in the restricted investment strategy report (appendix 2)

- The Fund to engage with London CIV (LCIV) to understand its plans for building the Fund's allocations to the private market allocation within the timeframe proposed.

- To communicate between the Fund and the LCIV to implement the agreed long-term investment strategy providing the LCIV an interim target allocation reflecting the earmarked portfolio of equities, bonds and cash to ensure that LCIV can implement the strategy in line with the Committee's wishes.

- With the reduction in employer contributions, to determine the expected annual shortfall between contribution income and benefit payments with the LCIV to enable them to create a plan to deliver the investment income needed to bridge this gap.

- Looking ahead, the Committee to establish its local investment strategy.

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 The Fund's current strategic asset allocation was agreed in February 2023 following the 2022 valuation. In summary, a long-term target of 50% to equities, 35% to income (including diversified growth funds) and 15% to protection assets was agreed.

3.2.2 The Fund employs a phased approach to working towards the long-term target allocation; therefore, an interim allocation was also agreed. The table below shows the current interim and long-term allocation.

Asset Class	**Interim Target (%)**	**Long-term Target (%)**	**Actual Fund asset allocation (Dec 2025) (%)**
Equities	**52.5**	**50.0**	**58.0**
Global	40.0	40.0	45.9
UK	5.0	5.0	6.7
Emerging Markets	5.0	5.0	5.3
Private Equity	2.5	-	0.1
Income	**32.5**	**35.0**	**26.4**
Diversified Growth	20.0	5.0	14.3
Infrastructure	5.0	15.0	5.2
Property	2.5	10.0	3.0
Private Debt	5.0	5.0	3.9
Protection	**15.0**	**15.0**	**15.6**
Multi Credit	5.0	5.0	4.8
Gilts	10.0	10.0	7.6
Cash	-	-	3.2
TOTAL	**100.0**	**100.0**	**100.0**

3.2.3 Over the last 3 years, up to December 2025, the Fund has generated an actual return of 10.6% p.a., however relative performance against the Fund's benchmark was -0.4% p.a. Over the last year the actual return was 11.9% p.a. with relative performance 0.6% p.a above the benchmark.

3.2.4 The aim of the Fund's investment strategy is to maximise returns over the long term within specified risk tolerances to meet the wider strategic goals of the Fund and to close the gap between assets and liabilities. At the 2022 valuation, the Fund was estimated by the actuary to be 87% funded. Initial results showed the Fund was 113% funded as at 31 March 2025, which represented a 26% improvement on the previous 2022 valuation.

4.0 Strategy Proposals

4.1 The Fund's investment advisors, Hymans Robertson, have completed their Investment Strategy review. The review focused on the high-level investment strategy with the aim of determining the high-level allocation to Growth, Income and Protection assets. In previous periods, the setting and implementation of the investment strategy was carried out by the Fund, however from the 1st April 2026, the London CIV will be responsible for the implementation of the investment strategy. This review had included carrying out asset liability modelling to test the probability (and associated risks) of the Fund's current investment strategy achieving its long-term objectives. They also tested how the current strategy compares with other investment strategies.

4.2 The remainder of this report provides a short summary of the Investment Strategy Review, the full report is attached in Appendix 1.

4.3 The new investment strategy review process for the 2025 valuation was undertaken in conjunction with the actuarial valuation with our advisors Hymans Robertson, who provide both investment and actuarial advice. With the latest funding status as at end of March 2025 resulting in a healthy position standing at 113%, a significant improvement of 26% from the 2022 valuation; it was put forward that the fund should reduce the risk exposure of the fund going into the 2025 valuation point. A summary of the initial comments at the October 2025 meeting was as follows:

- The Fund should maintain a meaningful allocation to listed growth assets (>40%) to ensure the Fund retains access to liquid assets that can generate a positive real return.
- The Fund should increase the protection allocation from 15% to 20% to further diversify the strategy and take advantage of attractive yield levels currently available in the market.
- The Fund should consider implementing a 2.5% allocation to Natural Capital to support the Fund's overall climate objectives.
- The Fund should reduce its long-term target to Infrastructure from 15% to 10% enabling assets to be allocated elsewhere within the Fund.
- The Fund should assess the local investment guidance issued by the government once available to determine how to evolve the Fund's private markets portfolio.

4.4 The Fund employs a phased approach to working towards the long-term target allocation; therefore, an interim allocation was also agreed. The table below shows the proposed interim and long-term allocation, together with the permitted range. As it is recognised that it will take some time to build investments in private markets, the interim target shows a temporary allocation to be held in liquid assets across equities, bonds and cash.

Assets	Actual Fund Asset Allocation (31 Dec 2025)	Interim Target (%)	Long-term Target (%)	Tolerance Range (+/-)
Global Equities	45.9%		37.0%	
UK Equities	6.7%	52.5%	5.0%	+/- 3.0%
EM Equities	5.3%		3.0%	
PE Equities	0.1%	1.0%	2.5%	n/a
Total Growth	**58.0%**	**53.5%**	**47.5%**	
Multi Asset	14.3%	7.0%	5.0%	n/a
Infrastructure	5.2%	6.0%	10.0%	n/a
Real Estate	3.0%	6.0%	10.0%	+/- 3.0%
Private Debt	3.9%	5.0%	5.0%	n/a
Natural Capital	-		2.5%	n/a
Total Income	**26.4%**	**24.0%**	**32.5%**	
Fixed Interest Gilts	7.6%	11.0%	10.0%	+/- 3.0%
Multi Asset Credit	4.8%	10.0%	10.0%	+/- 3.0%
Cash	3.2%	1.5%	-	
Total Protection	**15.6%**	**22.5%**	**20.0%**	

4.5 **Growth**

Reduce the growth exposure down by 10.5% to 47.5% in the long term:

4.5.1 Global equities: Reduce from 45.9% to 37.0% (down 8.9%)

The current allocation to global equities is overweight relative to the long-term target. The strategy recommends the Fund quantifies the reduction in carbon emissions achieved following the restructuring of its global equity mandates and reviews its “Net Zero Roadmap” to develop an action plan for achieving a net zero position.

4.5.2 Private equity: Increase from 0.1% to 2.5% (up 2.4%)

This is driven by the requirement of the government’s Fit for Future proposals for Funds to allocate more assets to local investment. It is recommended to introduce a 2.5% target allocation to private equity. Final details on how this will be assigned is to be decided between partner funds and the pool, as there is no current offering by LCIV.

4.6 **Income**

Increase the income exposure to 32.5%, (up 6.1%)

4.6.1 Multi-asset funds: Reduce from 14.3% to 5.0% (down 9.3%)

The review strategy recommends the fund reduces its over exposure to the multi-asset funds by around 7% with around a third of the proceeds from the sale to top up Gilts, which will bring the allocation to Gilts to the new long-term target. The remaining balance from the sale will be invested in multi asset credit. However, this is expected to take place after 1 April, with Officers to engage with LCIV to clarify responsibilities for implementing these changes and the timing (refer to 4.7.1). Further details on this proposal and recommendations are included in restricted Appendix 2.

4.6.2 Infrastructure: Increase from 5.2% to 10.0% (up 4.8%)
The Fund currently holds three infrastructure investments, through Alinda, Capital Dynamics and LCIV and it is expected that the Alinda and Capital Dynamics investments will be allowed to run down with distributions received from these investments being reinvested in other mandates made through LCIV, either as an increase to the existing allocation (LCIV Infrastructure fund), or to the LCIV Renewable Infrastructure fund, or to a new LCIV fund.

4.6.3 Property: Increase from 3.0% to 10.0% (up 7.0%)
The existing holdings held with Fidelity and UBS plus the £35m commitment to the LCIV UK Housing Fund made in 2023 is still, in total, underweight the target allocation. It has been put forward by the review that the Fund works with the LCIV who have created a property vehicle with CBRE that operate a fund of funds mandate.

4.6.4 Natural capital: New allocation an increase of 2.5%
Natural Capital offers diversification benefits achieved away from traditional asset classes, together with attractive returns, an allocation to Natural Capital helps the pension scheme in achieving its net zero ambitions. With advent of Nature-Based Solutions offering by LCIV in July 2024, the review recommends the fund builds its knowledge of investing in this asset class, together with the investment aims, objectives, and risks.

4.7 **Protection**
Increase the allocation to the protection assets by 4.4% to 20%.

4.7.1 Multi-asset credit: Increase from 4.8% to 10% (up 5.2%)
The Fund is currently underweight in this asset class, with the view of increasing this allocation towards the 10% target from the proceeds from the reduction in the multi-asset fund allocation. The strategy review recommends implementing in dialogue with LCIV as from 1st April (refer to 4.6.1).

5.0 Stakeholder and ward member consultation and engagement

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

6.0 Financial Considerations

6.1 These are discussed throughout the report and included in Appendix 1.

7.0 Legal Considerations

7.1 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the “Investment Regulations”) govern the management of the pension fund and the investment of fund money. According to Regulation 7 of the Investment Regulations an administering authority must formulate an investment strategy which must be in accordance with guidance issued from time to time by the Secretary of State. It must publish a statement of its investment strategy and must review, and if necessary revise, its investment strategy at least every three years.

7.2 It is intended that the draft Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026) will implement the pooling and local investment proposals and replace the LGPS (Management and Investment of Funds) Regulations 2016. Further legal updates will be provided once the regulations come into effect.

8.0 Equity, Diversity & Inclusion (EDI) Considerations

8.1 Not applicable.

9.0 Climate Change and Environmental Considerations

9.1 Not applicable.

10.0 Human Resources/Property Considerations (if appropriate)

10.1 Not applicable.

11.0 Communication Considerations

11.1 Not applicable.

Report sign off:

Minesh Patel
Corporate Director, Finance and Resources

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London Borough of Brent Pension Fund

Investment Strategy Implementation

February 2026

Kenneth Taylor – Senior Investment Consultant

For and on behalf of Hymans Robertson LLP

Contents

1. Introduction

Addressee and Purpose

This report is addressed to the Officers and Pension Fund Sub Committee (the "Committee") of the London Borough of Brent as administering authority to the London Borough of Brent Pension Fund (the "Fund"). It sets out the conclusions of the review of the Fund's investment strategy, makes initial recommendations on the asset allocation for the Fund and provides recommendations for the Fund's Growth, Income and Protection portfolios.

This report should not be used for any other purpose. It should not be released or otherwise disclosed to any third party except as required by law or with our prior written consent, in which case it should be released in its entirety. We accept no liability to any other party unless we have accepted such liability in writing. We provide comment from an investment but not a legal or tax perspective.

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

Background and objectives

The work we have undertaken has been influenced by our understanding of the Fund's background, objectives, and beliefs, which are:

- Ensure that sufficient resources are available to meet all benefit 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.

The investment strategy review process has been run in tandem with the actuarial valuation, with the bulk of the work focusing on whether an alternative investment strategy to the current approach could be more suitable. To evidence this, asset-liability modelling was undertaken as at 31 March 2024. The results of the asset-liability modelling work have already been presented to the Committee at the October 2025 meeting, and we provide a brief recap of these results in section 2 of this report.

The initial results of the 2025 actuarial valuation showed that the Fund was 113% funded at 31 March 2025, which represented a 26% improvement on the previous 31 March 2022 valuation. Asset performance has continued to be positive since 31 March 2025 and the Fund Actuary has confirmed that the funding position is likely to have improved further as a result. Considering the significantly improved funding position and future investment return expectations, and following detailed modelling and consultation throughout the valuation exercise, the Fund's long-term open employers' contribution rates are being reduced from 30.5% of pay in 2025/26 to 23.0% of pay in 2026/27 (and beyond).

The remainder of this report will focus on expanding the conclusions and recommendations put forward to the Committee in October.

Executive summary

The conclusions and recommendations from this report are set out below:

- As agreed at the October meeting, the Committee has adopted a new long-term investment strategy (described in this report as "Alternative 3"). This strategy includes new allocations to private equity and natural capital, a reduction in the Fund's infrastructure allocation, and an increased allocation to Protection assets (specifically gilts and multi-asset credit).

- These changes will lead to some reshaping of the Fund's investments. Some changes can be implemented in the near term (though Officers will likely need to engage with LCIV to clarify responsibilities for implementing these changes and the timing of these changes). Other changes will take a period of years to implement fully.

- In terms of immediate actions, we recommend the Fund reduces its multi-asset fund allocation towards the new long-term strategic target, with the proceeds being re-invested in the Protection portfolio, which consists of fixed interest gilts and multi-asset credit.

- Once this has been completed, the Fund will be c16% underweight to private markets, based on asset valuations as at 31 December 2025. This reflects the 7% underweight to property, the 4.5% underweight to infrastructure, and the new allocations to private equity and natural capital (and is net of the remaining allocation to multi-asset funds).

- It will take a period of years to build these allocations to their strategic targets. We recommend Officers engage with LCIV to understand its plans for building the Fund's allocations so that the timeline can be better understood.

- The question then is, where should money earmarked for future investment in these private markets assets be invested in the meantime, noting that the value of this earmarked portfolio is not insignificant (value £230m as at 31 December 2025)?

- As discussed in our previous report from February 2024, we recommend a portfolio of assets is identified and earmarked to be drawn down over a period of time to fund these new investments. We recommend this earmarked portfolio is invested in a blend of equities, bonds and cash.

- The Fund will need to communicate its agreed long-term investment strategy to LCIV so that LCIV can begin to implement the strategy. We recommend the table in section 9 is presented to LCIV as a draft to allow any areas of ambiguity and uncertainty to be resolved.

- It will also be appropriate to specify an interim target allocation reflecting the earmarked portfolio discussed in section 7 of this report. We recommend Officers engage with LCIV to ensure that LCIV can implement the strategy in line with the Committee's wishes.

- Given the proposed reduction in employer contributions, it will be important to determine the expected annual shortfall between contribution income and benefit payments. This information will be communicated to LCIV to enable them to create a plan to deliver the investment income needed to bridge this gap.

- Looking ahead, the Committee will need to establish its local investment strategy. We propose this is discussed at a future Committee meeting.

2. Recap on results of asset-liability modelling

Investment strategies modelled

We modelled the alternative investment strategies shown in the table below to assess whether a more suitable mix of assets could be appropriate for the Fund.

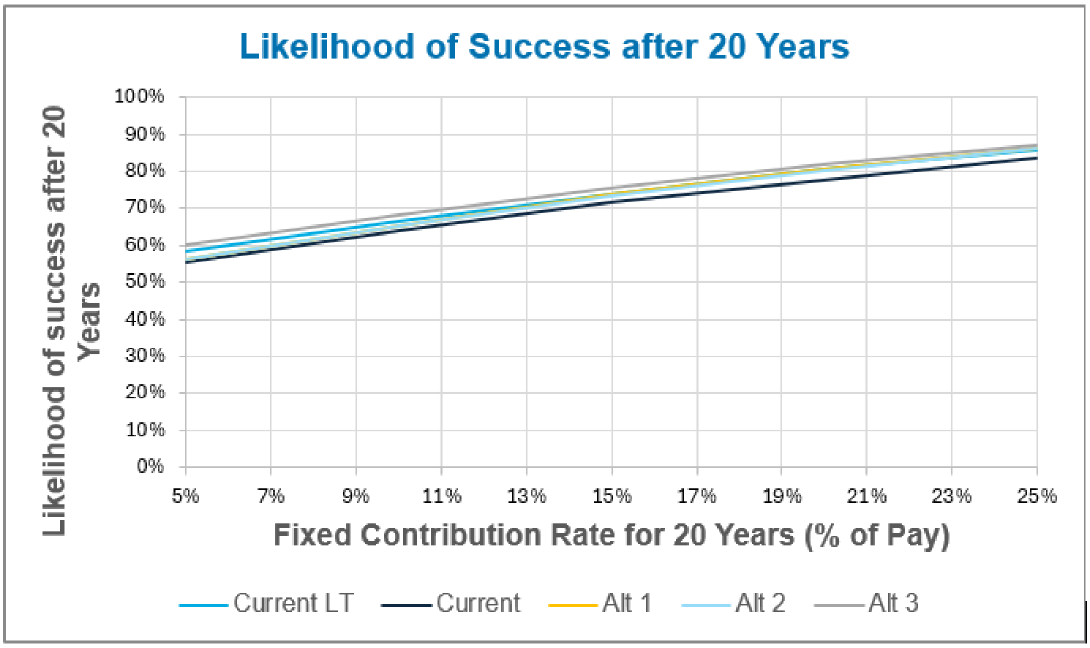
	Assets	Current long-term target (%)	Alt 1	Alt 2	Alt 3
Growth	UK equities	5.0%	5.0%	5.0%	5.0%
	Global equities	40.0%	37.0%	40.0%	37.0%
	Emerging markets equities	5.0%	3.0%	3.0%	3.0%
	Private equity	-	-	-	2.5%
Total Growth		50.0%	45.0%	48.0%	47.5%
Income	Multi-asset (Diversified Growth)	5.0%	5.0%	5.0%	5.0%
	Infrastructure	15.0%	10.0%	10.0%	10.0%
	Private debt	5.0%	5.0%	5.0%	5.0%
	Property	10.0%	10.0%	7.0%	10.0%
	Natural capital	-	-	-	2.5%
Total Income		35.0%	30.0%	27.0%	32.5%
Protection	Fixed interest gilts	10.0%	15.0%	15.0%	10.0%
	Multi-asset credit	5.0%	10.0%	10.0%	10.0%
	Cash	-	-	-	-
Total Protection		15.0%	25.0%	25.0%	20.0%

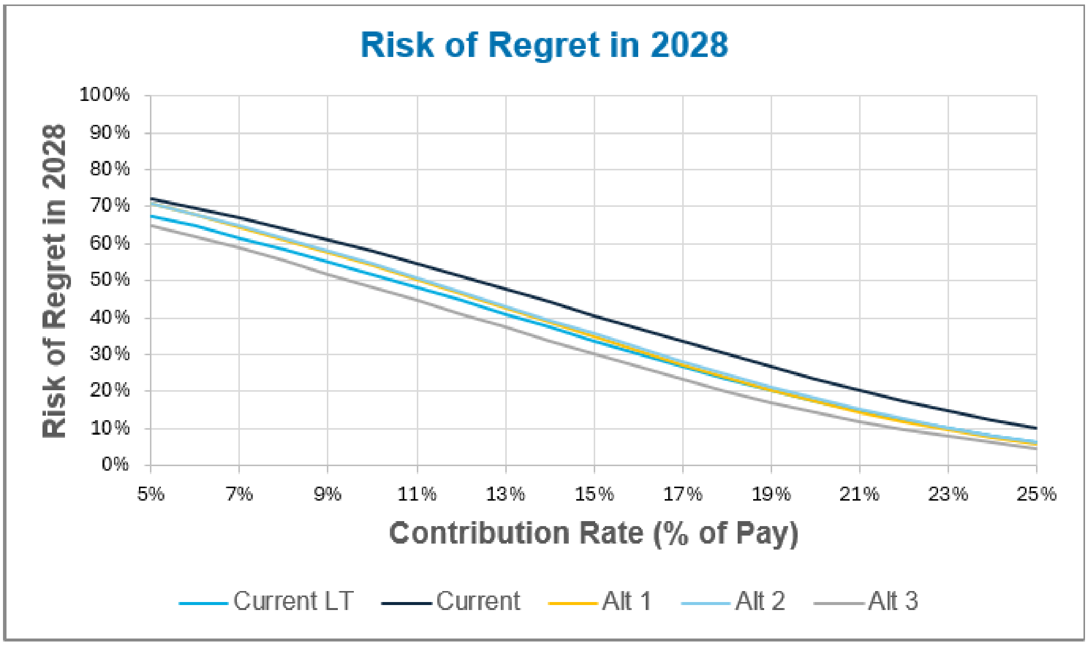
We undertook asset-liability modelling to compare these strategies allowing for different employer contribution rates and using two key metrics:

- Likelihood of Success: the probability that the Fund will be more than 100% funded in 20 years' time.
- Risk of Regret: the probability that contributions will need to be revised upwards at the next actuarial valuation in 2028.

A sample of the output from this modelling is shown in the charts below. These illustrate that "Alternative 3" gives the most favourable results among the strategies considered: it has the highest Likelihood of Success and the lowest Risk of Regret among the strategies considered. For full details, please refer to our previous report entitled "2025 valuation investment strategy review results" and dated September 2025.

Our recommendation to the Committee was to adopt Alternative 3 as the Fund's new long-term investment strategy. This report builds on that recommendation to make recommendations for the Fund's Growth, Income and Protection portfolios.





What has changed since the modelling was undertaken?

The modelling was undertaken in advance using 31 March 2024 membership data, market conditions, and future investment return expectations. For the formal triennial funding valuation exercise, the Fund Actuary has confirmed that the funding level was stronger at 31 March 2025, due to a combination of factors including positive investment returns and higher expected future investment returns. The significant improvement in past service funding position and higher expectation for future investment returns are two key factors that help support a reduction in the long-term open employers' contribution rates to 23% of pay. Further, asset performance has continued to be positive since 31 March 2025 and the Fund Actuary has confirmed that the funding position is likely to have improved further as a result.

It is important for the Fund to monitor the funding position to assess the impact of changing market conditions and future investment return expectations. It is expected that the next formal review of investment strategy will be carried out in conjunction with the 31 March 2028 actuarial valuation.

3. Investment strategy review framework

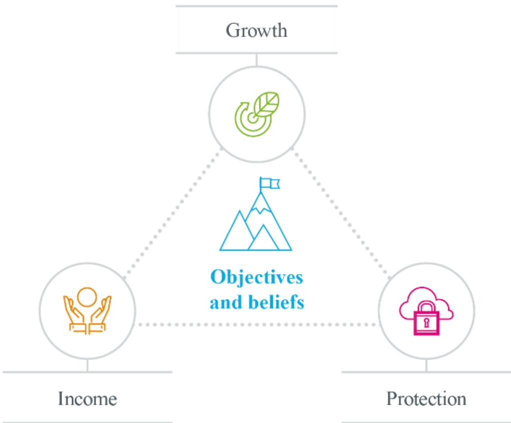
Investment strategy review process

The strategy review process has been run alongside the actuarial valuation, and is focused on the high-level allocation to Growth, Income and Protection assets, as well as the high-level asset class allocation within these categories, i.e. **what** the Fund should invest in.

Unlike previous reviews, the implementation of the investment structure i.e. how the Fund should invest has not been included as it is envisaged that the London CIV will be coordinating this phase of the strategy review, in line with the requirements of the ‘Fit for Future’ consultation. The Fit for the Future changes are discussed in the next section.

Framework for the review

The objectives of the review are to determine the mix of assets which best meets the risk and return requirements of the Fund. Our approach is to evaluate the Fund’s current strategy against a range of plausible alternatives, each designed to test potential enhancements the Fund could make. To help frame the analysis, we have used our Growth/Income/Protection framework, as per the diagram below.



Growth Assets which deliver positive real returns over the long-term enabling the Fund to meet its obligations whilst maintaining the affordability of the target level of contributions (assets such as global and private equity).

Income Assets which deliver a relatively high and stable level of income which helps the Fund to diversify risk and to fund benefits payments (assets such as property, infrastructure, private debt).

Protection Assets which reduce or hedge the Fund’s investment risk and thereby seek to protect the funding position (assets such as traditional gilts and index-linked gilts).

Current position

To ascertain any required adjustments to the overall strategy it is important to compare the Fund’s current allocation with the new long-term strategy recommended to the Committee at the October meeting. The following table shows the current Fund position as of 31 December 2025 versus these new long-term targets.

Taking this into consideration when setting alternative allocations to compare, we have included the current position as of 31 December 2025, alongside the new long-term targets.

You can see from the below that the Fund remains overweight to Growth and underweight to Income and Protection assets. This is in part due to the level of drawn down commitments to property and infrastructure that remain below the required levels to meet the respective long-term targets.

The purpose of this report is to recommend how the Fund should move towards the long-term targets shown in this table. For some asset classes (e.g. private equity), this transition may take a period of years. For other asset classes, there may be opportunities to carry out more immediate rebalancing to move towards these long-term targets. These points are discussed later in this report.

Assets	Allocation 31 Dec 2025 (%)	Long-term target (%)	Relative (+/-%)
UK equities	6.7%	5.0%	1.7%
Global equities	45.9%	37.0%	8.9%
Emerging markets equities	5.3%	3.0%	2.3%
Private equity	0.1%	2.5%	-2.4%
Total Growth	**58.0%**	**47.5%**	**+10.5%**
Multi-asset	14.3%	5.0%	9.3%
Infrastructure	5.2%	10.0%	-4.8%
Private debt	3.9%	5.0%	-1.1%
Property	3.0%	10.0%	-7.0%
Natural capital	-	2.5%	-2.5%
Total Income	**26.4%**	**32.5%**	**-6.1%**
Fixed interest gilts	7.6%	10.0%	-2.4%
Multi-asset credit	4.8%	10.0%	-5.2%
Cash	3.2%	-	3.2%
Total Protection	**15.6%**	**20.0%**	**-4.4%**

Source: Northern Trust, Investment managers

Impact of 'Fit for the Future' changes

From 1 April 2026, the London Collective Investment Vehicle ("LCIV") will be responsible for all investment management decisions required to implement the Fund's investment strategy. This includes decisions relating to tactical asset allocation, investment manager selection stock selection, investment stewardship (in line with the investment strategy statements set by Administering Authorities) and investment cashflow management.

The investment strategy itself will continue to be set by the Committee, with LCIV being the Committee's primary source of strategic investment advice. The Committee will be responsible for monitoring the actions taken by LCIV to implement the investment strategy, with the Committee's approach to monitoring to be discussed and agreed.

It may take time for LCIV to introduce and fully implement this new approach. We recommend Officers engage with LCIV to understand its plans and timeline. These discussions will inform which of the recommendations set out in this report can be implemented by Officers.

4. Growth assets portfolio

Growth assets aim to deliver positive real returns over the long-term enabling the Fund to meet its obligations whilst maintaining the affordability of the target level of contributions. A summary of two key asset classes within the Growth portfolio – listed equites and private equity – is provided below.

	Asset class description
Listed equities	Listed equities are shares in publicly traded companies and form a key growth asset within LGPS portfolios. They offer higher long-term expected returns through capital gains and dividends, supporting stable and affordable employer contribution rates. Although returns can be volatile, equities remain liquid and provide valuable diversification. Exposure can be implemented through passive funds for broad, low-cost market coverage or active strategies in areas such as emerging markets where managers may add value. Lower carbon listed equity mandates can support LGPS funds' net zero ambitions through a reduction in carbon emissions.
Private equity	Private equity involves investing in privately owned companies with strong growth potential, where managers seek to improve operations and enhance long-term value. These investments are illiquid and require capital to be committed for long periods, but this illiquidity is expected to deliver a return premium above listed equities. Private equity offers limited diversification from listed markets yet provides access to different parts of the economy and can complement the growth portfolio. LGPS funds typically invest through fund-of-funds structures that spread risk across multiple managers and strategies, though fees and fund lifecycles are more complex and performance takes time to materialise.

Actions taken since the last review

The following actions have been taken since the last investment strategy review:

- **Global equities:** to support the Fund's net zero ambitions, the Committee agreed to replace the Fund's existing index-tracking global equity mandate with two new lower carbon index-tracking global equity mandates. This restructuring is expected to materially reduce the carbon intensity of the Fund's equity portfolio while maintaining broad global equity exposure. The transition of assets to these new mandates is underway.

- **Emerging market equities:** the Fund invests in the LCIV Emerging Market Equity fund. Following a period of investment underperformance, LCIV carried out a review of this fund and has decided to replace the original manager (JP Morgan) with a new multi-manager fund structure (a 50:50 split between Acadian and Ashmore). We are supportive of the action LCIV has taken.

- **Private equity:** the Fund's current private equity investment with Capital Dynamics was valued at £1.5m as at 30 December 2025. Capital Dynamics have been active in the secondaries market, exploring ways to sell these investments. Absent a sale, this investment is expected to be allowed to run down.

Recommendations from this review

We recommend the following actions in relation to the Fund's Growth assets portfolio:

- **Global equities:** we recommend the Fund quantifies the reduction in carbon emissions achieved following the restructuring of its global equity mandates and reviews its "Net Zero Roadmap" to develop an action plan for achieving a net zero position.

- **UK equities:** we recommend the Fund engages with LCIV to understand whether it plans to launch a lower carbon UK equity fund.

- **Private equity:** we have recommended the Fund introduces a 2.5% target allocation to private equity. This represented a stepped change from previous investment strategy reviews and has been driven by the requirement of the fit for future consultation for Funds to allocate more assets to local investment. The final details on how this will be allocated are still to be decided between partner funds and the pool, but it is envisaged to be predominantly private assets and property. Although there is the potential for the final local investment allocation to be more diverse that just private equity it is envisaged the venture capital will play some part and therefore from a modelling perspective it was important to allocate accordingly to capture the risk return profile. Although LCIV does not currently offer a private equity fund we understand it has plans to launch one later this year. Whether this is to become part of the local investment offering is still not known and therefore we recommend Officers engage with LCIV to confirm their intentions on local investment vehicles.

5. Income assets portfolio

Income assets aim to deliver a relatively high and stable level of income which helps the Fund to diversify risk and to fund benefits payments (assets such as property, infrastructure, private debt). A summary of the principal asset classes within the Income portfolio is provided below.

