



## Pension Board

**Tuesday 22 July 2025 at 6.00 pm**

This will be held as an online virtual meeting

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

### Membership:

#### Members

David Ewart

#### Representing

Independent Chair

#### Councillor Members

Councillor Kabir

Councillor T.Smith

Brent Employer representative

Brent Employer representative

#### Co-opted Members

Bola George

Chris Bala

Robert Wheeler

Vacancy

Member representative (Unison)

Pension Scheme Members Representative

Member representative (GMB)

Employer Member (Non Brent Council)

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

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

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

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

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

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

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

The business relates to or affects:

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

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

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

or

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

- You yourself;

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

# Agenda

Introductions, if appropriate.

Item	Page
<b>1 Apologies for Absence and clarification of Alternative Members</b>	
<b>2 Declarations of interests</b>	
Members are invited to declare at this stage of the meeting, any relevant disclosable pecuniary or personal interests in the items on the agenda and to specify the item(s) to which they relate.	
<b>3 Minutes of the previous meeting</b>	1 - 14
To approve the minutes of the previous Pension Board meeting held on Monday 24 March 2025 as a correct record.	
<b>4 Matters arising</b>	
To consider any matters arising from the minutes of the previous meeting.	
<b>Board Reports</b>	
<b>5 Pension Administration Update</b>	15 - 72
This report updates the Pension Board on various pension administration matters as part of its remit to oversee administration of the Brent Pension Fund.	
<b>6 Chair's Annual Report</b>	73 - 78
To receive the Chair's Annual Report for 2024-25 providing an update on the work carried out by the Board during the year.	
<b>7 Local Government Pension Scheme Update</b>	79 - 234
The purpose of this report is to update the Board on recent developments within the Local Government Pension Scheme (LGPS) regulatory environment and any recent consultations issued which would have a significant impact on the Fund.	
<b>8 Risk Register</b>	235 - 256

This report presents the updated Risk Register for the Brent Pension Fund Administration Service.

(Agenda pack republished to include this item on the 17<sup>th</sup> July 2025)

**9 Training Update** 257 - 274

The purpose of this report is to inform members of the Pension Board and provide an update on the provision of the LGPS Online Learning Facility.

**Reports referred from Brent Pension Fund Sub Committee (24 June 2025)**

**10 Q1 2025 Investment Monitoring report** 275 - 342

To receive the Brent Pension Fund Q1 2025-26 Investment Monitoring Update Report.

**11 LGPS 'Fit for the future' Consultation Outcome** 343 - 354

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

**12 Brent Pension Fund Draft Annual Accounts 2024/25** 355 - 434

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

**13 LAPFF Engagement Report** 435 - 456

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

**14 2025 Triennial Valuation** 457 - 538

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

**15 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.

## **16 Dates of Future Meetings**

Members are asked to note the schedule of meetings for the 2025-26 Municipal Year:

- Thursday 6 November 2025 to be held at 6pm as an online meeting.
- Monday 23 March 2026 to be held at 6pm as an online meeting.

## **17 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 10: Q1 2025-26 Investment Monitoring Report – Appendix 2: Fund Manager performance ratings.

This appendix has been classified as exempt under Paragraph 3 of Part 1 Schedule 12A of the Local Government Act 1972, namely: “Information relating to the financial or business affairs of and particular person (including the authority holding that information).”

Agenda Item 14: 2025 Triennial Valuation – Appendix 2: Detailed Assumptions Advice

This appendix has been classified as exempt under Paragraph 3 of Part 1 Schedule 12A of the Local Government Act 1972, namely: “Information relating to the financial or business affairs of and particular person (including the authority holding that information).”

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

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

## **18 London CIV update**

539 - 706

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

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## **MINUTES OF THE PENSION BOARD** **Held as an online meeting on Monday 24 March 2025 at 6.00 pm**

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

Also Present: Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance, Resources and Reform) and Emma Hebblethwaite (Senior Operations Manager LPPA)

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

An apology for lateness was received from Councillor Tazi Smith.

No other apologies for absence were received at the meeting.

### **2. Declarations of interests**

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

No further declarations were made during the meeting.

### **3. Minutes of the previous meeting**

The minutes of the previous meeting held on Tuesday 7th November 2024 were **AGREED** as an accurate record.

### **4. Matters arising**

None.

### **5. Pensions Administration Update**

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

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

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

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

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

- Members were informed that overall operational casework performance remained positive for Q3, with a performance average of 98.2% against SLAs with a more detailed outline provided on the Case Work Performance table and fluctuations in case work being received over the year as a result of various triggers including regulatory and statutory deadlines during relevant reporting periods and the monthly data return process, new joiners, payment queries and deferrals. Clarification was provided that the volume of outstanding casework shown reflected all ongoing work in the system (as opposed to any backlog), including cases on hold awaiting information, with confirmation provided that casework performance had met the 95% SLA target with the exception of a small number of retirement from deferred status and the positive trend continuing for the current monitoring quarter.
- In terms of LPPA contact centre calls performance, the average wait time had consistently been under the target of 4 minutes, with an average wait time over Q3 of 2 minutes 30 seconds and members being advised of the high volume of calls which continued to be received.
- Progress continued to be made in terms of scheme member registrations to the Pension Point online Portal. While the average level of new registrations per month had been approx.100 December had seen an above average increase of approx. 300, predominantly as a result of scheme members seeking to access payslips reflecting work on the payroll migration and with engagement remaining positive.
- In terms of Customer Satisfaction scores, members were reminded that Contact Centre satisfaction now included overall satisfaction scores as well as for the individual call handlers, which was typically higher than the overall score, with scores for Q3 at 95.6% and 78.5% respectively and customer feedback subject to ongoing monitoring to support staff development and training. The Q3 Administration report had also included satisfaction scores for retirements, although it was noted that these scores had been impacted by a majority of those surveyed not having responded with low response rates increasing volatility. Of those who had responded customer satisfaction was 71.4% for actives into retirement and 59.1% for deferred into payment with a key issue highlighted as timing of payments.

- Regarding complaints, members were informed that numbers remained on a downward trend with 9 new cases having been received since the last Board meeting, representing a rate of 3 per month. Two stage one Internal Dispute Resolution Procedure (“IDRP”) cases had been received during the monitoring period with both subsequently having been determined. Whilst action continued to be taken to ensure IDRP cases were resolved as quickly as possible the complex nature of some cases meant that it was not always possible to resolve these quickly, with each case also supported by a root cause analysis following completion to ensure any lessons were learnt and, if necessary, processes and procedures were amended. The Board was advised that there were currently four open complaint cases involving Brent scheme members of which two were identified as new.
- In terms of LPPA Project updates the Board noted the progress being made in relation to the Efficiency and Service Improvement Program (ESIP) following the transition to the new Pension Administration System which members were advised had been focussed on delivering automation and improved self-service capability. This included 9 projects in flight with the automation of Deferred Retirement Quote having been launched in July and work underway on similar functionality for active members including the development of online retirement forms (available to access through PensionPoint). Other activity included work to improve the monthly returns process and the member and employer online portals.

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

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

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

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

- Details were sought on progress with the Pension Payroll migration process, which Emma Hebblethwaite advised was now nearing completion with LPPA having run their first Brent Pensions Payroll on 31<sup>st</sup> January 2025 and the first single payments (for retirement lump sums, death grants, refunds etc.) completed on 20 January 2025.
- Clarification was sought on the governance checks being developed to provide the necessary level of assurance in relation to security measures being included as part of the automation of processes being developed. In response, Emma Hebblethwaite advised that the development of each process was subject to final sign off by a project management team prior to “go live” in order to provide comprehensive assurance and validation that the necessary operational and security checks had been completed with sign off also required from the risk and compliance team.
- Further assurance was also sought on the work being undertaken to ensure that the necessary reminders were issued to employees in terms of the notice they would be required to provide employers prior to retirement to enable any break in payment to be avoided. In recognition of the concern highlighted, Emma Hebblethwaite outlined the support available which members were advised included an employer toolkit to support them, along with staff, through the process ensuring necessary deadlines were achieved. This was supplemented by monthly online webinars for members planning retirement with LPPA also working to make the notification process as simple as possible. Noting the fluctuations in terms of performance the role of the employer as well as employees in ensuring the necessary stages in the notification and referral process were completed on time was also highlighted.

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

complete with officers now in the process of commissioning a post-migration data cleanse to ensure that the pension record on the UPM system and the pension in payment were correctly aligned.

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

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

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

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

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

The following key issues were highlighted in presenting the report:

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

- Whilst there was no requirement to be completely compliant immediately, pension schemes were now required to measure their performance against the Code and develop a plan to achieve full compliance in due course.
- Following introduction of the Code, Brent had undertaken a self-assessment, the outcome of which had been detailed in Appendix 1 of the report categorised against specific regulatory requirements, expectations and best practice identifying those areas already assessed as compliant as well as areas for improvement and requiring further action to ensure compliance.
- At this stage, the Board were advised that Brent had not measured itself against the IT module, which covered maintenance of IT systems and Cyber controls as the Pension Fund shared IT services with the Council (as host authority) who were already felt to have robust protocols in place covering the requirements. Moving forward it was, however, confirmed that Pension fund officers would be meeting with the Shared IT Service and external providers in order to complete the required assessment against the Code.
- The Code also sought to extend the range of knowledge and understanding of Board and Committee members, with further training being planned for members by officer.
- In working to achieve full compliance, the need was identified to ensure regular assessment against the code in order to ensure continuous improvement and identify further actions to be completed.

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

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

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

## 7. **Local Government Pension Scheme Update**

Sawan Shah (Head of Finance, Brent Council) introduced a report from the Corporate Director Finance & Resources that updated the Board on recent developments within the Local Government Pension Scheme (LGPS) regulatory

environment along with recent consultations issued which were likely to impact on the Fund.

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

- The LGPS “Fit for the Future” consultation which had closed in January 2025 focussed around governance and management of the eight existing investment pools and measures to accelerate asset pooling the Local Government Pension Scheme (LGPS). Proposals arising from the review had include the need for pools to become Financial Conduct Authority (FCA) regulated entities capable of managing assets internally and providing investment advice to their LGPS partner funds; funds being responsible for setting their strategic asset allocation but delegating implementation to the pool. Funds and pools within London CIV were required to work closely with combined mayoral authorities to develop a plan for more investments in local growth, having regard for local growth plans and the introduction of a new biennial governance review process for LGPS funds. The Board was advised that the Scheme Advisory Board (SAB) had published its response on 10 January 2025 followed by the Local Government Pensions Committee on 16 January 2025. Brent had also submitted a response to the consultation with detail also awaited as to whether any further updates in relation to the LGPS would be included as part of the Chancellor’s Spring Statement. Members noted that Brent’s Pension Fund was already well placed in respect of the requirements given the pooling arrangements already established through the London CIV.
- On 16 December 2024, the Ministry of Housing, Communities and Local Government (MHCLG) had launched an open consultation setting out proposals for overhauling the local audit system in England. The consultation sets out a strategy to improve the local audit system and had included a specific proposal to decouple pension fund accounts from the main accounts of the administering authority. Brent had already expressed its support for the proposal, recognising this as something which the SAB had also recommended.
- In October 2024 the Ministry of Housing, Communities and Local Government (MHCLG) had published LGPS statistics for 2023-24 with highlights including total expenditure of £17.1 billion, an increase of 11.9 per cent increase of 11.9 per cent on 2022-23; total income of £20.7 billion, an increase of 19.3 per cent on 2022-23; employer contributions of £10.5 billion, an increase of 24.6 per cent on 2022-23; the market value of LGPS funds on 31 March 2024 as £391.5 billion, an increase of 9.0 per cent since 31 March 2023 and 99,505 retirements in 2023-24, an increase of 6.3% on the number of retirements This was considered to reflect a positive year for the LGPS in terms of investment returns and contributions as well as the maturing nature of the scheme.
- Details on the 2025 – 26 employee contribution bands which would be effective from 1 April 2025, as detailed in section 3.23 – 3.2.4 of the report.
- The extension of Inheritance Tax to Death Benefits with the Government having proposed removing the distinction between discretionary and non-

discretionary payments on 6 April 2027. If introduced the change would mean that all LGPS death grants would be subject to Inheritance Tax (IHT) from April 2027.

- The arrangements for introduction of the Teachers excess service with the Board advised that as Teachers could not be admitted to the final salary section of the Teachers' Pension Scheme after 31 March 2015, they were now awarded a period of "excess service" in the LGPS instead. The early stages of implementation of the process had involved Teachers' Pensions (TP) identifying members in scope and verifying their excess service with employers with next steps involving Administering Authorities verifying the data supplied in order to set up LGPS records for members in scope (driven as part of the wider McCloud process) and requesting contributions from the TP.
- The update on the Normal Minimum Pension Age (NMPA) which the Board noted was due to increase from 55 to 57 on 6 April 2028

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

- In discussing the impact of the increasing percentage of retirements identified as part of the most recent statistics relating to the LGPS on Brent's Fund the Board was advised that this would be one of the issues reviewed as part of the triennial valuation of the Fund assets and liabilities due to be undertaken during 2025. The regular quarterly Investment monitoring updates provided for the Sub Committee included details on the Fund cashflow position. Whilst the level of retirement would impact on the overall cashflow position, members were advised this remained under constant review and had not been identified as a concern at this stage given the current funding level estimated to be 134% and maturing nature and age profile of the Fund.
- In seeking further details on the diversification of investments held by the Fund under the current pooling arrangements, members were assured that investments being made through the London CIV involved a wider range of fund managers and were spread across a wide range of multiple asset classes managed by numerous investment managers. The CIVs role was to provide a platform of products with a range of options, including infrastructure, private debt, bond funds, and equity funds, each run by different managers and had been created to allow LGPS funds to group together and achieve economies of scale. Moreover, senior management meet regularly with London CIV to ensure performance standards remained high.

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

## 8. Risk Register

John Smith (Pensions Manager, Brent Council introduced a report from the Corporate Director Finance & Resources, presenting the updated Risk Register for the Brent Pension Fund Administration Service. In considering the report, members

noted the updated Risk Strategy (attached as Appendix 2 to the report) and key changes made to the Risk Register (attached as Appendix 1 to the report) since the previous update which included:

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

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

- Further assurance was sought regarding the level of assessed risk in terms of the impact from the increasing automation of processes involving scheme members from an anti-fraud perspective. In response, the Board was advised this was an issue that remained under ongoing review with the management and prevention of fraud also a high priority in terms of The Pension Regulator. This involved a range of measures and checks having been established to test assurance and prevent fraud in terms of managing scheme member details and ensuring the accuracy of payments and as such it was felt the risk had been appropriately reflected within the register.
- Details were also sought on the way in which the age profile and demographic profile of scheme members would also be monitored given the increasing automation of systems. In response, confirmation was provided on the level of nature of checks being conducted to verify details matched member profiles in order to avoid any issues in terms of payments. These include specific checks relating to overseas members and also the matching of data through the National Fraud Initiative.

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

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

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

Sawan Shah (Head of Finance, Brent Council) introduced the report, which provided an update on the provision of the Local Government Pensions Scheme (LGPS) online pensions learning facility.

As context, members were reminded that as part of the Fund's Training Strategy, all those involved in the governance of the Fund were expected to be able to evidence they had the knowledge, skills and commitment to carry out their role effectively. In order to support members in meeting this requirement, the Fund had subscribed to the LGPS Online Learning Academy (LOLA), which included eight modules designed specifically for the Pension Fund Sub Committee and Board Members, with progress by members in terms of the completion of each module set out within section 3.7 of the report.

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

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

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

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

## 10. **Q3 2024 Investment Monitoring Report**

Sawan Shah (Head of Finance, Brent Council) introduced the Brent Pension Fund Investment Q3 Investment Monitoring Update. In terms of key highlights the Board was advised that the Fund had posted a positive return with a valuation of £1,335.8m up from £1,279.2m at the end of Q2. The Fund's passive global equity exposure had been the main driver for positive returns on an absolute basis, along with exposure to UK and emerging market equities. Within the income assets, the

Fund's private debt and property exposure had contributed to performance on an absolute basis with the main detractor being the Fund's government bond exposure, which had fallen in value as gilt yields had risen over the period. On a relative basis, Members were advised that whilst assets had combined to return 3.9% over the second half of 2024 the Fund had underperformed its return benchmark by 0.2% and was also behind its composite benchmark over the past 12 month and 3 year period with members noting the current target and asset allocations exposure on an interim and long term basis across growth, income/diversification and protection plus cash and reflecting the Funds Investment and diversification Strategy. Cash held by the Fund had increased over the period to £65 million, with no major changes in asset allocation during this time and Funds identified as having performed in line with market trends. This included not only a focus on Global Equity but also Multi Asset, Property and Infrastructure investment allocations which were aimed at reducing volatility.

The Monitoring Update also included details on the Fund's Asset Allocation, which it was noted remained broadly in line with the overall Investment Strategy and the Fund having achieved an overall return of 9.7% through the year with the funding level estimated to be 134% in advance of the next scheduled valuation in 2025.