	Asset class description
Multi-Asset	Multi-asset funds provide exposure to a broad mix of asset classes within a single investment, allowing managers to adjust allocations and use diversification to seek smoother returns than pure equity strategies. They can help reduce reliance on traditional market risks, offer some protection in stressed markets, and may act as a useful source of liquidity to support rebalancing when other assets fall. Multi asset strategies vary widely, with differences in how much dynamic allocation they use, how directional they are to equity markets, and the range of underlying assets they include. For LGPS clients, these funds can simplify governance while still delivering diversified return potential, especially for smaller schemes seeking broad exposure through fewer managers. Multi-asset funds can also be used a source of capital to meet capital calls from private markets investments while providing exposure to a broad mix of asset classes before this capital is called. Indeed, the Fund has adopted this approach, maintaining an overweight position to this asset class with a view to reducing this position as more opportunities to invest in private markets investments become available.
Infrastructure	Infrastructure investing focuses on essential assets such as transport networks, utilities, energy systems and social infrastructure that support the functioning of society. These assets typically generate long-term, stable income streams that are often linked to inflation, making them attractive for LGPS funds seeking reliable cash flows and diversification. Returns tend to be resilient because many infrastructure assets operate in regulated or monopolistic environments, resulting in low correlation with listed markets. Infrastructure is an illiquid asset class, and investors must commit capital for long periods, particularly in closed-ended funds. Because individual assets can be concentrated, spreading allocations across multiple managers or strategies helps reduce asset-specific risk and improve diversification. Infrastructure can play several roles within an LGPS portfolio, including enhancing growth diversification, providing steady income, and supporting long-term funding objectives such as aligning with inflation-linked liabilities.
Private Debt	Private debt refers to lending that takes place outside public markets and includes areas such as direct lending, real estate debt and infrastructure debt. Returns are driven mainly by contractual income and, because the asset class is illiquid, investors typically receive an illiquidity premium over comparable public market debt. Private debt offers

	higher yields, a stable income-focused return stream and a diversified source of return within an LGPS income allocation. Funds are usually long-term commitments made through closed-ended structures, so liquidity needs must be carefully considered. The broad private debt universe allows LGPS funds to access different forms of lending, but strategies vary in complexity, duration and risk, and performance can take several years to fully emerge.
Property	Property investing typically involves commercial real estate such as offices, industrial units and retail assets, with some exposure to alternative and residential sectors. This asset class provides diversification away from equities and bonds, modest inflation linkage and the potential to add value on a risk-adjusted basis. Its returns are less volatile than equities and have historically shown low correlation with other major asset classes, helping reduce overall portfolio risk. Property is an illiquid asset class with high transaction costs and requires active management, so it is best held as a long-term strategic allocation. LGPS investors commonly access the asset class through pooled property funds for scale and diversification, while larger investors may consider direct portfolios.
Natural Capital	Natural capital refers to the environmental assets and ecosystems that provide essential services such as raw materials, carbon storage, biodiversity, flood protection and pollination. Investing in natural capital allows LGPS funds to access opportunities aligned with long-term sustainability themes while potentially supporting financial goals and impact objectives. The theme spans both traditional and private markets, ranging from listed equity and debt strategies to illiquid real assets such as timberland and farmland. More established natural resource strategies, particularly in real assets, can provide stable long-term return potential, while emerging private strategies carry higher risk and require careful manager selection. Natural capital is best approached as a long-term thematic allocation, with diversification and clarity of objectives central to constructing an effective mandate.

Actions taken since the last review

The following actions have been taken since the last investment strategy review:

- **Multi-asset funds:** the Fund's allocation to multi-asset is split across two LCIV funds, with Baillie Gifford and Ruffer. In 2024 the Fund disinvested £33m from Baillie Gifford to move the Fund towards its strategic benchmark and to provide liquidity to support upcoming private market commitments.

- **Infrastructure:** the Fund has been exploring options for increasing its infrastructure allocation, including investment options outside of LCIV. At 31 December 2025, the infrastructure allocation was 5.2% of total Fund assets. At the time, this was significantly below the 15% strategic target allocation. As part of this strategy review, the strategic target allocation to infrastructure has been reduced to 10%. The aims here are to introduce greater diversification into the strategy, by placing less reliance on this asset class and accommodating the new allocation to natural capital, among the other changes recommended. The Fund was 4.5% underweight this new long-term 10% target as at 31 December 2025.

- **Private debt:** the private debt allocation will build towards the 5% strategic target over a period of time. To support this, a commitment of £45m was made to LCIV Private Debt II in February 2025.

- **Property:** in 2023 the Fund made a £30m commitment to the LCIV UK Housing Fund. This investment, together with the UK commercial property investments held with Fidelity and UBS, has taken the Fund's property allocation to 3% of assets as at 31 December 2025 versus a strategic target of 10%. The Fund will need to identify opportunities to build its property allocation to the 10% target and future options are discussed in the next section. With input from Hymans Robertson, the Committee has continued to monitor its property investments and detailed discussions took place in relation to the Fidelity fund, which received material redemption requests and gave cause for concern over the ongoing viability of the fund. We noted the situation has since stabilised and were content to support the Fund in retaining this investment.

Recommendations from this review

We recommend the following actions in relation to the Fund's Income assets portfolio:

- **Multi-asset funds:** in line with the recommendation provided in 2024, we recommend the Fund reduces its allocation to multi-asset funds towards the long-term strategic target. Our formal recommendation is set out in a separate report.

- **Infrastructure:** the Fund holds three infrastructure investments, through Alinda, Capital Dynamics and LCIV. It is expected that the Alinda and Capital Dynamics investments will be allowed to run down with distributions received from these investments being reinvested in other mandates. The Fund's largest infrastructure investment is through the LCIV Infrastructure fund (value £61m at 31 December 2025). Further investments will need to be made to build the Fund's allocation towards the new 10% target. It is expected that these new investments will be made through LCIV, either as an increase to the existing allocation (LCIV Infrastructure fund), or to the LCIV Renewable Infrastructure fund, or to a new LCIV fund. In our view, it will be important to build a diversified infrastructure allocation so that the Fund is not overly exposed to a specific region or sector (notably renewable energy). The implementation of such a strategy will fell to LCIV.

- **Private debt:** the Fund should continue with the current plan, which involves topping up the private debt allocation by making commitments to future LCIV fund vintages. We expect that LCIV will be responsible for calculating the amounts that will be committed to these future fund vintages.

- **Property:** we understand LCIV has created a property vehicle, working with CBRE, that will be the future platform for partner funds that operate "fund of funds" mandates. We recommend Officers engage with LCIV to understand its plans for building out the Fund's property allocation, in terms of the pace at which this will happen, and a comparison of likely trading costs against potential cost savings.

- **Natural capital:** natural capital is a long-term investment that offers attractive prospective returns and diversification from more traditional asset classes. It can also have a role to play in helping pension schemes achieve their net zero ambitions: timberland, for example, can remove carbon dioxide from the atmosphere. This dual role has prompted many LGPS funds to explore an allocation to natural capital. LCIV launched a natural capital fund in July 2024, called the LCIV Nature-Based Solutions fund. We recommend the Committee builds its knowledge of investing in natural capital, the investment aims and objectives, and risks. We would be happy to support the Fund in this area and to illustrate the contribution this investment could make towards achieving the Fund’s net zero ambitions. We recommend Officers engage with LCIV about the LCIV Nature-Based Solutions fund and future plans.

6. Protection assets portfolio

Protection assets are assets which reduce or hedge the Fund's investment risk and thereby seek to protect the funding position (assets such as traditional gilts and index-linked gilts).

	Asset class description
Gilts	Gilts are bonds issued by the UK Government, providing highly secure, predictable cash flows backed by the strength of the UK sovereign. They play an important role in LGPS portfolios as a low-risk, liquid asset that helps stabilise returns and provides reliable income. Conventional gilts pay fixed coupons, while index-linked gilts offer inflation-adjusted payments, making them useful for managing inflation risk. Gilts can be bought, sold or used efficiently within liability-aware strategies because they are easy to trade, can be leveraged, and are eligible as collateral for derivative positions. For LGPS funds, gilts serve as a high-quality anchor within the portfolio, supporting liquidity, risk management and long-term funding stability.
Multi-asset credit	Multi-asset credit (MAC) funds invest in a range of fixed income assets to provide diversified exposure across credit markets. MAC funds can add value through both top-down asset allocation, using relative value and macro analysis, and bottom-up security selection, through fundamental credit analysis. These funds also enable managers to exploit relative value across geographies, asset classes and capital structure positioning. Asset classes typically include investment- and speculative-grade corporate bonds, leveraged (or syndicated) loans, asset-backed securities (ABS) and emerging-market debt (EMD).

Actions taken since the last review

The following actions have been taken since the last investment strategy review:

- **Gilts:** the value of the Fund's gilts holdings fell significantly during 2022 in response to the rise in interest rates. Rebalancing was undertaken to restore this allocation to its 10% strategic target.

Recommendations from this review

We recommend the following actions in relation to the Fund's Income assets portfolio:

- **Gilts:** the Fund is c2.4% underweight gilts. We recommend increasing the gilts allocation to the 10% strategic target utilising the remaining proceeds from the reduction in the multi-asset fund allocation.

- **Multi-asset credit:** the Fund is currently c5.2% underweight. We recommend increasing this allocation towards the 10% target. Utilising proceeds from the reduction in the multi-asset fund allocation will take the multi-asset credit allocation to 9.8%.

7. Creating an earmarked portfolio to fund new investments

Background and objectives

The Fund will build its investments in private markets assets, such as private equity, property, infrastructure, private debt and natural capital, over the next few years. These investments are drawn down over a multi-year period and the Fund needs to have liquid assets that can be accessed at short notice to meet capital calls issued by the managers.

Given the staged nature of private markets deployment, we propose creating an earmarked portfolio that can be drawn down over a period of years. This would be a temporary allocation, invested across equities, bonds and cash, that provides diversification and liquidity while maintaining an appropriate level of risk and return at a whole-Fund level. The blended fund would act as a holding portfolio until capital is required by private market managers.

In principle, a blended fund of this type provides several advantages:

- It holds capital earmarked for private markets in liquid assets until required
- It maintains the overall risk and return profile of the Fund within acceptable ranges
- It provides broad exposure and avoids concentration in any single asset class
- It offers an efficient mechanism for meeting capital calls at short notice

This approach can be implemented using existing holdings. The Fund's overweight equity and bond/cash positions naturally form the foundation of the blended fund, with cash levels sized in line with expected capital call activity over the coming months. The split would be reviewed periodically to ensure it remains appropriate given market conditions and funding requirements.

Overall, this provides a structured and cost-effective way to hold capital for future investments in private markets. It avoids unnecessary transactions, reduces management fees relative to multi-asset alternatives, and supports the development of the Fund's long-term strategic allocation.

Current position and the need for an earmarked portfolio

The table in the following section shows:

- the Fund's current position relative to the long-term strategic targets;
- the impact of the disinvestment from the reduction in the multi-asset allocation; and
- the reinvestment of these proceeds into Protection assets.

Following this transaction, the Fund becomes:

- overweight listed equities, by 12.9%;
- overweight Protection, by 3.0%; and
- underweight private equity and Income assets, by an aggregate 15.9%.

Because private markets cannot be deployed immediately and require a multi-year commitment schedule, the Fund must hold these surplus liquid assets in a way that is risk-aware, return-generating and easily accessible. This is the role of the earmarked blended fund.

Assets	Allocation 31 Dec 2025 (%)	Illustrative allocation post multi-asset change	Long-term target (%)	Relative post sale (+/-%)
UK equities	6.7%	6.7%	5.0%	1.7%
Global equities	45.9%	45.9%	37.0%	8.9%
Emerging markets equities	5.3%	5.3%	3.0%	2.3%
Total listed equities	**57.9%**	**57.9%**	**45.0%**	**+12.9%**
Private equity	0.1%	0.1%	2.5%	-2.4%
Multi-asset	14.3%	6.9%	5.0%	1.9%
Infrastructure	5.2%	5.2%	10.0%	-4.8%
Private debt	3.9%	3.9%	5.0%	-1.1%
Property	3.0%	3.0%	10.0%	-7.0%
Natural capital	-	-	2.5%	-2.5%
Total of private equity + Income	**26.5%**	**19.1%**	**35.0%**	**-15.9%**
Fixed interest gilts	7.6%	10.0%	10.0%	-
Multi-asset credit	4.8%	9.8%	10.0%	-0.2%
Cash	3.2%	3.2%	-	3.2%
Total Protection	**15.6%**	**23.0%**	**20.0%**	**+3.0%**

Source: Northern Trust, Investment managers

Options for the blended fund

Following the reduction of the multi-asset allocation, we estimate the Fund will be holding a blended portfolio of c.80% listed equities and c.20% cash. This provides strong return potential, commensurate with the portfolio of illiquid assets it is designed to replicate, although it relies heavily on cash holdings.

We would support a blended portfolio with 60-75% in equities with the balance held in a combination of bonds and cash. The right blend depends on a number of factors, including the anticipated timeline for deploying capital and the pace at which each individual asset class is built up. As an example, if a larger proportion of the capital calls is likely to fall within the short to medium, this would tend to support a lower initial allocation to equities. This would reduce the mismatch risk of using equities (which can be volatile particularly over short periods of time) to meet capital calls where the overall amounts are known with reasonable certainty.

We recommend Officers engage with LCIV to understand its plans for building the Fund's allocations so that the timeline can be better understood. It will also be important to engage with LCIV so that it understands the objectives of the blended portfolio and how the Fund expects this to operate in practice. Retaining some flexibility will be important: the balance between bonds and cash can be expected to vary over time depending on liquidity needs depending on expected capital calls. For this reason, we recommend the blended portfolio is reviewed on a regular basis to ensure it aligns with the Fund's overall risk and return objectives.

8. Other considerations

Investment income requirements

The proposed reduction in employer contributions means it will be informative to determine the expected annual shortfall between contribution income and benefit outgo. This information can be communicated to LCIV to allow them to determine the investment income needed to bridge this gap.

Local Investment

The government's Fit for the Future changes require Administering Authorities to:

- set out their approach to local investment
- work with relevant Strategic Authorities to identify suitable local investment opportunities.
- report on the extent and impact of their local investments.

It also requires pools to develop the capability to carry out due diligence on local investment opportunities, take the final decision on whether to invest, and manage those investments.

The Committee will need to establish the Fund's local investment strategy. The strategy will depend on the Committee's beliefs/views, covering:

- Appetite for local investing
- How you define local
- Your appetite for impact
- Investment/risk-return considerations
- Governance
- Monitoring/reporting

We propose this is discussed at a future Committee meeting.

9. Specifying the target investment strategy

The Fund will need to communicate its agreed long-term investment strategy to LCIV so that LCIV can begin to implement the strategy. Under the Fit for the Future requirements, the Fund must specify target allocations and tolerance ranges using a (summary) template set out in corresponding guidance. We have translated the recommendations set out in this report into this template and the results are set out in the table below. The proposed tolerance ranges reflect our experience of working with other funds. They also seek to strike a balance between ranges that would allow the Fund to drift too far from the target allocations and rebalancing too frequently. We recommend this is presented to LCIV as a draft to allow any areas of ambiguity and uncertainty to be resolved.

It will also be appropriate to specify an interim target allocation reflecting the earmarked portfolio discussed in section 7 of this report. We recommend Officers engage with LCIV to ensure that LCIV can implement the strategy in line with the Committee's wishes.

Long-term strategic target allocation

Asset class	Strategic asset allocation (%)	Tolerance range (+/- %) – specified only for listed assets
Listed equity	45.0	+/- 3.0%
Private equity	2.5	n/a
Private credit	5.0	n/a
Property/real estate	10.0	+/- 3.0%
Infrastructure	10.0	n/a
Other alternatives[1]	7.5	n/a
Credit	10.0	+/- 3.0%
UK government bonds	10.0	+/- 3.0%
Cash	-	+/- 3.0%
Total	100.0	

[1] Includes multi-asset (5%) and natural capital (2.5%)

Interim target allocation

To support further discussions with LCIV (for the reasons given in section 7), we have set out below an interim target allocation. This incorporates the blended fund and recognises the build-up of the Fund's private markets allocations albeit over a period of time. This interim target allocation is provided for illustrative purposes only and will need to be refined and finalised following discussions with LCIV.

Asset class	Interim target asset allocation (%)	Tolerance range (+/- %) – specified only for listed assets
Listed equity	52.5	+/- 3.0%
Private equity	1.0	n/a
Private credit	5.0	n/a
Property/real estate	6.0	+/- 3.0%
Infrastructure	6.0	n/a
Other alternatives[2]	7.0	n/a
Credit	10.0	+/- 3.0%
UK government bonds	11.0	+/- 3.0%
Cash	1.5	+/- 3.0%
Total	100.0	

[2] Includes multi-asset (5%) and natural capital (2.5%)

10. Conclusion and next steps

The conclusions and recommendations from this report are summarised below:

- As agreed at the October meeting, the Committee has adopted a new long-term investment strategy (described in this report as "Alternative 3").

- We recommend the Fund reduces its multi-asset fund allocation towards the long-term strategic target, with the proceeds being re-invested in the Protection portfolio, which consists of fixed interest gilts and multi-asset credit.

- Once this has been completed, the Fund will be c16% underweight to private markets, based on asset valuations as at 31 December 2025. This reflects the 7% underweight to property, the 4.5% underweight to infrastructure, and the new allocations to private equity and natural capital (and is net of the remaining allocation to multi-asset funds).

- We recommend a portfolio of assets is identified and earmarked to be drawn down over a period of time to fund these private markets investments. In practice, this will involve retaining overweight positions in equities, bonds and cash.

- The Fund will need to communicate its agreed long-term investment strategy to LCIV so that LCIV can begin to implement the strategy. We recommend the table in section 9 is presented to LCIV as a draft to allow any areas of ambiguity and uncertainty to be resolved.

- It will also be appropriate to specify an interim target allocation reflecting the earmarked portfolio discussed in section 7 of this report. We recommend Officers engage with LCIV to ensure that LCIV can implement the strategy in line with the Committee's wishes.

- Given the proposed reduction in employer contributions, it will be important to determine the expected annual shortfall between contribution income and benefit payments. This information will be communicated to LCIV to enable them to create a plan to deliver the investment income needed to bridge this gap.

- Looking ahead, the Committee will need to establish its local investment strategy. We propose this is discussed at a future Committee meeting.

We look forward to discussing this paper with Officers and the Committee.

Prepared by:

Kenneth Taylor, Senior Investment Consultant

For and on behalf of Hymans Robertson LLP

February 2026

General investment risk warning

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

Private equity investments, whether held directly or in pooled fund arrangements carry a higher risk than publicly quoted securities; the nature of private equity pooling vehicles makes them particularly illiquid and investment in private equity should be considered to have a long-time horizon.

Further reliances and limitations

Hymans Robertson LLP has relied upon or used third parties and may use internally generated estimates for the provision of data quoted, or used, in the preparation of this report. Whilst reasonable efforts have been made to ensure the accuracy of such estimates or data, these estimates are not guaranteed, and HR is not liable for any loss arising from their use.

This report does not constitute legal or tax advice. Hymans Robertson LLP is not qualified to provide such advice, which should be sought independently.

Appendix: Hymans Robertson manager ratings

Fund and Responsible Investment ratings

A description of the Hymans Robertson ratings referred to in this paper is provided below.

Hymans manager ratings

Preferred	Our highest rated managers in each asset class. These should be the strategies we are willing to put forward for new searches.
Positive	We believe there is a strong chance that the strategy will achieve its objectives, but there is some element that holds us back from providing the product with the highest rating.
Suitable	We believe the strategy is suitable for pension scheme investors. We have done sufficient due diligence to assess its compliance with the requirements of pension scheme investors but do not have a strong view on the investment capability. The strategy would not be put forward for new searches based on investment merits alone.
Negative	The strategy is not suitable for continued or future investment and alternatives should be explored.
Not Rated	Insufficient knowledge or due diligence to be able to form an opinion.

Hymans RI ratings

Strong	Strong evidence of good RI practices across all criteria and practices are consistently applied.
Good	Reasonable evidence of good RI practices across all criteria and practices are consistently applied.
Adequate	Some evidence of good RI practices but practices may not be evident across all criteria or applied inconsistently.
Weak	Little to no evidence of good RI practices.
Not Rated	Insufficient knowledge to be able to form an opinion on.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
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Agenda Item 7

Market Background

Market update

Global growth signalled resilience in the third quarter (Q3), after a volatile first half of the year, with tariffs distorting some economies' GDP readings. Full-year global growth forecasts for 2025 were revised up, matching 2024's 2.7%.

Tariffs modestly lifted US inflation in Q3, but the annual CPI rate slowed to 2.7% in December, unchanged from June. UK inflation peaked in September and has slowed to 3.4%, as wage growth and service-sector price pressures moderated. Eurozone inflation is less pronounced, dipping below target in December (1.9%).

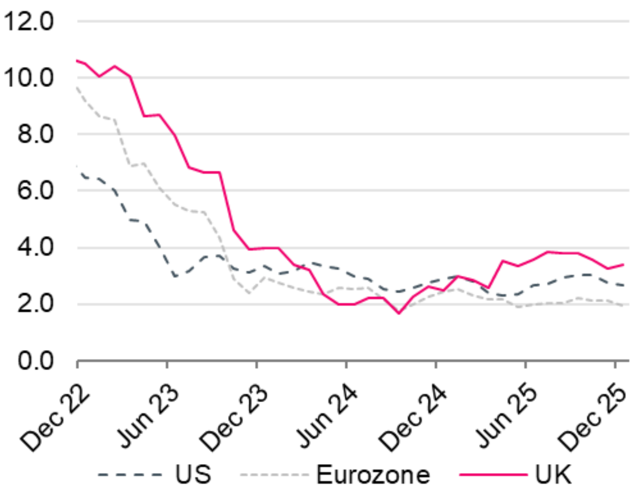
The US Federal Reserve (Fed) and the Bank of England lowered borrowing costs to 3.50–3.75% pa and 3.75% pa, respectively, amid labour market weakness. The European Central Bank held rates at 2.0% through the second half of the year (H2), as inflation neared target. The Bank of Japan raised rates to 0.75% pa in December (a 30-year high), addressing inflation and wage growth.

UK 10-year yields were little changed (4.5% pa), but 30-year yields fell 0.3% pa, to 5.2% pa, as the Autumn Budget boosted fiscal headroom. US 10-year yields eased 0.1% pa, to 4.2% pa. German (2.9% pa) and Japanese (2.1% pa) 10-year yields rose 0.3% pa and 0.6% pa, to 2.9% pa and 2.1% pa, on expectations of higher bond issuance.

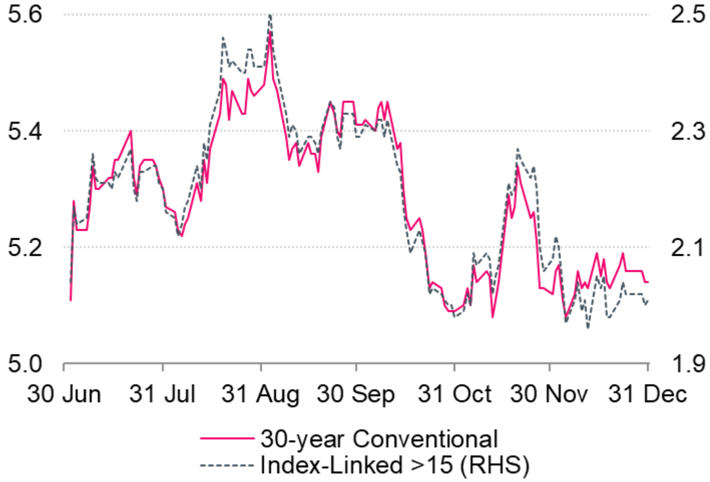
The trade-weighted US dollar and sterling declined 0.2% and 1.6%, respectively, as markets raised their rate-cut expectations. The yen fell 8.0%, as concerns over Japan's debt sustainability outweighed higher yields and tighter monetary policy. The euro rose 0.4% in H2, supported by asset flows and narrower interest-rate differentials.

Gold prices rose 31.7% on expectations of lower US interest rates, central-bank purchases and strong retail demand. Oil prices fell 10.1% amid indications of a growing surplus.

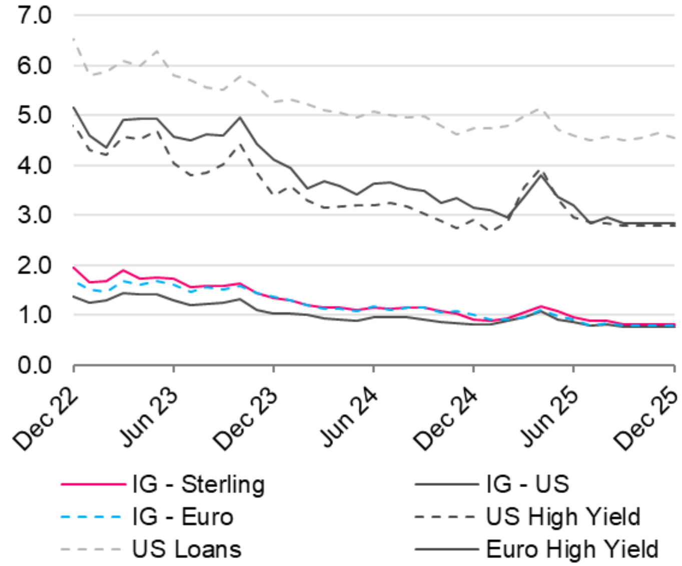
Annual CPI Inflation (% year on year)



Gilt yields chart (% p.a.)



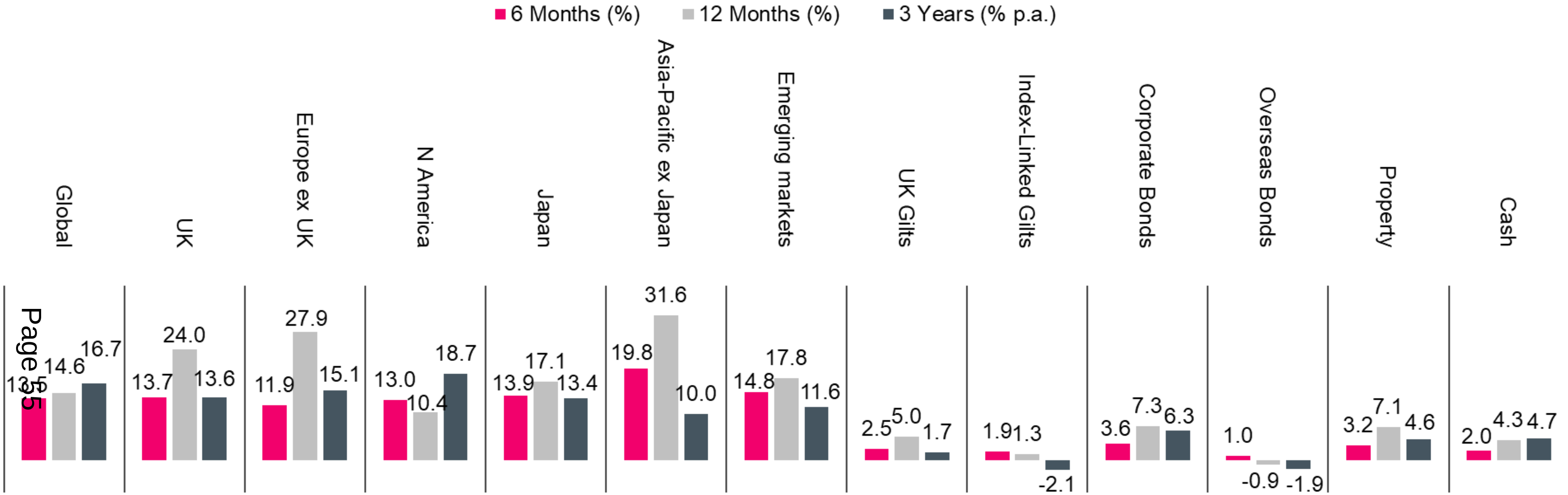
Investment and speculative grade credit spreads (% p.a.)



 Data source: LSEG Datastream, Barings, ICE

Market Background

Historical returns for world markets



Data source: LSEG DataStream. 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

Regional equity returns [1]

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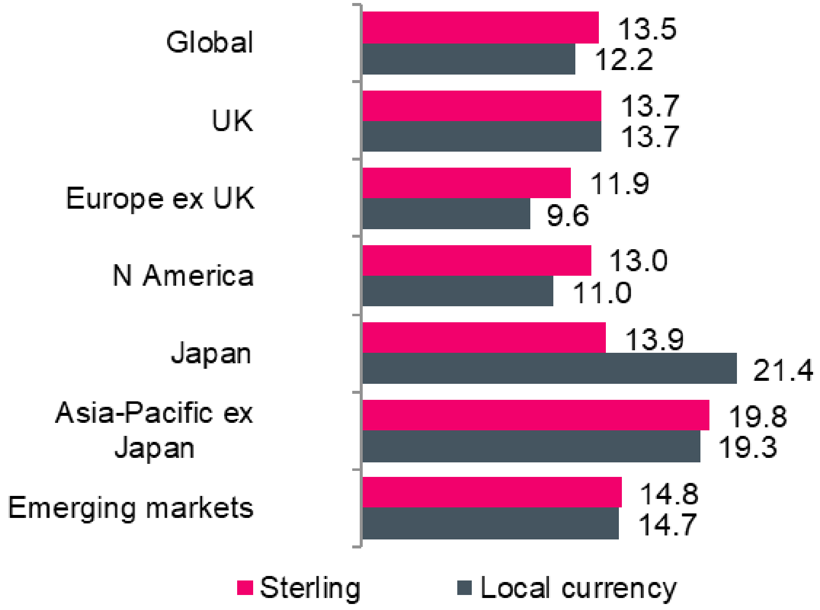
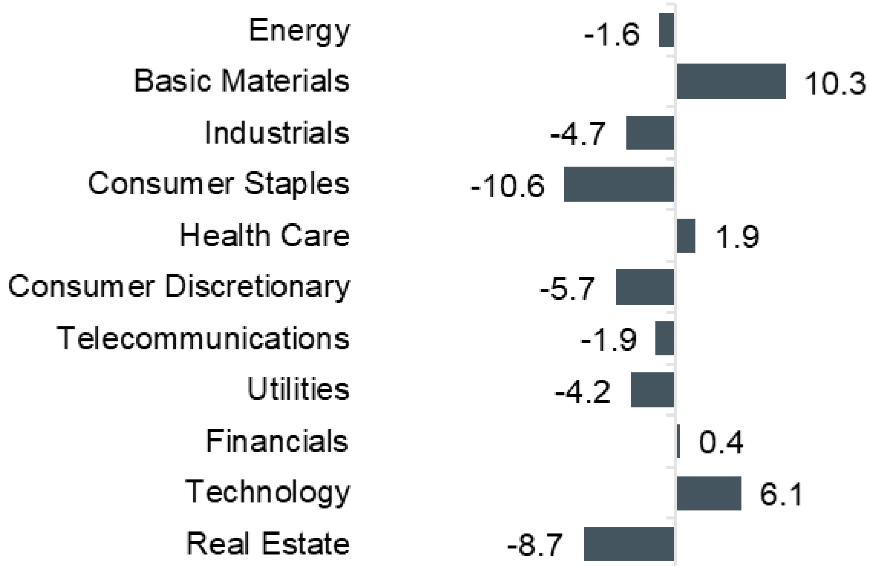


Global equity sector returns [2]



Market commentary

Global equities rose 12.2% in H2, as trade tensions subsided and as corporate earnings, AI investment, rate cuts and expected fiscal stimulus buoyed markets. Four of eleven sectors (basic materials, tech, healthcare and financials) outperformed.