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

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

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

## 11. Implementation of Infrastructure allocation

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

The Board was advised that the report had been presented to outline available pathways which (due to its commercially sensitive nature) had been presented to the Brent Pension Fund Sub Committee on 19 February 2025 as an exempt Appendix to the report by Hymans Roberston in the closed private session of their meeting. The analysis of options presented to the Sub Committee relating to

implementation of the Pension Funds infrastructure allocation had included potential pathways in seeking to develop investment options in order to meet the long-term target alongside the objectives and potential return and risk profiles identified based on current infrastructure assets and range of other Funds available for consideration.

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

## **12. LAPFF Engagement Report**

The Board received a report providing an update on the engagement activity undertaken by the Local Authority Pension Fund Forum (LAPFF) on behalf of the Fund, as detailed with the Q3 LAPFF Engagement Report included as Appendix 1 to the cover report.

In noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 19 February 2025 the Board **RESOLVED** to note the report and update on LAPFF engagement activity.

## **13. Any other urgent business**

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

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

## **14. Date of next Meetings**

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

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

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

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

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

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

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

#### 16. **Private Debt Allocation**

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

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

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


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

#### 17. **London CIV update**

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

The meeting closed at 7.46 pm



 <b>Brent</b>	<p align="center"><b>Pension Board</b> 22 July 2025</p>
	<p align="center"><b>Report from the Corporate Director, Finance and Resources</b></p>
<p><b>Pension Administration Update</b></p>	
<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not Applicable
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>List of Appendices:</b>	Two: Appendix 1: Quarterly Administration Report – Q4 2024/25 Appendix 2: Administration Report – Annual Appendix
<b>Background Papers:</b>	Not applicable
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Minesh Patel, Corporate Director, Finance and Resources <a href="mailto:minesh.patel@brent.gov.uk">minesh.patel@brent.gov.uk</a> 020 8937 4043  Amanda Healy, Deputy Director of Finance <a href="mailto:amanda.healy@brent.gov.uk">amanda.healy@brent.gov.uk</a> 020 8937 5912  Sawan Shah, Head of Finance <a href="mailto:sawan.shah@brent.gov.uk">sawan.shah@brent.gov.uk</a> 020 8937 1955  John Smith, Pensions Manager <a href="mailto:john.smith@brent.gov.uk">john.smith@brent.gov.uk</a> 020 8937 1985

## 1.0 Executive Summary

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

## 2.0 Recommendation(s)

2.1 The board is asked to note the report.

### **3.0 Detail**

3.1 This report reviews the performance of Local Pensions Partnership Administration (LPPA) against agreed Service Level Agreements (SLA's) during the period 1 January 2025 to 31 March 2025.

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

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

### **3.3 Background**

3.3.1 It is important to note that LPPA migrated both its pension administration and workflow systems to UPM.

3.3.2 With the passage of time the LPPA has adjusted to its new system, and it is now business as usual.

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

3.3.4 Brent is working closely with the LPPA to enhance service delivery and the Pensions administration team hold monthly meetings with LPPA to monitor the performance of the contract.

3.3.5 Overall, the service has stabilised, but there are still areas that need attention. A summary of Q4 2024-25 performance is provided below, full details are set out in Appendix 1. The annual summary for the 2024-25 year is attached in Appendix 2.

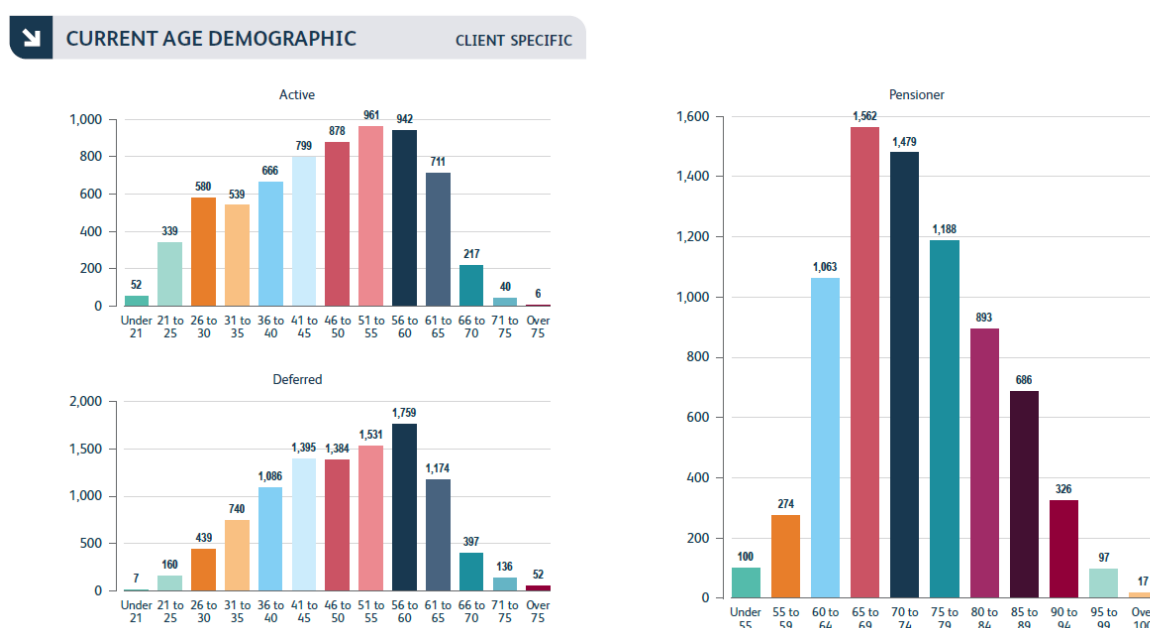
### **3.4 LPPA Quarter 4 2024/25 performance report**

3.4.1 Brent Pension Fund had 24,675 members on 31 March 2025 of which:

- 6,730 were active members,
- 10,260 were deferred members, and
- 7,685 were pensioner and dependant members.

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

Figure 1:



3.4.3 This shows that 56% of the working age active members are over 45, which suggests that Brent is a maturing fund.

3.4.4 Although 35-60 is the cohort with the highest number of deferred beneficiaries, 49% of all cases are over 50, which supports the maturing fund narrative.

3.4.5 For pensioner and dependant members, 53% fall into the 60-75 banding before gently declining with age.

### Key statistics

3.4.6 The average percentage of cases processed on time during the quarter was reported as 98.6%.

3.4.7 The Fund's perception is that the service has stabilised, and it notes that none of case types fell below SLA (95%). Figure 2 provides detail on the number of cases that have been processed grouped by category.

Figure 2:



3.4.8 The LPPA included a helpful Ongoing Case Work Performance table (Figure 3), which compares the number of cases completed to the number of cases received. This gives a better overview of performance because it records the whole of the casework, not just the completed cases.

Figure 3:

ONGOING CASEWORK AT THE END OF THE REPORTING QUARTER					CLIENT SPECIFIC				
The following table is created by identifying all reportable casework within UPM, and includes those that have subsequently Completed / Aborted / Remain Outstanding within the quarter. The figures in this table cannot be compared to those in the previous slide for a number of reasons including: the table includes aborted cases, but the horizontal bar graph does not; the SLA 'stop trigger' can be actioned before the process has been completed.									
	Brought forward at 01/01/25	Received (Inbound)	Completed (Outbound)	Outstanding as of 31/03/25					
New Starters	2	19	21	0					
Transfers In	192	162	115	239					
Transfers Out	239	200	157	282					
Estimates	13	59	56	16					
Deferred Benefits	315	306	310	311					
Retirements - Deferred	151	196	200	147					
Retirements - Active	82	211	176	117					
Refunds	99	219	229	89					
Deaths	499	382	372	509					
Correspondence	135	194	225	104					
Aggregation	100	159	67	192					
Other	73	1,104	1,111	66					
<b>Total</b>	<b>1,900</b>	<b>3,211</b>	<b>3,039</b>	<b>2,072</b>					

3.4.9 This provides a useful comparison to the headline KPIs as we can divide the number of cases completed by the number of cases received to arrive at a percentage. The figures for completed non-critical processes were transfers-in

71%, transfers-out 79% and aggregations 42%. The critical retirement from active figure was 88%; however, in mitigation, Brent carried out a voluntary redundancy exercise in Q1 2025 and therefore the workload is higher than usual.

3.4.10 The Helpdesk call performance measures the average wait time and calls answered. During the quarter average wait time was 3 minutes 22 seconds, which was 52 seconds longer than the previous quarter and 69% of the calls received were answered within 4 minutes.

## Complaints

3.4.11 Since the last Pension Board, 10 new complaint cases have been received at a rate of just over 3 per month. The number of complaints received during the quarter is analysed by case type as shown in Figure 4 below. This is marginally worse than the previous quarter but overall, the numbers seem to be gradually falling.

Figure 4:

LPP

Local Pensions Partnership Administration

Brent Pension Fund

Quarterly Complaints Reporting

Q4 2024/25								
	Carried forward from previous quarter	Complaints received (current period)	Complaints completed	Complaints closed / outcome (current quarter)				Carried forward
				Upheld	Not upheld	Partially upheld	Withdrawn	
Delays	4	4	5	5	0	0	0	3
General Service	3	6	7	5	2	0	0	2
Payroll	0	0	0	0	0	0	0	0
Regulatory	0	0	0	0	0	0	0	0
Totals	7	10	12	10	2	0	0	5
				Upheld Complaint is justified and errors/omissions occurred.	Not Upheld Complaint is not justified and no errors/omissions occurred.	Partially Upheld Part of the complaint is justified and part is not.	Withdrawn Member has withdrawn their complaint.	

## 3.5 McCloud

3.5.1 This information has been taken from May's monthly report and officers discussions with LPPA at regular meetings.

3.5.2 The project is currently flagged amber and the LPPA's focus is on re-running eligibility flags, preparing retrospective cases and testing the underpin in anticipation of the ABS deadline of 31 August 2025.

- 3.5.3 The LPPA has not confirmed that UPM's McCloud underpin routines will be fully functional in time for the 31 August 2025 deadline, and Brent may have to inform the Pensions Regulator and its members that it will exercise its discretion to delay the implementation for annual benefit statements (ABS) until 31 August 2026.
- 3.5.4 The LPPA Project Team is providing regular updates, measuring progress and monitoring the delivery of the remaining UPM functionality.
- 3.5.5 The LPPA is undertaking data cleanse projects to maximise the number of cases that will pass the validation checks. The acid test will be UPM's ability to bulk process retrospective cases.
- 3.5.6 The route to green depends on Civica agreeing to a timetable for implementing the outstanding tranches of software and adhering to the consequent timescales.

### **3.6 Pensions Dashboard**

- 3.6.1 Public sector schemes must connect to the Pensions Dashboard by 31 October 2025. The project is in flight and LPPA have a full-time project manager in place.
- 3.6.2 It is important to note that this is only a deadline for connection to the ecosystem and the Dashboard will go live for members later.
- 3.6.3 Civica (UPM) are the LPPA's integrated service provider (ISP) for the Dashboard ecosystem. The LPPA are regularly assessing the readiness for the system to go live for members.

### **3.7 The Valuation**

- 3.7.1 The LPPA will submit the data to the actuaries a month later than planned and will now occur at the end of July 2025.
- 3.7.2 The project has been delayed by the LPA's decision to revert to the previous (pre-McCloud) format. Fortunately, Hymans Robertson has software that will enable them to work around this issue.
- 3.7.3 The LPPA is focusing on testing the "old" format valuation file.

### **3.8 Re-enrolment**

- 3.8.1 Brent re-enrolled all its staff and all the staff of the maintained schools into a relevant pension scheme on 1 November 2024.
- 3.8.2 Overall, 4,149 of 4,755 employees are active members of a public sector pension scheme. Although 606 employees are not active members, 340 of them are not eligible to be re-enrolled.
- 3.8.3 182 employees were re-enrolled in the LGPS, 83 into the Teachers' Pension Scheme and 1 into the National Health Service Pension Scheme.

- 3.8.4 Moving the re-enrolment date forward from February 2025 to November 2024 worked well.
- 3.8.5 Nonetheless, lessons were learned and in future exercises we will start our communications the preceding Easter holiday.
- 3.8.6 We will refine our standard letters and make it clear to schools and payroll providers at the outset that the next re-enrolment date will be 1 November 2027 and that date is not negotiable.
- 3.8.7 There is a lot of mobility at the schools and their payroll providers, and the email addresses of key actors and schools' generic email addresses change frequently, which makes re-enrolment very labour intensive.
- 3.8.8 As the Schools Finance Team monitors schools' budgets, we have decided to use their schedule of email addresses as our primary source given that maintained schools have a vested interest in keeping it up to date.

#### **4.0 Stakeholder and ward member consultation and engagement**

- 4.1 This is not applicable to this report.

#### **5.0 Financial Considerations**

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

#### **6.0 Legal Considerations**

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

#### **7.0 Equality, Diversity & Inclusion (EDI) Considerations**

- 7.1 There are none directly arising from this report.

#### **8.0 Climate Change and Environmental Considerations**

- 8.1 There are none directly arising from this report.

#### **9.0 Human Resources/Property Considerations (if appropriate)**

- 9.1 There are none directly arising from this report.

#### **10.0 Communication Considerations**

- 10.1 None that are applicable to this report.

**Report sign off:**

***Minesh Patel***

Corporate Director, Finance and Resources

# Quarterly Administration Report

**Brent Pension Fund**

1 January - 31 March 2025

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# DEFINITIONS

## Page 9

### Total Fund Membership

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

## Page 10

### Current Age Demographic

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

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

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

Pensioner Members – pensioners and dependants who are currently receiving a pension.

## Page 12

### Casework Performance - All Cases

Performance is measured once all information is made available to LPPA to enable them to complete the process.

Relevant processes are assigned a target timescale for completion, and the performance is measured as the percentage of processes that have been completed within that timescale.

## Page 13

### Casework Performance - Standard

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

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

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

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

## Page 14

### Ongoing Casework at the end of the Reporting Quarter

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

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

## Page 20 & 21

### Contact Centre Performance

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

## Page 23 & 24

### Contact Centre Call Satisfaction

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

## Page 25 & 26

### Retirement Satisfaction

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

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

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

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

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

Dissatisfied responses include dissatisfied and very dissatisfied.

## Page 28

### Member Online Portal

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

## Page 34

### Common/Scheme Specific Data Fails

The Pensions Regulator requires administrators to keep member data up to date to ensure benefits are accurately paid. This is split by Common Data (basic details that are specific to the Member) and Scheme Specific Data (data that is related to a member's data and specific circumstances surrounding their record).

Individual Fails shows the total number of unique members that have a single or multiple number of Common Data or Scheme Specific Data fails. On both charts, the Accuracy Rate (%) then compares the number of Individual Fails to the total number of Scheme Members.

For more detail on the Data Items / Error types presented in these charts, please visit either the [TPR](#) (The Pensions Regulator) or [PASA](#) (The Pension Administration Standards Association) websites.

## OUR CORE VALUES

This administration report is produced in accordance with the Service Level Agreement (SLA) for the provision of pension administration services.

The report describes the performance of Local Pensions Partnership Administration (LPPA) against the standards set out in the SLA.

Within LPPA, our values play a fundamental role in guiding our behaviour as we grow our pensions services business and share the benefits with our Clients.



# STATUTORY DEADLINES



COMPLETED



DUE

Page 27

	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25
Annual Benefit Statement and Newsletter to Deferred Members					✓							
Pension Increases		✓										
P60s and Newsletter to Pensioners		✓										
Annual Benefit Statement and Newsletter to Active Members					✓							
Pension Saving Statements							✓					

# EXECUTIVE SUMMARY

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

**This performance report covers the reporting period of Q4 2024/25 (January – March 2025)**

## Casework SLA performance

Overall operational casework performance was 98.6 % against overall Service Level Agreements (SLAs) for the quarter. Focus continues to be on driving further improvements to the member experience.

## Contact Centre

Contact Centre wait times have been consistently under the targeted 4-minute wait time with an average wait time over the quarter of 3 minutes 22 seconds.

## Satisfaction scores

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

Contact Centre satisfaction now includes both overall satisfaction and satisfaction with the individual call handler that the member spoke to. Satisfaction with the individual call handler is typically higher than overall satisfaction, with satisfaction rates for the quarter at 92.6 % and 78.7 % respectively.

## Statutory deadlines

There were no regulatory and statutory deadlines due in the reporting period.

## Outlook

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

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



## LPPA PROJECTS - UPDATE

### McCloud Remedy

Following the McCloud judgment, changes to all public service pension schemes that provided transitional protections to older members, including the LGPS came into force on 1 October 2023. The changes were designed to rectify unlawful discrimination against younger scheme members.

In the LGPS, the impact is an extension of the underpin to all eligible members. The national timeline for revisiting all member cases is Oct 23 – Aug 25.

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

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

### Current Position

- Eligibility flags are in place to identify all members in scope for remedy.
- We are calculating benefits and applying the underpin for active members retiring (for those members with a McCloud eligible flag, and whose data has been verified as being present and correct).
- Of those cases where the underpin applies, early results show that the underpin is driving a small increase in benefits (c.£280pa on average) in a small number of cases (c.4.5 % of cases) and those cases are where the member had a significant salary increase in the remedy period and/or retired early.