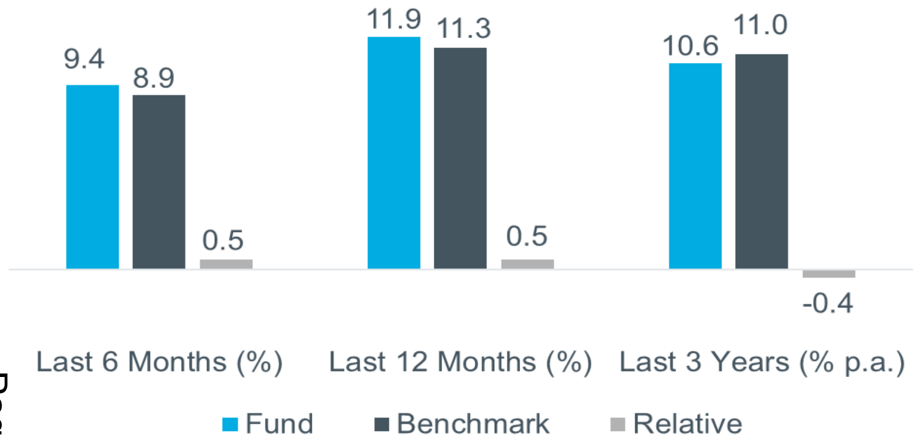
Developed Asia Pacific led gains, driven by its role in the semiconductor manufacturing chain and yen weakness, alongside hopes of Japanese fiscal stimulus. Easing trade tensions and falling US rates lifted emerging markets. UK equities outperformed; above-average exposure to outperforming sectors compensated for the limited tech weighting.

While growth (12.8%) outperformed value (11.0%) elsewhere, it underperformed in the US amid concerns over valuations and debt-funded capex. Consumer discretionary stocks were impacted, as companies absorbed tariff costs and weaker job growth hurt demand. Europe ex UK ranked bottom, given its below-average tech sector exposure and as euro strength, tariffs and increased Chinese competition weighed on manufacturing.

The MSCI UK Monthly Property Total Return Index rose 3.2% in H2, as income was supplemented by 0.4% gain in capital values. The sectoral trend continued: industrial (1.1%) and retail (0.9%) capital values grew, more slowly, while offices fell (1.7%).

 Data source: LSEG DataStream. [1] FTSE All World Indices. Commentary compares regional equity returns in local currency. [2] Returns shown in Sterling terms and relative to FTSE All World

Total fund performance



High-level asset allocation

GrIP	Actual	Benchmark	Relative
Growth	58.0%	58.0%	0.0%
Income	26.4%	25.0%	1.4%
Protection	12.4%	15.0%	-2.6%
Cash	3.2%	2.0%	1.2%

Key points to note:

- The Fund has posted a positive return over the second half of 2025, ending the period with a valuation of £1,491.7m, up from £1,360.6m at the end of Q2 2025.
- The Fund's passive global equity mandates were again the main contributors to the total return over the period, with UK equities also performing well. Emerging market equities provided very strong performance over the period. The multi-asset funds provided steady support, and the multi-asset credit and gilts funds delivered modest positive returns over the period.
- On a relative basis the Fund outperformed its benchmark by 0.5% over the period, but is slightly behind its composite benchmark over the past 3 years.
- The new allocation to the LGIM Future World Global Equity Index Fund was implemented in Q4 2025, funded by a reallocation from the LGIM Global Equity Fund. Investing in the LGIM Future World Global Equity Index Fund will lead to an immediate reduction in the Fund's carbon emissions with further reductions anticipated in future, supporting the Fund's net zero ambitions.
- The cash held by the Fund rose from to £46.1m to £47.9m.

Source: Northern Trust.
**At the time of writing, the Fund's Q4 2025 funding position is not available. The Fund Actuary is currently finalising the 2025 actuarial valuation of the Fund, which is based on updated data and assumptions. The provision of estimated funding level data has been paused while this work is underway.*

Asset allocation

	Valuation (£m)		Actual Proportion	Benchmark	+ / -
	Q2 25	Q4 25			
LGIM Global Equity	566.1	183.4	12.3%	40.0%	3.0%
LGIM Future World Global Equity Index Fund	0.0	458.1	30.7%		
Blackrock Acs World Low Crbn	38.7	43.9	2.9%	3.0%	-0.1%
LGIM UK Equity	87.3	99.3	6.7%	5.0%	1.7%
LCIV Emerging Markets	65.2	79.6	5.3%	5.0%	0.3%
Capital Dynamics Private Equity	1.5	1.3	0.1%	5.0%	-4.9%
Total Growth	**758.8**	**865.5**	**58.0%**	**58.0%**	**0.0%**
LCIV Baillie Gifford Multi Asset	104.1	110.4	7.4%	12.0%	2.3%
LCIV Ruffer Multi Asset	97.5	102.4	6.9%		
Alinda Infrastructure	15.4	15.0	1.0%	5.0%	0.2%
Capital Dynamics Infrastructure	2.1	2.0	0.1%		
LCIV Infrastructure	57.2	60.7	4.1%		

 Source: Northern Trust.

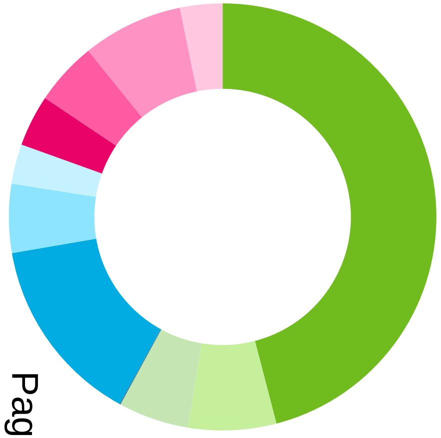
Asset allocation

	Valuation (£m)		Actual Proportion	Benchmark	+ / -
	Q2 25	Q4 25			
Fidelity UK Real Estate	15.0	14.6	1.0%	3.0%	0.0%
UBS Triton Property	11.3	11.4	0.8%		
LCIV UK Housing Fund	15.2	18.7	1.3%		
LCIV Private Debt	42.6	44.7	3.0%	5.0%	-1.1%
LCIV Private Debt II	17.1	13.4	0.9%		
Total Income	**377.5**	**393.5**	**26.4%**	**25.0%**	**1.4%**
LCIV MAC	68.3	71.5	4.8%	5.0%	-0.2%
BlackRock UK Gilts Over 15 yrs	109.8	113.4	7.6%	10.0%	-2.4%
Total Protection	**178.1**	**184.9**	**12.4%**	**15.0%**	**-2.6%**
Cash	46.1	47.9	3.2%	2.0%	1.2%
Total Scheme	**1,360.6**	**1,491.7**	**100.0%**	**100.0%**	

Note: 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. These will be updated once the new Investment Strategy Statement is in place, on completion of the 2025/26 investment strategy review.

 Source: Northern Trust.

Asset class exposures*



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Asset allocation commentary

The Fund's current target allocations are as follows:

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

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

LGIM Future World Global Equity Index fund

The Fund has shown a desire to develop its climate ambitions through development of its Net Zero roadmap. During 2024, the Committee considered options for replacing the Fund's global equity mandates to assist the Fund in meeting its net zero ambitions. The Committee selected the LGIM Future World Global Equity Index Fund and the LCIV PEPPA fund (short for Passive Equity Progressive Paris-Aligned). These investments, once complete, will lead to an immediate reduction in the Fund's carbon emissions with further reductions expected in future. The replacement funds selected also provide improved alignment with the Fund's Responsible Investment priorities. The investment in the LGIM Future World Global Equity Index Fund was completed during the final quarter of 2025, and the investment in the LCIV PEPPA fund is expected to be completed in early 2026.

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

Manager performance

	Last 6 Months (%)			Last 12 Months (%)			Last 3 Years (% p.a.)		
	Fund	B'mark	+ / -	Fund	B'mark	+ / -	Fund	B'mark	+ / -
LGIM Global Equity	13.2	13.3	**-0.1**	13.8	13.9	**-0.1**	17.2	17.4	**-0.2**
LGIM Future World Global Equity Index Fund*	-0.4	-0.4	**0.0**	-	-	**-**	-	-	**-**
Blackrock Acs World Low Crbn	13.3	12.7	**0.6**	12.5	12.8	**-0.3**	17.2	16.7	**0.4**
LGIM UK Equity	13.7	13.7	**0.0**	24.0	24.0	**0.0**	13.6	13.6	**0.0**
LCIV Emerging Markets	22.0	18.0	**3.4**	27.6	24.4	**2.6**	10.1	12.1	**-1.8**
Growth									
LCIV Baillie Gifford Multi Asset	6.1	2.9	**3.1**	10.9	6.2	**4.4**	7.1	6.7	**0.4**
LCIV Ruffer Multi Asset	5.0	2.9	**2.0**	10.1	6.2	**3.6**	0.7	6.7	**-5.6**
Alinda Infrastructure	5.2	1.8	**3.3**	-2.3	5.3	**-7.2**	10.6	5.3	**5.0**
Capital Dynamics Infrastructure	-2.1	1.8	**-3.8**	-6.0	5.3	**-10.7**	-2.1	5.3	**-7.0**
LCIV Infrastructure	2.9	1.8	**1.0**	6.7	5.3	**1.3**	6.4	5.3	**1.0**

**LGIM Future World Fund funded in December 2025, showing since inception performance figures, as 6-month performance not yet available.*
Due to the unavailability of fund returns, the benchmark return has been used as a proxy (Solactive L&G ESG Global Markets Index).

 Source: Fund performance provided by Northern Trust and investment managers and is net of fees.
Benchmark performance provided by Northern Trust.

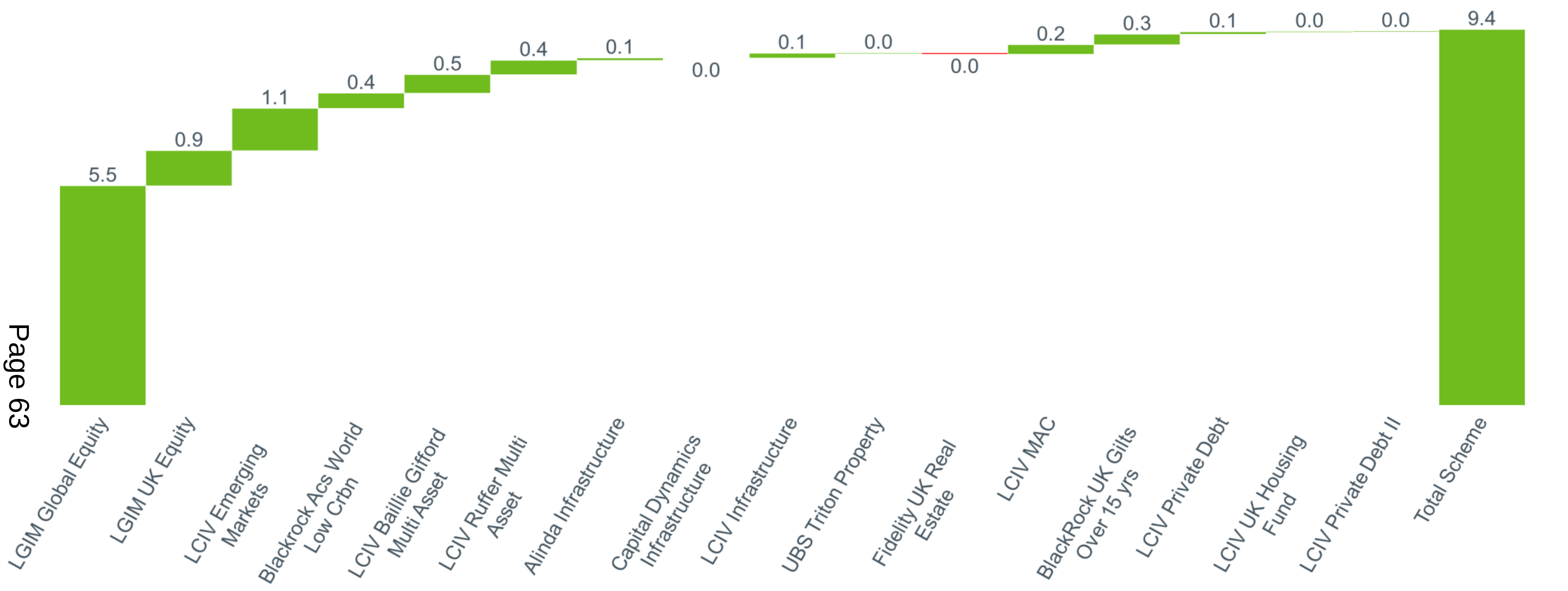
Manager performance

	Last 6 Months (%)			Last 12 Months (%)			Last 3 Years (% p.a.)		
	Fund	B'mark	+ / -	Fund	B'mark	+ / -	Fund	B'mark	+ / -
Fidelity UK Real Estate	-2.8	2.0	**-4.7**	0.1	5.1	**-4.7**	0.5	3.0	**-2.4**
UBS Triton Property	2.4	2.0	**0.4**	4.9	5.1	**-0.2**	3.0	3.0	**0.0**
LCIV UK Housing Fund	0.7	3.0	**-2.2**	0.7	6.0	**-5.0**	-	-	**-**
LCIV Private Debt	2.1	3.0	**-0.9**	12.2	6.0	**5.9**	6.2	6.0	**0.2**
LCIV Private Debt II	-	-	**-**	-	-	**-**	-	-	**-**
Income									
LCIV CQS MAC	4.6	3.0	**1.6**	8.9	6.4	**2.4**	9.5	6.8	**2.5**
BlackRock UK Gilts Over 15 yrs	3.3	3.2	**0.0**	3.8	3.7	**0.1**	-2.0	-2.0	**0.0**
Protection									
Total Scheme	9.4	8.9	**0.5**	11.9	11.3	**0.5**	10.6	11.0	**-0.4**

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

 Source: Fund performance provided by Northern Trust and investment manager and is net of fees.
Benchmark performance provided by Northern Trust.

Fund performance by manager



Positive contributions were broad-based in H2 2025, with no material detractors across the portfolio. The LGIM Global Equity fund was again the largest driver of returns, delivering a strong 5.5% gain for the Fund over the period. Additional uplift came from the LGIM UK Equity fund, the LCIV Emerging Markets fund, and the BlackRock ACS World Low Carbon Equity fund, all of which performed well.

Multi-asset allocations also contributed positively, with both the LCIV Baillie Gifford and Ruffer Multi-Asset funds adding steady gains. Within fixed income, the MAC mandate and UK Gilts fund delivered solid positive returns, supported by the rally in credit and rates markets over H2 2025. Property and infrastructure allocations were broadly flat to modestly positive overall.

Overall, the diversified blend of equity, multi-asset, and fixed income exposures resulted in a total scheme return of 9.4% over the six-month period to 31 December 2025.

 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 half-year performance shown on page 10 of this report.

Current issues in LGPS – December 2025 edition

Spotlight on legislation & consultations - A round-up of the Pension Schemes Bill, the Fit for the future – technical consultation and draft statutory guidance, the LGPS (England and Wales) scheme improvements consultation, and the LGPS (Scotland) benefits consultation.

Autumn Budget 2025 - The main pensions talking point from the Chancellor’s Budget on 26 November was around salary-sacrifice arrangements. From 6 April 2029, any employee pension contributions above an annual amount of £2,000 will no longer be exempt from National Insurance Contributions (NICs).

Our 60-second summary covering Budget 2025 can be found here.

English and Welsh 2025 valuations - A big thank you to the circa 70 LGPS officers who joined our client-only webinar on 4 December to discuss stakeholder engagement. The session was Chatham House only and was not recorded. However, we plan to follow up shortly with a communication that shares some of the analysis, such as peer comparisons, and insights from the polls that were run throughout the webinar.

Liquidity management - LGPS funds must now manage cash flows more carefully, with economic and demographic factors leading to many funds having negative cash flows. The reduced contribution rates arising from the 2025 actuarial valuations will intensify this challenge, especially as LGPS pensions are expected to rise by 3.8% in 2026.

Our 60-second summary on managing cashflows in the LGPS can be found here.

New Year, New Accounting - As we approach the New Year, the last LGPS employers of 2025, with a financial year-end at 31 December, will hear soon from their LGPS contact about the options available for their FRS102 accounting.

Our webinar, 2024/25 LGPS accounting disclosures: understanding your results, can be seen here.

Design Thinking in practice: testing - In the final blog in his series, our digital guru Chris Varley considers testing and how this can be applied within the LGPS. Traditionally, testing is seen as the final hurdle to be overcome prior to “going live”. But it’s worth considering its role more broadly - as an ongoing opportunity to learn, adapt, and improve solutions based on feedback. He concludes that early and honest feedback ultimately drives better outcomes.

Spotlight on Responsible Investment - A round-up of our latest insights of all things RI-related.

 Source: Hymans Robertson

Current issues in LGPS – December 2025 edition

Dashboards - making use of valuation data checks - With all the change affecting the LGPS it would be easy to lose sight of Pension Dashboards coming over the hill. For funds in England and Wales (and Scotland next year), the outputs from the triennial valuation process can help officers to direct and prioritise work in readiness for the public to search for lost or forgotten pension pots. Our blog explains more.

LOLA 3.0 - future proofing your training - With changes in legislation comes changes in training needs. We've listened to your feedback, carried out horizon scanning and delved ever deeper into the world of best practice. From this, the latest evolution of the LGPS Online Learning Academy is emerging. We are committed to providing the best possible training services to the LGPS and are looking forward to releasing the latest version in the new financial year. For more information about what we've been up to, check out our blog.

Capital Markets update - Global growth has proven resilient, despite rising US tariffs and uncertainty. We've seen high global equity valuations, largely driven by the tech-heavy US market. While strong tech earnings justify some premium, valuations assume sustained growth and leave the US exposed to AI disappointment.

 Source: Hymans Robertson

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
LGIM Future World Global Equity Index Fund	30/11/2025	Fund Return
LCIV 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 MAC	30/11/2018	SONIA + 2% p.a.
BlackRock UK Gilts Over 15 yrs	05/03/2019	FTA UK Gilts Over 15 yrs

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 Source: Investment Managers.

Glossary - equity manager styles

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

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

Glossary

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

Growth, Income and Protection

Principal Objectives

Pay benefits
Low, stable contributions

Growth

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

Equities, Private Equity

Income

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

Property, Infrastructure
Private debt,
High yielding bonds

Protection

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

Government bonds
Investment Grade corporate bonds
Low risk absolute return bonds

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Geometric vs arithmetic performance

Hymans Robertson are among the investment professionals who calculate relative performance geometrically as follows:

$$\frac{(1 + \text{Fund Performance})}{(1 + \text{Benchmark Performance})} - 1$$

Some industry practitioners use the simpler arithmetic method as follows:

Fund Performance - Benchmark Performance

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

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

Risk warning

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.

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

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Brent	**Brent Pension Fund Sub-Committee** 18 February 2026
	Report from the Corporate Director, Finance and Resources

2025 Triennial Valuation Results and Funding Strategy Statement

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Part Exempt – Appendix 3 is classified as exempt as it contains the following category of exempt information specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: “Information relating to the financial or business affairs of any particular person (including the authority holding that information)"
List of Appendices:	Three: Appendix 1: Valuation Report Appendix 2: Funding Strategy Statement (FSS) Appendix 3: (Exempt) Valuation Report – draft appendices
Background Papers:	N/A
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Corporate Director, Finance and Resources 020 8937 4043 (minesh.patel@brent.gov.uk) Amanda Healy, Deputy Director of Finance 020 8937 5912 (amanda.healy@brent.gov.uk) Sawan Shah, Head of Finance 020 8937 1955 (sawan.shah@brent.gov.uk)

1.0 Executive Summary

1.1 This report sets out the results of 2025 triennial actuarial valuation and the Funding Strategy Statement (FSS) to the Committee for consideration and approval.

2.0 Recommendation(s)

The Committee is asked to:

2.1 Note, comment and agree the draft valuation report at Appendix 1.

2.2 Delegate authority to the Corporate Director, Finance and Resources to finalise the valuation report before 31 March 2026.

2.3 Notes the proposal to reduce the employer contribution rate for the next three financial years for Brent Council, local authority schools and the majority of academies to 23.0% (from 30.5% in 2025/26).

2.4 Approve the Funding Strategy Statement (FSS) as set out in section 3.5 of this report and Appendix 2.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

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

3.2 Background

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

3.2.2 Its purpose is to:

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

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

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

3.3 **Detail**

3.3.1 Hymans Robertson, the Fund actuary, attended the October 2025 meeting of the Sub-Committee outlining the valuation process, and the initial results the review of the Funding Strategy Statement (FSS).

3.3.2 In this previous meeting, the Fund actuary delivered a presentation of the whole fund results including the funding level, assets, liabilities and the overall deficit level. It was explained why the funding level had improved since the last valuation 3 years ago with the main driver being the significantly improved investment outlook. It was also explained that different employers within the Fund will have different funding levels due to the profile of their members and contribution rates in the past.

3.3.3 The results show that has significantly improved from the last valuation at 31 March 2022. The improvement in funding level is primarily due to higher assumed future investment returns.

Valuation Date	**31 March 2025 (£m)**	**31 March 2022 (£m)**
Liabilities	1,162	1,296
Assets	1,313	1,134
Surplus/(Deficit)	151	(162)
Funding Level	**113%**	**87%**

3.3.4 As a result, combined employer contribution rates have reduced from 30.6% of pay in financial year 2025/26 to 22.9% of pay for the next 3 financial years.

3.3.5 Since that meeting, draft valuation results schedules, which provide the contribution rate for each employer for the next three financial years, have been produced for the Council and all employers within the Fund. These have been communicated to employers. The Fund also held an employers' forum in November 2025 to present the valuation results to the employers.

3.3.6 The draft valuation report, attached in Appendix 1, summarises the process that has taken place and presents the valuation results, funding position and employer contribution rates for 2026/27 to 2028/29. Within the draft valuation report Appendices 4 (Climate change scenario analysis), 5 (Section 13 dashboard) and 8 (Rates and Adjustments Certificate) are yet to be finalised and are attached in restricted Appendix 3. This report recommends the committee to note, comment and agree the draft valuation report and delegate authority to the Corporate Director, Finance and Resources to finalise the report before 31 March 2026.

3.3.7 The below table outlines progress on the valuation timetable:

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).	Complete
October 2025	Issue employer results together with draft Funding Strategy Statement for formal consultation.	Complete
November 2025	Hold employer forum and employer surgeries.	Complete
December 2025 – January 2026	Finalise Funding Strategy Statement following consultation. Agree any changes to employer contribution rates.	Complete
18 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 **Revised Contribution Rates**

3.4.1 As noted above, in October 2025, the Pension Fund Sub-Committee were given an update on the Fund's early whole fund asset liability modelling exercise carried out by the Fund actuary in Q1 2025 (and which had an effective date of 31 March 2024) and the whole fund results of the 31 March 2025 triennial funding valuation.

3.4.2 Using all available information to date, the Pension Fund Sub-Committee were asked to note a proposal to reduce the employer contribution rate for the next three financial years for Brent Council, local authority schools and the majority of academies to 26.0% (from 30.5% in 2025/26).

3.4.3 The next stage of the valuation was then for the Fund actuary and officers to work through the detailed individual employer results calculations, including mini asset liability modelling (with an effective date of 31 March 2025) for each employer. This work was carried out during October and November.

3.4.4 The results from this individual employer results stage showed further marked improvement of the key funding metrics when compared to the early asset liability modelling results.

3.4.5 When considering the improved individual employer results alongside the Funding Strategy Statement funding parameters agreed with committee in October, the officers and Fund actuary believe it is prudent and appropriate to apply an additional reduction (3.0%) to the originally proposed contribution rate of 26.0%. Therefore, a contribution rate of 23.0% will apply from 1 April 2026 for the next three financial years.

3.4.6 Importantly, this contribution rate of 23.0% gives at least an 80% likelihood of being 100% funded at the end of the 20 years funding time horizon with an acceptable Risk of Regret.

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 At the October 2025 Sub-Committee meeting, the draft FSS was presented prior to consultation with employers. The Sub-Committee noted that a full review of the FSS document has been carried out to ensure the document is compliant with the updated guidance including two new parts to the FSS: Key Funding Principles and Employer Events. In addition, a new policy has been introduced to outline how individual employer contribution rates may be reviewed in-between valuations.

3.5.4 The consultation was conducted in December 2025 and January 2026 and the final FSS is provided in Appendix 2 for Sub-Committee approval. The main change made since the draft FSS is to update section 2.3 on the approach for stabilised employers to reflect the one-off change to contribution strategy at this valuation.

4.0 Stakeholder and ward member consultation and engagement

4.1 As required by the LGPS regulation 58, the revised Funding Strategy Statement was consulted with employers in the pension fund during December 2025 and January 2026.

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 triennial valuation process for the Local Government Pension Fund (LGPS) is governed by Regulation 62 of the Local Government Pension Regulations 2013. this regulation mandates that administering authorities must obtain an actuarial valuation of the assets and liabilities of each pension fund as at March every three years, along with a report by an actuary and a rates and adjustments certificate. The Funding Strategy Statement (FSS) plays a critical role in the valuation process, as the actuary must consider the current version of the FSS when determining the primary rate of employer contributions. To ensure compliance with current legislation, the FSS and Investment Strategy Statement should align with the requirements of Regulation 62 and other relevant provisions, such as Regulation 58, which governs the preparation and maintenance of the FSS.

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.

<u>Report sign off:</u>

Minesh Patel
Corporate Director, Finance and Resources

HYMANS ROBERTSON

London Borough of Brent Pension Fund

Report on the actuarial valuation as at 31 March 2025

February 2026

Craig Alexander FFA C.Act

Fellow of the Institute and Faculty of Actuaries
For and on behalf of Hymans Robertson LLP

Contents

HYMANS ROBERTSON

Executive summary

1. Executive summary

We have been commissioned by London Borough of Brent ("the Administering Authority") to carry out a valuation of the London Borough of Brent Pension Fund ("the Fund") as at 31 March 2025. This fulfils Regulation 62 of the Local Government Pension Scheme Regulations 2013. This report is a summary of the valuation.

Contribution rates

The contribution rates for individual employers set at the 31 March 2025 valuation can be found in the Rates and Adjustments certificate. Table 1 shows the combined individual employer rates, compared to the last valuation in 2022.

	31 March 2025		31 March 2022	
Primary rate	18.9% of pay		21.8% of pay	
Secondary rate	2026/27	4.0%	2023/24	11.7%
	2027/28	4.0%	2024/25	10.2%
	2028/29	4.0%	2025/26	8.8%

Table 1: Combined employer contribution rates compared with previous valuation

On average, contribution rates have reduced due to higher assumed future returns at 2025, reducing the estimated cost of funding future benefit payments.

Funding position

At 31 March 2025, the funding position on the Fund's assumptions has significantly improved from the last valuation at 31 March 2022. Table 2 shows the reported funding position, compared to the last valuation in 2022.

Valuation Date	31 March 2025	31 March 2022
Assets (£m)	1,313	1,134
Liabilities (£m)	1,162	1,296
Surplus / (Deficit) (£m)	151	(162)
Funding Level	113%	87%

Table 2: Reported funding position compared with previous valuation

Similar to contribution rates, the improvement in funding level is primarily due to higher assumed future investment returns at 2025.

Comparison with other LGPS funds

The funding position and contribution rates are based on assumptions about future factors such as investment returns, inflation and life expectancy. As these are uncertain, different assumptions are used by each LGPS fund to reflect their own views, circumstances and strategic objectives. These differences (amongst other factors, including crucially the previous funding level, employer affordability and long-term contribution stability) will lead to differences in funding positions and contribution rates across the LGPS. To support comparison, LGPS funds are required to report a funding position on a consistent set of assumptions (called the "SAB funding level"). The Fund's SAB funding level at 31 March 2025 is 93%. **SAB assumptions are to allow comparison only and are not intended to be appropriate for funding or setting contribution rates. As such, this result has no impact on the Fund's funding strategy or employer contribution rates.**

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Valuation approach

2. Valuation approach

2.1 Valuation purpose

The triennial actuarial valuation is an important part of the Fund's risk management framework. Its main purpose is to ensure the Fund continues to have a funding strategy that is likely to achieve the objectives set out in the Funding Strategy Statement.

This report contains the valuation's two key outcomes:

- Employer contribution rates for the period 1 April 2026 to 31 March 2029
- The funding position of the whole Fund at 31 March 2025.

Further information on the process, methodology and strategy has been communicated to relevant stakeholders throughout the valuation. There is also further information publicly available in the Funding Strategy Statement and Hymans Robertson's LGPS 2025 valuation toolkit.

2.2 Setting employer contribution rates

Employer contributions need to be set at a level which ensures the Fund has a reasonable likelihood of having enough money to pay members' benefits. Identifying the amount of benefits that may be paid is complex, as benefits earned today may not be paid until 50+ years has passed. Over that period, there is significant uncertainty over factors which affect the cost of benefits e.g. inflation and investment returns. These uncertainties are considered within the risk-based approach to setting employer contribution rates. This approach is built around three key funding decisions.

Key funding decisions

- **Decision 1:** What is the target funding level (how much money the Fund aims to hold) and funding basis (the set of actuarial assumptions used to value the past and future liabilities)?
- **Decision 2:** What is the funding time horizon (the time given to employers to meet the target funding level)?
- **Decision 3:** What is the likelihood of success (how likely it is that employers will meet the target funding level at the end of the funding time horizon)?

The funding decisions will vary between employers within the Fund and are documented in the Funding Strategy Statement.

Risk-based approach

Asset-liability modelling is used to project each employer's assets and benefit payments into the future under 5,000 different economic simulations. The resulting 5,000 projections of the employer's assets and benefits are used to quantify the likelihood of success.

The simulations are generated using Hymans Robertson's Economic Scenario Service (ESS). Further information on this can be found in Appendix 2.

Contribution rates are then set for each employer which acheives the employer's minimum likelihood of meeting their target funding level on their funding basis at the end of their funding time horizon.

2.3 Measuring the funding position

The funding position is measured as at the valuation date. While it is limited in providing insight into the future health of the Fund, it is a useful high-level summary statistic. A market-related approach is taken to calculate both the assets and the liabilities to ensure they are consistent with one another:

- The market value of the Fund's assets at the valuation date has been used.
- The liabilities have been valued using assumptions based on market indicators at the valuation date (these are detailed in Appendix 2).

Calculating the liabilities

The liabilities are the value of all future payments to members based on all benefits earned up to, or in payment at, the valuation date, expressed in today's money. Chart 1 shows the annual split of projected benefit payments for all members in the Fund at the valuation date.

The projections are based on the membership data provided for the valuation (Appendix 1), the assumptions (Appendix 2) and our understanding of the LGPS benefit structure as at 31 March 2025 (details at www.lgpsregs.org). There are currently sources of uncertainty and potential change related to the LGPS benefit structure and Appendix 2 sets out how these have been considered.

The "spike" in year 2 reflects the anticipated retirement of a tranche of active and deferred members who are currently older than their assumed retirement age, whilst the "dip" around year 20 reflects the planned increase in State Pension Age to 68.

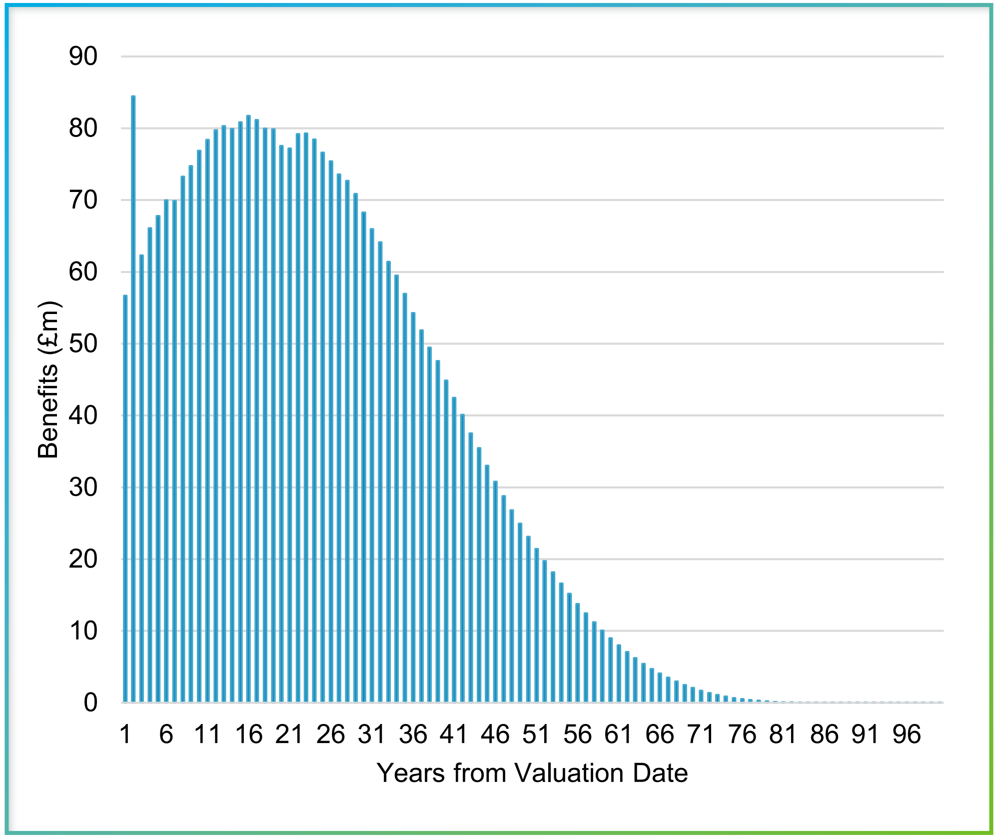

Chart 1: Projected benefit payments for all service earned up to 31 March 2025

To express the future payments in today's money, each projected payment is discounted back to the valuation date in line with an assumed rate of future investment return (known as the 'discount rate').

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Valuation results

3. Valuation results

3.1 Employer contribution rates

The primary objective of the funding strategy is to set employer contribution rates that will enable it to have enough assets to pay members' benefits as they fall due. A secondary objective is to ensure the rates are as stable and affordable as possible. The risk-based approach detailed earlier is used to meet these objectives.

The employer contribution rate is made up of two components:

- **Primary rate:** the level of contributions sufficient to fund benefits that will be accrued in the future.
- **Secondary rate:** the difference between the primary rate and the total contribution rate. This may be in respect of costs associated with accrued benefits or adjustments to achieve the Fund's stability and affordability objectives.

Table 3 shows the combined individual employer contribution rates to be paid into the Fund over the period 1 April 2026 to 31 March 2029. There is also a comparison with the contributions set at the last valuation in 2022.

	31 March 2025		31 March 2022	
Primary rate	18.9% of pay		21.8% of pay	
Secondary rate	2026/27	4.0%	2023/24	11.7%
	2027/28	4.0%	2024/25	10.2%
	2028/29	4.0%	2025/26	8.8%

Table 3: Combined employer contribution rates compared with previous valuation

The primary rate includes an allowance of 1.3% of pensionable pay for the Fund's administration and governance expenses (1.3% of pay at the last valuation).

Employees pay contributions to the Fund in addition to these rates. The employee contribution rates are set by the LGPS Regulations.

On average, employer total contribution rates (ie Primary plus Secondary) have reduced mainly due to higher assumed future investment returns at 2025 compared to 2022. This reduces the estimated cost of funding future benefit payments.

Each employer has a contribution rate which is appropriate to their circumstances, and these can be found in the Rates & Adjustments Certificate (Appendix 8).

3.2 Funding position as at 31 March 2025

Table 4 sets out the assets and liabilities at the valuation date. The results at the 2022 valuation are shown for comparison.

The funding position provides a high-level snapshot as at 31 March 2025, but there are limitations:

- The liabilities are very sensitive to the choice of assumptions about the future
- The market value of assets held by the Fund will change daily.

Employer contribution rates are not set using the reported funding position above. The contribution rates take into consideration how assets and liabilities will evolve over time in different economic scenarios. They also reflect each employer's funding profile and covenant.

The funding position and contribution rates are based on assumptions about future factors such as investment returns, inflation and life expectancy. As these are uncertain, different assumptions are used by each LGPS fund to reflect their own views, circumstances and strategic objectives. These differences (amongst other factors, including crucially the previous funding level and employer affordability and long-term contribution stability) will lead to differences in funding positions and contribution rates across the LGPS. To support comparison, LGPS funds are required to report a funding position on a consistent set of assumptions (called the "SAB funding level"). The Fund's SAB funding level at 31 March 2025 is 93%. **SAB assumptions are to allow comparison only and are not intended to be appropriate for funding or setting contribution rates. As such, this result has no impact on the Fund's funding strategy or employer contribution rates.**

Valuation date		31 March 2025	31 March 2022
Assets		1,313	1,134
Liabilities	**Actives (£m)**	291	352
	Deferreds (£m)	278	367
	Pensioners (£m)	593	577
Surplus / (Deficit) (£m)		151	(162)
Funding Level		113%	87%

Table 4: Single reported funding position compared with the previous valuation

The improvement in funding level is primarily due to higher assumed future investment returns at 2025. Chart 2 on the next page provides further information on what's caused the funding position to change since 2022.

3.3 Other funding metrics

The future investment return required to be 100% funded at this valuation is 5.3% p.a. which has increased from the previous valuation (5.1% p.a.). This means, at 31 March 2025, the Fund needed to earn 5.3% p.a. to have enough money to meet accrued benefits at that date. The estimated likelihood of the Fund's investment strategy achieving the required return is 86% at 31 March 2025 (62% at 2022).

Changes since the last valuation – funding position

The factors that have caused the funding position to change since the last valuation are split between:

- actual experience being different from expectations at the last valuation (***known events***)
- changes in assumptions about the future (***future expectations***).

Chart 2 details these factors and their magnitude.

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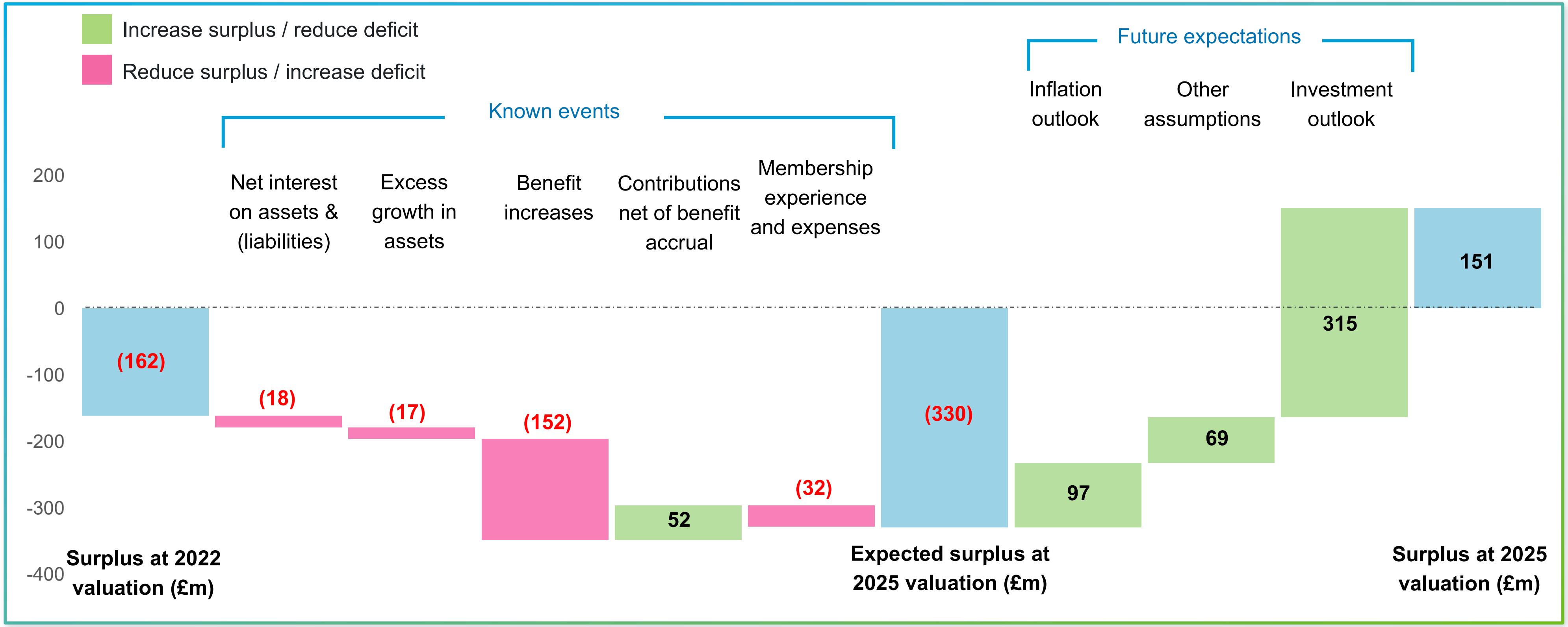

Chart 2: Change in funding position since last valuation

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Risks and sensitivities

4. Risks and sensitivities

4.1 Background

If all future experience is in line with expectations and there are no changes in the financial or demographic environment, it's projected that the funding level at the next valuation (31 March 2028) would be 110%.

However, the funding position, and the Fund's funding strategy, are sensitive to various sources of risks. These funding risks broadly fall into categories of economic, demographic, regulatory and other.

Identifying and specifying these risks, including analysis of their potential impact, is an important part of the risk management cycle.

4.2 Economic risks

Impact of known events

The main economic risks are in relation to investment returns, benefit increases (ie Consumer Price Index inflation) and salary increases.

For all three sources of risk, the table below details the actual experience since the last valuation compared to 2022 expectations, and the impact on funding.

Source	Expected	Actual	Funding impact
Investment returns	4.3% p.a.	3.8% p.a.	(£17m)
Benefit increases	2.7% p.a.	6.1% p.a.	(£152m)
Salary increases	3.0% p.a.	8.1% p.a.	(£22m)

Table 5: Impact of known economic events since 2022

Impact of changes in future outcomes

The results in this report are based on a set of assumptions about the future outcomes for these economic risks. If the future differs from the assumptions used at this valuation, the Fund's liabilities may be higher (or lower) than the current estimate.

Investment returns: Chart 3 below shows how the funding level at 31 March 2025 changes depending on the level of assumed future investment returns. Each point on the line denotes the estimated likelihood of achieving the level of future return at the valuation date. This indicates that the best estimate (return with an estimated 50% likelihood) funding level at 31 March 2025 is 155%. The Fund's assumption at this valuation is summarised in Appendix 2 and is illustrated by the solid blue diamond.

- **Benefit increases:** if future inflation was 0.1% pa higher than assumed at this valuation, then the funding level would reduce by c2% (with a c£16m fall in the surplus).
- **Salary increases:** if salary increases were 0.5% pa higher than assumed at this valuation then the funding level would reduce by less than 1% (with a c£4m fall in the surplus).

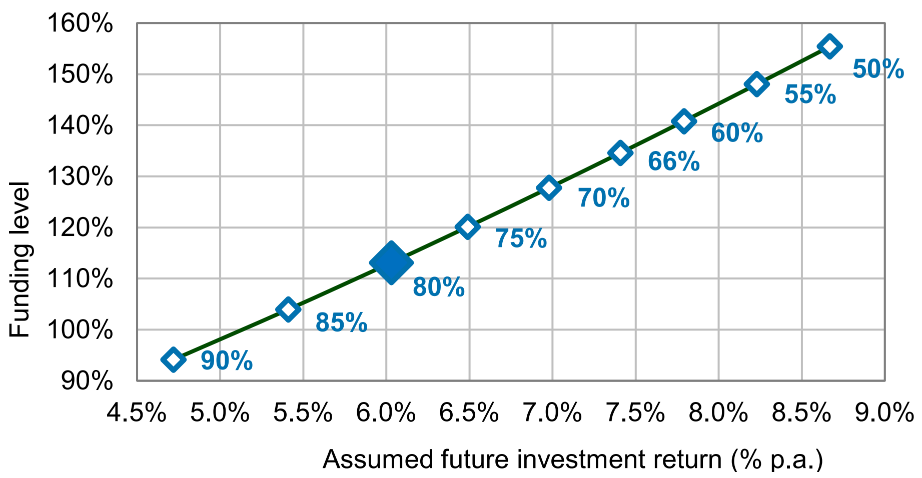

Chart 3: Impact of future return assumption on funding level

Prudence within assumptions

Reflecting the sharp change in the economic environment since the last valuation in 2022, the Fund has made allowance for higher assumed future investment returns (compared to the 2022 valuation). However, there is also increased uncertainty within the wider environment due to ongoing geo-political tensions and financial market volatility, alongside additional uncertainty about future long-term UK inflation levels and global financial markets. Therefore, the Fund has increased the level of prudence within funding strategies and contribution rates at the 2025 valuation*. The overall outcome of higher assumed future investment returns, even when combined with higher prudence is, on average, a reduction in employer total contribution rates (ie Primary plus Secondary) at the 2025 valuation.

The Fund believes this approach balances the key objectives of **affordability** and **stability** of employer contribution rates, whilst ensuring the Fund is **solvent** over the long-term.

- **Affordability**: the Fund has taken into account, and given credit for, higher expected future investment returns which reduces the cost to employers of providing LGPS benefits (all other things being equal).
- **Stability**: if the Fund doesn't achieve the higher level of assumed returns, or future returns expectations reduce, then it doesn't necessarily mean immediate increases in employer contribution rates in the future. Prudence levels will remain under review and part of the Fund's wider governance and risk management framework and, given different economic or funding conditions, it may be appropriate to reduce prudence at future valuations to support the Fund's longer-term aims of stable (and affordable) contributions for employers.

* Prudence levels are set out in the Fund's Funding Strategy Statement and the governance audit trail of these key decisions is documented in Appendix 3.

4.3 Demographic risks

Impact of known events

The main demographic risk is in relation to life expectancy. The Fund's mortality experience between the 2022 and 2025 valuations has resulted in the following impact on the funding position, as shown in Table 6.

Mortality experience	
Actual amount of annual pension ceased	£3.2m
Expected amount of annual pension ceased	£3.5m
Difference	£0.3m
Impact on liabilities	(£0.4m)

Table 6: Impact of member mortality experience since 2022

Impact of changes in future outcomes

The results in this report are based on an assumption that in the long-term, the rate of mortality reduces at a rate of 1.5% p.a. If this rate of reduction turned out to be stronger (1.75% p.a. instead of 1.5% p.a.), then members would live longer than expected. In this scenario, the funding level would fall by around 1% (with a c£6m fall in the surplus).

4.4 Other risks

Regulatory

Changes in central government legislation may affect the future cost of the LGPS. For example, the cost to rectify the McCloud discrimination is estimated to be an increase in liabilities of £1m at this valuation. Appendix 2 sets out potential regulatory changes which may impact future pension costs.

Climate change

Climate change has the potential to make extreme outcomes more likely which could in turn have a significant impact on the funding position. The Fund has carried out modelling to assess the potential impact of extreme outcomes on longer term funding. Further details on this are presented in Appendix 4.

Post-valuation events

The results in this report are as at 31 March 2025. Since this date, asset performance has been positive and the funding position is likely to have improved as a result. However, short-term volatility in the funding position is to be expected due to the Fund's growth-orientated investment strategy. Given that the Fund aims to set long-term, stable funding strategies and contribution rates, and experience since 31 March 2025 is not abnormal, no allowance has been made for post-valuation events in setting employer contribution rates or the funding position at this valuation.

The Fund will continue to monitor the environment in which it participates to understand and manage the impact of any changes.

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Final comments

5. Final comments

The Fund's valuation operates within a broader framework, and this document should be considered alongside the following:

- The Funding Strategy Statement which (in particular) highlights how different employers in different circumstances have their contributions calculated.
- The Investment Strategy Statement, which sets out the investment strategy for the Fund.
- The Fund's risk register.
- The general governance of the Fund, including meetings of the Pension Fund Sub-Committee and Local Pensions Board, decisions delegated to officers, the Fund's business plan, etc.

Throughout the valuation, relevant stakeholders in the Fund have been engaged, consulted and communicated with as appropriate. Details of the governance process followed during the valuation are set out in Appendix 3.

Under the LGPS regulations, the next formal valuation of the Fund is due to be carried out as at 31 March 2028 where contribution rates payable from 1 April 2029 will be set.

February 26
For and on behalf of Hymans Robertson

Craig Alexander FFA C.Act

Certified B Corporation

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Hymans Robertson LLP is a limited liability partnership registered in England and Wales with registered number OC310282. Authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business activities.

Appendices

London Borough of Brent Pension Fund

Appendix 1: Data

Membership data

The membership data used for the purposes of this valuation was provided by the Administering Authority on 25 July 2025.

A summary of the membership data used for this valuation is set out in Table 7, alongside corresponding data from the previous valuation for comparison. The membership numbers in the table relate to the total number of records.

The results of this valuation are dependent on the quality of the underlying data used. We have relied on information supplied by the Administering Authority and their administrator as being accurate. We have carried out a series of reasonableness validation checks on the supplied membership data and compared against the Fund's (unaudited) accounts to confirm its suitability for the purposes of this valuation.

More information on how we verify the quality of the data used in the valuation has been shared with the Administering Authority in our report 'Data Report for the 2025 Valuation'.

Whole Fund Membership Data	This Valuation 31 March 2025	Last Valuation 31 March 2022
Employee members		
Number	5,622	5,720
Total actual pay (£000)	179,107	148,740
Total accrued pension (£000)	29,383	22,170
Average age (liability weighted)	56	53
Deferred pensioners (including undecideds)		
Number	11,398	10,377
Total accrued pension (£000)	24,435	20,303
Average age (liability weighted)	56	54
Pensioners and dependants		
Number	7,581	6,695
Total pensions in payment (£000)	49,048	36,780
Average age (liability weighted)	71	71

Table 7: Membership data summary

Asset data

To check the membership data and derive employer asset values, we have used asset and accounting data and employer-level cash flow data provided by the Fund.

Investment strategy

A summary of the investment strategy allocation used to derive the future assumed investment return is set out in Table 8.

This strategy was confirmed by the Administering Authority as appropriate for the purposes of the valuation.

Asset class	Allocation
UK Equitiy	5.0%
Global Equity	40.0%
Emerging Market Equity	5.0%
Property	10.0%
Infrastructure Equity	15.0%
Fixed Interest Gilts	10.0%
Multi Asset Credit	5.0%
Private lending	5.0%
Diversified Growth Funds	5.0%
Total	**100.00%**

Table 8: Investment strategy allocation used for the calculation of employer contribution rates.

Appendix 2: Assumptions

To set and agree assumptions for the valuation, the Fund carried out an in-depth analysis and review in May 2025 with the final set noted by the Pension Fund Sub-Committee in June 2025.

Summary of assumptions

.	31 March 2025	31 March 2022
Financial assumptions		
Discount rate	6.0% p.a. (80% likelihood of success)	4.3% p.a. (70% likelihood of success)
Benefit increases (CPI inflation)	2.3% p.a.	2.7% p.a.
Salary increases	2.6% p.a.	3.0% p.a.
Demographic assumptions		
Baseline longevity	VitaCurves	VitaCurves
Longevity future improvements	CMI 2024 model with core parameterisation except: Initial addition = 0.25% (Male & Female) Long-term rate of improvement 1.5% p.a.	CMI 2021 model Initial addition, A = 0.25% (both Male and Female) Smoothing factor, Sk = 7.0 Long-term rate of improvement = 1.5% p.a.
Commutation	80% of maximum under HMRC limits	50% of maximum under HMRC limits
50:50 scheme	0% of members elect to change scheme	1% of members
Retirement age	Earliest age at which members can retire with unreduced benefits	
Family statistics	Varying proportion have dependant at death Dependant of a male is 3.5 years younger than him Dependant of a female is 0.6 year older than her	Varying proportion have dependant at death Dependant of a male is 3 years younger than him Dependant of a female is 3 year older than her

Table 9: Summary of assumptions

Deriving future investment return likelihoods

To derive the distribution of future investment returns and obtain associated estimated likelihoods, we use the Fund's long-term investment strategy and our Economic Scenario Service (ESS) model. The ESS uses statistical models to generate a future distribution of year-on-year returns for each asset class, eg UK equities. The ESS reflects correlations between asset classes and wider economic variables (eg inflation). In the short-term (first few years), the models are fitted with current financial market expectations. Over the longer-term, models are built around our views of fundamental economic parameters, for example equity risk premium, credit-spreads and long-term inflation. Table 10 sets out the individual asset class return distribution of the ESS model at 31 March 2025.

		Annualised total returns								Inflation/Yields		
Time period	Percentile	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	16th	0.1%	-0.5%	-3.2%	0.2%	1.1%	1.7%	4.1%	4.5%	1.2%	1.5%	4.8%
	50th	8.2%	8.2%	8.5%	6.8%	8.1%	4.2%	6.7%	8.2%	2.8%	2.4%	5.8%
	84th	16.4%	16.9%	20.9%	14.1%	15.5%	6.7%	8.8%	11.4%	4.3%	3.3%	7.1%
10 years	16th	2.5%	2.1%	0.2%	2.3%	3.1%	3.9%	5.8%	6.4%	0.8%	0.8%	3.9%
	50th	8.6%	8.5%	8.8%	7.3%	8.4%	5.5%	7.4%	8.8%	2.5%	2.1%	5.3%
	84th	14.6%	14.8%	17.5%	12.7%	13.8%	7.0%	8.9%	10.9%	4.1%	3.3%	7.1%
20 years	16th	3.8%	3.7%	2.2%	3.5%	4.2%	5.0%	6.1%	7.0%	0.7%	-0.5%	1.6%
	50th	8.4%	8.3%	8.5%	7.3%	8.3%	6.1%	7.6%	8.8%	2.3%	1.3%	3.6%
	84th	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%	-	-

Table 10: ESS individual asset class return distributions at 31 March 2025

Demographic assumptions

The tables below set out sample rates for demographic assumptions at 5-year age intervals. All figures are incidence rates per 1,000 members except salary scale. FT and PT denote full-time and part-time active membership respectively.

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	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

Table 11: Sample rates for demographic assumptions – Males

Females

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	0.10	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

Table 12: Sample rates for demographic assumptions - Females

Average life expectancies

Based on the longevity assumptions used for the 2025 valuation, Table 13 details the average life expectancy for the Fund's membership.

Average life expectancy	31 March 2025	31 March 2022
Male pensioner	22.2 years	22.1 years
Male non-pensioner	23.1 years	23.4 years
Female pensioner	24.8 years	24.8 years
Female non-pensioner	26.0 years	26.3 years

Table 13: Average life expectancies

The average life expectancies are from the age of 65. They assume that pensioners are aged 65 at the respective valuation date and non-pensioners are aged 45.

Benefit structure

Results are based on our understanding of the benefit structure of the LGPS in England and Wales on 31 March 2025 – see www.lgpsregs.org. However, there are areas of uncertainty and potential change.

- **McCloud:** in line with the 2022 valuation, we have made an allowance for the cost of these potential improvements, including McCloud data (where available). Further detail on the assumption is available on request.
- **Cost sharing mechanism:** we have assumed that there will be no changes required to the LGPS benefit structure due to this mechanism.
- **Guaranteed Minimum Pension equalisation and revaluation:** in line with the 2022 valuation, we have assumed that all increases on GMP for members with a State Pension Age after 5 April 2016 will be funded by the Fund.
- **Virgin Media case:** we have made no allowance for any impact that the Virgin Media case may have on the LGPS benefit structure.
- **Other benefit changes:** there may be benefit changes due to the current "Access and Fairness" consultation. We have not made any allowance for any changes to the benefit structure proposed in this consultation as we would not expect them to be material if implemented.

Local Government re-organisation: there may be a change in administering authority and participating employers due to Local-Government re-organisation. Consideration has been given to this potential transition when setting contribution rates for councils, however, final proposals for re-organisation are still under consideration.

Appendix 3: Governance audit trail

The triennial actuarial valuation is a significant exercise carried out by the Fund. This report is a summary of the main outputs from the triennial actuarial valuation. The outputs are the result of funding strategy analysis, discussions and Fund decisions throughout the valuation process. A high-level audit trail of the key funding strategy decisions is set out below.

Funding strategy

The **actuarial assumptions** were reviewed by the Fund in May 2025, supported by analytics and other information from the Fund Actuary. The assumptions were agreed by the Fund at the Pension Fund Sub-Committee meeting in June 2025.

The funding strategy parameters, which feed into the setting of employer contribution rates, were considered in stages.

- **Local authorities and academies**: review carried out by officers in the first half of 2025, including consideration of funding target, funding time horizon, likelihood of success, contribution stability mechanism and interaction with the Fund's investment strategy. The outcomes were discussed at the September 2025 Pension Fund Sub-Committee meeting.
- **Other employers:** the funding strategy for the remaining employers in the Fund was reviewed by the Fund's Officers alongside the above with the outcomes discussed at the September 2025 Pension Fund Sub-Committee meeting. Other aspects of the funding strategy, including the approach to cessation valuations and exit credits were reviewed in October 2025.

The outcomes of these decisions was collated and documented in an updated copy of the Funding Strategy Statement. The draft FSS was discussed at the October 2025 Pension Fund Sub-Committee meeting. The final version of the FSS is effective from 1 April 2026.

Stakeholder engagement

In addition, the Fund has engaged with employers and the Local Pensions Board throughout the valuation exercise. A summary of the engagement is detailed below.

- **Employer forums:** the employers forum on 18 November 2025 discussed the key themes of the 2025 valuation.
- **Employer results:** a results schedule setting out their 2025 valuation funding position and contribution rate was issued to relevant employers in November 2025. Employers were then offered the opportunity to engage with the Fund to discuss their results.
- Funding Strategy Statement consultation: an updated version of the FSS was issued to employers in November 2025 with the opportunity to feed back comments or ask questions to the Fund by January 2026.

Appendix 4: Climate change scenario analysis

tbc

Appendix 5: Section 13 dashboard

tbc

Appendix 6: Reliances & limitations

We have been commissioned by London Borough of Brent ('the Administering Authority') to carry out a full actuarial valuation of London Borough of Brent Pension Fund ('the Fund') at 31 March 2025, as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 ('the Regulations').