### Efficiency and Service Improvement Programme

LPPA mobilised an Efficiency and Service Improvement Programme (ESIP) shortly after the move to the new administration system (UPM). ESIP is designed to leverage the investment in UPM, delivering automation and improved self-service capability and member experience.

Across all LPPA clients, the number of fully automated cases surpassed 3k in a month for the first time in January 2025. Automated processes include active and deferred retirement quotes, deferred statements for leavers and refunds.

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

Online retirement forms were delivered in February (for members to access through PensionPoint) and will be rolled out for all Funds by the end of Q1 2025.

Work continues on the automation of the deferred retirements payment process (following previous automation that was delivered to produce deferred retirement quotes). This is the fifth ESIP automation and will be followed by automation for the payment process for CARE only active retirements.

Bank validation account name check is in testing, to be rolled out in Q1 2025.

Other activity in flight includes work to improve the monthly returns process and the member and employer online portals.

### Data Project

LPPA is partnering with Civica and Intellica on a data project to improve data quality ahead of valuation and the introduction of the Pensions Dashboard.

Data Validation Checks (DVCs) that check the integrity of member data have been run and LPPA have met with Funds and shared the results. Follow up sessions are planned for May 2025

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

### Pensions Dashboard

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

- Systems requirements (including the rules for partial matching of records and the treatment of AVCs); and the business readiness aspects of the project (e.g. readiness to deal with new inbound enquiries relating to dashboard).
- Civica are LPPA's Integrated Service Provider (ISP) for dashboard connection.
- Regular LPPA round table meetings being held with Funds to share updates.

# Fund Membership

## In this section...

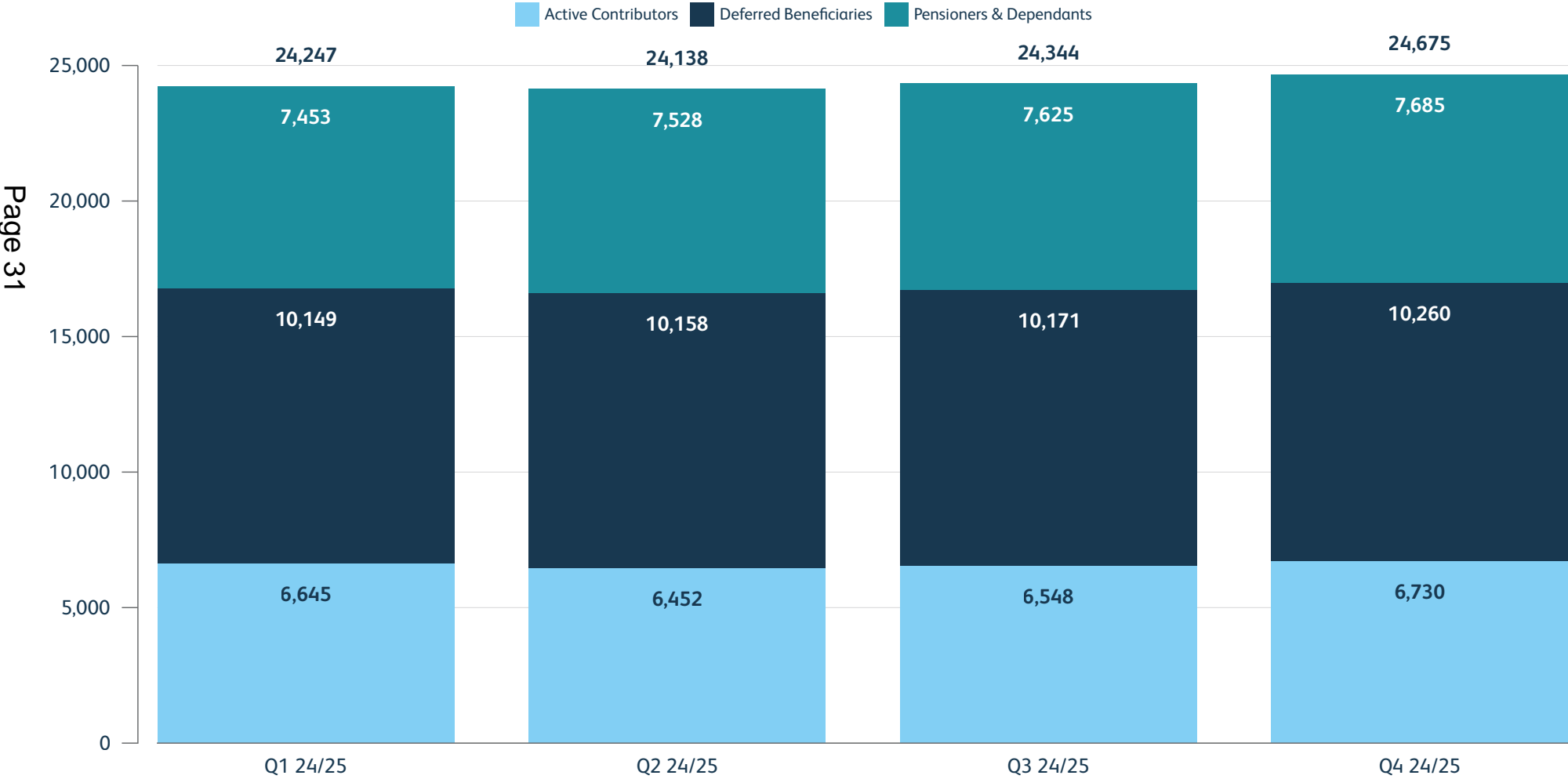
- Total fund membership
- Current age demographic

# TOTAL FUND MEMBERSHIP



## TOTAL FUND MEMBERSHIP

### CLIENT SPECIFIC



# TOTAL FUND MEMBERSHIP

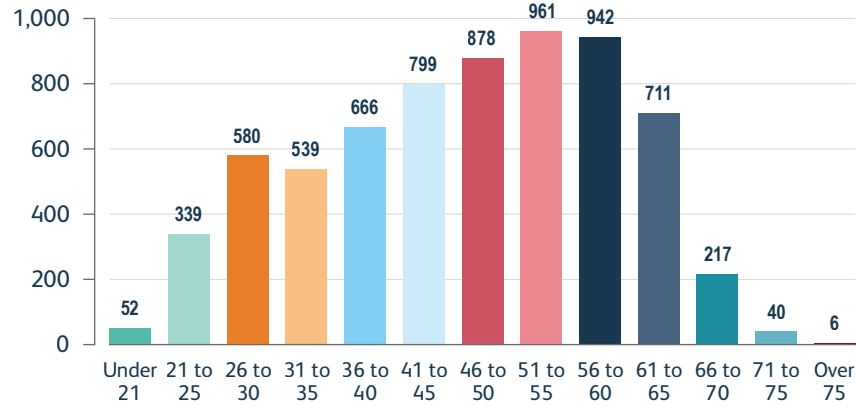


## CURRENT AGE DEMOGRAPHIC

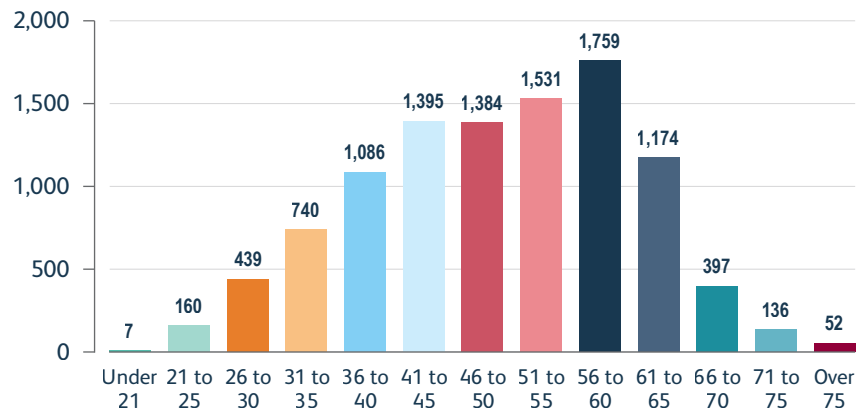
CLIENT SPECIFIC

Page 32

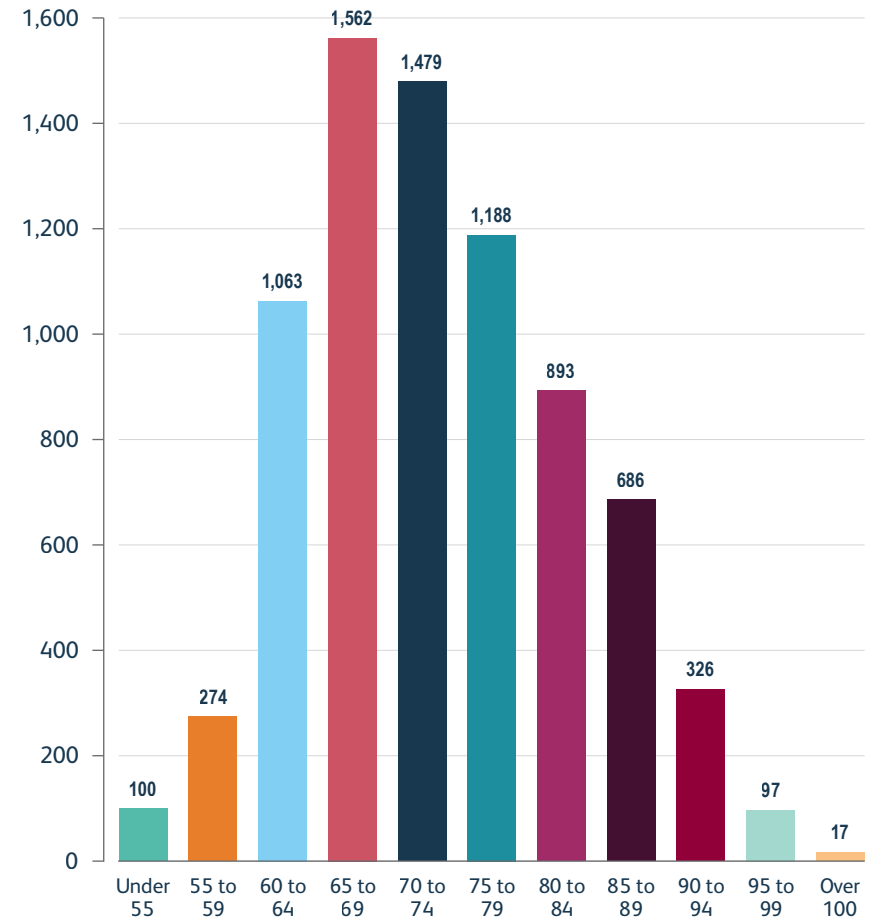
Active



Deferred



Pensioner



# Casework Performance

## In this section...

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

# CASEWORK PERFORMANCE



## PERFORMANCE – ALL CASES

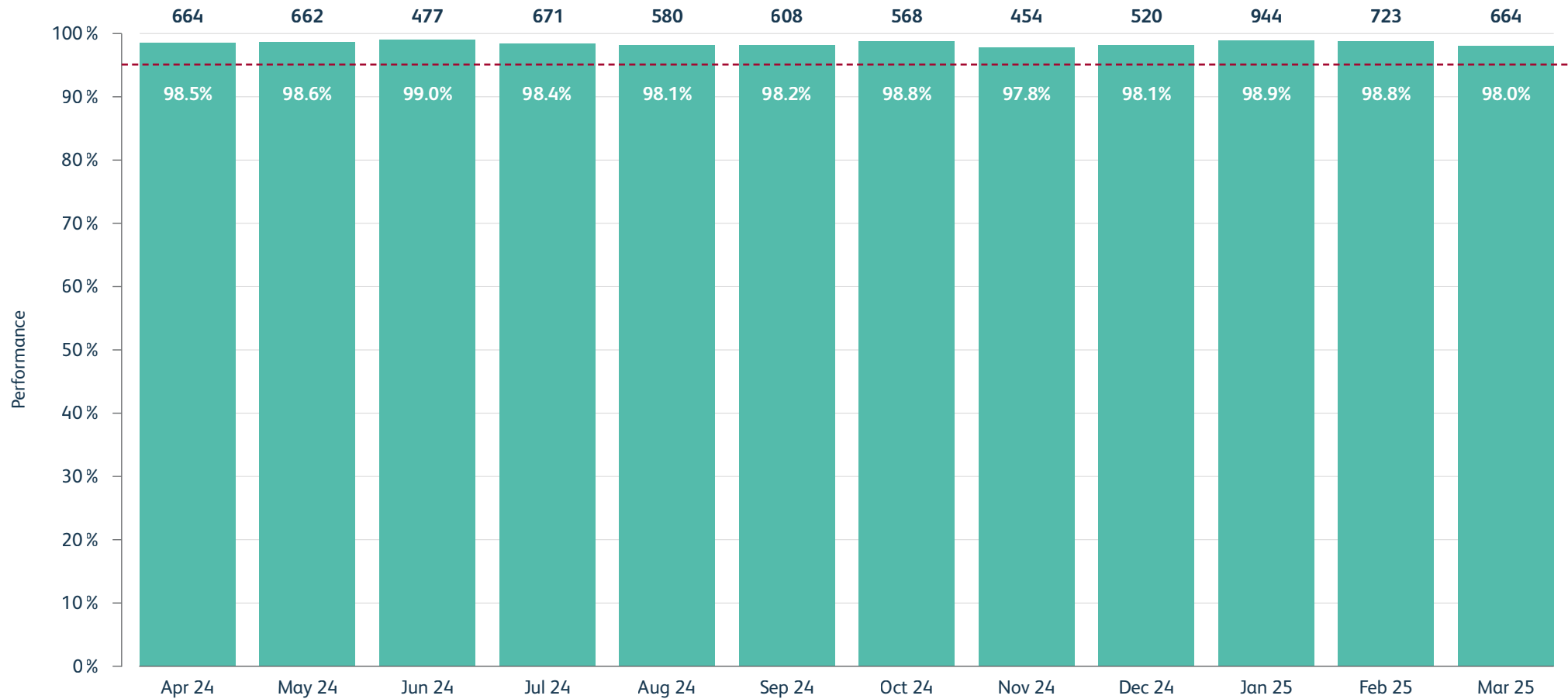
CLIENT SPECIFIC

--- Target (95%)

The quarterly SLA performance was 98.6%

Total completed cases included for each month.

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# CASEWORK PERFORMANCE

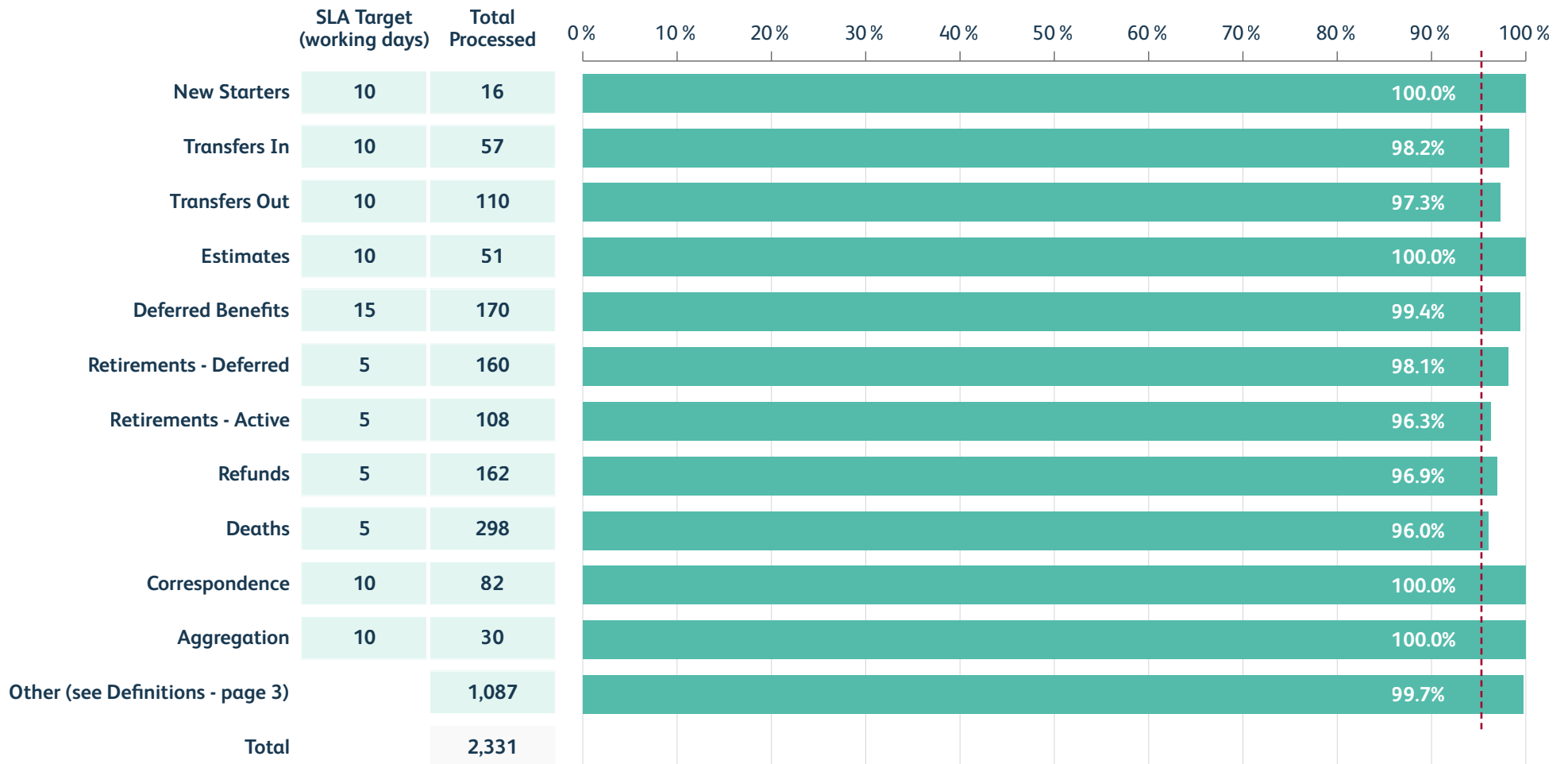


## PERFORMANCE STANDARD

## CLIENT SPECIFIC

----- Target (95 %)

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# CASEWORK PERFORMANCE



## ONGOING CASEWORK AT THE END OF THE REPORTING QUARTER

CLIENT SPECIFIC

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

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	Brought forward at 01/01/25	Received (Inbound)	Completed (Outbound)	Outstanding as of 31/03/25
New Starters	2	19	21	0
Transfers In	192	162	115	239
Transfers Out	239	200	157	282
Estimates	13	59	56	16
Deferred Benefits	315	306	310	311
Retirements - Deferred	151	196	200	147
Retirements - Active	82	211	176	117
Refunds	99	219	229	89
Deaths	499	382	372	509
Correspondence	135	194	225	104
Aggregation	100	159	67	192
Other	73	1,104	1,111	66
Total	1,900	3,211	3,039	2,072

# Active to Retirement Processes - First Payment Within 30 Days

## In this section...

- Employer retirement notifications - notified on-time vs. late
- On-time notification - first payment
- Late notification - first payment

# ACTIVE TO RETIREMENT

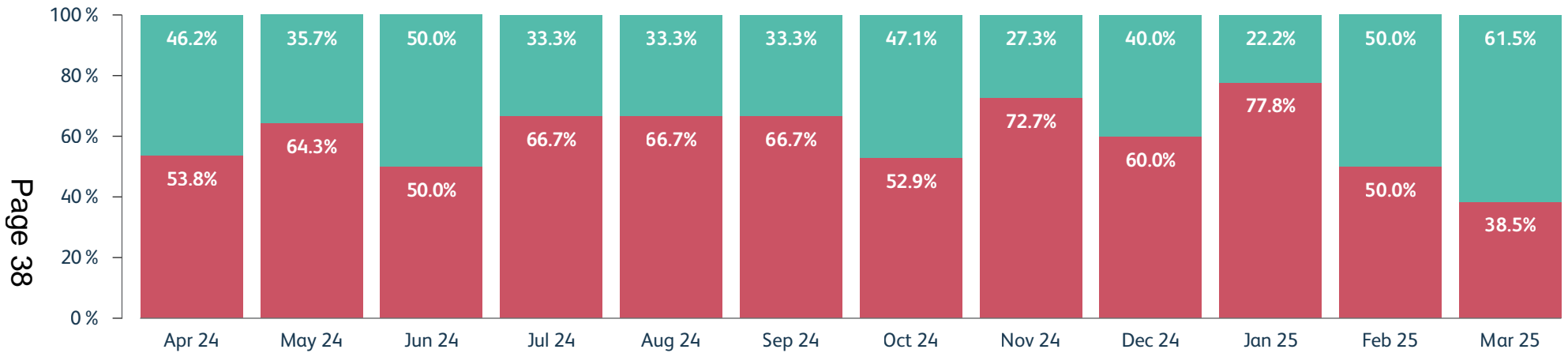
## Please note:

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



## EMPLOYER RETIREMENT NOTIFICATIONS

### CLIENT SPECIFIC



	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25
Retirement Notifications	13	14	6	6	9	12	17	11	5	9	4	13
Received On-Time (Number)	6	5	3	2	3	4	8	3	2	2	2	8
Received On-Time ( % )	46.2 %	35.7 %	50.0 %	33.3 %	33.3 %	33.3 %	47.1 %	27.3 %	40.0 %	22.2 %	50.0 %	61.5 %
Received Late (Number)	7	9	3	4	6	8	9	8	3	7	2	5
Received Late ( % )	53.8 %	64.3 %	50.0 %	66.7 %	66.7 %	66.7 %	52.9 %	72.7 %	60.0 %	77.8 %	50.0 %	38.5 %

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

# ACTIVE TO RETIREMENT

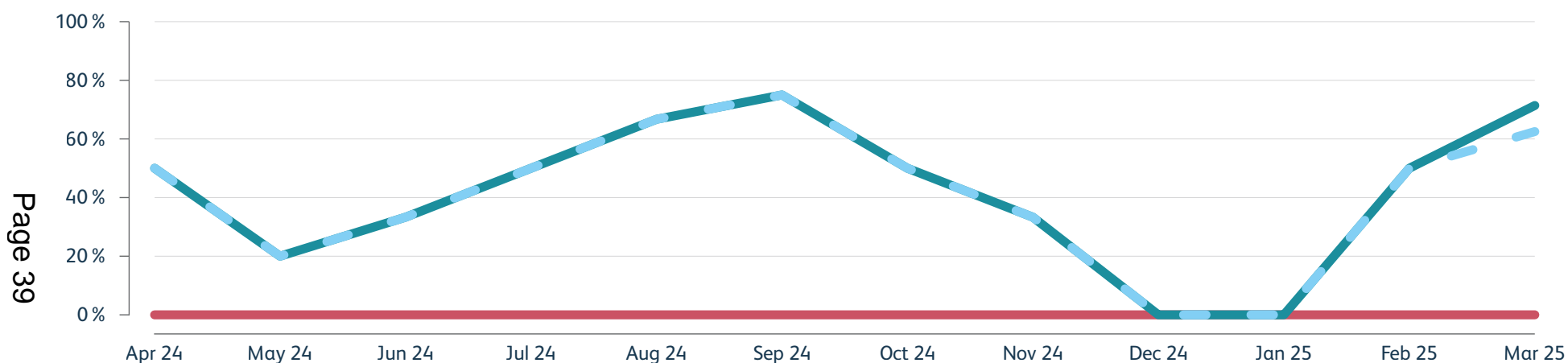
## Please note:

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



## ON-TIME NOTIFICATION - FIRST PAYMENT

CLIENT SPECIFIC



	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25
No. of payments made where member has an AVC	0	0	0	0	0	0	0	0	0	0	0	1
No. of payments made with <b>no</b> AVC	6	5	3	2	3	4	8	3	2	2	2	7
% of payments made within 30 days – with AVC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0%
% of payments made within 30 days – <b>no</b> AVC	50.0%	20.0%	33.3%	50.0%	66.7%	75.0%	50.0%	33.3%	0.0%	0.0%	50.0%	71.4%
% of payments made within 30 days – combined	50.0%	20.0%	33.3%	50.0%	66.7%	75.0%	50.0%	33.3%	0.0%	0.0%	50.0%	62.5%

Data based on processes completed in the month.

Measurement is based on the earliest payment made, i.e. earliest of first pension payment or lump sum.

# ACTIVE TO RETIREMENT

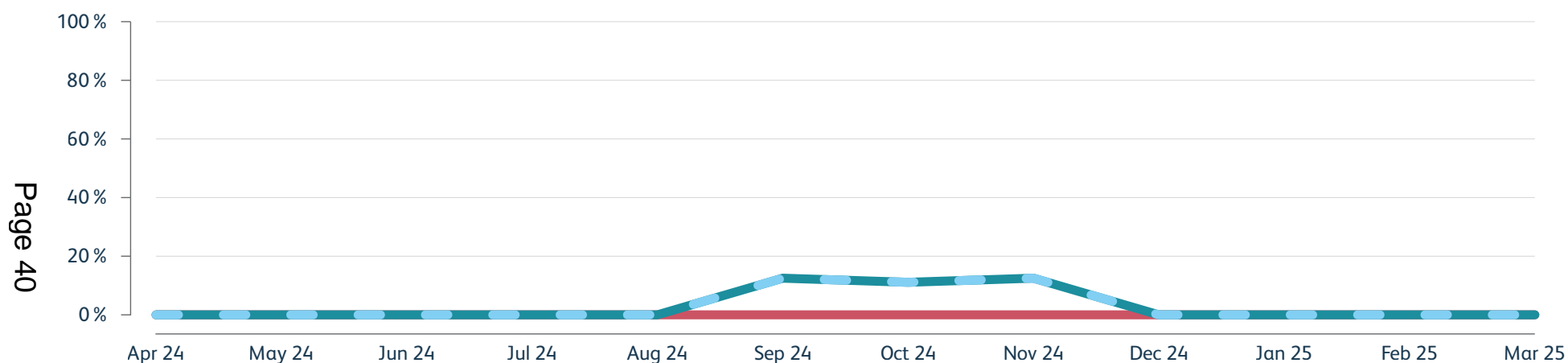
## Please note:

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



## LATE NOTIFICATION - FIRST PAYMENT

CLIENT SPECIFIC



	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25
No. of payments made where member has an AVC	0	0	0	0	0	0	0	0	0	0	0	0
No. of payments made with <b>no</b> AVC	7	9	3	4	6	8	9	8	3	7	2	5
% of payments made within 30 days – with AVC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
% of payments made within 30 days – <b>no</b> AVC	0.0%	0.0%	0.0%	0.0%	0.0%	12.5%	11.1%	12.5%	0.0%	0.0%	0.0%	0.0%
% of payments made within 30 days – combined	0.0%	0.0%	0.0%	0.0%	0.0%	12.5%	11.1%	12.5%	0.0%	0.0%	0.0%	0.0%

Data based on processes completed in the month.

Measurement is based on the earliest payment made, i.e. earliest of first pension payment or lump sum.

# Contact Centre Calls Performance

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

## **In this section...**

- Wait time range
- Calls answered

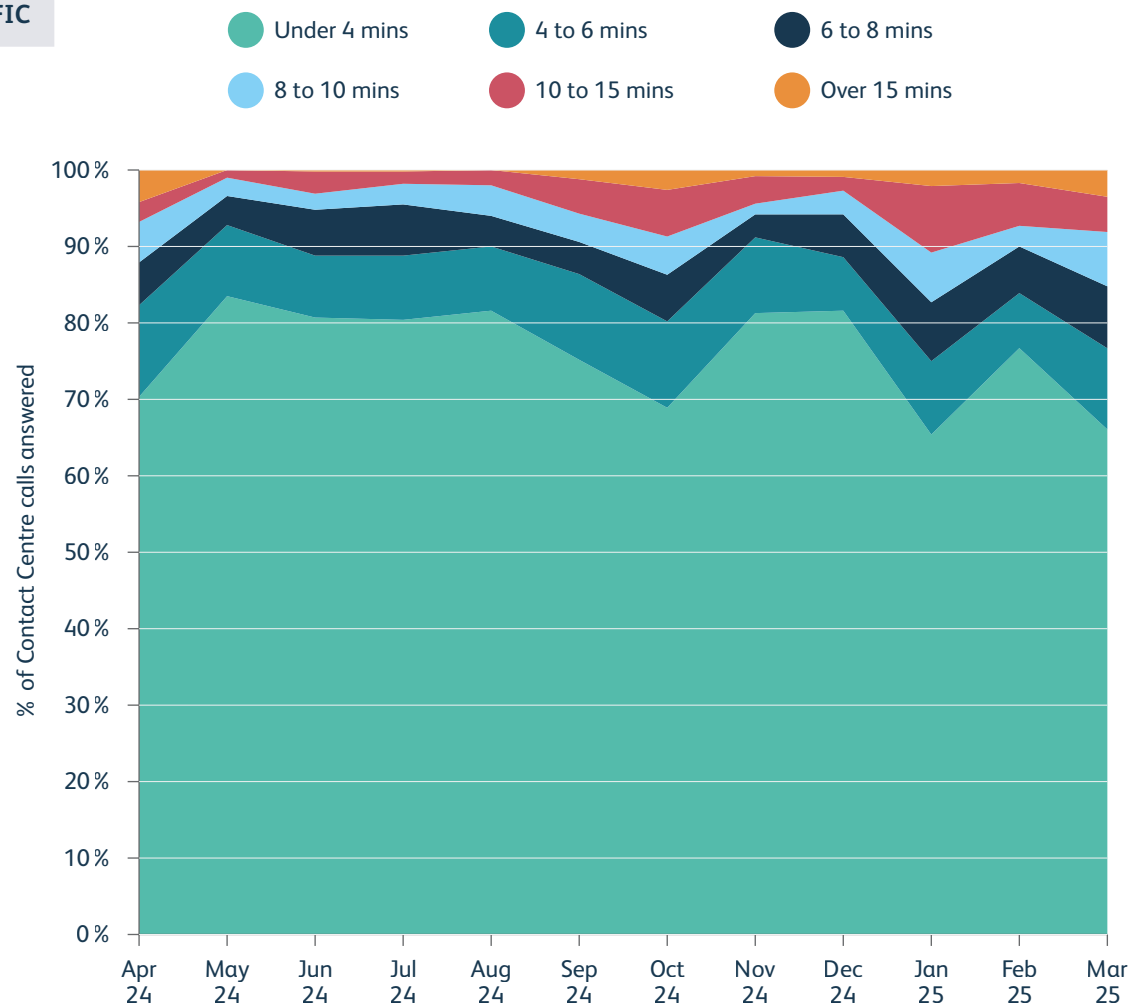
# CONTACT CENTRE CALLS PERFORMANCE



## WAIT TIME RANGE

CLIENT SPECIFIC

	Under 4 mins	4 to 6 mins	6 to 8 mins	8 to 10 mins	10 to 15 mins	Over 15 mins
Apr 24	70.4%	12.0%	5.6%	5.3%	2.6%	4.2%
May 24	83.5%	9.3%	3.8%	2.4%	1.0%	0.0%
Jun 24	80.7%	8.1%	6.0%	2.1%	2.9%	0.2%
Jul 24	80.4%	8.4%	6.7%	2.7%	1.6%	0.2%
Aug 24	81.6%	8.4%	4.0%	4.0%	2.0%	0.0%
Sep 24	75.1%	11.2%	4.2%	3.7%	4.5%	1.2%
Oct 24	68.9%	11.3%	6.1%	5.0%	6.1%	2.6%
Nov 24	81.2%	9.9%	3.0%	1.4%	3.6%	0.8%
Dec 24	81.6%	7.0%	5.6%	3.1%	1.8%	0.9%
Jan 25	65.4%	9.6%	7.7%	6.5%	8.7%	2.1%
Feb 25	76.7%	7.2%	6.1%	2.7%	5.6%	1.7%
Mar 25	66.0%	10.6%	8.1%	7.1%	4.6%	3.5%