This report is addressed to the Administering Authority. It has been prepared by us as actuaries to the Fund and is solely for the purpose of summarising the main outcomes of the 2025 actuarial valuation. It has not been prepared for any other third party or for any other purpose. We make no representation or warranties to any third party as to the accuracy or completeness of this report, no reliance should be placed on this report by any third party and we accept no responsibility or liability to any third party in respect of it.

This summary report is the culmination of other communications in relation to the valuation, in particular our:

- 2025 valuation toolkit which sets out the methodology used when reviewing funding plans
- contribution rate modelling, including climate risk analysis, dated September 2025 which discusses the contribution, funding and investment strategy for the Fund's stabilised employers
- paper dated 29 May 2025 which discusses the valuation assumptions
- initial results report dated 22 September 2025 which outlines the whole Fund results and inter-valuation experience
- data report dated tbc which summarises the data used for the valuation, the approach to ensuring it is fit for purpose and any adjustments made to it during the course of the valuation

The totality of our advice complies with the Regulations as they relate to actuarial valuations.

We have also prepared the valuation with regard to the Funding Strategy Statement which details the approach taken by the Fund to fund the current and future benefits due to members.

The following Technical Actuarial Standards apply to this advice and have been complied with where material and to a proportionate degree. They are:

- **TAS100** – Principles for technical actuarial work
- **TAS300** – Pensions

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Appendix 7: Glossary

50:50 option
An option for LGPS members to pay half employee contributions and earn half the retirement benefit (pre-retirement protection benefits are unreduced).

Asset-liability modelling
An approach to modelling and understanding risk for a pension fund. The assets and liabilities are projected forwards into the future under many different future scenarios of inflation, investment returns and interest rates. The future scenarios are then analysed to understand the risk associated with a particular combination of contribution rates and investment strategy. Different combinations of contribution rates and/or investment strategies may be tested.

Baseline longevity
The rates of death (by age and sex) in a given group of people based on current observed data.

VitaCurves
The assumptions used for baseline longevity. These assumptions are provided by Club Vita, a firm of longevity experts we partner with for longevity analysis. They combine data from thousands of pension schemes and use it to create detailed longevity assumptions at member-level, as well as insight on general longevity trends and future improvements.

Commutation
The option for members to exchange part of their annual pension for a one-off lump sum at retirement. In the LGPS, every £1 of pension exchanged gives the member £12 of lump sum. The amounts that members commute is heavily influenced by tax rules which set an upper limit on how much lump sum can be taken tax-free.

CPI inflation
The annual rate of change of the Consumer Prices Index (CPI). The CPI is the UK government's preferred measure of inflation and is the measure used to increase LGPS (and all other public sector pension scheme) benefits each year.

Deferred pensioner
A former employee who has left employment (or opted out of the pension fund) but is not yet in receipt of their benefits from the fund.

Demographic assumptions
Assumptions concerned with member and employer choices rather than macroeconomic or financial factors. For example, retirement age or promotional salary scales. Demographic assumptions typically determine the timing of benefit payments.

Discount rate
A number used to place a single value on a stream of future payments, allowing for expected future investment returns.

Employee (or active) members
Members who are currently employed by employers who participate in the Fund and are paying contributions into the Fund.

ESS
Economic Scenario Service - Hymans Robertson's proprietary economic scenario generator used to create thousands of simulations of future inflation, asset class returns and interest rates.

Funding position
The extent to which the assets held by the Fund at 31 March 2025 cover the accrued benefits ie the liabilities.

The two measures of the funding position are:

- the funding level - the ratio of assets to liabilities; and
- the funding surplus/deficit - the difference between the asset and liabilities values.

Inflation
Prices tend to increase over time, which is called inflation. Inflation is measured in different ways, using a different 'basket' of goods and mathematical formulas.

Liabilities
An employer's liability value is the single value at a given point in time of all the benefit payments expected to be made in future to all members. Benefit payments are projected using demographic and financial assumptions and the liability is calculated using a discount rate.

Longevity improvements
An assumption about how rates of death will change in future. Typically, we assume that death rates will fall and life expectancies will improve over time, continuing the long-running trend.

Pensioner
A former employee who is in receipt of their benefits from the fund. This category includes eligible dependants of the former employee.

Primary rate
The estimated cost of future benefits, expressed in percentage of pay terms. The primary rate will include an allowance to cover the Fund's expenses.

Prudence
To be prudent means to err on the side of caution in the overall set of assumptions. We build prudence into the choice of discount rate by choosing an assumption with a prudence level of more than 50%. All other assumptions aim to be best estimate.

Prudence level
A percentage indicating the likelihood that the assumed rate of investment return will be achieved in practice, based on the ESS model.

The higher the prudence level, the more prudent the assumed rate of investment return.

Secondary rate
An adjustment to the primary rate, generally to reflect costs associated with benefits that have already been earned up to the valuation date. This may be expressed as a percentage of pay and/or monetary amount.

Withdrawal
Refers to members leaving the scheme before retirement. These members retain an entitlement to an LGPS pension when they retire but are no longer earning new benefits.

Appendix 8: Rates and Adjustments Certificate

tbc

Appendix 9: Gender pensions gap

tbc

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

Contents

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 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.

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 our Administration Strategy 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**
Funding target*	Ongoing	Ongoing	Ongoing	Ongoing, but may move to low-risk exit basis		Ongoing

Minimum likelihood of success	80%	80%	80%	80%	80%	80%
Maximum time horizon	20 years	20 years	20 years	15 years	Average future working lifetime	Same as letting employer
Primary rate approach**	The contributions must be sufficient to meet the cost of benefits earned in the future with the required likelihood of success at the end of the time horizon, expressed as a percentage of pensionable pay					
Secondary rate	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).					
Stabilised contribution rate?	Yes	Yes	No	No	No	No
Treatment of surplus (assessed at valuation date)	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.			
Phasing of contribution changes	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.

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

At their absolute discretion, the administering authority may permit acceleration or extension of contribution rises and reductions within the contribution stability mechanism.

Note that in light sustained past service funding position improvements and higher expected future investment returns at the 2025 funding valuation only, stabilised employers have experienced a one-off contribution rate reduction outside of the normal stabilisation parameters (when comparing the certified 2026/27 rates with the 2025/26 rates).

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
Converting from LEA	Calculated using the current funding strategy (set out in section 2) and the transferring membership	Balance so that total rate equals Council rate each year
Free school	Calculated using the current funding strategy (set out in section 2) and the initial membership.	

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

The fund's policies on academies may change based on updates to guidance from the 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.

A copy of our Admissions policy is available on request.

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
- 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.

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.	Only anticipate long-term returns on a relatively prudent basis to reduce risk of under-performing. Assets invested on the basis of specialist advice, in a suitably diversified manner across asset classes, geographies, managers, etc. Analyse progress at three yearly valuations for all employers. Inter-valuation roll-forward of liabilities between valuations at whole Fund level.
Inappropriate long-term investment strategy.	Overall investment strategy options considered as an integral part of the funding strategy. Used asset liability modelling to measure key outcomes. Chosen option considered to provide the best balance.
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 are significantly more than anticipated.	The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases. Inter-valuation monitoring, as above, gives early warning. Some investment in bonds also helps to mitigate this risk. 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.

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.

D3 Demographic risks

Risk	Summary of Control Mechanisms
Pensioners live 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.

D4 Regulatory risks

Risk	Summary of Control Mechanisms
Changes to national pension requirements and/or HMRC rules e.g. changes arising from public sector pensions reform.	The administering authority considers all consultation papers issued by the Government and comments where appropriate. Benefits are valued in line with the regulations in force at the time of the valuation. The government's long term preferred solution to GMP indexation and equalisation - conversion of GMPs to scheme benefits - was built into the 2019 valuation.
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.	The administering authority considers all consultation papers issued by the government and comments where appropriate. Take advice from fund actuary on impact of changes on the fund and amend strategy as appropriate.

D5 Governance risks

Risk	Summary of Control Mechanisms
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.	The administering authority has a close relationship with employing bodies and communicates required standards e.g. for submission of data. The actuary may revise the rates and adjustments certificate to increase an employer's contributions between triennial valuations. Deficit contributions may be expressed as monetary amounts.
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.	The Administering Authority requires employers with Best Value contractors to inform it of forthcoming changes. CABs' memberships are monitored and, if active membership decreases, steps will be taken.

An employer ceasing to exist with insufficient funding or adequacy of a bond.	The administering authority believes that it would normally be too late to address the position if it was left to the time of departure. The risk is mitigated by: • Seeking a funding guarantee from another scheme employer, or external body, where-ever possible. • Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice. • Vetting prospective employers before admission. • Where permitted under the regulations requiring a bond to protect the fund from various risks. • Requiring new admission bodies to have a guarantor. • Reviewing bond or guarantor arrangements at regular intervals. • Reviewing contributions well ahead of cessation if thought appropriate.
An employer ceasing to exist resulting in an exit credit being payable	The administering authority regularly monitors admission bodies coming up to cessation The administering authority invests in liquid assets to ensure that exit credits can be paid when required.

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.

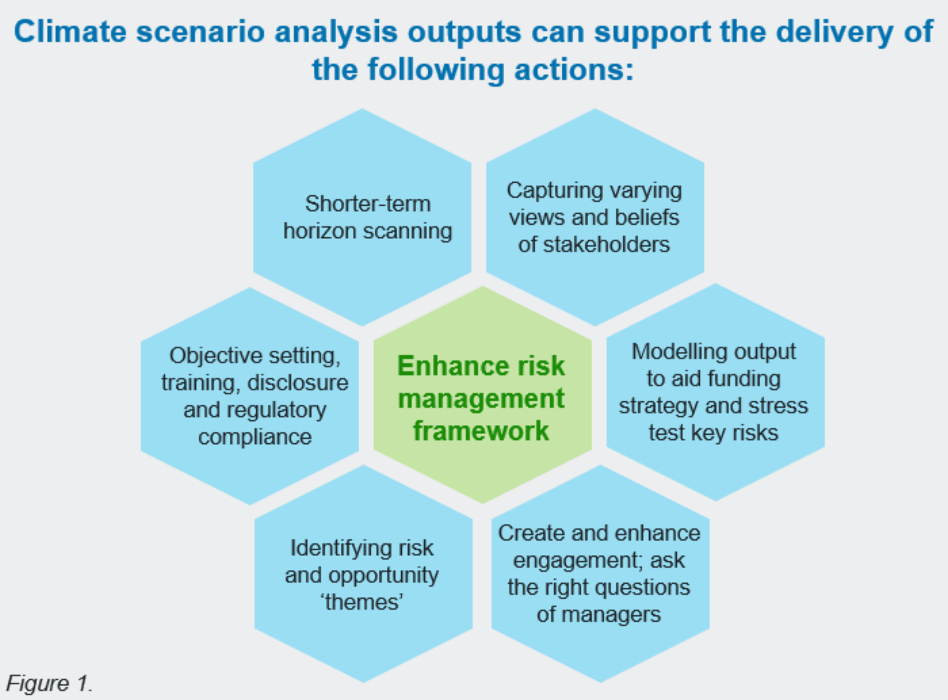

Figure 1.

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

		Annualised total returns								Inflation/Yields		
Time period	Percentile	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	16th	0.1%	-0.5%	-3.2%	0.2%	1.1%	1.7%	4.1%	4.5%	1.2%	1.5%	4.8%
	50th	8.2%	8.2%	8.5%	6.8%	8.1%	4.2%	6.7%	8.2%	2.8%	2.4%	5.8%
	84th	16.4%	16.9%	20.9%	14.1%	15.5%	6.7%	8.8%	11.4%	4.3%	3.3%	7.1%
10 years	16th	2.5%	2.1%	0.2%	2.3%	3.1%	3.9%	5.8%	6.4%	0.8%	0.8%	3.9%
	50th	8.6%	8.5%	8.8%	7.3%	8.4%	5.5%	7.4%	8.8%	2.5%	2.1%	5.3%
	84th	14.6%	14.8%	17.5%	12.7%	13.8%	7.0%	8.9%	10.9%	4.1%	3.3%	7.1%
20 years	16th	3.8%	3.7%	2.2%	3.5%	4.2%	5.0%	6.1%	7.0%	0.7%	-0.5%	1.6%
	50th	8.4%	8.3%	8.5%	7.3%	8.3%	6.1%	7.6%	8.8%	2.3%	1.3%	3.6%
	84th	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		Ill Health Tier 1		Ill Health Tier 2	
		FT & PT	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		Ill Health Tier 1		Ill Health Tier 2	
		FT & PT	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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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

Brent	**Brent Pension Fund Sub-Committee** 18 February 2026
	Report from the Corporate Director of Finance and Resources

LAPFF Engagement Report

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

1.0 Executive Summary

1.1 This report is for noting and presents members with an update on engagement activity undertaken by LAPFF (the Local Authority Pension Fund Forum) on behalf of the Fund. The Fund's commitment with LAPFF and its work demonstrates its commitment to Responsible Investment and engagement to achieve its objectives.

2.0 Recommendation(s)

2.1 The Committee is recommended to note this report.

3.0 Detail

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

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

4.0 Background to LAPFF

4.1 LAPFF (the Local Authority Pension Fund Forum) 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 September 2025) and highlights the achievements during the relevant period.

Water Stewardship

5.2 The LAPFF is engaging companies on water stewardship from two key perspectives: the risks of water resource use and scarcity, and the human rights impacts that arise when access to clean water is compromised. These issues are particularly material for water-intensive sectors such as mining and food and beverage, where poor management can heighten social, environmental, and financial risks.

5.3 At the same time, LAPFF is addressing water pollution, focusing on sewage discharges in the UK utilities sector and the growing threat of persistent contaminants such as "forever chemicals," which pose long-term risks to ecosystems, public health, and corporate accountability.

5.4 LAPFF continues its engagement with UK water utilities in 2025 as the sector faces mounting scrutiny from the public, policymakers, regulators, and investors over environmental performance — particularly the persistent issue of storm overflow pollution. Further adding to the challenges the sector faces, in July 2025, the UK government announced that OFWAT will be abolished and replaced with a single, more powerful body combining the responsibilities of OFWAT, the Environment Agency, Natural England, and the Drinking Water Inspectorate. This arguably marks the most significant overhaul of water sector regulation since privatisation.

5.5 LAPFF met with Chair and outgoing CEO of Pennon Group, the utility firm which owns and operates South West Water, who confirmed active engagement with OFWAT and DEFRA, emphasising urgent action over discussion. The Independent Water Commission's findings — that the UK's regulatory system is broken — were discussed, and Pennon welcomed recommendations for leadership and reform. South West Water was named a major improver by the Environment Agency.

5.6 Its £3.2bn investment focuses on storm overflows and wastewater treatment, cutting pollution incidents by 50% in early 2025 and improving sewer performance. Key actions include redesigning pumping stations, expanding monitoring, and removing 15,000 spills. Pennon also strengthened data governance and CEO succession planning, with LAPFF noting its positive and forward-looking stance despite sector challenges.

Executive Remuneration

5.7 During Q3, LAPFF intensified its engagement with listed companies across Europe and the U.S., following a wave of significant shareholder dissent on remuneration during the 2025 AGM proxy season. These conversations focused on uncovering key drivers behind investor opposition and assessing how companies are responding to mounting shareholder concerns.

5.8 LAPFF engaged for the first time with Prysmian, an Italian multinational specialising in the design, manufacture and installation of energy and telecommunications cables and systems. The company's remuneration report was rejected by 58.9% of shareholder votes cast this year. Concerns centred around the severance package awarded to outgoing CEO Valerio Battista, who stepped down from the executive role but remained on the board. Shareholders viewed this as a "double benefit," inconsistent with a clean departure.

5.9 Prysmian explained that, as an Italian-listed company, executive contracts fall under the statutory 'Dirigente' category, which includes mandatory severance provisions, even in cases of consensual departure. The package had been agreed in 2015, fully disclosed, and later reduced. The board defended Mr Battista's continuation as a director, emphasising his central role in Prysmian's growth and the stability his presence provided.

5.10 The company addressed shareholder concerns over its long-term incentive (LTI) design, which is currently based on three-year relative Total Shareholder Return (TSR) performance. LAPFF encouraged the addition of safeguards such as an absolute TSR underpin or dual thresholds to ensure payouts reflect genuine value creation, particularly in volatile markets.

5.11 LAPFF will be watching closely to see how Prysmian responds to dissent on its remuneration report and whether the company strengthens performance safeguards, such as incorporating absolute measures alongside relative TSR to better align executive pay with long-term investor outcomes.

Nature & Biodiversity

5.12 It has been two years since the Taskforce on Nature-Related Financial Disclosure's (TNFD) final recommendations were published, encouraging businesses to assess, report and act on their nature-related dependencies, impacts, risks and opportunities. For those companies with the most material negative impacts on nature, LAPFF asks companies to make public commitments to mitigate nature loss. Companies are also expected to provide detailed disclosures on how these commitments inform their assessment and disclosure of material dependencies and impacts on nature.

5.13 As a part of its continued engagement with Nature Action 100 (NA100), a global, investor-led initiative aimed at halting loss of biodiversity, LAPFF held a meeting with Pfizer. This is the first time investors have met with the company as part of the initiative but builds on a wider set of engagements that LAPFF has been involved in with others in the pharmaceutical sector.

5.14 Pfizer acknowledged the link between climate change and biodiversity and outlined the findings of its first biodiversity risk assessments, conducted in 2023, which identified manufacturing and R&D sites near sensitive ecosystems. The group emphasised the importance of transparency around assessments of material impacts and dependencies, noting that disclosure of salient issues is a foundational step before targets and governance structures can be integrated. Pfizer recognised this and noted that nature-related issues remain under consideration alongside its current resource prioritisation on net zero and water stewardship, including longstanding work on pharmaceuticals in the environment and antimicrobial resistance.

5.15 LAPFF is monitoring whether companies already engaged are beginning to translate commitment into tangible actions on biodiversity, water stewardship, and supply chain risks. It will also continue to assess company progress as further disclosures and reports are released. Where companies without sufficient approaches to mitigating negative impacts on nature and biodiversity, and do not respond to LAPFF's requests for engagement, escalation will be considered.

Consultation Responses

5.16 LAPFF submitted a response in September 2025 to a consultation on sustainability reporting. The framework for the proposed sustainability standards comes from the IFRS Foundation, and LAPFF raised concerns about the restrictive nature of a central premise within the consultation, that: "the updated framework will seek to ensure that only information that is decision-useful is required to be disclosed and that this is provided in a format that best meets the needs of investors and other users." LAPFF views the term 'decision useful' as problematic. It is not described in UK legislation and is described by accounting standard setters, which can lead to tensions between standards and UK law.

5.17 Directors are not considered "users" under the "decision useful" definition because they are assumed to have internal access to information. However, disclosure can still be relevant to directors by highlighting issues that might otherwise go unnoticed, such as workforce deaths or diversity metrics. LAPFF also noted concerns that restricting reporting to only what is decision-useful could exclude important social and environmental information. These risks, while potentially deemed immaterial to investors, may have wider systemic consequences.

5.18 In summary, LAPFF argued that the "decision useful" premise could restrict meaningful sustainability reporting, limit transparency, and fail to capture risks that affect both the company and the broader market. By narrowing the scope of disclosure to only what affects investor decisions, important social, environmental, and governance information may be underreported, potentially increasing systemic risks and reducing accountability across the corporate sector.

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

July-September 2025

Cement • Water Stewardship • Executive Pay

Local Authority Pension Fund Forum

ENGAGEMENTS

Cover image: Fernando Reyes Unsplash

Image: Alamy

Coldstones Quarry, a member of the Heidelberg Cement Group, in Nidderdale, Pateley Bridge, North Yorkshire Dales, UK

CLIMATE

CEMENT

Cement production is a highly localised industry in which production, and therefore carbon emissions, are closely linked with consumption. Cement production can amount to up to 10% of a country's CO2 emissions.

Environmental issues include.

1. De-carbonisation of the chemical reaction in which calcium carbonate produces carbon dioxide, as well as decarbonisation of the energy sources supplying heat to the kiln.
2. Non-carbon issues around water resources, as cement supply is water intensive as well as supply of the aggregate (usually pulverised rock) which turns cement into concrete.

When it comes to decarbonising the chemical reaction the only current solution, other than production substitution, is a form of carbon capture and storage. During 2024/25 Heidelberg is the only company that has commenced using that process.

HEIDELBERG & CRH

Objective: A focus of the meetings with the cement companies has been to assess the credibility of the company's decarbonisation strategies. Key areas of discussion included the deployment of Carbon Capture and Storage (CCS), substitution of clinker (a key cement ingredient and the main source of CO_2 emissions in cement production) and the development of alternative low-carbon technologies, particularly to address the industry's reliance on fossil fuels for kiln heating.

The engagement with Heidelberg Materials emphasised the role of CCS, given Heidelberg's plans to operate one of the first full-scale CCS plants in Norway. Additional focus was placed on broader emissions-reduction measures, including energy transition, process innovation, and climate risk management.

Overall, these meetings aimed to ensure that both companies demonstrate progress towards reducing emissions in line with LAPFF's expectations. Particular attention was given to the cost implications, transparency, and scalability of CCS and other abatement options.

Achieved CRH : CRH reported progress in advancing CCS capabilities in France, with funding secured and government partnerships in place. A cautious but deliberate approach is being taken, ensuring projects provide both return on investment and a learning pathway for future deployment (e.g. Tarmac CCS).

The Forum heard where the company were in terms of clinker factor and alternative fuel use. The company had reduced its clinker factor to 75.9% in

ENGAGEMENTS

2024, while alternative fuels reached 47% globally (55% in the EU). CRH continues to prioritise clinker substitution and alternative fuels through EcoRec (Europe) and Sapphire (North America).

The company has a Safety, Environment & Social Responsibility (SESR) Committee which oversees climate targets. The SESR board committee meets five times annually, including a meeting to review performance against decarbonisation milestones. ESG topics receive significant board attention, with deep dives into decarbonisation, circularity, water and workforce engagement.

While in the last meeting with CRH, the company expressed concerns with the risk of European producers being undercut by imports of emissions intensive cement, this year CRH expressed confidence in the EU Carbon Border Adjustment Mechanism (CBAM) and Emission Trading System (ETS) reform, noting the trial phase has been effective and timelines are being respected.

The company confirmed 15% of long-term incentives remain linked to ESG metrics (net zero, sustainable products growth, inclusion & diversity), while 20% of short-term incentives are now ESG-linked.

In progress CRH: CRH is exploring blending of secondary materials (gypsum, fly ash, slag) and carbon upcycling to reduce demand for virgin resources. Projects remain early-stage with low technology readiness levels but are seen as critical to becoming its "own biggest supplier". While clinker substitution and alternative fuel remain central and LAPFF continues to press for greater clarity on short, medium and long-term targets, CRH confirmed that specific targets are set internally and not disclosed publicly. Plant-level roadmaps are developed bottom-up and then consolidated into global strategy, taking account of fuel supply, regulation, and market acceptance.

Demand for low-carbon, premium products (e.g. calcined clay, reclaimed fly ash, SEM variants) is growing. Pricing is passed through where customer incentives exist, but market acceptance varies. CRH remains cautious about potential undercutting from non-green imports but is optimistic CBAM will provide adequate protection. LAPFF will continue to track the competitiveness and integrity of low-carbon cement offerings.

While sustainability remains a priority, CRH acknowledged political headwinds (e.g. U.S. federal shifts) and structural challenges (e.g. lack of landfill tax, absence of co-processing systems) may slow adoption in the US American market relative to Europe.

Achieved Heidelberg: The Forum met with Heidelberg in Q3 2025 for the first time after some previous correspondence. The Forum was interested to hear how Heidelberg delivered the first full-scale CCS project in the cement sector, at its Brevik planet in Norway. The plant captures CO_2 and stores it under the North Sea. The company described the success as a "moon landing" achievement which marks a unique industry-first after more than a decade of development.

The Forum raised questions on the real-life implications and operational practicality of decarbonisation in the plant, after reading Brevik is expected to capture 400,000 tonnes of CO_2 annually from 2025, including around 50% of its own plant emissions. Heidelberg confirmed it is working with DNV (Danske Veritas) as an independent auditor to verify CCS performance, including permanent CO_2 storage and blockchain-based carbon accounting, to avoid any risk of greenwashing.

Heidelberg also remarked that it is the only cement producer with an average clinker ratio below 70% and has upgraded its target to 64% by 2030. The company acknowledged that roughly 40% of clinker volumes are already under carbon pricing. Heidelberg emphasised that achieving its KPIs provides a cost advantage versus competitors, especially under CBAM.

In progress Heidelberg: Heidelberg's decarbonisation strategy is heavily reliant on CCS projects that currently receive a substantial amount of government funding, with the company acknowledging that economic viability without subsidies remains unproven. Rising inflation and energy costs further challenge profitability, even as average cement pricing now reflects decarbonisation measures. The company note that ongoing dialogue with policymakers and peers (e.g. annual CCS workshops, EU and UK collaboration) is central to progress. Heidelberg applies global rather than regional climate targets, creating competitiveness pressures in markets exposed to high-CO_2 imports. Ongoing policy support is therefore critical, and LAPFF will continue to monitor these dynamics closely.

The company also highlighted the availability of supplementary cementitious materials remains a bottleneck. The company is scaling limestone use and tailoring recipes to local markets, but further substitution depends on regulatory standards and material supply.

The Forum pressed Heidelberg on its environmental impact on biodiversity and the actions the company is taking to mitigate its impact. The company stated it is increasing circular feedstocks and exploring water management systems, biodiversity assessments, and AI-driven plant safety tools. Progress varies by region, and plant-specific constraints remain. This is an area of interest that the Forum will return to with the company.

ASIA RESEARCH AND ENGAGEMENT

Objective: LAPFF continues to be actively involved in Asia Research and Engagement's Energy Transition Platform, which engages major financial institutions in Asia to improve their alignment with a 1.5°C pathway. Engagements focus on enhancing disclosure, strengthened transition finance frameworks, and the adoption of clearer policies on new financing for higher-emission energy sources, such as coal and oil sands.

Achieved: LAPFF met with Bank Mandiri and CIMB in the quarter.

Bank Mandiri confirmed coal remains around 4–5% of its loan book, with exposure expected to change in step with Indonesia's energy mix, which projects coal demand to peak by 2033. Mandiri is developing sectoral decarbonisation pathways, starting with energy, and reported renewable financing now accounts for 24% of its energy mix lending. The bank acknowledged

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challenges in emissions data coverage (currently 56% of its portfolio) but expects improvements as new Indonesian disclosure standards come into force by 2027. It has begun offering "transition loans" tied to measurable climate KPIs, though only one has been completed to date. Mandiri also highlighted growth in sustainable finance (+10.8% from the previous year) and is exploring how to incorporate just transition principles into its lending, noting this remains at an early stage.

CIMB outlined progress against its 2019–2024 sustainability targets, noting a stronger focus on sustainable finance in its 2030 strategy (MYR 300bn target) and an internal carbon tax rising to MYR 335/t by 2030. The bank confirmed thermal coal exposure has fallen 48% since 2021, with a full phaseout targeted by 2040, and tighter client restrictions introduced from 2025. CIMB acknowledged challenges around green finance uptake in emerging markets but highlighted growth in sustainable finance and transition advisory services.

In Progress: Finance and energy companies in Asia remain heavily influenced by government regulation and national energy policies, which can slow the pace of transition. LAPFF will therefore continue to engage banks on how they intend to align with 1.5°C scenarios despite these structural challenges, particularly where coal and other high-emission energy sources remain part of short to medium term transition plans.

ENVIRONMENT

WATER STEWARDSHIP


Image: Alamy

The River Kelvin in GLasgow

LAPFF recognises water risk as cutting across multiple industries, including mining, energy, water utilities, and food and drink, where failures can have severe social, environmental, and financial consequences. In this respect, LAPFF is engaging companies on water stewardship from two key perspectives: the risks of water resource use and scarcity, and the human rights impacts that arise when access to clean water is compromised. These issues are particularly material for water-intensive sectors such as mining and food and beverage, where poor management can heighten social, environmental, and financial risks. At the same time, LAPFF is addressing water pollution, focusing on sewage discharges in the UK utilities sector and the growing threat of persistent contaminants such as PFAS "forever chemicals," which pose long-term risks to ecosystems, public health, and corporate accountability.

For water-intensive industries and companies operating in water-stressed regions or near vulnerable communities (including Indigenous peoples) climate change is amplifying risks by intensifying scarcity and quality challenges. This creates operational, regulatory, and reputational pressures. Access to safe, sufficient, and affordable water and sanitation underpins public health and sustainable development, consistent with SDG 6 and the principles of the Valuing Water Finance Initiative (VWFI). Poor management, whether through over-use, pollution, or inadequate provision for communities, can result in human rights impacts and significant financial harm. Water stewardship is therefore a

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fundamental component of responsible business and human rights with investors increasingly expect companies to embed water stewardship and human rights due diligence into corporate strategy and risk management.

Water pollution is another pressing concern and remains a focus of LAPFF's engagement with the UK water sector. Sewage discharges from storm overflows are a particular longstanding issue, with monitoring data showing hundreds of thousands of spill events each year. Despite new requirements for companies to publish real-time information, 2024 Environment Agency data confirmed spill counts and durations remain at historically high levels. This has reinforced pressure on water utilities companies to accelerate investment in network upgrades, storage capacity, and treatment resilience, particularly to protect bathing waters, rivers, and other sensitive ecosystems.

In addition to environmental and reputational risks of overflows and sewage spills, attention is also now turning to PFAS "forever chemicals," which are highly persistent in UK Water and linked to potential health risks. A recent study, funded by the environmental charity Fidra, highlighted growing concerns about chemical pollution in UK rivers, particularly the presence of trifluoroacetic acid (TFA), a type of PFAS or "forever chemical." Traces of TFA were found in 98% of samples from 32 rivers across the UK, with the highest concentrations in the River Kelvin (Glasgow) and none detected in the River Ness (Highlands). TFA is formed through the breakdown of pesticides, refrigerants, and other synthetic chemicals, and has been detected in human blood, breast milk, food, and wine in the EU. While acute toxicity is not the main risk, German scientists have raised concerns about potential reproductive toxicity from long-term, low-level exposure, and Germany's Environment Agency has applied to classify TFA as toxic for reproduction and environmentally harmful. With no UK regulations currently in place, the Drinking Water Inspectorate has commissioned research, while Water UK has called for a ban and campaigners are pressing for a national removal plan.