# CONTACT CENTRE CALLS PERFORMANCE

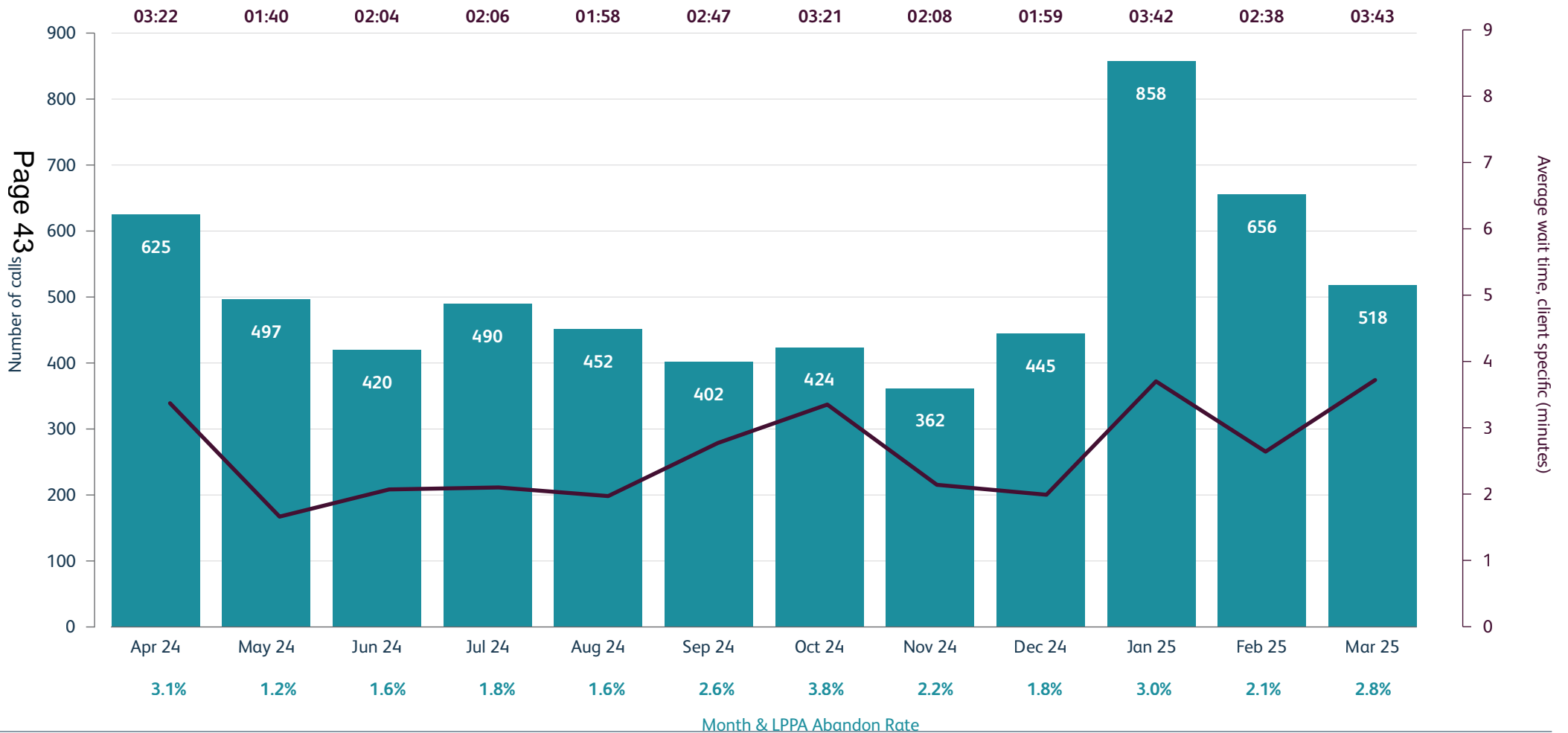


## CALLS ANSWERED

CLIENT SPECIFIC

— Average wait time (mm:ss)

Quarterly average wait time was 3 minutes 22 seconds



# Customer Satisfaction Scores

## In this section...

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

# CUSTOMER SATISFACTION SCORES

## Please note:

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

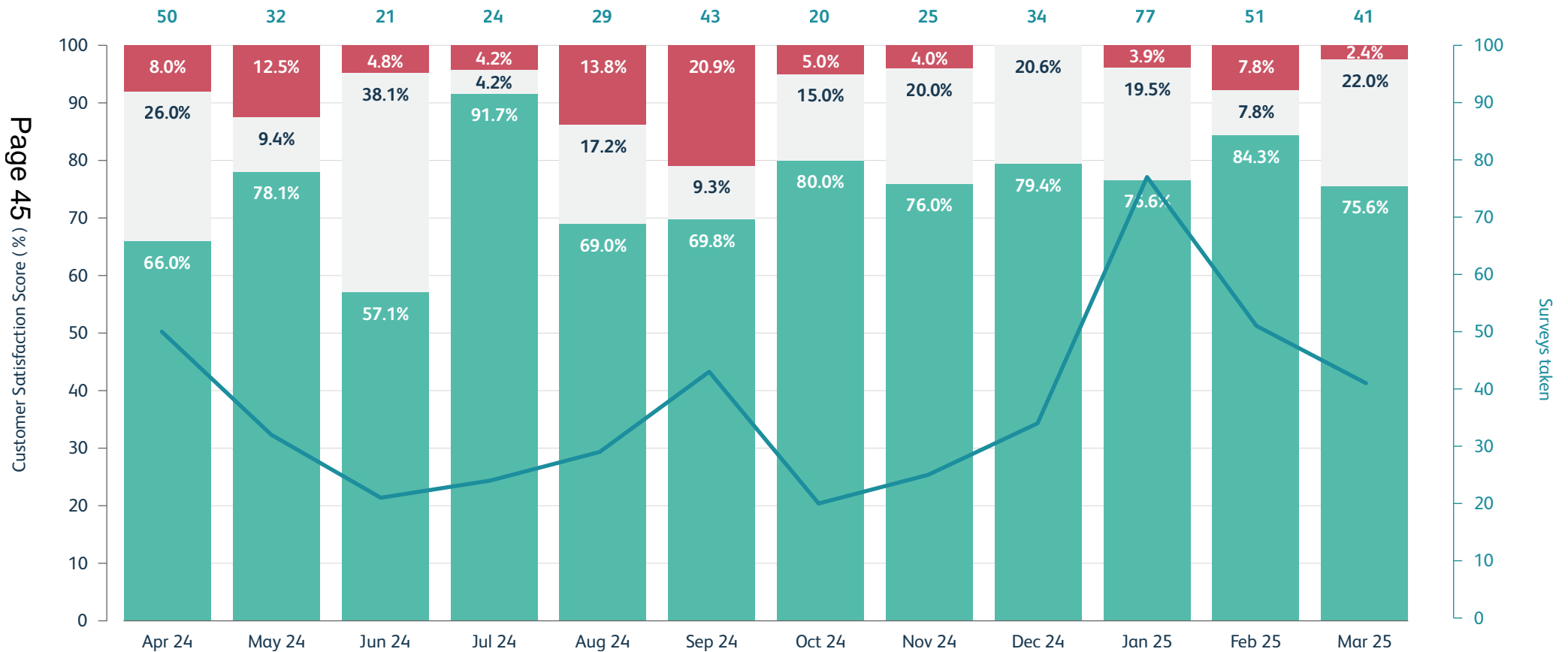


## CONTACT CENTRE CALLS SATISFACTION - OVERALL

## CLIENT SPECIFIC

Overall member satisfaction for the quarter was 78.7 %

Dissatisfied Neutral Satisfied Surveys taken



# CUSTOMER SATISFACTION SCORES

## Please note:

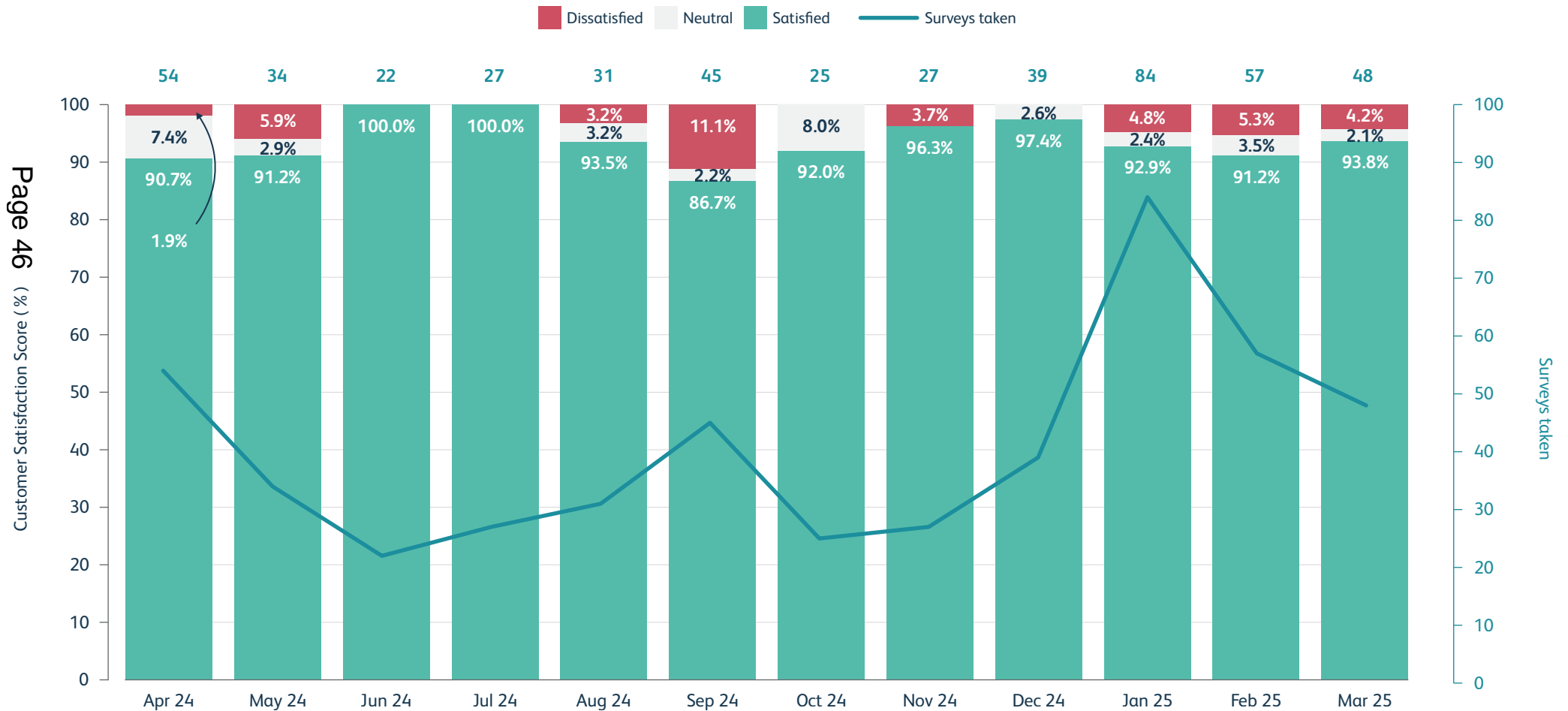
The graph measures monthly member satisfaction with the Contact Centre adviser ("In connection with the adviser you have just spoken to, how satisfied are you with the service they provided?")



## CONTACT CENTRE CALLS SATISFACTION - AGENT

CLIENT SPECIFIC

Agent specific member satisfaction for the quarter was 92.6 %



# CUSTOMER SATISFACTION SCORES

## Please note:

Graphs show a breakdown of quarterly retirement surveys:

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

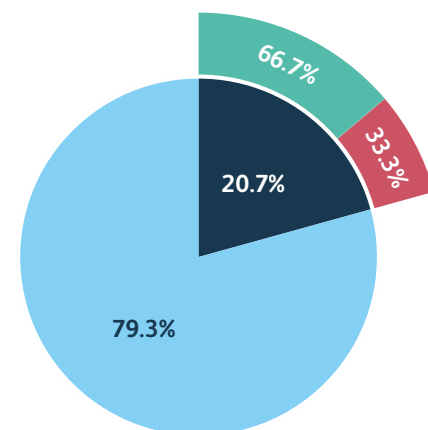
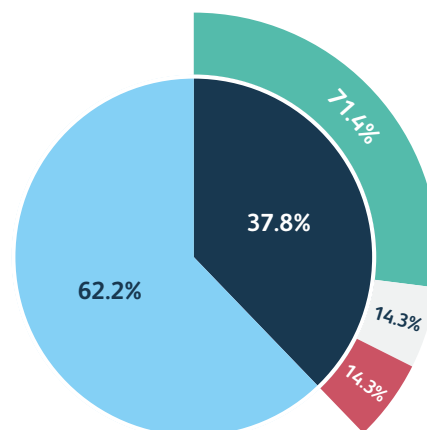
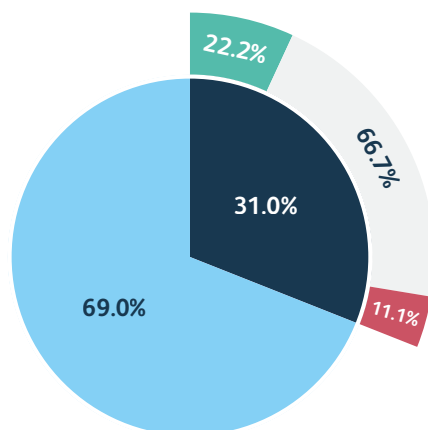
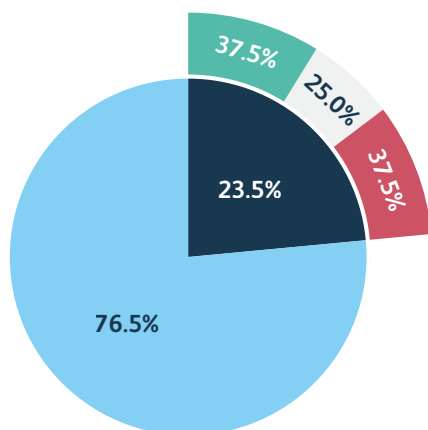


## RETIREMENTS - ACTIVE

## CLIENT SPECIFIC

Satisfied  
 Neutral  
 Dissatisfied  
 Responses  
 Non responses

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Retirements processed, completed	45	
Surveys issued and as a % of retirements	34	75.6%
Satisfied Responses (as a % of surveys issued)	3	8.8%
Dissatisfied Response (as a % of surveys issued)	3	8.8%
Non responses and as a % of surveys issued	26	76.5%
Responses and as a % of surveys issued	8	23.5%
Satisfied responses and as a % of responses	3	37.5%
Neutral responses and as a % of responses	2	25.0%
Dissatisfied Responses and as a % of responses	3	37.5%

Q1 24/25		
Retirements processed, completed	45	
Surveys issued and as a % of retirements	34	75.6%
Satisfied Responses (as a % of surveys issued)	3	8.8%
Dissatisfied Response (as a % of surveys issued)	3	8.8%
Non responses and as a % of surveys issued	26	76.5%
Responses and as a % of surveys issued	8	23.5%
Satisfied responses and as a % of responses	3	37.5%
Neutral responses and as a % of responses	2	25.0%
Dissatisfied Responses and as a % of responses	3	37.5%

Q2 24/25		
Retirements processed, completed	31	
Surveys issued and as a % of retirements	29	93.5%
Satisfied Responses (as a % of surveys issued)	2	6.9%
Dissatisfied Response (as a % of surveys issued)	1	3.4%
Non responses and as a % of surveys issued	20	69.0%
Responses and as a % of surveys issued	9	31.0%
Satisfied responses and as a % of responses	2	22.2%
Neutral responses and as a % of responses	6	66.7%
Dissatisfied Responses and as a % of responses	1	11.1%

Q3 24/25		
Retirements processed, completed	45	
Surveys issued and as a % of retirements	37	82.2%
Satisfied Responses (as a % of surveys issued)	10	27.0%
Dissatisfied Response (as a % of surveys issued)	2	5.4%
Non responses and as a % of surveys issued	23	62.2%
Responses and as a % of surveys issued	14	37.8%
Satisfied responses and as a % of responses	10	71.4%
Neutral responses and as a % of responses	2	14.3%
Dissatisfied Responses and as a % of responses	2	14.3%

Q4 24/25		
Retirements processed, completed	29	
Surveys issued and as a % of retirements	29	100.0%
Satisfied Responses (as a % of surveys issued)	4	13.8%
Dissatisfied Response (as a % of surveys issued)	2	6.9%
Non responses and as a % of surveys issued	23	79.3%
Responses and as a % of surveys issued	6	20.7%
Satisfied responses and as a % of responses	4	66.7%
Neutral responses and as a % of responses	0	0.0%
Dissatisfied Responses and as a % of responses	2	33.3%

\*More information on data / results are included in the Definitions page earlier in this report.

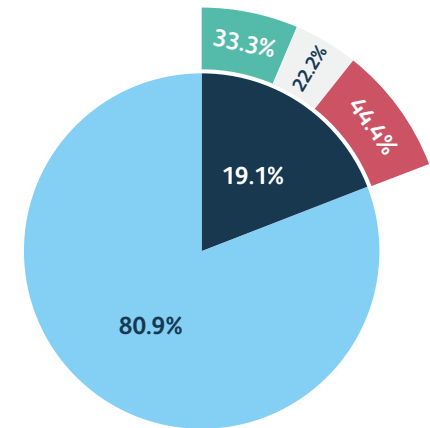
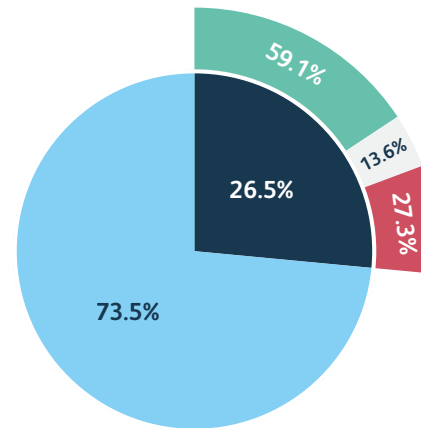
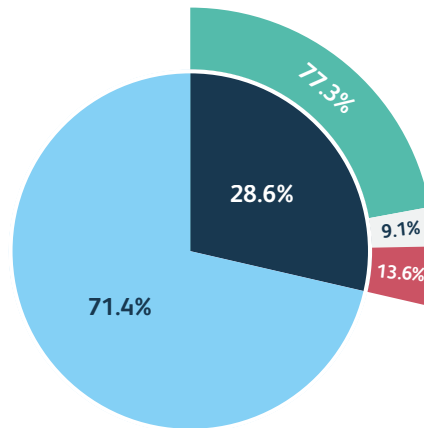
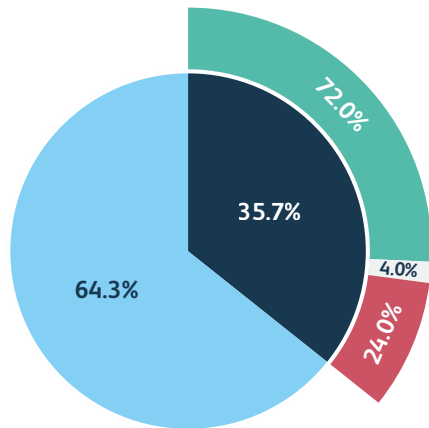
# CUSTOMER SATISFACTION SCORES



## RETIREMENTS - DEFERRED

CLIENT SPECIFIC

- Satisfied
- Neutral
- Dissatisfied
- Responses
- Non responses



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

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

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

Q3 24/25	
106	
83	78.3%
13	15.7%
6	7.2%
61	73.5%
22	26.5%
13	59.1%
3	13.6%
6	27.3%

Q4 24/25	
65	
47	72.3%
3	6.4%
4	8.5%
38	80.9%
9	19.1%
3	33.3%
2	22.2%
4	44.4%



# Member Online Portal

## In this section...

- Total members registered

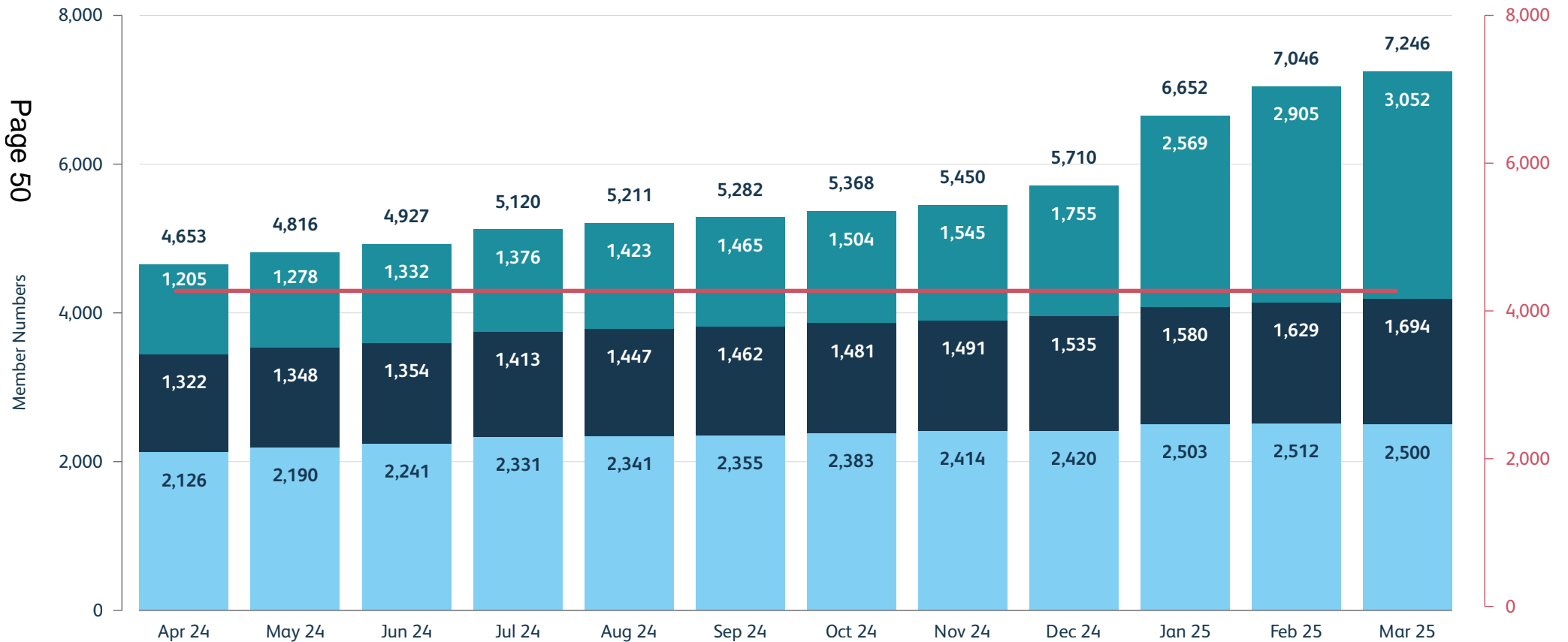


## TOTAL MEMBERS REGISTERED

CLIENT SPECIFIC

Active Deferred Pensioner

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



# Employer Engagement & Member Communication Activity

## In this section...

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

# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



## DELIVERED

ALL LPPA

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- Member training sessions were delivered, including Making Sense of Your (LGPS) Pension (to support new joiners in understanding their LGPS pension), and Making Sense of Your Retirement (to prepare members in their plans for retirement).
- Training sessions were successfully delivered to support employers including:
  - Monthly Returns (successfully submitting files and resolving data queries)
  - LGPS Scheme Essentials (including support with calculating final pay, CARE pay and assumed pensionable pay)
  - Employer Responsibilities (support with ongoing pension administration responsibilities)
  - Absence and Ill Health (support with managing different types of absence in the LGPS)
- Emails were issued to all LGPS employers (“Help Us to Improve the Retirement Process for your Employees”) to help communicate the leaver process, and the impact that timeliness accuracy of data submission can have on the member experience:
  - a. Leaver forms should be submitted to LPPA at least 30 days before a member’s retirement date.
  - b. Estimated final pay figures can be include in the leaver form, in the absence of confirmed final pay)
  - c. Details of which ‘Reasons for Leaving’ still require a leaver form to be submitted (and for other reasons, that they can be included as part of the monthly data return).
- Further Monthly Return reminders were issued, including details of the 2025 valuation (the importance of accurate and up-to-date data files, and the possible impact on employer contributions of non-submission)

- Information on the McCloud Remedy was updated on the LPPA website for LGPS members.
- The LPPA website was updated in Q4 to include self-serve information on:
  - a. Transferring in / out of the LGPS
  - b. Contribution refunds
  - c. 2025 LGPS valuation (for employers)
  - d. Understanding your Benefits
  - e. Notifying LPPA of a bereavement
  - f. Retirements (updates to AVC information)
  - g. Pension Increases and CARE revaluation.
- Pension Pulse (employer newsletter) was issued in Q4 with features on:
  - a. LGPS valuation 2025
  - b. Monthly returns and Annual Benefit Statements (2024/25)
  - c. Ongoing updates on the latest employer training, monthly submission deadlines and retirement leaver notifications (submission at least 30 days in advance of the retirement date)



## EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



### SCHEDULED

ALL LPPA

- The annual, online newsletter will be published on the LPPA website, and emails issued to retired members of the LGPS. The newsletter will focus on accessing 2024/25 P60 documents, pension pay dates for 2025/26 and information on the McCloud remedy.
- Further Pension Pulse (employer newsletter) communications will be issued in Q1 with a focus on the 'employer toolkit', and resources that can be used to increase active member engagement with their LGPS pension.
- Work will continue at pace to ensure that communications are issued to LGPS members impacted by McCloud remedy, ahead of the statutory deadline (31 August 2025)
- Further improvements will be made to the LPPA pensions website.

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# Data Quality

## In this section...

- TPR data scores
- Common data
- Scheme specific data

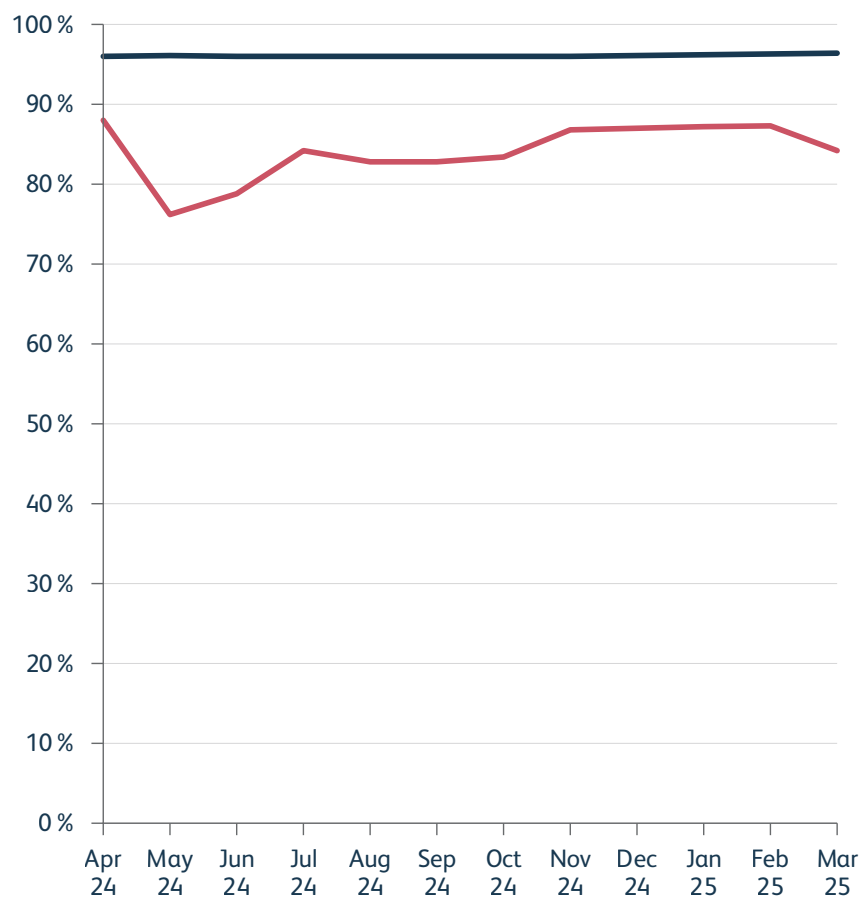
# DATA QUALITY



## TPR DATA SCORES

CLIENT SPECIFIC

Common Scheme Specific



### Please note:

Fall in Q1 Scheme Specific Data score is seasonal, and specifically related to the processing of Pensions Increase for deferred members and Annual Allowance calculations (which follow employer submission of data returns and ABS processing).

	Common (Target 95 %)	Scheme Specific (Target 90 %)
Apr 24	96.0%	88.0%
May 24	96.1%	76.2%
Jun 24	96.0%	78.8%
Jul 24	96.0%	84.2%
Aug 24	96.0%	82.8%
Sep 24	96.0%	82.8%
Oct 24	96.0%	83.4%
Nov 24	96.0%	86.8%
Dec 24	96.1%	87.0%
Jan 25	96.2%	87.2%
Feb 25	96.3%	87.3%
Mar 25	96.4%	84.2%

# END OF QUARTER DATA QUALITY

(TPR SCORES)



## COMMON DATA

CLIENT SPECIFIC

Data Item	Active	Deferred	Pensioner / Dependant
Invalid or Temporary NI Number	2	78	22
Duplicate effective date in status history	1	4	1
Gender is not Male or Female	23	1	0
Duplicate entries in status history	23	33	21
Missing (or known false) Date of Birth	0	0	0
Date Joined Scheme greater than first status entry	9	1	4
Missing Surname	0	0	0
Incorrect Gender for members title	0	0	0
Invalid Date of Birth	9	0	0
No entry in the status history	1	0	11
Last entry in status history does not match current status	21	6	8
Member has no address	77	519	18
Missing Forename(s)	0	6	0
Missing State Retirement Date	23	1	5
Missing postcode	71	557	34
Missing Date Joined Pensionable Service	0	0	11
<b>Total Fails</b>	<b>260</b>	<b>1,206</b>	<b>135</b>
<b>Individual Fails</b>	<b>144</b>	<b>660</b>	<b>94.0</b>
<b>Total Members</b>	<b>6,730</b>	<b>10,260</b>	<b>7,685</b>
<b>Accuracy Rate</b>	<b>97.9%</b>	<b>93.6%</b>	<b>98.8%</b>
<b>Total Accuracy Rate</b>	<b>96.4%</b>		



## SCHEME SPECIFIC DATA

CLIENT SPECIFIC

Data Item	Fails
Divorce Records	0
Transfer In	102
AVCs/Additional Contributions	19
Deferred Benefits	3
Tranches (DB)	653
Gross Pension (Pensioners)	55
Tranches (Pensioners)	462
Gross Pension (Dependants)	89
Tranches (Dependants)	24
Date of Leaving	283
Date Joined Scheme	288
Employer Details	14
Salary	595
Crystallisation	147
CARE Data	233
CARE Revaluation	3
Annual Allowance	692
LTA Factors	198
Date Contracted Out	5
Pre-88 GMP	663
Post-88 GMP	587
<b>Total Fails</b>	<b>5,115</b>
<b>Individual Fails</b>	<b>3,887</b>
<b>Total Members</b>	<b>24,675</b>
<b>Accuracy Rate</b>	<b>84.2%</b>

# LPP

Local Pensions Partnership  
Administration

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# Administration Report - Annual Appendix

**Brent Pension Fund**

1st April 2024 - 31st March 2025

# CONTENTS

Section	Page
Annual Summary	3
Casework Performance	4
Contact Centre Calls Performance	8
Employer Engagement & Member Communication Activity	10



# ANNUAL SUMMARY

LPPA has made considerable progress in ensuring that monthly casework performance is consistently delivered against the 95 % target, and in line with contractual obligations.

Helpdesk and Retirement satisfaction scores have been reported at client level to provide a more specific view of satisfaction scores for members. To improve the service provided to clients, employers and members, a key focus has been on delivering more functionality through the online self-service portals, and enabling more automation across the casework processes that are integral to our administration responsibilities. This will remain a priority as we move forwards into 2025-26, to ensure that the quality of casework continues to improve, and that this is reflected in both the member and employer experience.

Helpdesk performance has continued to trend in the right direction in 2024-25, with average call wait times below the non-contractual 4-minute target.

Modern Cloud has been a significant project in the year and will continue to be a key focus in 2025-26. LPPA follows the national guidelines and timescales relating to the implementation of the remedy.

All regulatory and statutory deadlines in the year were successfully met.

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



# Casework Performance

## In this section...

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

# CASEWORK PERFORMANCE



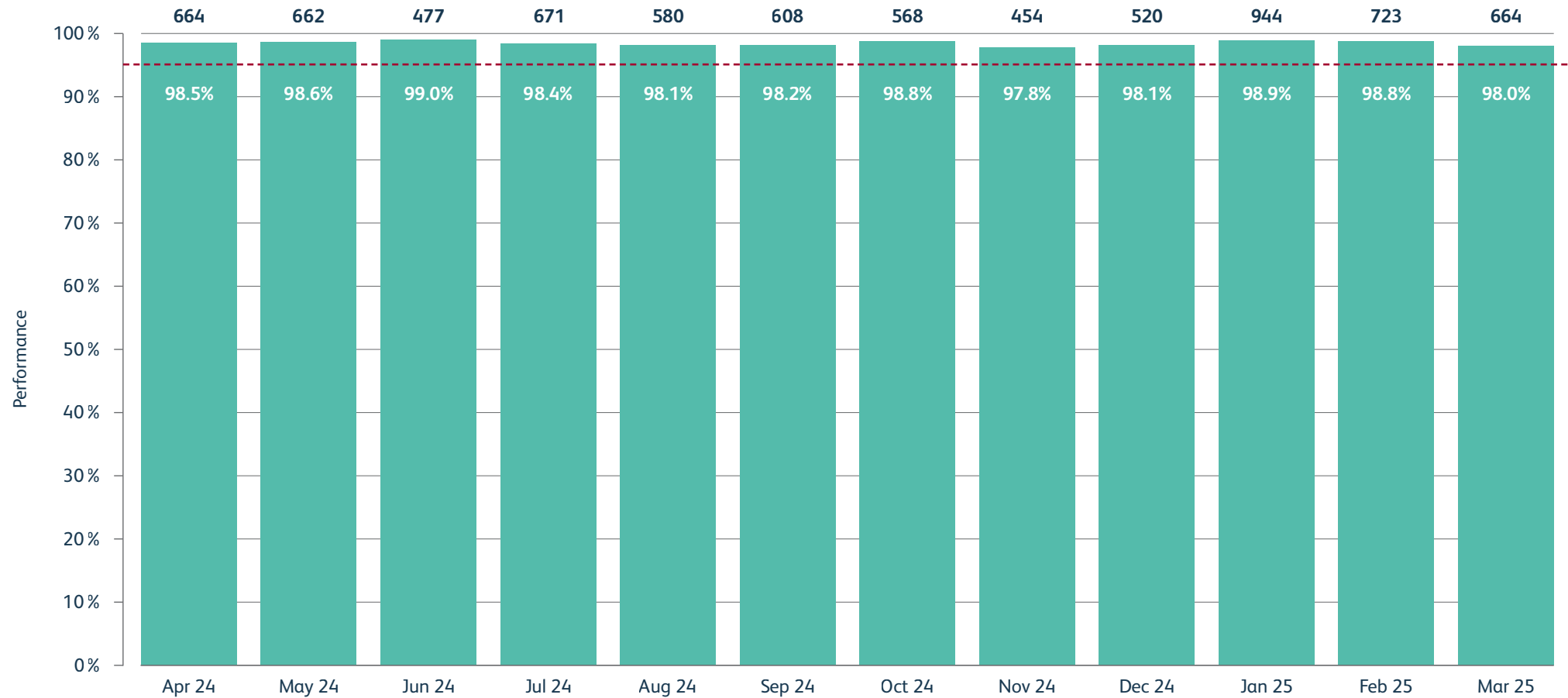
## PERFORMANCE – ALL CASES

CLIENT SPECIFIC

--- Target (95%)

The annual SLA performance was 98.5%

Total completed cases included for each month.