LAPFF's objective is to press companies manage water responsibly by embedding stewardship and human rights due diligence into strategy and operations, reducing risks from scarcity and pollution, and safeguarding ecosystems, communities, and long-term investor value to protect the environment and restore public trust. In Q3, LAPFF engagement activities under water stewardship focused on pollution and water utilities companies and sustainable water use with the food and beverage sector.

Objective: LAPFF continues its engagement with UK water utilities in 2025 as the sector faces mounting scrutiny from the public, policymakers, regulators, and investors over environmental performance — particularly the persistent issue of storm overflow pollution. Further adding to the challenges the sector faces, in July 2025, the UK government announced that OFWAT will be abolished and replaced with a single, more powerful body combining the responsibilities of OFWAT, the Environment Agency, Natural England, and the Drinking Water Inspectorate. This arguably marks the most significant overhaul of water sector regulation since privatisation.

Despite storm overflows being permitted during extreme weather events to prevent flooding and sewage backing up into homes, the frequency and duration of discharges remain unacceptably high. Environment Agency data for 2024 recorded a total of 3.61 million hours of sewage spills (the highest on record) with only marginal improvements in spill frequency compared to prior years. Industry investment is beginning to show some effect, but progress has been slow and public confidence remains low. As such, objectives for this year's meetings with the Chairs of Pennon and Severn Trent include: assessing the company's environmental performance, particularly in relation to persistently high levels of storm overflow spills; understanding company views on the abolishment of OFWAT and the implications for future regulation of the UK water sector; and examining steps taken to address the presence of trifluoroacetic acid (TFA) and other 'forever chemicals' in Britain's rivers. LAPFF has scheduled an additional meeting with United Utilities in Q4 of 2025.

Achieved Pennon: LAPFF met with the Chair of Pennon and the outgoing CEO. The company confirmed active engagement with OFWAT and the UK Department for Environment, Food & Rural Affairs (DEFRA), emphasising the urgency of moving from policy discussion to action. LAPFF raised the findings of the Independent Water Commission, chaired by Sir Jon Cunliffe, which concluded that the current water regulation system in the UK is broken. Pennon welcomed the review's recommendations on government leadership, regional planning, and regulatory reform.

Pennon, owner of South West Water (SSW), highlighted significant improvement recognised in the Environment Agency's progress report, with South West Water named as one of the biggest improvers. The company has a £3.2bn investment programme underway, with a major focus on storm overflows and wastewater treatment. Key achievements include SWW reporting a more than 50% reduction in pollution incidents in the first half of 2025 compared to the same period in 2024, alongside longer-term improvements in sewer flooding and network performance. Operational actions include redesigning water pumping stations, expanding sewage monitoring systems (with full monitoring in place since 2022), and removing 15,000 spills from the system.

On governance, Pennon reported strengthened systems and controls over data and reporting, with greater transparency and clear escalation processes to the Board. The CEO succession process is being managed carefully to minimise disruption, with both internal and external candidates under consideration. While acknowledging the challenges facing the sector, LAPFF noted that Pennon remained positive and forward-looking.

In progress Pennon: Weather variability (wet versus dry years) continues to affect pollution incident data, and Pennon will need to adapt operations further to manage climate-related extremes while maintaining focus towards environmental goals. Although improvements have been made, the South West's coastal geography presents ongoing challenges. The company has set a target to reduce average spills from 41 (2024) to 16.5 by 2030, which will

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Image: Alamy

Tittesworth Reservoir reservoir near Leek, Staffordshire

require sustained investment and strong community engagement.

As the UK's regulatory landscape shifts, Pennon noted it is closely monitoring potential reforms, although from the LAPFF perspective, uncertainty over timing and clarity of changes remains. LAPFF will also follow with interest the announcement of Pennon's new CEO. Recruitment remains sensitive given sector-wide reputational issues and constraints on executive remuneration imposed by regulators. Pennon emphasised its aim to strike the right balance between fixed and variable pay, while acknowledging that these constraints could affect the company's ability to attract top talent compared with other utility sectors.

Achieved Severn Trent: LAPFF met with Severn Trent's Chair, Christine Hodgson, and the company's investor relations lead. The company described active engagement with regulators during the transition to a new, consolidated regime following the Independent Water Commission's findings, and emphasised the need to move quickly from policy design to delivery. Severn Trent has retained a 4-star Environment Agency EPA rating for five consecutive years, noting they are the only UK water company to do so over this period, and reported the lowest average storm-overflow spills in the sector in 2024, supported by >2,000 targeted interventions and £1.5bn AMP8 spend approved for overflows.

Year-to-date (Jan–Jun) performance shows a 65% reduction in spills and 72% reduction in spill duration versus the prior year, with average spills expected to fall to ~18 per overflow by December 2025 and to 14 by 2030, ahead of government targets. The company outlined a £14.9bn AMP8 programme (an increase on its original proposal), including enhancement investment across river health, storm overflows and resilience, alongside a £575m affordability package aimed at ~693,000 households by 2030.

On emerging pollutants, Severn Trent presented PFAS monitoring (>100,000 tests since Jan 2023), a practical treatment programme (eg. Witches Oak Water Treatment Work (WTW) commissioning to treat Tier 3 PFAS levels and advance treatment solutions development work with Chemviron, CPL, IXOM and Lummus), and the highest AMP8 PFAS investment allocation to accelerate risk reduction.

In progress Severn Trent: While spill frequency is trending down, the average duration per spill rose to 7.3 hours in 2024 (from 7.0 in 2023), underlining the need to strengthen the network against 'wet-year' variability and deliver the AMP8 storage, treatment and nature-based solutions at pace. Achieving the trajectory to ~18 average spills per overflow by end-2025 and ~14 by 2030 will require sustained capex execution, supply-chain capacity and community engagement.

Regulatory uncertainty remains a sector-wide risk as Ofwat is dismantled and functions migrate into a new "super-regulator" over an expected two-year

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transition. Severn Trent must also plan for the England/Wales split in economic regulation given its Hafren Dyfrdwy operations.

Ofwat's July 2025 draft determination asked Severn Trent to revise elements of its 2025–30 plan. The company is resubmitting ahead of a final decision due in December 2025. LAPFF will track deliverability, bill impacts and the effectiveness of the £575m affordability package.

On PFAS/TFA and other emerging pollutants, Severn Trent intends to use its AMP8 allowance and the PR24 "notified item" safety net if standards tighten, but practical risk reduction (treatment plus destruction) and transparent reporting will be central to maintaining public confidence.

Finally, given ongoing public scrutiny, including past enforcement actions and the 2024 Panorama accounting allegations (which the company disputes), LAPFF will continue to monitor governance, remuneration balance, and assurance over data and dividend policy alongside environmental outcomes.

Objective Coca Cola: LAPFF engaged with The Coca-Cola Company in Q3 to understand the basis for recent changes to its 2035 Water Strategy. These changes include the removal of its 100% sustainable sourcing goal for key agricultural ingredients; the extension of its 2023 pledge to improve 60 critical watersheds by 2030 to a less ambitious 2035 deadline with a narrower location-based focus; and the omission of water quality, WASH (Water, Sanitation, and Hygiene), and ecosystem protection from its 2024 environmental goals. This engagement served as an opportunity to continue the dialogue started through the Valuing Water Finance Initiative (VWFI) investor letter sent to Coca-Cola in January 2025. The letter emphasised growing investor focus on water risk management and the urgent need to address supply chain-related water risks.

Achieved Coca Cola: In LAPFF's investor meeting, The Coca Cola Company reiterated that water remains its top priority, citing that since 2015, it has replenished more than 100% of the water it uses in finished products globally, on an aggregate level, to nature and communities. reaching 148% in 2023. However, this headline figure does not address mounting concerns about weaker ESG commitments. LAPFF pressed the point that Coca Cola appears to have rolled back several water-related goals, including the removal of time-bound targets for sustainable agriculture and dropping its commitment to certify all concentrate sites (where the company manufactures the concentrated syrup or beverage base) under the Alliance for Water Stewardship (AWS) Standard by 2025, while also extending other goals, such as watershed restoration and emissions reductions, to 2035. Although the company presented this change as a simplification and refinement of targets and commitments, focusing on areas it can directly control, LAPFF raised concerns that this represents a dilution of ambition, credibility, and accountability from an investor perspective.

The Coca-Cola Company highlighted its Foundation's $40m commitment to WASH (water, sanitation, and hygiene) projects in high-stress areas. While LAPFF recognises this as a positive step, the initiative is limited in scale when set against the company's global water footprint and the significant financial risks posed by the fact that one-third of its facilities are located in high water-stress regions.

LAPFF also raised governance concerns, including the combined Chair/CEO role and the extended tenure of several independent non-executive directors, which risk undermining board independence.

In progress Coca Cola: While Coca Cola said it would take on board LAPFF's concerns, the company's reliance on "voluntary goals" and its tendency to frame reduced commitments as "evolving" strategies continues to raise concern for the Forum.

LAPFF emphasised that water risk is a material financial issue and the need for measurable targets and stronger accountability. The company maintains it has a handle on this through reliance on local assessments, partnerships, and replenishment programmes. In response to LAPFF's question on governance, Coca Cola acknowledged LAPFF's position and committed to consider LAPFF's feedback.

The company stated willingness to engage in ongoing dialogue with LAPFF on water strategy, supply chain management, and governance.

NATURE & BIODIVERSITY

Objective: It has been two years since the Taskforce on Nature-Related Financial Disclosure's (TNFD) final recommendations were published, encouraging businesses to assess, report and act on their nature-related dependencies, impacts, risks and opportunities. For those companies with the most material negative impacts on nature, LAPFF asks companies to make public commitments to mitigate nature loss. Companies are also expected to provide detailed disclosures on

Image: Alamy

Pfizer Inc., in San Diego, California

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how these commitments inform their assessment and disclosure of material dependencies and impacts on nature. Finally, companies should outline the specific steps being taken to address these dependencies and impacts across both operations and supply chains.

Achieved: As a part of its continued engagement with Nature Action 100 (NA100), LAPFF led a meeting with Pfizer. This is the first time investors have met with the company as part of the initiative but builds on a wider set of engagements that LAPFF has been involved in with others in the pharmaceutical sector. Pfizer acknowledged the link between climate change and biodiversity and outlined the findings of its first biodiversity risk assessments, conducted in 2023, which identified manufacturing and R&D sites near sensitive ecosystems.

The group emphasised the importance of transparency around assessments of material impacts and dependencies, noting that disclosure of salient issues is a foundational step before targets and governance structures can be integrated. Pfizer recognised this and noted that nature-related issues remain under consideration alongside its current resource prioritisation on net zero and water stewardship, including longstanding work on pharmaceuticals in the environment and antimicrobial resistance.

Outside of LAPFF's collaborative engagement work through NA100, the Forum identified several major global companies that have large dependencies on natural resources based on their business model. As a result, LAPFF wrote to WH Group, Tyson Foods, Bunge, Marubeni Corp, International Paper Company, Archer-Daniels-Midland (ADM), requesting detailed information on LAPFF's objectives. Of these, Bunge responded and provided details of its current approach to nature and invited LAPFF to attend a group investor call on ESG due to be held later this year.

In Progress: LAPFF will continue to press companies on the integration of nature-related risks into their governance and disclosure frameworks, particularly in line with the TNFD recommendations. LAPFF is monitoring whether companies already engaged are beginning to translate commitment into tangible actions on biodiversity, water stewardship, and supply chain risks. It will also continue to assess company progress as further disclosures and reports are released. Where companies without sufficient approaches to mitigating negative impacts on nature and biodiversity, and do not respond to LAPFF's requests for engagement, escalation will be considered.

SOCIAL FACTORS

LUXURY GOODS

LVMH Moët Hennessy Louis Vuitton (LVMH)

Objective: LAPFF has undertaken a series of engagements with luxury goods manufacturers to encourage better practice and disclosures on how the sector manages human rights risks. LVMH has had two Maison subsidiaries in Italy placed under court administration: Dior in 2024, and more recently Loro Piana in July 2025. LAPFF focused this engagement on a deep-dive into the company's audit and remediation processes, specifically examining the Loro Piana case, having discussed Dior during a previous meeting.

Achieved: LVMH provided further details regarding how the issue at Loro Piana had been uncovered, and the ongoing work being undertaken to enhance its human rights due diligence. LVMH noted that there were parts of this process that it was unable to publicly report due to the court administration order. However, the company was able to provide reassurance to LAPFF that its audit programme was working as intended. LAPFF had previously written to LVMH suggesting inclusions for its upcoming standalone human rights policy and reiterated that LVMH should make a clear commitment to the UN Guiding Principles on Business & Human Rights, with detailed, transparent disclosures on how risks were being prevented and mitigated.

In Progress: LAPFF will monitor LMVH's ongoing human rights due diligence with respect to its Loro Piana court administration and will seek to engage on new information that comes to light in its next round of reporting.

CONFLICT AFFECTED AND HIGH-RISK AREAS (CAHRAS)

Objective: LAPFF has increased its engagement on companies exposed to CAHRAs, extending its engagement focus on the issue. LAPFF now aims to cover a wide range of sectors and geographies where CAHRAs pose serious risks to companies.

Where companies are exposed to these risks, LAPFF expects them to undertake heightened human rights due diligence (hHRDD) in in line with the UN Guiding Principles on Business and Human Rights, and the UN Development Programme's guide on hHRDD in CAHRAs. This includes companies undertaking conflict analysis, thorough human rights impact assessments, strengthening of supply chain oversight, ensuring that contracts and business relationships do not contribute to abuses, and more thorough engagement with affected stakeholders amongst other elements. Companies exposed to these risks need to demonstrate a more in-depth and thorough degree of due diligence than those operating outside of a CAHRA context.

Achieved:

Banks

The finance sector faces reputational, legal, and operational risks from exposure to CAHRAs, particularly where investments, lending, and financial services are connected to human rights abuses or conflict financing. Reputational risks arise from public scrutiny and potential loss of client and investor trust, while legal risks stem from tightening regulatory frameworks and litigation linked to complicity in abuses. Operational risks include disruptions to business relationships, defaults, and long-term value erosion when companies or projects in CAHRAs are associated with instability or rights violations.

After writing to four Australian banks

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in Q2 2025, LAPFF met with three of them in Q3 and received a written response from the other.

Despite the majority of its loan book being domestically orientated, the National Australia Bank (NAB) does provide some corporate financing to companies that are exposed to high-risk sectors like fossil fuels and mineral extraction. NAB did not disclose specific examples of where it has exerted influence over client activities but was able to provide an anonymised example in which the bank had provided corporate finance to a company that had supply chain links in ahigh risk country. NAB provided an overview of how it had approached this issue and influenced change in supply chain practices.

ANZ Bank noted that while it does not currently have a CAHRA-specific policy, customer and portfolio risks are monitored through country and sector screening, with larger clients reviewed annually. Enhanced human rights due diligence is embedded in the credit process, supported by external datasets such as Transparency International and Sustainalytics. The bank's salient human rights issues include Indigenous rights, data privacy, and the safety of its people, with its Human Rights Statement updated earlier this year. ANZ outlined examples of decision-making in higher-risk markets, including its long-standing operations in Papua New Guinea, where it engages with government, NGOs, and communities. The bank emphasised that it has declined finance in certain cases and leverages its customer relationships to influence practices linked to human rights risks.

The Commonwealth Bank of Australia's (CBA) business model is primarily domestic-focused, with operations centred in Australia and a subsidiary in New Zealand (ASB Bank). The bank provides a full range of retail and commercial banking services in these markets. Despite largely providing retail banking services and serving small-to-medium enterprises, a small portion of its business is in institutional financing. The bank was able to clearly lay out its escalation process, and how it approached both clients with higher levels of risk in relation to human rights.

Oil & Gas

During Q3 LAPFF met with Eni and TotalEnergies to discuss exposure to CAHRAs.

The meeting with TotalEnergies explored both the company's broad approach to human rights in CAHRAs as well as a deep dive into its Mozambique LNG project, which was closed in 2021 due to force majeure. TotalEnergies described its reliance on both internal intelligence teams and external experts to conduct conflict analysis and due diligence, highlighting that ex-military staff provide updated regional risk assessments. The company reiterated that misuse of force is its primary human rights lens in CAHRAs and referenced lessons from past exits, including Myanmar. In relation to Mozambique, TotalEnergies spoke about the establishment of its US$200m community foundation and broader socio-economic projects in Cabo Delgado, aimed at addressing root causes of social unrest.

Eni outlined how its risk management process, explaining that security risk was one of the company's top nine risks, encompassing how it approached CAHRAs. It detailed that its salient risks are continually assessed at board level on a six-monthly basis.The company described a structured security risk management process that combines external country risk mapping with site-specific vulnerability assessments, ensuring consistency across operations. Eni also highlighted its human rights due diligence model, covering its workforce, value chain, communities, and consumers, with findings publicly disclosed through dedicated human rights impact assessments. Eni demonstrated examples of best practice, including mandatory human rights clauses in all joint venture agreements and contracts, joint audits with partners, and proactive conflict analysis tools applied in countries such as Mozambique and Nigeria. The company also emphasised its active participation in the Voluntary Principles on Security and Human Rights, with regular workshops and training in high-risk regions.

UN Special Rapporteur Report on the Occupied Palestinian Territories

In response to a report published in July by the UN Special Rapporteur on the situation of human rights in the Palestinian Territory occupied since 1967 (A/HRC/59/23). LAPFF wrote to a number of companies listed in the report, with the aim of advancing the Forum's understanding of company approaches to human rights due diligence in conflict-affected and high-risk areas (CAHRAs). Microsoft has since responded, sharing several of its publicly available materials on the subject and informing LAPFF that further detail on its approach to CAHRAs will be included in its upcoming annual report.

Electric Vehicles

Honda

In Q1 2025, LAPFF requested engagement from several electric vehicle manufacturers considered to be laggards with regards to managing human rights risks within their mineral supply chains. LAPFF met with Honda this quarter, whose approach was largely reliant on the Responsible Mineral Initiative's audit programme, alongside EcoVadis supplier surveys to manage human rights risks. The company's disclosures on its audit programme are limited in scope and do not provide a breakdown of non-compliance or how such instances are managed. LAPFF requested that the company provide more detailed breakdowns of how it assessed risks associated with individual minerals, and to publish more transparent information on its audit programme.

In Progress: LAPFF continues to expand its work on CAHRAs, engaging with companies across sectors where exposure to conflict risks is most acute. LAPFF will continue to emphasise the importance of public reporting, escalation processes, and demonstrable examples of positive influence in high-risk contexts. LAPFF will be maintaining dialogue with both financial institutions and corporates to encourage stronger alignment with international standards such as the UNGPs and the UN Working Group's guidance on hRDD.

GOVERNANCE

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EXECUTIVE REMUNERATION

Objective: During Q3, LAPFF intensified its engagement with listed companies across Europe and the U.S., following a wave of significant shareholder dissent on remuneration during the 2025 AGM proxy season. These conversations focused on uncovering key drivers behind investor opposition and assessing how companies are responding to mounting shareholder concerns. By probing both the rationale for dissent and the corrective actions being considered, LAPFF sought to gain a clearer picture of governance practices and the extent to which boards are aligning executive pay with long-term shareholder value.

Prysmian

Achieved: LAPFF engaged for the first time with Prysmian, an Italian multinational specialising in the design, manufacture and installation of energy and telecommunications cables and systems. The company's remuneration report was rejected by 58.9% of shareholder votes cast this year.

Concerns centred around the severance package awarded to outgoing CEO Valerio Battista, who stepped down from the executive role but remained on the board. Shareholders viewed this as a "double benefit," inconsistent with a clean departure. Prysmian explained that, as an Italian-listed company, executive contracts fall under the statutory 'Dirigente' category, which includes mandatory severance provisions, even in cases of consensual departure. The package had been agreed in 2015, fully disclosed, and later reduced. The board defended Mr Battista's continuation as a director, emphasising his central role in Prysmian's growth and the stability his presence provided.

The company also addressed shareholder concerns over its long-term incentive (LTI) design, which is currently based on three-year relative TSR performance. LAPFF encouraged the addition of safeguards such as an absolute TSR underpin or dual thresholds to ensure payouts reflect genuine value creation, particularly in volatile markets. Prysmian confirmed that while no changes can be made retroactively, shareholder feedback is being actively considered in the 2026 Long Term Incentive (LTI) design process.

On health and safety, Prysmian outlined a strong governance framework for its ESG-linked metrics. The company noted that 75% of its 108 plants are audited annually, with audits conducted by independent third parties and frequency determined by performance scores. Health and safety acts as a performance underpin for ESG metrics; in the prior year, a single fatality resulted in a zero ESG score across the company, despite other KPIs being met. Prysmian is also trialling innovations such as robotised forklifts and redesigning plants to reduce high-risk activities, while ensuring that subcontractors are held to the same safety standards as employees.

In progress: LAPFF will be watching closely to see how Prysmian responds to dissent on its remuneration report and whether the company strengthens performance safeguards, such as incorporating absolute measures alongside relative TSR to better align executive pay with long-term investor outcomes.

Another area to monitor is how effectively Prysmian communicates the role of Italian labour law in shaping severance arrangements. Clearer explanation of jurisdictional context may be important in reducing shareholder concerns about perceived inconsistencies in executive exits.

On health and safety, the consistency and transparency of safety metrics in pay – and the extent to which they drive genuine improvements rather than underreporting – will remain central to investor scrutiny.

Infineon

Achieved: LAPFF has an established history of engagement with German manufacturer Infineon, having previously met with the Chair in 2021 on climate change. More recently, investor attention has shifted towards remuneration. At its February 2025 shareholder meeting, 43.32% of shareholders voted against the company's remuneration report – a sharp increase from 12.3% in 2023 and just 1.01% in 2024. Although the proposal passed, the scale of dissent signalled growing investor concern.

In response, the supervisory board has introduced several changes to the remuneration structure. ESG targets remain at 20%, while the former 80% TSR weighting has been halved: 20% is now measured against a defined semiconductor peer group, and 20% against the DAX. The remaining 40% is tied to Infineon's Target Operating Model, setting profitability and cash flow goals to close the gap with peers, the company reported that this has been well received

Image: Alamy

Company headquarters of Infineon in Neubiberg

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by investors.

Further governance changes include removing the discretionary short term incentive (STI) modifier, extending the LTI period from four to five years with an additional holding requirement, broadening malus and clawback clauses, and phasing out change of control provisions in management contracts. On quantum, the supervisory board has proposed staged increases of 27% for the CEO and 13% for other directors, concentrated in variable pay, with base pay unchanged. Benchmarking against semiconductor peers was cited as the rationale, with the board arguing that more competitive pay is necessary to attract and retain senior talent in a highly specialised market.

In Progress: Looking forward, LAPFF will want to see how Infineon's revised remuneration structure performs in practice and whether it meaningfully strengthens the link between executive pay and long-term value creation. Particular attention will fall on the balance between relative TSR, DAX performance and the Target Operating Model, and whether these adjustments alleviate past concerns.

The proposed increases to pay levels will also be closely scrutinised, with a focus on whether they are proportionate, transparently communicated, and aligned with internal equity across the wider workforce.

Genmab

Achieved: LAPFF met with biotechnology company, Genmab, to discuss ongoing shareholder dissent around remuneration, which has seen opposition levels of 37% and 40% in recent years. The company attributes much of this to differences over peer group selection, as it benchmarks against US biopharma peers while many investors continue to view it as a European company. Genmab defended its global pay structure approach by pointing to its international footprint and the need to remain competitive in attracting senior executives, most of whom are U.S. based.

The company acknowledged the misalignment between executive payouts and shareholder returns, noting that long-term incentives are heavily weighted toward pipeline progression rather than financial results, reflecting the company's reliance on milestone achievements as it transitions away from royalty-driven revenues to a fully integrated pharma model.

Furthermore, while Genmab has expanded disclosure retrospectively and reduced short term incentive payouts in recognition of underperformance, LAPFF highlighted that the absence of forward-looking disclosure on performance thresholds makes it difficult for shareholders to assess whether executive rewards are genuinely linked to delivery.

In Progress: A key area for improvement will be providing more transparent, forward-looking disclosure on performance metrics and vesting thresholds. This would help reassure investors that executive rewards are genuinely linked to outcomes rather than retrospective justification.

In addition, governance concerns remain: the chair of the remuneration committee has served for 22 years, with other members also long tenured, raising questions about board independence and refreshment. With royalty revenues expected to decline significantly by the end of the decade, investors will also be watching to see whether Genmab can successfully scale its own commercial portfolio and demonstrate profitability. Together, these factors will shape how shareholders judge the appropriateness of future pay structures.

BE Semiconductor (Besi)

Achieved: LAPFF engaged for the first time with the Dutch semiconductor designer and manufacturer, Besi, following significant shareholder dissent at the 2025 AGM on the company's remuneration policy. Investor concerns arose over the final application of the 2019 policy that was valid from January 2020 to year end December 2023. It included a discretionary element allowing awards of up to 120,000 shares for outstanding performance. In January 2024, the Board met to assess company performance in 2023 based on three assessment elements:

- Net income return
- Average return on equity
- Generation of cash from company operations

The performance of the company was deemed 'outstanding' and so the obligation of the board, according to the shareholder-approved policy, was to award the maximum package, 120,000 shares. However, when the policy was adopted in 2019, Besi's share price stood at around €25 but by 2023, it had risen above €100, substantially inflating the potential value of share-based awards.

In response, the Supervisory Board used its discretion to reduce the maximum payout by 20%, from 120,000 to 96,000 shares and then further to 70,000 after consultation with management. However, many shareholders still viewed the award as disproportionate given the wider macroeconomic tailwinds that had boosted valuations across the sector. This disconnect contributed to significant opposition despite the company meeting its 'outstanding performance' threshold.

Besi highlighted that the new remuneration policy (valid from 2024-2027) directly addresses shareholder concerns by removing all discretion and introducing a hard cap of 10 times base salary, with awards linked to share price rather than fixed share quantities.

In Progress: Shareholders remain concerned that parts of the previous incentive design allowed payouts even at or below median performance, raising questions over alignment with long-term value creation. LAPFF will continue to monitor whether Besi's revised policy, with its strict cap and rules-based design, adequately addresses these issues in practice.

Another focus will be the robustness of STI metrics. While Besi insists that most are quantitative and rigorous, some investors perceive them as overly tailored or discretionary relative to peers. The company's ability to clearly demonstrate the challenge level of targets and benchmark them transparently against competitors will be central to restoring shareholder confidence.

Finally, given Besi's long-term track record (TSR up 20 times over the past decade, with one-third of revenues distributed through dividends and buybacks), investors will expect remuneration structures to ensure that future payouts reflect sustainable performance rather than market-driven valuation gains.

ENGAGEMENT

Pandora

Achieved: LAPFF engaged with Danish jeweller Pandora following shareholder dissent (47.78% opposed) at the 2025 AGM, primarily linked to a special bonus awarded to the CEO. Concerns focused on the vesting period (2 years plus one-year holding period), which was not aligned with the company's standard LTIP framework (3 years plus 2-year holding period). While Pandora subsequently amended the terms to meet the standard total lock-in in response to investor feedback, the change occurred after votes had been cast.

The company emphasised that its remuneration policy allows for the granting of special bonuses when deemed necessary by the board. Pandora described this award as a one-off, justified in the interests of the company, although details could not be disclosed for competitive reasons. The board also stressed the importance of benchmarking against European peers and C25 companies, while acknowledging the need to remain competitive in attracting international talent.

A key area of debate with LAPFF was performance target disclosure. Pandora currently discloses performance metrics and weightings but not numeric targets, citing commercial sensitivity – particularly around financial and TSR-related measures linked to product launches and strategic ambitions. The company argued that even retrospective disclosure could compromise future plans. While some peers do disclose targets, Pandora maintains that its business model makes such transparency not viable on grounds of commercial sensitivity. The company committed to considering retrospective disclosure for certain "softer" targets at a future board meeting, as well as clarifying communication to shareholders around the exceptional nature of the CEO award.

In progress: From LAPFF's perspective, concerns remain over the lack of quantitative disclosure, which makes it difficult for shareholders to assess the level of challenge embedded in Pandora's incentive plans. Repeated use of similar performance metrics across the STI, LTI, and special award risks create the perception of executives being rewarded multiple times for the same achievements.

LAPFF further stressed that in periods of unprecedented market conditions, disclosure becomes even more important. Without numeric targets, it is hard to separate rewards earned through genuine executive delivery from those inflated by external macroeconomic factors. Pandora has committed to reviewing whether retrospective disclosure could be expanded, particularly for non-financial measures, with the Board, and LAPFF will monitor this.

COLLABORATIVE ENGAGEMENTS

PRI Advance Vale

In Q3, LAPFF secured a meeting with Vale, scheduled for October 2025, which will be reported on in the Q4 QER. This meeting will request further disclosure on how employee and community feedback is collected, managed, and integrated into board-level oversight. The group remains particularly interested in findings from Vale's 2024 Community Perception Survey, as well as employee feedback mechanisms and their role in shaping Vale's broader social strategy.

Additionally, the PRI Advance group is planning to meet with Earthworks, non-profit environmental organisation based in the US, in September to discuss their April 2025 report on Vale's Brazilian operations (meeting details to be confirmed). The group also noted that Vale will also host a field trip to Brumadinho during PRI in Person Brazil later this year, and the group will await feedback from this visit.