# CASEWORK PERFORMANCE

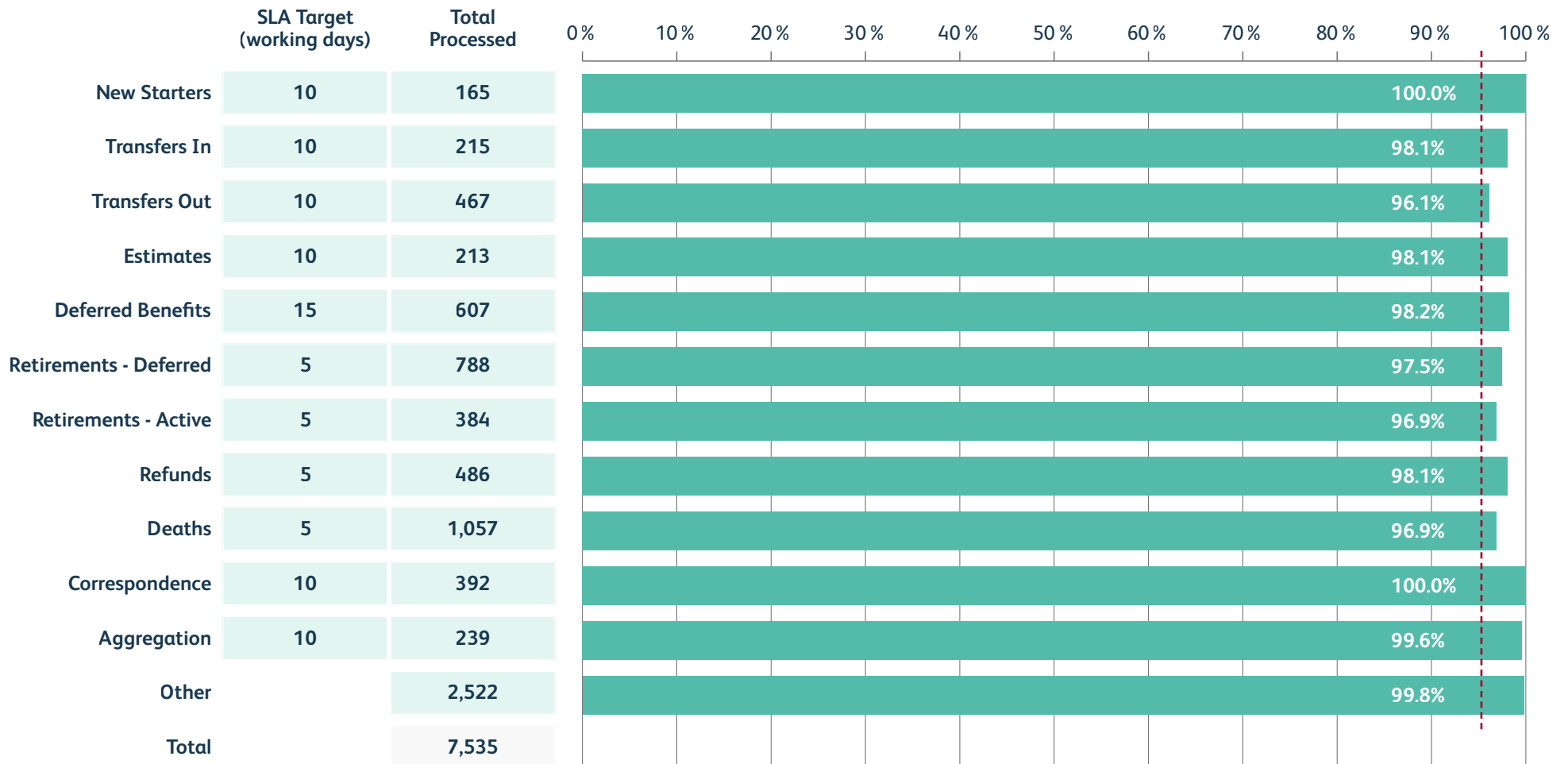


## PERFORMANCE STANDARD

## CLIENT SPECIFIC

----- Target (95%)

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# CASEWORK PERFORMANCE



## ONGOING CASEWORK AT THE END OF THE REPORTING QUARTER

CLIENT SPECIFIC

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

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	Brought forward at 01/04/24	Received (Inbound)	Completed (Outbound)	Outstanding as of 31/03/25
New Starters	12	221	233	0
Transfers In	170	470	401	239
Transfers Out	221	684	623	282
Estimates	25	230	239	16
Deferred Benefits	252	1,117	1,058	311
Retirements - Deferred	243	904	1,000	147
Retirements - Active	87	578	548	117
Refunds	51	738	700	89
Deaths	426	1,386	1,303	509
Correspondence	107	770	773	104
Aggregation	125	464	397	192
Other	61	2,628	2,623	66
Total	1,780	10,190	9,898	2,072

# Contact Centre Calls Performance

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

## **In this section...**

- Calls answered

# CONTACT CENTRE CALLS PERFORMANCE

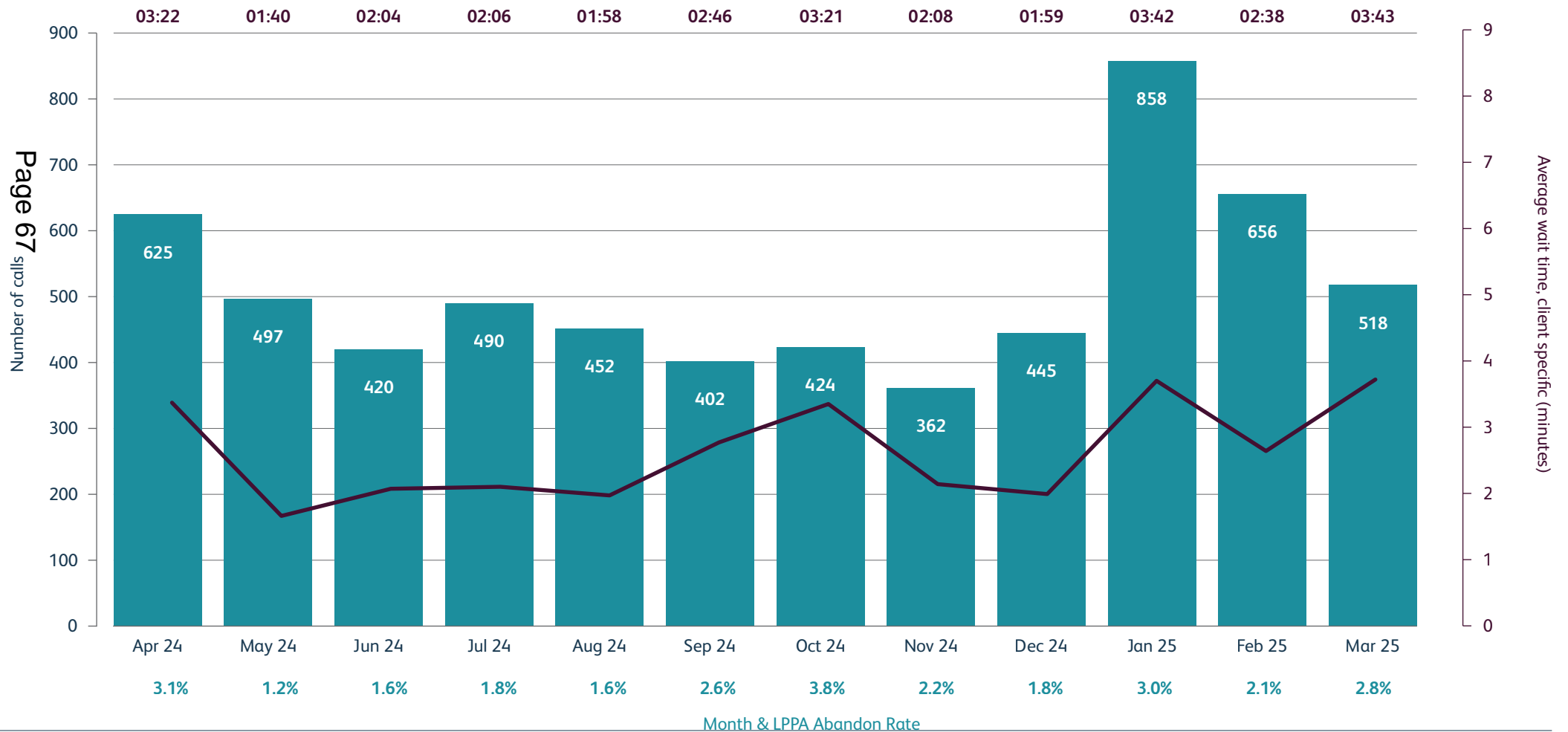


## CALLS ANSWERED

CLIENT SPECIFIC

— Average wait time (mm:ss)

Annual average wait time was 2 minutes 43 seconds



# Employer Engagement & Member Communication Activity

In this section...

- Delivered

# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



## DELIVERED

ALL LPPA

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- Member training sessions were delivered throughout 2024/25, including Making Sense of Your (LGPS) Pension - to support new joiners in understanding their LGPS pension - and Making Sense of Your Retirement - to prepare members in their plans for retirement.
- As part of LPPA's ongoing strategy to support employers and improve administration performance, training sessions were successfully delivered throughout the year. These online training sessions included:
  - Monthly Returns (successfully submitting files and resolving data queries)
  - LGPS Scheme Essentials (support with calculating final pay, CARE pay and assumed pensionable pay)
  - Employer Responsibilities (support with ongoing pension administration responsibilities)
  - Scheme Leavers (support with submitting leaver details using the employer portal, and reinforcing the importance of providing LPPA with a minimum of 30 days' notice, prior to the members retirement date)
  - Absence and Ill Health (support with managing distinct types of absence in the LGPS)
- In addition to our regular employer newsletter (Pension Pulse, distributed every two months), ongoing email communications were issued to all LGPS employers. These included:
  - "Help Us to Improve the Retirement Process for your Employees" – communicating the leaver process, and the impact that timeliness and accuracy of data submission can have on the member experience.
  - "Monthly Returns" – reminders on deadlines for submission, including details of the 2025 valuation, the importance of accurate and up-to-date data files, and the possible impact on employer contributions of non-submission.
- Statutory communications were issued on-time to members throughout the year including:
  - P60 notification communications to retired members in April/May.
  - The 2024 LPPA retiree's online newsletter was issued to members. This included updates on 2024 pension increases, 'understanding your P60' and pension pay dates (2024/25)
  - The 2024 active and deferred online newsletter to members, communicating how they can access their 2024 ABS through PensionPoint.
  - Annual Allowance and Pension Saving Statement communications were also issued to eligible members in Q2.
- The annual LPPA client forum took place in November, which was attended by representatives from all LG clients. This session was well received by clients, and included presentations on
  - The 2024 client survey, following interviews with clients undertaken in August and September.
  - The benefits of LPPA's participation in the annual CEM Benchmarking activity.
  - Customer satisfaction, and how this is measured throughout the year, including how the data is used to inform improvements to both LPPA's operational performance and the member experience.
  - The LPPA Efficiency and Service Improvement Programme (ESIP), and the drive towards leveraging the benefits of process and system automation.
  - The rise of Artificial Intelligence, and how LPPA is embedding the associated benefits into the business.

# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



## DELIVERED – CONTINUED

ALL LPPA


- Ongoing updates and information which reflected national guidance around McCloud remedy, were made to the LPPA website for LGPS members through the year.
- The LPPA website was updated throughout 2024/25, with improved self-service information being made available to employers and members. This included the use of Ai generated videos which were used to translate detailed and technical pension information, into a format that was summarised and easier to understand for members. Most noticeable, following feedback from clients and employers, was the improvement made to the Retirement section of the LPPA website.
- Throughout the year, the LPPA member letters project was ongoing, with key letters reviewed, updated and improved (focusing on retirements, bereavements, early leavers and complaints communications). Retirement letters were reviewed by the Plain English Campaign and awarded their 'Crystal Mark' (their seal of approval for the clarity of a document). The aim of the project is to ensure that our letters are technically accurate, but also easy to understand and jargon free ... ultimately to improve the member experience.
- And finally, LPPA were shortlisted in the LAPF Investment Awards (2024), as a finalist in the Pensions Administration Award, which celebrates achievements within the administration sector of the Local Government Pension Scheme. Furthermore, LPPA are shortlisted finalists in two categories – Third-Party Administrator of the Year, and Pension Communication Strategy of Year – at the Professional Pensions (UK Pension 2025) awards in June 2025.



# LPP

Local Pensions Partnership  
Administration

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 <b>Brent</b>	<b>Pension Board</b> 22 July 2025
	<b>Report from the Independent Chair of the Pension Board</b>
<b>Annual Report 2024 - 25</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not Applicable
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>List of Appendices:</b>	None
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	David Ewart, Independent Chair of the Pension Board  Sawan Shah, Head of Finance <a href="mailto:sawan.shah@brent.gov.uk">sawan.shah@brent.gov.uk</a>

## 1.0 Executive Summary

- 1.1 This is the Chair's Annual Report to the Board for 2024-25. It provides an update on the work carried out by the Board during the year.

## 2.0 Recommendation(s)

- 2.1 That the Board notes the contents of the report.

## 3.0 Detail

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

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

### 3.2 Introduction

- 3.2.1 This is the annual report of the Independent Chair of the Pensions Board for the Municipal Year 2024-25.
- 3.2.2 The Pensions Board is established under the Public Service Pensions Act 2013, and the Local Government Pension Scheme Regulations 2013 (as amended). The Board is not a committee constituted under the Local Government Act. In effect the Board's role is to provide a scrutiny function (although it is not a Scrutiny Committee) to the work of the Council's Pension Fund Sub-Committee. It does not have decision making powers but its purpose is to assist the Council, the Sub-Committee and the scheme manager in carrying out their functions. Its remit therefore covers a number of areas but principally the pension's investment and administration functions.
- 3.2.3 The Board has seven members, three representing the Fund employers, two Councillors and one other employer's representative (currently vacant) and three scheme members' representatives, including one pensioner's representative as well as an Independent Chair. The Board met three times during the Municipal Year, in all cases remotely on Zoom, which is permitted as the Board meets under different legislation to the other Council Committees.
- 3.2.4 I should like to begin by expressing my thanks to the members of the Board, and the Council officers who support the Board's work so diligently over the last year.
- 3.2.5 Before going any further, it is probably worth reflecting on the size of the Brent Pension Fund before proceeding, as at 31st March 2025 the Fund had assets of £1.31 billion (2024 £1.26 billion), 22,794 members (2024 22,366) (of which, 6,730 were active members, 8,379 were deferred members, and 7,685 were pensioner and dependants), and 44 active employers participating in the Fund (2024 43).

### **3.3 Summary**

- 3.3.1 The work of the Board falls in effect into two parts, firstly the review of the investment activity and secondly reviewing the performance of the pension's administration function, particularly focused on level of service to the Fund's members. The Board also undertakes some additional roles such as the oversight of risk management, reviewing decisions on discretionary powers made by the Brent Pension Fund Sub Committee (the Sub Committee), and considering the Council's response to Government consultation on changes to the LGPS.
- 3.3.2 The 2024-25 year has been a busy year with three very full agendas, but an encouraging year, with very positive reports coming from the Sub Committee and a slow but general improvement in the performance of the pension administration function (with some areas of challenges remaining).

### **3.4 Overview of Investment Activities**

- 3.4.1 Although in many ways the most important function of the Board, this aspect of the Board's work has taken up a small part of the Board's time in 2024-25 as the Sub Committee's primary role is to oversee this area and there is general agreement on the action being taken, including the move to the revised asset allocation, socially responsible investment and the steps towards low carbon investment.
- 3.4.2 The Board has continued to receive and review Hymans Robertson (as the Fund's Investment Advisor) quarterly investment monitoring reports, reports on the investment strategy, actuarial reports and general updates from the London CIV (the investment pool for London, used by the Fund) and are very mindful of our duty to effectively scrutinise the investment activity of the fund.
- 3.4.3 The Board has also continued to receive and monitor copies of reports on the Fund's journey to "Net Zero" in terms of the Fund's carbon footprint, and the collective engagement on wider environmental, social and governance (ESG) issues in terms of the Fund's investments.