Vale shared its ESG newsletter with investors on 18 August 2025. Updates in this newsletter included information on dam safety, sustainability, and governance and transparency, as summarised:

DAM SAFETY

Vale reported progress on dam safety, with the Forquilha III dam's emergency level reduced from 3 to 2, meaning the company no longer has any dams at the highest risk level. In addition, Vale has completed the full implementation of the Global Industry Standard on Tailings Management (GISTM) across all of its tailings dams, reinforcing its alignment with best practice in the mining sector. The company also expressed support for the newly created Global Tailings Management Institute, signalling ongoing commitment to improving industry-wide standards. Separately, the Xingu Dam at the Alegria Mine in Mariana had its emergency level downgraded from 2 to 1 following geotechnical improvements, enhanced monitoring systems, and advanced technical studies confirming its structural stability.

SUSTAINABILITY

Vale announced it has reached 50% of its Voluntary Forest Goal for 2030, conserving 200,000 hectares of forest areas. This milestone demonstrates progress towards the company's longer-term commitment to biodiversity and environmental protection.

GOVERNANCE & TRANSPARENCY

Vale achieved 100% adherence to the Brazilian Corporate Governance Code for the second consecutive year, exceeding market averages and aligning with the Novo Mercado standards. The company was also featured in a Global GRI and TNFD case study report, highlighting its efforts in managing nature-related dependencies, risks, and opportunities, and positioning itself as an example of advancing nature-positive ESG leadership. Furthermore, Vale released its first Sustainability-Related Financial Information Report, becoming the first company in Brazil to voluntarily adopt ISSB and CBPS standards ahead of regulatory requirements. The report set out the company's climate strategy, including emission reduction targets and R$7.4 billion in investments since 2020, underscoring Vale's focus on opportunities linked to the energy transition.

ENGAGEMENT

CONSULTATION RESPONSES

Department of Business consultation – Exposure draft of UK Sustainability Reporting Standards: UK SRS S1 and UK SRS S2

LAPFF submitted a response in September 2025 to a consultation on sustainability reporting. The framework for the proposed sustainability standards comes from the IFRS Foundation, and LAPFF raised concerns about the restrictive nature of a central premise within the consultation, that: "the updated framework will seek to ensure that only information that is decision-useful is required to be disclosed and that this is provided in a format that best meets the needs of investors and other users.

LAPFF views the term 'decision useful' as problematic. It is not described in UK legislation. It is described by accounting standard setters but this can lead to tensions between standards and UK law. This is evident in the fact that "Useful for users" creates potential for contradictory implications as not all users are the same. A long only shareholder as user will require comprehensive quality information. However, a short seller, as a "user" may wish to have poor quality information to give them grounds to short the stock.

Similarly, as noted by the Judge in the Royal Bank of Scotland prospectus case1, sell side analysts as users may want an edge in their research and wish for poor disclosure. By the RBS prospectus case "decision-useful" is contrary to the law concerning prospectus quality information. But "decision usefulness" has further harms to that set out above.

it is a limitation of scope as it omits the first order impact e.g. on the company of knowing there will be transparency on the behaviour of a company itself as the reporting party. A non-accounting example would be the register of MPs' interests. The reason for disclosure is a prohibitive effect in first instance, as opposed to being an after effect for third party consumption.

Directors are not "users" under the "decision useful" definition as they are viewed as having the ability to obtain information internally. However disclosure may be relevant to directors in bringing up information that otherwise would not be noticed by them. Such examples would be diversity disclosure by companies. Or deaths in a workforce.

LAPFF also had concerns about the scope of the term decision useful as it can potentially limit information to that which could impact the share price or investor decisions. This could end up restricting reporting on social and environmental risks. These could be viewed as immaterial when in fact not. It may lead to systemic risks not being reported on by individual companies as the focus will be inherently idiosyncratic risks. However, the combined impact could contribute to market-wide risks.

1 [2015] EWHC 3433 (Ch), para 47

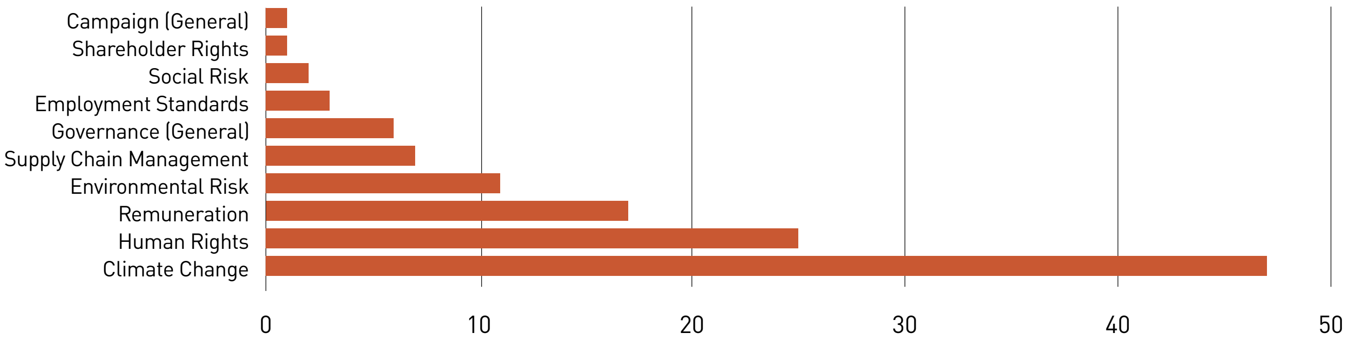
COMPANY PROGRESS REPORT

This dataset represents data taken from 'Meetings', 'AGMs' and 'Received Correspondence' only.

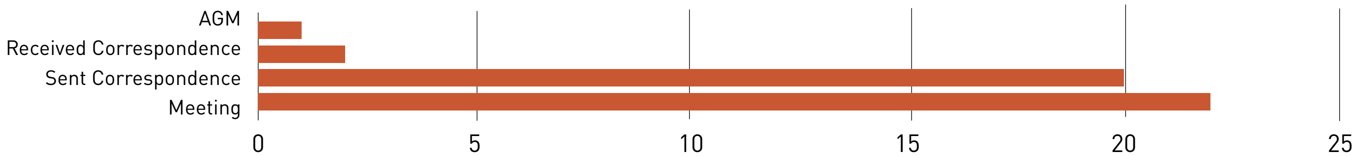
Company/Index	Activity	Topic	Outcome
ANGLO AMERICAN PLC	Meeting	Governance (General)	Change in Process
ANZ-AUSTRALIA & NEW ZEALAND BANK	Meeting	Human Rights	Satisfactory Response
BANK MANDIRI (PERSERO) TBK	Meeting	Climate Change	Small Improvement
BE SEMICONDUCTOR INDS NV	Meeting	Remuneration	No Improvement
BUNGE GLOBAL SA	Received Correspondence	Environmental Risk	Dialogue
CIMB GROUP HOLDINGS BERHAD	Meeting	Climate Change	Change in Process
COMMONWEALTH BANK OF AUSTRALIA	Meeting	Human Rights	Satisfactory Response
CRH PLC	Meeting	Environmental Risk	Dialogue
ENI SPA	Meeting	Human Rights	Satisfactory Response
GENMAB AS	Meeting	Remuneration	Dialogue
HEIDELBERG MATERIALS AG	Meeting	Environmental Risk	Dialogue
HONDA MOTOR CO LTD	Meeting	Human Rights	Dialogue
INFINEON TECHNOLOGIES AG	Meeting	Remuneration	Substantial Improvement
KINGFISHER PLC	Meeting	Employment Standards	Dialogue
LVMH (MOET HENNESSY - LOUIS VUITTON) SE	Meeting	Human Rights	Moderate Improvement
MICROSOFT CORPORATION	Received Correspondence	Human Rights	Dialogue
NATIONAL AUSTRALIA BANK LIMITED	Meeting	Human Rights	Satisfactory Response
PANDORA AS	Meeting	Remuneration	Dialogue
PENNON GROUP PLC	Meeting	Environmental Risk	Dialogue
PFIZER INC.	Meeting	Environmental Risk	Dialogue
PRYSMIAN SPA	Meeting	Remuneration	Dialogue
SEVERN TRENT PLC	Meeting	Environmental Risk	Change in Process
SSE PLC	AGM	Climate Change	Dialogue
THE COCA-COLA COMPANY	Meeting	Environmental Risk	No Improvement
TOTALENERGIES SE	Meeting	Human Rights	Dialogue

ENGAGEMENT DATA

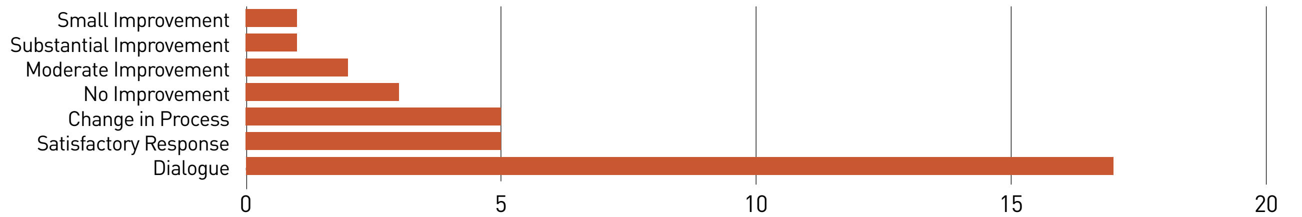
ENGAGEMENT TOPICS



ACTIVITY

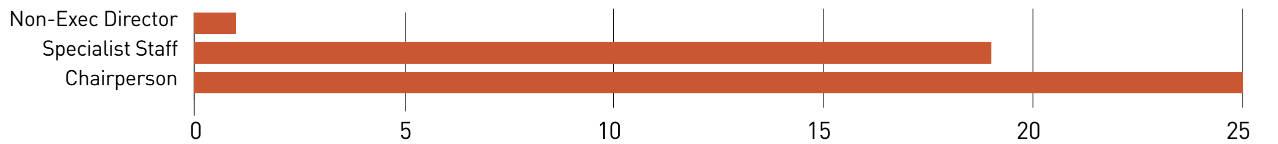


MEETING ENGAGEMENT OUTCOMES*

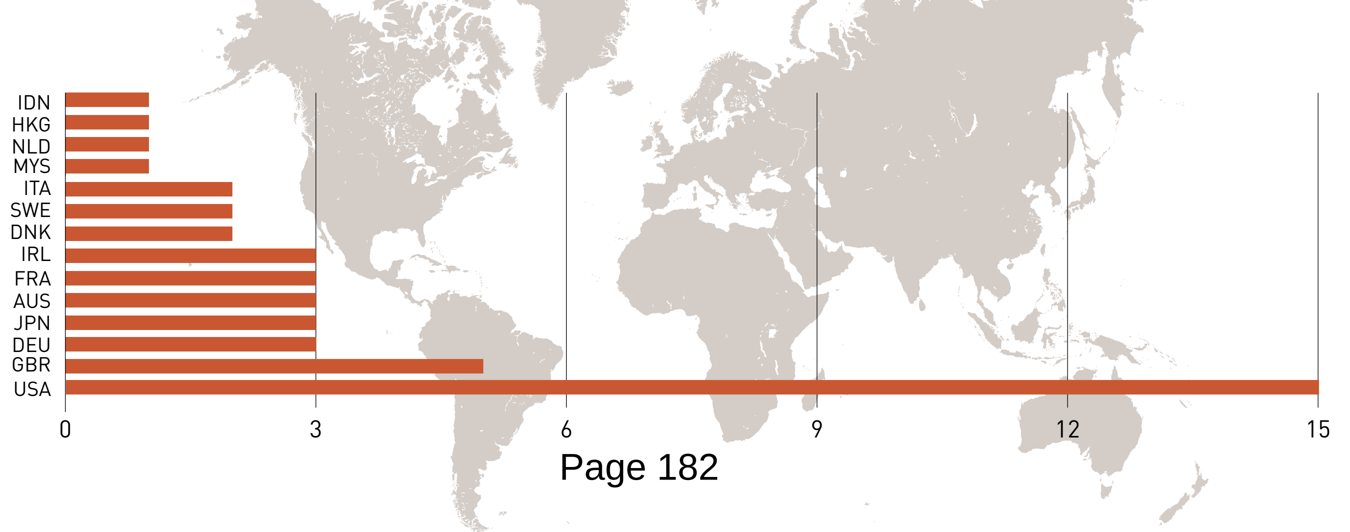


*Outcomes data is taken from 'Meetings', 'AGMs' and 'Received Correspondence' only

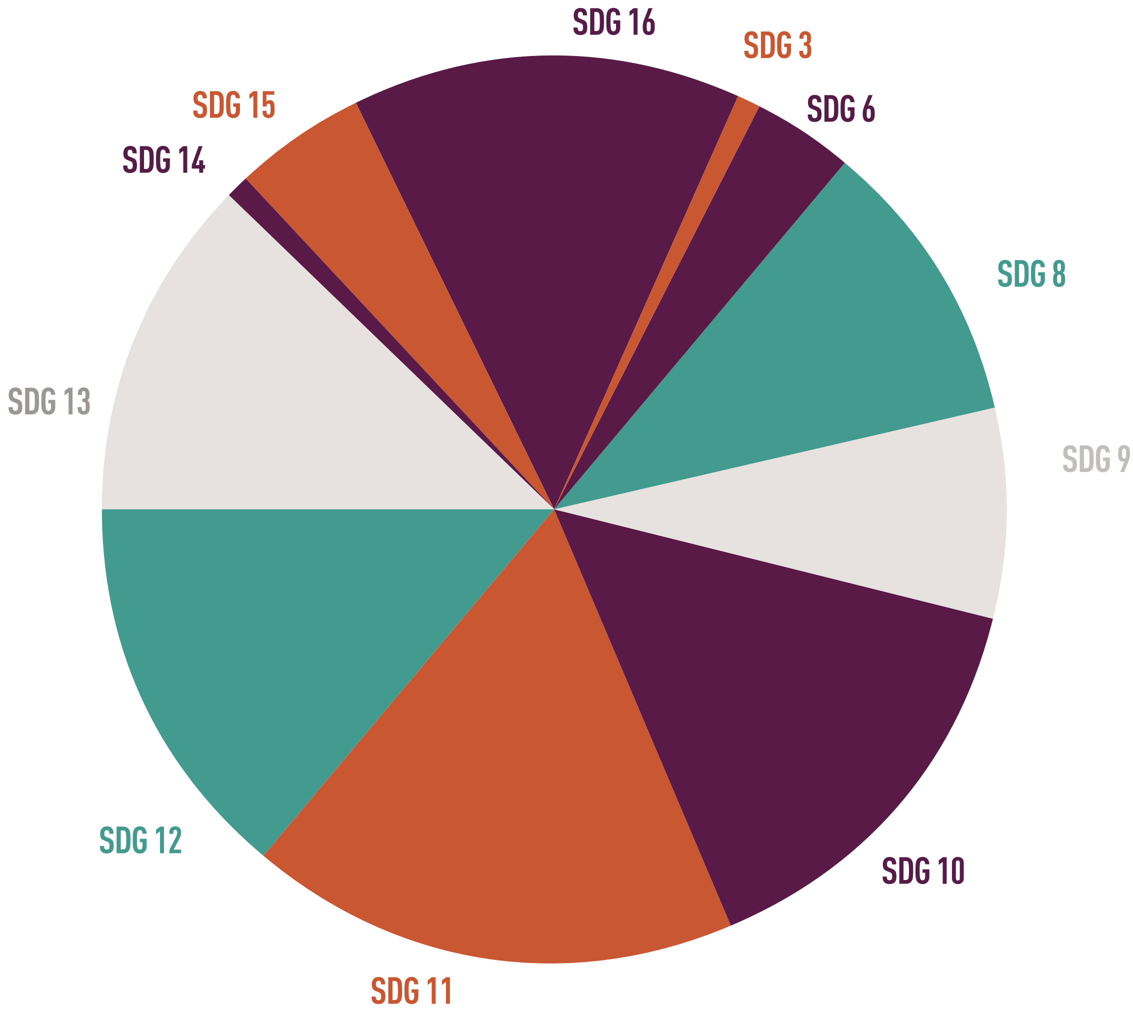
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	0
SDG 2: Zero Hunger	0
SDG 3: Good Health and Well-Being	1
SDG 4: Quality Education	0
SDG 5: Gender Equality	0
SDG 6: Clean Water and Sanitation	4
SDG 7: Affordable and Clean Energy	0
SDG 8: Decent Work and Economic Growth	11
SDG 9: Industry, Innovation, and Infrastructure	8
SDG 10: Reduced Inequalities	16
SDG 11: Sustainable Cities and Communities	19
SDG12: Responsible Production and Consumption	15
SDG 13: Climate Action	13
SDG 14: Life Below Water	1
SDG 15: Life on Land	5
SDG 16: Peace, Justice, and Strong Institutions	15
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund
Barking and Dagenham Pension Fund
Barnet Pension Fund
Bedfordshire Pension Fund
Berkshire Pension Fund
Bexley (London Borough of)
Brent (London Borough of)
Cambridgeshire Pension Fund
Camden Pension Fund
Cardiff & Glamorgan Pension Fund
Cheshire Pension Fund
City of London Corporation Pension Fund
Clwyd Pension Fund (Flintshire CC)
Cornwall Pension Fund
Croydon Pension Fund
Cumbria Pension Fund
Derbyshire Pension Fund
Devon Pension Fund
Dorset Pension Fund
Durham Pension Fund
Dyfed Pension Fund
Ealing Pension Fund
East Riding Pension Fund
East Sussex Pension Fund
Enfield Pension Fund
Environment Agency Pension Fund
Essex Pension Fund
Falkirk Pension Fund
Gloucestershire Pension Fund
Greater Gwent Pension Fund
Greater Manchester Pension Fund
Greenwich Pension Fund
Gwynedd Pension Fund
Hackney Pension Fund
Hammersmith and Fulham Pension Fund
Haringey Pension Fund
Harrow Pension Fund
Havering Pension Fund
Hertfordshire Pension Fund
Hillingdon Pension Fund
Hounslow Pension Fund
Isle of Wight Pension Fund
Islington Pension Fund
Kensington and Chelsea (Royal Borough of)
Kent Pension Fund
Kingston upon Thames Pension Fund
Lambeth Pension Fund
Lancashire County Pension Fund
Leicestershire Pension Fund
Lewisham Pension Fund
Lincolnshire Pension Fund
London Pension Fund Authority
Lothian Pension Fund
Merseyside Pension Fund
Merton Pension Fund
Newham Pension Fund
Norfolk Pension Fund
North East Scotland Pension Fund
North Yorkshire Pension Fund
Northamptonshire Pension Fund
Nottinghamshire Pension Fund
Oxfordshire Pension Fund
Powys Pension Fund
Redbridge Pension Fund
Rhondda Cynon Taf Pension Fund
Scottish Borders Pension Fund
Shropshire Pension Fund
Somerset Pension Fund
South Yorkshire Pension Authority
Southwark Pension Fund
Staffordshire Pension Fund
Strathclyde Pension Fund
Suffolk Pension Fund
Surrey Pension Fund
Sutton Pension Fund
Swansea Pension Fund
Teesside Pension Fund
Tower Hamlets Pension Fund
Tyne and Wear Pension Fund
Waltham Forest Pension Fund
Wandsworth Borough Council Pension Fund
Warwickshire Pension Fund
West Midlands Pension Fund
West Yorkshire Pension Fund
Westminster Pension Fund
Wiltshire Pension Fund
Worcestershire Pension Fund

Pool Company Members

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

Brent	**Brent Pension Fund Sub-Committee** 18 February 2026
	Report from the Corporate Director of Finance and Resources

Training Update - Members' Learning and Development

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

1.0 Executive Summary

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

2.0 Recommendation(s)

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

3.0 Detail

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

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

3.3 **Background**

3.4 In November 2024, the government published their Fit for the Future consultation, which proposes several new measures to enhance governance, particularly the training of members involved in overall strategic direction of local authority pension funds. A key proposal is the requirement for administering authorities to publish a governance and training strategy, which would replace the Governance and Compliance statement.

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 all committee members are required to maintain an appropriate level of knowledge and understanding relating to their LGPS duties and responsibilities, and that the requirements for pension committee members and local pension board members should be aligned. Recent draft guidance, issued in December 2025, confirms that knowledge and understanding should be assessed and maintained on an individual basis and the fund will be required to report on this.

3.7 The Fund's training strategy will set out how knowledge will be acquired, assessed, maintained, and developed. The Fund will review its current training strategy once the final guidance is received. Given the high expectations placed upon committee members, it is essential that members clearly understand what their role requires.

3.8 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.

3.9 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

3.10 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 January 2026.

Title of Module	Module completed by
Introduction	Elizabeth Bankole Cllr Ahmadi-Moghaddam Cllr Johnson Cllr Choudry Cllr Crabb Cllr Kennelly 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 Cllr Kennelly
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 Cllr Kennelly

3.11 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 Equity, Diversity & Inclusion (EDI) Considerations

7.1 There are none arising directly from this report.

8.0 Climate Change and Environmental Considerations

8.1 There are none arising directly from this report.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 There are none arising directly from this report.

10.0 Communication Considerations

10.1 There are none arising directly from this report.

Report sign off: ***Minesh Patel*** Corporate Director of Finance and Resources

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

Training need	Proposed delivery method: Officer briefings	Briefing note	Pre Committee/ Board training	Training event (internal or external)	Conferences or Seminars	E-learning	Webinars /videos	CIPFA Framework	Scheduled date	Feedback
Pensions legislation										
General introduction to the LGPS			✔				✔	1		
General pensions framework			✔			✔	✔	1		
LGPS Discretions and fornulation of policies			✔				✔	1		
Latest changes to the LGPS			✔				✔	1		
Pensions governance										
Understanding the role of the administering authority			✔				✔	2		
Understanding the general governance framework, including the role of MHCLG, SAB, TPR and other Regulators			✔				✔	2		
The role of the Pension Committee, the administering authority, Pension Board and scheme employers	✔	✔	✔				✔	2		
Understanding the role of the s.151 officer	✔	✔	✔					2		
Monitoring and management of fund risk	✔		✔	✔	✔		✔	2		
Managing conflicts of interest	✔	✔	✔			✔	✔	2		
Reporting breaches of the law		✔	✔			✔	✔	2		
Pensions administration										
General understanding of best practice in scheme administration (e.g. performance and cost measures)	✔	✔	✔	✔				3		
Appreciation of Fund policies, including the administration strategy			✔	✔				3		
Understanding of discretionary powers and their useage			✔	✔				3		
Overview of pension tax rules			✔	✔				3		
Understanding of the Fund's AVC arrangements, including investment choices and performance			✔	✔	✔			3		
Actuarial methods, standards and practices										
General understanding of the role of the actuary	✔	✔	✔	✔	✔		✔	8		
Understanding the valuation process (including the Funding Strategy Statement) and inter-valuation monitoring			✔	✔			✔	8		
Monitoring of early and ill health retirements		✔						8		
Understanding the process for enabling new employers to join the Fund, together with the cessation process		✔	✔	✔	✔		✔	8		
Understanding the pension implication of outsourcing and bulk transfers		✔	✔	✔	✔		✔	8		
Appreciation of the employer covenant		✔	✔	✔	✔		✔	8		
Pension accounting & auditing standards										
A general understanding of the Accounts and Audit Regulations, together with legislative requirements relating to internal controls and accounting practice			✔					4		
A general understanding of the role of internal and external audit		✔	✔					4		
A general understanding of the role played by third party assurance providers			✔					4		
Pension Services procurement & relationship management										
A general understanding of public procurement policy and the role of key decision makers and organisations			✔	✔	✔			5		
A general understanding of the main requirements of UK and EU procurement legislation			✔	✔	✔			5		
An understanding of the importance of considering risk factors for the Fund when selecting third party providers			✔	✔	✔			5		
Appreciation of how the Fund monitors and manages performance of outsourced providers			✔	✔	✔			5		

Investment performance & risk management										
A general understanding of the importance of monitoring asset returns relative to the liabilities			✔	✔	✔			6		
Understanding ways of assessing long term risk			✔	✔	✔			6		
Appreciation of the Myners principles and the approach adopted by the Fund			✔	✔	✔			6		
Appreciation of the range of support services available, who supplies them and the nature of the perfomance monitoring regime			✔	✔	✔			6		
Financial markets & products knowledge										
A general understanding of the risk and return characteristics of the main asset classes			✔	✔	✔			7		
Understanding the role of these asset classes in long-term Fund investing			✔	✔	✔			7		
Understanding the importance of the Funds Investment Strategy Statement			✔	✔	✔			7		
A general understanding of the financial markets and the investment vehicles available to the Fund, together with their associated risks			✔	✔	✔			7		
Understanding the legisltive limits placed on investments within the LGPS			✔	✔	✔			7		
Understanding how the Fund interacts woth the UK and overseas taxation systems in relation to investments			✔	✔	✔			7		

Brent Pension Fund Training Log

Subject/description of training	Attendees	Date	Feedback

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Brent Pension Fund

Pension Committee and Pension Board Training Strategy

March 2021

Contents

Introduction

This is the training strategy of the Brent Pension Fund ("the Fund"). It has been established to aid the Pension Committee, Pension Board and Officers understanding of their respective responsibilities. This training strategy sets out how these key individuals within the Fund will obtain and maintain the necessary knowledge and understanding in order to fulfil their role.

Objectives

The Funds' objectives relating to knowledge and understanding are to:

- Ensure the Fund is appropriately managed and those individuals responsible for its management and administration have the appropriate knowledge and expertise;
- Ensures that there is the appropriate level of internal challenge and scrutiny on decisions and performance of the Fund
- Ensure the effective governance and administration of the Fund; and
- Ensure decisions taken are robust and based on regulatory requirements or guidance of the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for Housing, Communities and Local Government.

Pension Fund Committee members require an understanding of:

- Their responsibilities as an LGPS administering authority, as delegated to them by Brent Council;
- The requirements relating to pension fund investments;
- Controlling and monitoring the funding level; and
- Effective decision making in relation to the management and administration of the Fund.

Pension Board members must be conversant with –

- The relevant LGPS Regulations and any other regulations governing the LGPS;
- Any policy or strategy documents as regards the management and administration of the Fund; and
- The law relating to pensions and such other matters as may be prescribed.

Officers responsible for Fund management and administration must ensure they have the necessary knowledge and understanding to:

- carry out the tasks of managing the Fund's investments, administering the payment of benefits and communicating key messages to scheme employers, scheme members and their dependants.

The knowledge and skills required of staff should be set out in their job descriptions, including any formal qualifications required.

Compliance

To achieve these objectives, the Fund will aim for full compliance with the CIPFA Knowledge and Skills Framework (KSF) and the Pension Regulator Code of Practice to meet the skills set within that Framework. Attention will also be given to any guidance issued by the Scheme Advisory board (SAB), the Pensions Regulator and the Secretary of State.

CIPFA Knowledge and Skills Framework – Pension Fund Committees

Although there is currently no legal requirement for knowledge and understanding for members of the Pension Committee it is the Fund's opinion that, in accordance with the Scheme Advisory Board's (SAB) "Good Governance" project members of the Pension Committee should have no less a degree of knowledge and skills than those required in legislation by the Local Pension Board.

The CIPFA framework, that was introduced in 2010, covers six areas of knowledge identified as the core requirements:

- Pensions legislative and governance context;
- Pension accounting and auditing standards;
- Financial services procurement and relationship development;
- Investment performance and risk management;
- Financial markets and products knowledge; and
- Actuarial methods, standards and practice.

Under each of the above heading the Knowledge and Skills Framework sets the skills and knowledge required by those individuals responsible for Fund's financial management and decision making.

CIPFA Technical Knowledge and Skills Framework – Local Pension Boards

CIPFA extended the Knowledge and Skills Framework in 2015 to specifically include Pension Board members, albeit there is an overlap with the original Framework. The 2015 Framework identifies the following areas as being key to the understanding of local pension board members;

- Pensions Legislation;
- Public Sector Pensions Governance;
- Pensions Administration;
- Pensions Accounting and Auditing Standards;
- Pensions Services Procurement and Relationship Management;
- Investment Performance and Risk Management;
- Financial markets and product knowledge;
- Actuarial methods, standards and practices.

The Pensions Regulator's E-learning toolkit

The Pensions Regulator has developed an online toolkit to help those running public service schemes understand the governance and administration requirements set out in its code of practice 14 – *Governance and administration of public service pension schemes*. The toolkit covers 7 short modules, which are:

- Conflicts of Interests;
- Managing Risk and Internal Controls;
- Maintaining Accurate Member Data;
- Maintaining Member Contributions;
- Providing Information to Members and Others;
- Resolving Internal Disputes;
- Reporting Breaches of the Law.

The modules of the Regulator's toolkit are by their very nature generic, having to cater for all public service pension schemes. While they give a minimum appreciation of the knowledge and understanding requirements set out in the Code of Practice they do not cater for the specific requirements of the individual public service schemes.

As a result the Regulator's toolkit does not cover knowledge and skills requirements in areas such as Scheme regulations, the Fund's specific policies and the more general pension's legislation. Therefore, this toolkit should be used to supplement the existing training plans.

Timing

Ideally, targeted training will be provided that is timely and directly relevant to the Committee and Board's activities as set out in the Fund's business plan.

Approach

This Strategy sets out how the Fund provide training to members of the Pension Committee and Pension Board. Officers involved in the management and administration of the Fund will have their own section and personal training plans together with career development objectives.

- **Induction training** - Pension Committee and Pension Board members will receive induction training to cover the role of the Fund, Pension Board and understand the duties and obligations Brent Council as the Administering Authority, including funding and investment matters.

  It is anticipated that at least 2 day's annual training will be arranged and provided by officers to address specific training requirements to meet the Pension Committee and Pension Board's business plan. All members will be encouraged to attend this event.

- **External courses** - Additionally, a number of specialist courses are run by bodies such as the Local Government Association, actuarial, governance and investment advisers as well as fund manager partners.
- **Conferences** - There are also a number of suitable conferences run annually, which will be brought to members attention where appropriate. Of particular relevance are the LGA Annual Governance Conference, LGA Fundamentals Training, National Association of Pension Funds (NAPF) Local Authority

Conference, the LGC Local Authority Conference, and the Local Authority Pension Fund Forum (LAPFF) annual conference.

Additionally, consideration will be given to various training resources available in delivering training to the Pension Committee and Pension Board members. These may include but are not restricted to:

- In-house and shared training events where it improves economy, efficiency and effectiveness
- Self-improvement and familiarisation with regulations and documents
- The Pension Regulator's e-learning programme
- Attending courses, seminars and external events
- Internally developed training days and pre/post meeting sessions
- Regular updates from officers and/or advisers
- Informal discussion and one-to-one sessions
- Formal presentations
- Circulated reading material
- E-learning

Flexibility

When considering training for members of the Pension Committee and Pension Board it is recognised that individuals may have different learning styles. The Fund will seek, where possible, to ensure flexibility in the manner in which training is provided to support these different learning styles.

Maintaining knowledge

In addition to undertaking ongoing training to achieve the requirements of the CIPFA knowledge and skills framework Pension Committee and Pension Board members are expected to maintain their knowledge and understanding of topical issues through attendance at internal/external events and seminars where appropriate. We recommend that members sign up to the various industry communications such as those produced by the SAB, LGA, CIPFA and the Fund Actuary.

Owing to the changing world of pensions, it will also be necessary to attend ad hoc training on emerging issues or on a specific subject on which a decision it to be made in the near future.

Risk Management

The compliance and delivery of a training strategy is at risk in the event of-

- Frequent changes in membership of the Pension Committee or Pension Board
- Poor individual commitment
- Resources not being available
- Poor standards of training
- Inappropriate training plans

These risks will be monitored within the scope of the training strategy to be reported to the s.151 officer where appropriate.

Reporting and Compliance

In line with the CIPFA Code of Practice a disclosure will be made in the Fund's Annual Report and Accounts that covers:

- How the Skills and Knowledge framework has been applied.
- What assessment of training needs has been undertaken.
- What training has been delivered against the identified training needs.

Budget and costs

A training budget will be agreed and costs fully scoped.

All direct costs and associated reasonable expenses for attendance of external courses and conferences will be met by the fund, provided that the Scheme Manager's prior approval is sought before incurring any such expenses (other than routine costs associated with travelling to and from Pensions Board/Committee meetings) and appropriate receipts are sent to the Scheme Manager evidencing the expenses being claimed for.

Effective date

This strategy comes into effect from 23 March 2021.

Review

This strategy will be reviewed every 2 years, and if necessary, more frequently to ensure it remains accurate and relevant.

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Title of Module	Module Content	Date to be completed	Time Requirement
Introduction	An introduction to LGPS Online Learning Academy	Dec-25	2 minutes
Module 1 – Committee Role and Pensions Legislation	An Introduction to Pensions Legislation An Introduction to Pensions Legislation - The role of a Councillor	Dec-25	37 minutes
Module 2 – Pensions Governance	LGPS Oversight Bodies - DLUHC & GAD LGPS Oversight Bodies - TPR Business Planning LGPS Governance	Jan-26	1 hour
Module 3 – Pensions Administration	Introduction to Administration Additional Voluntary Contributions Policies and Procedures	Feb-26	1 hour
Module 5 – Procurement and Relationship Management	Public Procurement	Mar-26	21 minutes
Module 6 – Investment Performance and Risk Management	Introduction to Investment Strategy LGPS Investment Pooling Performance Monitoring Responsible Investment	Apr-26	58 minutes
Module 7 – Financial Markets and Product Knowledge	Introduction to financial markets and product knowledge Markets, investment vehicles and MiFID II	May-26	43 minutes
Module 4 – Pensions Accounting and Audit Standards	Pensions Accounting and Audit Standards	Jun-26	21 minutes
Module 8 – Actuarial Methods, Standards and Practices	Introduction to Funding Strategy LGPS Actuarial Valuations - Process LGPS Valuation - Technical Employers	Jul-26	1 hour
Current Issues	Understanding McCloud Pensions Dashboards Understanding Goodwin Introduction to Cyber Risk GAD Section 13 Climate Change and TCFD McCloud Consultation June 2023 SAB and HM Treasury Cost Cap Mechanisms Next Steps on Investment (England & Wales) - Consultation overview	On going	

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Brent

MINUTES OF THE PENSION BOARD
Held as an online meeting on Thursday 6 November 2025 at 6.00 pm

PRESENT(In remote attendance): Mr David Ewart (Independent Chair), Councillor Kabir and Councillor Tazi Smith (Employer Representatives), Chris Bala (Pension Scheme Member Representative), Robert Wheeler (Trade Union Representative) and Bola George (Member Representative – Unison).

Also Present (In remote attendance): Chris Batts (LPPA Representative)

1. **Apologies for Absence and clarification of Alternative Members**

No apologies were received for this meeting.

2. **Declarations of interests**

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

No further declarations were made during the meeting.

3. **Minutes of the previous meeting**

The minutes of the previous meeting held on Tuesday 22 July 2025 were **AGREED** as an accurate record.

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

Sawan Shah provided a brief update on the Pension Board's vacant Employer Representative position, reminding members that he had reported an unsuccessful recruitment round at the last meeting due to a lack of candidates coming forward to fill the role. He therefore reported to the Board that officers were in the process of planning a new round of recruitment. It was stated that an Employer Forum would be taking place in the next few weeks which would be used as an opportunity to promote the vacancy to Brent's employers.

5. **Pension Administration Update**

John Smith (Pensions Manager, Brent Council) introduced the report, outlining the performance of the Local Pensions Partnership Administration (LPPA) against the Service Level Agreement's (SLA's) during the period 1 April 2025 to 30 June 2025. In introducing the report, he highlighted the following key points:

- It was reported that, in Q1 2025-26, the LPPA processed 98.9% of cases on time, with none of the case types falling below 95%.

- Drawing members' attention to figure 2 of the report, he advised that 60% of transfers in for non-critical processes and 95% of transfers out had been completed within their required timeframes.

- Regarding call centres performance, John Smith stated that the average waiting time had increased to three minutes and fifty-seven seconds (over thirty seconds longer than in the previous quarter) and that the trend had been gradually increasing. Despite this, 64% of calls were answered within their target timings. Although some members had reported finding it difficult to get through on occasion, the quality of service once connected had been reported as high.

- Complaints were discussed next, with eight new complaints received during the quarter, noted as slightly fewer than in the previous reporting period. This equated to fewer than three complaints per month.

Following introduction of the report, the Chair welcomed Chris Batts from LPPO, the Council's administration service provider, who provided further detailed updates regarding recent pensions administration performance, summarised below:

- Chris Batts confirmed that the LPPA had continued to meet or exceed the 95% target for issuing Annual Benefit Statements (ABS) to all eligible members.

- Returning to the contact centre delays, he explained that higher wait times in Q1 were expected due to seasonal peaks with pensioner enquiries, particularly following the integration of payroll at the beginning of the calendar year, and more recent figures had shown improvement before being affected by staff sickness.

- Customer satisfaction with individual call centre agents was consistently high, while overall satisfaction had remained at 78.2% in Q1, mirroring the previous quarter.

- Approximately 8% of customers were dissatisfied, which was considered acceptable at below 10%, though it was noted there was still room for improvement. The complaints process was then elaborated on, with LPPA having established an internal complaints board to undertake monthly case sampling and trend analysis. The most common trend observed related to managing customer expectations during delays. Currently, efforts were being made to adopt a "members first" approach to improve communication and transparency.

- Employer notifications of retirements were discussed next, reporting that only 37% had been received on time during Q1, a decline from the previous quarter. Work was ongoing with employers to address challenges to timely submissions, particularly around notice periods. LPPA's aspiration to ensure that retirees' first pension payment was received within 30 days of retirement was reiterated, with it noted that, whilst this was an ambitious target that could not always be met, LPPA's efforts were directed at ensuring this occurred in the majority of cases.

- An update on the LPPA’s member portal was given which had grown to over 4,500. A recent survey on the Pension Point online portal had received more than 1,200 responses. Results indicated that 81% of respondents were satisfied with the portal, 75% could find what they were looking for and 42% visited the site monthly (most likely noted to be pensioners checking payslips). Brent’s representation on the portal was approximately 10%.

- Moving forward to discuss the service improvement and efficiency programme, Chris Batts reported progress on full end-to-end automation on deferred retirement processes, with approximately 50% of quotes now automated. The online retirement form was now live online, improving turnaround times and eliminating postage delays. The next phase would focus on implementing an online leaver form for employers, which would incorporate real-time validation to reduce errors. Training and support were also to be provided to ensure a smooth transition of the service.

- By 31 August, 96.8% of benefit statements had been issued to active and deferred members. Under the McCloud remedy process, 60% of retrospective cases had been assessed, with 94% showing no adjustment required and around 6% still requiring payments.

- Delays in connecting to the Pensions Dashboard were reported, with Chris Batts explaining that the target date of the 31st of October had been missed with a revised completion date now set for mid-December 2025. There was no material impact for members of the fund, and the issue was not considered a reportable breach by The Pensions Regulator.

Following the update, the Chair thanked John Smith and Chris Batts for their report and invited questions from members of the Board, with questions and responses summarised below:

- Members began by questioning which aspects of the service members were dissatisfied with, wishing to know how quickly improvements could be made. Chris Batts replied that dissatisfaction mainly related to service delays, often caused by genuine operational reasons. He reported that a better management of expectations and the communication of this would play a key focus in future improvements.

- Members sought an explanation for the volume of casework carried forward. Chris Batts explained that there would always be cases carried forward due to pending information or recent submissions and that this was a normal function.

- In terms of the long-term outlook for the McCloud Remedy, members heard that McCloud-related work would continue for several years as it transitioned into standard business operations.

- The Board asked what the implications of the Pensions Dashboard were and was reassured that there were no adverse consequences to note and that it would have no impact on members or statutory requirements to meet regulatory compliance.

- Returning to discuss performance, members inquired over contact centre response times and if these were expected to improve in the near future. Chris Batts acknowledged members concerns but explained that fluctuations were inevitable. The Board was informed that efforts were ongoing to strengthen resource planning and minimise disruption, aided by further staff recruitment.

The Chair thanked John Smith and Chris Batts for their thorough presentation and moved to conclude the item. With no further comments it was **RESOLVED** that the report be noted.

6. **Local Government Pension Scheme Update**

John Smith (Pensions Manager, Brent Council) introduced the report, listing several key developments that had occurred during the quarter, highlighting the following key points:

- Beginning with the revival of the Pension Commission, he explained this aimed to review UK pension provision holistically, focusing on improving retirement outcomes for lower-income groups, promoting savings, and addressing the effects and needs of the ageing population within the UK.

- Elements of the Local Government Pension Scheme England and Wales' ongoing consultation on "Access and Fairness," were discussed, with officers focusing on three areas:

The normal minimum early retirement age will rise to 57 on 6 April 2028 but individuals who were members of the LGPS before 4 November 2021 will retain a protected pension age (PPA) of 55. The Fund must note the PPAs of members who transfer-in pensions but it will only apply if the member returns to the exporting scheme and it will not apply to the LGPS.

- Councillor's pensions are being reintroduced. The previous scheme closed to individual councillors when they first faced election after 1 April 2014. Councillors will enjoy career average revalued earnings (CARE) pension benefits revalued using the consumer prices index (CPI) whereas the previous scheme used the retail prices index (RPI). The employer may not award additional pension or offer shared cost APCs/ AVCs, members will only be able transfer-in other councillor membership and early retirement on the grounds of redundancy or business efficiency will not be available for councillors.

  - In concluding the report, John Smith reported on the government's proposed introduction of the "New Fair Deal" arrangements, expected to take effect in 2026. It supersedes the present admission agreement process by introducing deemed employer status, where the letting authority becomes the deemed employer and retains all the pension risk. The contractor would pay employer's contributions at the letting authorities primary contribution rate and continue to duplicate it for the duration of the contract. The change is intended to simplify administration and reduce professional fees.

Following the update, the Chair thanked John Smith for the report and invited questions from members of the Board, with questions and responses summarised below:

- In response to questions from the Board on academies and Department for Education (DfE) guarantees, John Smith confirmed that the DfE would cover pension liabilities should an academy fail. This guarantee had been introduced around 2021–2022 and had facilitated the move toward pass-through and deemed employer arrangements.

- Following on from this, members asked whether the increase in the minimum pension age was expected to create additional administrative burdens. John Smith noted that while the original proposals consulted on had been complex, the revised ones are pragmatic and make the situation manageable. Protections would apply consistently across local government employment, though complications can arise where members transfer between sectors.

The Chair thanked John Smith for his thorough presentation and invited the board to move the item. With no further comments, the Board **RESOLVED** to note the overall report and recent developments outlined in relation to the LGPS.

7. **Risk Register**

George Patsalides (Finance Analyst, Brent Council) introduced the report, which presented the updated Risk Register for the Brent Pension Fund Pensions Administration Service, noting that the team had sought to capture recent developments following the publication of the accounts in the updated Pensions Risk Register, highlighting how associated risks were being managed and the 2025 actuary evaluation. George Patsalides explained that some risks in the report had now become more routine, citing the outsourcing of pension payroll to the Local Pensions Partnership (LPP) in January 2025, following its transfer from the Council's internal Oracle systems. The report included commentary on the progress of this transition. It was also noted that the register contained observations on wider macroeconomic factors such as inflation, which remained somewhat persistent, and the measures being taken to manage its impact. In concluding, overall progress was reported to be positive and the team was reviewing how risks were categorised within the register. In particular, the creation of a separate section for investment-related risks was being considered.

Following this, members noted the changes previously agreed in relation to 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.

The Chair thanked George Patsalides for his presentation and invited questions from members, with the following points raised:

- Members raised a question on inflation, expressing concern over its potential impact on the fund and wishing for a general view of the likelihood of inflation trends continuing over the coming years. George Patsalides explained that the consensus within the economic sector was that inflation in the United Kingdom had peaked, though current rates remained above the Bank of England's target goal of 2% inflation per-annum. The Bank of England's decision not to alter interest rates and hold them at 4% also suggested to officers that the government had confidence inflation would remain under control. The Bank of England's primary role was noted to be the control of inflation (mainly through interest rate adjustments) and as such, their decision to hold rates indicated inflation was not out of control. Whilst inflation affected everyone in the UK, the high levels seen in previous years (around 10–11%) were not expected to reoccur. If inflation did rise sharply, interest rates would also likely increase quickly in response. Assumptions about inflation were built into the fund's planning and funding strategies, with inputs from the actuary, and whilst inflation was seen to always be worth monitoring, it was not currently seen to be causing any meaningful concern by officers. Sawan Shah added that the actuarial valuation report included revised inflation assumptions, which had been adjusted slightly downward. Three years earlier, there had been considerable uncertainty about inflationary pressures, particularly around the significant increases that occurred in April 2023 (10.1%) and April 2024 (6.7%). Currently though there was no expectation of a similar sudden jump and unexpected inflation was explained to typically result from external shocks, such as the global supply chain disruption following the COVID-19 lockdowns or the 2022 Russian invasion of Ukraine, which drove up energy prices. Sawan Shah emphasised that these events had created exceptional circumstances, but the current environment was much more stable. He also mentioned that the Bank of England's most recent vote on interest rates had been narrowly split, with five members voting to hold rates steady and four voting for a decrease. This suggested to him that the general trajectory of inflation was currently downward, with the Bank's stance implying confidence in progress toward their 2% target.

- The Board requested that the risk register included a new column showing the movement of risks over time, similar to the format used in the Council's corporate risk register. Officers agreed to take this into consideration when making any future changes to the risk register.

- Members queried the inclusion of pandemics in the risk register and heard that pandemics were part of a broader category of national and global risks, such as climate change, power outages, and cyber or web service failures that were difficult to control but increasingly relevant. Members asked whether the register could reflect these wider systemic risks rather than listing pandemics in isolation. George Patsalides thanked the Board for their comment, noting that pandemics remained a real and uncontrollable possibility, but confirmed that the team was considering broadening the scope of the risk register to include more explicit references to climate-related and other systemic risks. He added that this work would involve reviewing approaches taken by other local authority pension funds and incorporating relevant standards such as the Task Force on Climate-related Financial Disclosures (TCFD). George Patsalides confirmed that this review would take place before the next board meeting but that the pandemic risk would remain on the register in the meantime.

The Board welcomed the report, and as no further issues were raised, **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).

8. **Training Update**

Before handing George Patsalides introduced the item, the Chair wished to express his appreciation to all Board members for completing their training, offering particular thanks to those members who had rapidly caught up on all their modules within quick timeframes.

With the Chair's address concluded, George Patsalides introduced the report, advising that every member had fully completed their modules on the *LOLA* training suite. Members were thanked for engaging fully and were congratulated for completing the programme. It was then added that the training materials, provided by Hymans Robertson, were of a very high standard and contained excellent content, with members encouraged to revisit the materials periodically, especially in light of ongoing developments within the Local Government Pension Scheme (LGPS), such as the triennial valuation and the "Fit for the Future" initiative. It was also emphasised that staying up to date with evolving topics would help board members maintain their knowledge and understanding, which was encouraged. George Patselides concluded by noting that the team would continue to look out for further relevant training opportunities, including seminars and workshops, and would share anything that could be of use to members.

Following this, and with no further questions or comments raised, the Chair thanked George Patsalides for the update and suggested that if George Patsalides came across any major updates or new materials, he could email them directly to Board Members to ensure all members remained informed, to which he agreed to do so. 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 9, 10, 11, 12, 16, 17, 18, 19 and 20 were reports referred to the Pension Board for information following their consideration at the Brent Pension Fund Sub Committee on 8th of October 2025.

9. **Investment Monitoring Report - Q2 2025**

Sawan Shah (Head of Finance, Pensions and Housing Companies) introduced the report, highlighting the following key points:

- Findings shown within the report demonstrated that the fund posted positive returns over the quarter, ending the period with a valuation of £1.36 million compared to £1.32 million in Q1. Sawan Shah noted that these findings hid the volatility experienced in April 2025. Whilst looking relatively flat, during the first and second week of April the Liberation Day tariff announcement saw sharp selloffs in the global markets. Despite the US administration's quick change in course, in the second half of April, global equities gained roughly 5.2%. This was driven by the US technology sector alone.

- Overall, the Pension fund was reported to have gained a 3.2% return throughout the quarter, slightly outperforming the expected benchmark with overall yearly returns standing at around 5.7%, of which most returns came through passive global equity mandates. The UK equities and emerging markets were also reported to have performed well. Government bond holdings were largely flat through the quarter, which was shown within the appendices demonstrating how the fund's returns were weighted by size.

Following the conclusion of the report, the Chair thanked Sawan Shah for the update and opened the floor to any questions or comments from the Board, with the points summarised below:

- The Board asked officers to detail their current forecast for government bonds. Sawan Shah explained that the government bond market, especially at the short end, was currently highly volatile. The most recent bond forecast from October was noted to be positive, yet government bond yields had fallen in value through the rest of the month. Government cost of borrowing was not as strong as previously; however, this had also had an inverse impact for the bond price. As such, bond prices had gone up through October, and future prospects were unpredictable with officers uncertain of where government bonds would eventually settle. Bond markets were stated as a reason for the US administrations' change in course due to yields sharply increasing, and only when US actions had a material impact on the rate that the US government could borrow did they step back from their policy choices. As such, officers believed the bond market held considerable influence.

  Members of the Board inquired as to whether the UK had recently downgraded its national financial security or credit standing. Sawan Shah noted that in the last month, government bond yields had gone down significantly, by approximately 0.2 - 0.3%. As such, October was seen to be favourable for the UK government in terms of its borrowing, taking advantage of low-cost yields. General decreases in the UK's credit standing were noted with sector volatility remaining. Officers noted that government bond yields were now higher and, did not believe that bond yields were going to go back down to levels seen during 2020/2021. Rather it was expected that bond yield rates would fluctuate around the 4% or 5% mark, where they sat at the time of the meeting. Bond rates would change daily, depending on national and global developments, with the Pension Fund not factoring in short term fluctuations but instead taking a long-term view on investment. Because of this, bond yields were stated to be a much more attractive long-term proposition, allowing for officers to effectively benchmark a risk-free rate of return and being much closer aligned to Brent actuary's mandated discount rates and improving funding valuations.

With no more questions or comments from members of the Board the Chair thanked officers for their contributions and moved to conclude the item. Members of the Board **RESOLVED** to note the contents of the report.

10. **Brent Pension Annual Report & Accounts 2024/25**

Sawan Shah (Head of Finance, Pensions and Housing Companies, Brent Council) introduced the report, covering the draft pension fund annual report for the year ending 31st March 2025, highlighting the following key points:

- The report followed a new format whilst still covering investments, pensions, administration performance, detail of pooling, actuarial information and governance and risk management. A new requirement had been added, mapped against the new guidance documents issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Scheme Advisory Board in 2024.

- Grant Thornton (External Auditor) was currently reviewing the draft annual report, with plans to publish the annual report before the 1st of December 2025 deadline. Officers noted the audit of the pension fund accounts, which included the Fund's Investment Strategy Statement, Pensions Administration Strategy and Funding Strategy Statement. Sawan Shah explained that there had been progress with the Pension Fund audit since the last meeting of the Board, with auditors now having finished their fieldwork and confirmed most work on the accounts had been completed, however, it would not be possible to sign off the Pension Fund Accounts until work on the Council's Statement of Accounts had also been completed. This audit was to go through its usual governance processes with the Council's Audit and Standards Advisory Committee and Audit and Standards Committee, which would then be approved once complete. The Board was assured that regular meetings with the auditors continued to be held, and David Ewart (in his capacity as Independent Chair of the Audit and Standards Advisory Committee) commended the efforts being made to complete the audit process as soon as was possible. Despite delays, no major issues were identified with the pension fund and officers anticipated a clean audit opinion once the Council's audit was completed.

With no further comments or questions from Members of the Board, the Chair moved to formally thank Sawan Shah and the relevant officers for their diligent work completing the pension fund audit. The Board **RESOLVED** to note the Brent Pension Fund - Annual Report and Accounts.

11. **2025 Triennial Valuation Update & Funding Strategy Statement**

Sawan Shah (Head of Finance, Pensions and Housing Companies, Brent Council) introduced the report, informing the Committee that the purpose of the paper was to provide an update on the 2025 Triennial Valuation and to introduce the accompanying reports prepared by the Fund Actuaries, Hymans Robertson, which detailed the initial results and included a review of the Funding Strategy Statement (FSS). He explained that, in accordance with Regulation 62(1) of the Local Government Pension Scheme (LGPS) Regulations 2013, a formal valuation of the entire Fund was undertaken every three years to assess its ongoing financial position. The 2025 valuation process was reported to have now formally commenced, with the key highlights from the report summarised below:

- The primary objectives of the valuation were to compare actual experience against the assumptions made at the previous valuation; determine the current value of the Fund's assets and liabilities, both for individual employers and the Fund as a whole using data from the administration system and financial records; set employer contribution rates for the next three-year period (1 April 2026 to 31 March 2029); review the Funding Strategy Statement; and provide an overall health check of the Fund's solvency.

- The Board was then reminded that the last valuation took place as of 31 March 2022 and that the next valuation date was due on the 31 March 2025, with results required to be reported to the administering authority within twelve months of the valuation date.

- The Actuary is required to calculate the Fund's funding level at each valuation, expressed as the ratio of the market value of assets to the value of benefits accrued to the valuation date for current and former employees. A figure below 100% would indicate a deficit, whereas a figure above 100% would signify a surplus. The 2022 valuation showed that the Brent Pension Fund had an overall funding position of 87%.

- The whole fund results reviewed the overall funding level, with various employers having different funding levels based on their contribution rates in the past. Employers were also acknowledged to hold very different levels of risks.

- In concluding, Sawan Shah confirmed that the timetable for the 2025 valuation process had been established and that further updates would be provided to the Board as the valuation progressed.

Further details of the 2025 Triennial Valuation Update & Funding Strategy Statement were considered required to be covered in the Private section of the meeting. Formal thanks was given to the relevant officers for their diligence in crafting the report and the Board **RESOLVED** to:

(1) Note the update on the 2025 valuation.
(2) Note the draft accounts included as part of the annual report

(3) Note the draft Brent Pension Fund Annual Report 2024/25

12. **LAPFF Engagement Report**

The Board noted the report providing an update on the engagement activity undertaken by the Local Authority Pension Fund Forum (LAPFF) on behalf of the Fund A summary of key engagements made by LAPFF as reported in Appendix 1 (June 2025) were presented as follows:

- The United Nations was reported to project a 40% global water shortfall by 2030, driven by population growth, climate change, and unsustainable consumption. In this context, LAPFF prioritised water stewardship as a critical element of responsible business, particularly in the mining and agricultural sectors. During the last quarter, LAPFF was reported to have engaged with Glencore, Antofagasta, and Anglo American to promote integration of water management and human rights due diligence into corporate strategy.

Glencore advanced its water risk monitoring through Geographic Information Systems and adopted frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD) and the LEAP Approach. Glencore continued to face issues with uneven independent water assets, having now resolved issues resulting in fines throughout 2024. LAPFF would continue dialogue with the company and welcomed a scheduled October meeting with their Chair to further discuss governance and sustainability oversight.

- In the housing sector, LAPFF was reported to have continued engagement with the UK's major housebuilders on climate-transition planning, encouraging Paris-aligned targets, credible net-zero roadmaps, and low-carbon innovation. At a meeting with the Chair of Taylor Wimpey, the company reported a 47% reduction in absolute emissions since 2019 and became the first UK housebuilder to reach the Carbon Trust's "Route to Net Zero – Advancing Level." Taylor Wimpey embedded its decarbonisation strategy within governance structures and employee forums and reaffirmed its target of net zero operational emissions by 2035. While progress was being made in water protocols, construction methods, and technology trials, the company had not yet identified a definitive pathway to zero-carbon homes. LAPFF would continue to monitor developments, including supply chain resilience, contractor training, and workforce adaptation.

- On governance, LAPFF had reiterated its concerns that the luxury goods sector faced weaker scrutiny on human rights and supply chain management than high street apparel. During the quarter, LAPFF had met with Louis Vuitton Moët Hennessy (LVMH) and Moncler to discuss these issues. Both companies published their first Corporate Sustainability Reporting Directive (CSRD)-aligned reports, with LVMH also significantly increasing supply chain audits. LAPFF therefore recommended that LVMH strengthen its human rights policy by defining governance responsibilities at senior levels, committing explicitly to international frameworks such as the UN Guiding Principles and ILO standards, and improving transparency on audit outcomes.

- Finally, In the steel sector, LAPFF continued its long-standing engagement with ArcelorMittal, the world's second-largest steelmaker, on its decarbonisation strategy. The company's focus has shifted from carbon-intensive production to low-carbon technologies. While ArcelorMittal outlined a decarbonisation pathway, gaps remained, including the absence of a published Just Transition plan. The company had developed internal workforce transition roadmaps at sites such as Dunkirk, where employees were moving to Electric Arc Furnace operations or retirement. LAPFF noted that it would continue to press for clear timelines, transparency on electricity sourcing and costs, and disclosure of community engagement outcomes. A report on electricity-related transition costs would be presented at the July LAPFF business meeting.

In noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 8 October 2025 the Board **RESOLVED** to note the report and update on LAPFF engagement activity.

13. **Any other urgent business**

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

14. **Date of Future meetings**

The Board NOTED the date of the remaining Pension Board meeting for the 2025-26 Municipal Year, as follows:

- Monday 23 March 2026 at 6:00pm

15. **Exclusion of the Press & Public**

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

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

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

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

16. **2025 Triennial Valuation - Whole Fund results**

Sawan Shah (Head of Finance, Pensions and Housing Companies, Brent Council) introduced a report detailing the presentation received by the Council from the Pension Fund’s Actuary in October 2025. This provided a report on the 2025 Triennial Valuation, as well as the proposed changes to the funding strategy statement. It was noted by the Board that this was a statutory process, conducted every three years to assess the health of the fund and to ask how well suited the fund was to meet future obligations.

In considering the update provided, the Board commended the work conducted by officers and recommendations made within the report. With no further questions and in noting the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 8 October 2025, the Board **RESOLVED** to note and endorse the decision made by the Sub Committee to approve the recommendations as detailed in Section 2. of the report.

17. **2025 Triennial Valuation - Contribution Rate Modelling**

Sawan Shah (Head of Finance, Pensions and Housing Companies, Brent Council) introduced a report detailing how the Council would be setting their contribution rates for the next three financial years, providing budget certainty for contributors.

In noting that the approach identified had been subject to detailed review at the Brent Pension Fund Sub Committee on 8 October 2025 the Board **RESOLVED** to note the proposal regarding the employer contribution rate for the next three financial years for Brent Council, as set out in section 3.4.7 of this report and Appendix 1.

18. **Investment Strategy Review**

Sawan Shah (Head of Finance, Pensions and Housing Companies, Brent Council) introduced a report updating the Board on the investment strategy review.

The Chair thanked members, officers and the Fund's Investment Advisors for their work in creating the Investment Strategy Review, for which it was recognised had been undertaken in order to safeguard the best interests of the Fund.

With the report identified as having been subject to detailed review at the Brent Pension Fund Sub Committee on 8 October 2025 the Board **RESOLVED** to note the report.

19. **London CIV update**

Sawan Shah (Head of Finance, Pensions and Housing Companies, Brent Council) introduced the report, which provided an update on recent developments regarding Brent Pension Fund investments held within the London CIV.

Following presentation of the report and discussions on the Council's future fund allocation within London CIV, the Board **RESOLVED** to note to recommendations agreed at the Brent Pension Fund Sub Committee on 8 October 2025.

The meeting closed at 8.06 pm

MR. D EWART
Independent Chair

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