### **3.5 Overview of the fund's administrative functions.**

- 3.5.1 The Board spent a significant amount of its time on reviewing the fund's administrative functions. (The Board has no executive powers and all decisions about the fund's administration functions are taken by the General Purposes Committee or Cabinet.)
- 3.5.2 The Board has taken the lead in scrutinising the performance of the Fund's pensions administration partner the Local Pensions Partnership Administration (LPPA), which has generally been improving since they completed a major systems upgrade and as stated previously is much improved compared with previous partners/ contractors. However, a small number of performance indicators remain below target, including some of most sensitive such as dealing with retirement from active membership, and death in service. The Board is continuing to monitor these and the general level of performance, with representatives of the LPPA attending every meeting.
- 3.5.3 The Board also regularly reviews the number and progress of resolution of complaints concerning the quality of service received (frequently linked to delays) or the exercise of discretionary powers.
- 3.5.4 The quality of the data held on members of the fund is another area reviewed, this has been taking on more significance with the upcoming (31<sup>st</sup> March 2025) Actuarial valuation of the Fund.
- 3.5.5 A number of other areas have been reviewed by the Board, including the production of annual benefits statements (ABSs) (a legal duty). The Board was pleased to note that the vast majority 97.1% for active members and 99.9% for deferred members (2023/24, 95% active members 99% deferred members) of statements were delivered by the deadline (31<sup>st</sup> August). The main reason for an ABS not being produced in a small number of cases is where other

employers, or more accurately their payroll provider, have failed to return the data required by the Fund or there was an outstanding query. The introduction of monthly reporting should further help achieve the aim of more statements being delivered by the deadline.

### **3.6 Risk Management and Other Areas**

3.6.1 The Board also takes the lead on risk management reviewing the Pension Fund risk register at every meeting. Although the level of risk is generally lower than that for the Council corporately, there are a number of increasing risks around cyber security and unlawful action, as well as the increasing uncertainty in the world's investment markets. This is in addition to long standing ones concerning

- Funding levels (significantly reduced);
- meeting the Fund's statutory duties particularly with regard ABS and the like; as well as
- complying with the requirements of the revised Codes.

3.6.2 The Board along with the Sub Committee has been receiving reports on the Governments consultation on the proposed changes to the LGPS particularly concerning:

- Investment pooling, with proposals for a much higher proportion of the Fund's investments have to be pooled;
- The requirement to invest a higher proportion of the Fund's assets in the UK; and
- Significant changes to the Governance of the LGPS.

### **3.7 Training**

3.7.1 Following the major initiative during 2023-24 to improve the training and knowledge of Board members (along with the members of the Sub-committee) with the introduction of online e-learning, provided by the Fund's actuaries, on top of the training offered to Board members before every Sub-committee meeting, work has continued to encourage engagement in the training programme. The level of take up by both Board and Sub-committee members has been variable therefore some degree of focus is required in 2025-26 year.

3.7.2 Additionally, at all meetings of the Board, a general LGPS update was included providing updates within the sector, the LGPC Bulletins provided by the Local Government Pension Committee and similar information.

### **3.8 Conclusion**

3.8.1 As stated above, 2024-25 has been a busy for the Board and generally encouraging year for the Brent Pension Fund, despite the increasing risks and pressures on the Fund.

3.8.2 The year has generally been an encouraging one with:

- The Fund still being cash flow positive in terms of its transactions with members;
- Investments returns being positive on an absolute basis. It has, however, been noted they have slightly under performed relative to the Fund's benchmark and the overall return was lower than in 2023-24.
- The level of service to the Fund's members, and quality of data held, although in both areas improvements are still required.

It is, however, recognised that Brent's Pension Fund is not exempt from the increased levels of risk and uncertainty in the world of investment and public administration.

3.8.3 I should like to end by again expressing my thanks to the members of the Board for their work, support and understanding, particularly with regard to the size of the agenda. The Council officers and those of the Fund's partners for their support and open provision of information, and particularly the pensions staff of the Finance & Resources Department, and Governance Officers for their diligent support during the year.

#### **4.0 Stakeholder and ward member consultation and engagement**

4.1 Not applicable.

#### **5.0 Financial Considerations**

5.1 This report is for noting, so there are no direct financial implications.

#### **6.0 Legal Considerations**

6.1 Not applicable.

#### **7.0 Equity, Diversity & Inclusion (EDI) Considerations**

7.1 Not applicable.

#### **8.0 Climate Change and Environmental Considerations**

8.1 Not applicable.

#### **9.0 Human Resources/Property Considerations (if appropriate)**

9.1 Not applicable.


#### **10.0 Communication Considerations**

10.1 Not applicable.

**Report sign off:**

***David Ewart***

Independent Chair of the Pension Board

	<b>Pension Board</b> 22 July 2025
	<b>Report from the Corporate Director,  Finance and Resources</b>
<b>LGPS Update Report</b>	

<b>Wards Affected:</b>	All wards
<b>Key or Non-Key Decision:</b>	Not Applicable
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>List of Appendices:</b>	Five: Appendix 1: Consultation on the Local Government Pension Scheme England and Wales; Access and Fairness Appendix 2: LGPC Bulletin – March 2025 Appendix 3: LGPC Bulletin – April 2025 Appendix 4: LGPC Bulletin – May 2025 Appendix 5: LGPC Bulletin – June 2025
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	<p>Minesh Patel, Corporate Director, Finance and Resources  (<a href="mailto:minesh.patel@brent.gov.uk">minesh.patel@brent.gov.uk</a>)  020 8937 4043</p> <p>Amanda Healy, Deputy Director of Finance  (<a href="mailto:amanda.healy@brent.gov.uk">amanda.healy@brent.gov.uk</a>)  020 8937 5912</p> <p>Sawan Shah, Head of Finance  (<a href="mailto:sawan.shah@brent.gov.uk">sawan.shah@brent.gov.uk</a>)  020 8937 1955</p> <p>John Smith, Pensions Manager  (<a href="mailto:john.smith@brent.gov.uk">john.smith@brent.gov.uk</a>)  020 8937 1985</p>

## 1.0 Executive Summary

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

## **2.0 Recommendation(s)**

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

## **3.0 Detail**

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

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

### **3.2 Background**

#### **Consultation on the Local Government Pension Scheme England and Wales; Access and Fairness**

- 3.2.1 The Government believes that the LGPS should be available to all those who provide the services for which local government is responsible. On 15 May 2025, the Ministry of Housing, Communities and Local Government (MHCLG) published its LGPS Access and Fairness consultation, attached in Appendix 1.
- 3.2.2 The consultation focusses on promoting equal access to the scheme and its benefits, and fairness. It closes on 7 August 2025.
- 3.2.3 The proposal is to equalise the survivor pension entitlement of all members, regardless of the sex of the eligible member or their survivor, and to update regulations on survivor benefits and death grants in relation to these points.
- Widower's and male civil partner's pensions are based solely on post-06 April 1988 membership whereas same sex partner's survivor's pensions and widow's pensions are based on post 6th April 1978 membership.
  - This position is untenable following the decisions in the Goodwin appeal against the Teachers' Pension Scheme in 2020 and the Brewster appeal against the Northern Ireland LGPS, and removing this unlawful discrimination is essential.
- 3.2.4 The proposal to amend the Benefits Regulations to formally remove the nomination requirement for all deaths that occurred between 1 April 2008 and 31 March 2014.
- The requirement to nominate the cohabiting partners of members who left between 1 April 2008 and 31 March 2014 has been unlawful since the High Court decision in the Elmes case in 2018, and it should be removed.

3.2.5 The proposal to amend the 2013 Regulations to remove reference to an age 75 limit on eligibility for death grant payments, and to amend the 2014 Regulations to disapply the age 75 limit on death grants for individuals to whom the rules of the previous schemes continue to apply and who died on or after 1 April 2014.

- Although the Finance Act of 2004 introduced an age 75 limit on death grants in 2006, it was removed in 2011 and all the other public sector schemes followed suit - apart from the LGPS.
- 3.2.5 As many members do not reach state pensionable age until age 67 (or even 68), the age 75 limit frustrates the 2013 scheme's intended ten-year pension guarantee.

3.2.6 The removal of the requirement to pay death grants to the personal representatives once two years have elapsed after the administrators became aware of the death.

- The obligation to pay death grants to the personal representatives attracts a 45% special lump sum death benefits charge (SLSDBC) instead of Income Tax at the recipient's marginal rate if it is paid to a beneficiary.
- The requirement to pay to the death grant to the Personal Representatives is punitive and it serves no purpose as death grants over two years have been authorised payments since 2016.

3.2.7 The proposal to align the cost of buying back authorised unpaid leave over 30 days with standard member contribution rates.

- This advocates a return to the situation prior to 2014 when the members paid the contributions they would have paid had they been at work for the first 30 days. It is fairer, easier to administer and addresses equality concerns.
- There are two supplementary proposals; (1) increasing the time limit for electing to pay the contributions from 30 days to one year and (2) to remove the 36 months ceiling for a period of leave without pay.
- As 36 months is seldom, if ever, awarded removing the 36-month limit may allow outlying employers to offer even longer periods.

3.2.8 Proposal to update the definition of child-related leave to include all periods of additional maternity, adoption and shared parental leave without pay.

- A mother who takes the full 52 weeks statutory maternity she is entitled to, will take 26 weeks of ordinary maternity leave (pensionable), 13 weeks additional maternity leave where some pensionable pay is received (pensionable) and 13 weeks of additional maternity leave where no pensionable pay is received (non-pensionable).
- The Government proposes making additional maternity leave, additional adoption leave and shared parental leave during which no pay is received pensionable, with the cost to be met by the employer.

- If the member is not entitled to any pay during additional maternity / adoption leave, this proposal would make an additional 26 weeks pensionable.

### 3.2.9 Proposal to monitor and report on opt-outs.

- The government suggests adding a requirement to report on the rate of opt-outs in the Annual Report under Regulation 57.

### 3.2.10 The government makes four proposals intended to make the forfeiture process work better and address known issues with current regulations.

- The four proposals are 1) to remove the requirement for the member to leave employment because of the offence, 2) abolish the three-month time limit to make an application, 3) remove the regulations concerning interim payments and to 4) publish guidance on making a forfeiture application.
- The conditions that need to be satisfied for forfeiture (regulation 91) make it unwieldy and (almost) unworkable. This is why most employers prefer to use regulation 93, recovery or retention where a member has a misconduct obligation – although it is not a complete solution.
- The proposed changes to regulations 91 and 93 would make the provisions more effective and the proposed forfeiture guidance would be helpful.

### 3.2.11 Proposal to extend de-minimis (special type of trivial commutation) payments commutation to pre-2008 leavers.

- This would allow pre-2008 members whose total pension benefits in the LGPS are valued at less than £10,000 to commute their pension benefits to a single lump sum, and it removes an anomaly as this option is already available to post 2008 leavers.

### 3.2.12 The proposal to offer pre-2014 leavers the option to use their additional voluntary contributions (AVCs) to buy additional LGPS pension if they crystallise their AVCs at the same time as their deferred benefits.

- Pre-2014 leavers cannot use all or part of their AVCs to purchase additional pension when they crystallise their deferred pension benefits unlike post-2014 leavers, and it makes sense to remove this anomaly.
- However, it is important to note that it only applies to members who have a substantive LGPS benefit, not just an “orphan” AVC.

### 3.2.13 Proposal to remove the five-year limit for refunds.

- The government intends to remove the arbitrary five-year limit for paying refunds and replace it with a requirement that they must be paid before the member reaches age 75. This is a necessary amendment that would be welcomed by administrators.

### 3.2.14 Proposal to limit short-term child's pensions under the 1995 and 1997 Regulations (pre-2008 leavers).

- Short-term pensions are paid at a higher rate for three months (six months if there is no spouse) to help manage the financial shock of bereavement.
- There may be (limited) savings but it is a retrospective diminution of pension benefits, some members may have transitional protection under the miscellaneous provisions 2006 and it may be tricky to administer.

### 3.2.15 Conclusion

- Although the philosophy underpinning these changes is presented as advancing access and fairness, many of the proposals are necessary to ensure compliance with the law.

## **Virgin Media v NTL**

### 3.2.16 The High Court ruled that pension scheme amendments in respect of Section 9(2B) rights were invalid unless the scheme actuary confirmed that they met the contracting-out requirements.

### 3.2.17 Although this is not considered to be a serious problem for statutory public sector schemes it has caused concern in the private sector. In response, the Government has announced that it will introduce legislation to allow pension schemes to obtain actuarial certification retrospectively.

## **Accounts Decoupling**

### 3.2.18 In April 2025, the Government response to the Local audit reform in England consultation committed the Government to the decoupling of pension fund accounts from administering authority main accounts.

### 3.2.19 It is expected that the English Devolution Bill will be the legislative vehicle for this change and decoupling will take effect from the 2026/27 accounts onwards.

## **McCloud**

### 3.2.20 HM Treasury laid the Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2025 on 3 April 2025.

### 3.2.21 The regulations came into force on 24 April 2025 and modify the existing rules to prevent adverse tax consequences flowing from underpins.

### 3.2.22 The LGPS (Information) Regulations 2024 includes a discretion to extend the implementation period for active and pensioner members (who will not receive an ABS) until 31 August 2026.

3.2.23 The discretion can also be used to extend the implementation period for members who will not receive an ABS in 2025 and the details are explained in the statutory guidance on McCloud implementation.

3.2.24 If the Administering Authority decides to use the discretion it must:

- Carefully consider whether to use the discretion not to include underpin information in the 2025 ABS.
- Discuss the reasons for any delay at the Local Pension Board and Pensions Sub-Committee meetings.
- Put a project plan in place to complete the remedy work. This should document the key milestones and set out the reasons for any delay, the likely impact and the steps that are being taken to mitigate further delays.
- Mention the reasons for the delay in the ABS and notify the Pensions Regulator.
- Ensure that information about any pension software issues and their potential impact is considered in the risk register.

### **Pension Ombudsman Determination**

3.2.25 Mr L complained about the City of Wolverhampton Council's decision to pay Mrs R's death grant to her nominee. The Pension Ombudsman upheld the Council's decision as it had considered all the potential beneficiaries, it had absolute discretion under the regulations, and the decision was not perverse.

### **SAB statement on 2025 Valuation**

3.2.26 The Scheme Advisory Board (SAB) has issued a statement on 28 May 2025 providing guidance to funds for the 2025 Valuation exercise with the aim of assisting AAs and fund actuaries to manage the valuation process, balancing the expectations that different stakeholders will have, improving consistency of the risks considered in setting funding strategies, increasing the transparency of decision making and how this affects outcomes.

## **4.0 Stakeholder and ward member consultation and engagement**

4.1 This is not applicable to this report.

## **5.0 Financial Considerations**

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

## **6.0 Legal Considerations**

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

## **7.0 Equality, Diversity & Inclusion (EDI) Considerations**

7.1 There are none directly arising from this report.

## **8.0 Climate Change and Environmental Considerations**

8.1 There are none directly arising from this report.

## **9.0 Human Resources/Property Considerations**

9.1 There are none directly arising from this report.

## **10.0 Communication Considerations**

10.1 None that are applicable to this report.

### **Report sign off:**

***Minesh Patel***

Corporate Director, Finance and Resources

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Open consultation

# Local Government Pension Scheme in England and Wales: Access and fairness

Published 15 May 2025

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<b>Applies to England and Wales</b>
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Ministerial foreword

About this consultation

Basic information

Introduction

Glossary

1. Survivor benefits
2. Gender pension gap
3. Opt-outs
4. Forfeiture
5. McCloud remedy
6. Other regulation changes
7. Administrative impact of proposals
8. Public Sector Equality Duty

Summary of proposals and questions

About this consultation

Personal data



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# Ministerial foreword

This government cares about the Local Government Pension Scheme (LGPS). We care about the impact it can have at scale, unleashing growth and supporting critical investment in the UK. We also care about the personal experience of the millions of individual members that make up the scheme, members who have often given their whole working lives to public service. As someone who has worked in local government, alongside so many of those members, I care personally about the experience of members in the LGPS.

We know that for many of these members their LGPS benefits will be their largest asset and a vital lifeline when they retire. For them, security and equality of benefits and effectiveness of service and administration are key to the success of the LGPS. We also know that the wider LGPS community relies on the government stewarding the scheme well, both in respecting local decision-making and providing clear and up-to-date Regulations.

That's why we're launching this consultation. It fundamentally improves fairness in and access to the LGPS, addressing key issues that have been neglected for too long and treating them with the urgency they deserve. Its focus on equality, fairness, integrity, efficiency, accuracy and rewarding hard work reflects the government's commitment to making work pay and improving workers' rights.

Some of these changes are definitive answers to long-standing problems, like ensuring equality of survivor benefit entitlement, and some are just the beginning of the work to be done, like the proposals on the gender pension gap, but they are a key and essential step in the right direction. They position the LGPS as leading the way across the public sector pensions landscape.

I hope you'll join me in seeing the opportunity presented in this consultation to make real, lasting, positive impact to LGPS members and the communities they represent.

**Jim McMahon OBE MP**

**Minister of State for Local Government and English Devolution**

**15 May 2025**

## About this consultation

## **Topic of this consultation**

This is a consultation on the Local Government Pension Scheme for England and Wales. It covers a number of proposals relating to pension benefits for scheme members.

## **Geographical scope**

These proposals relate to England and Wales

## **Impact assessment**

The government will have regard to the potential impact of any proposal on the Public Sector Equality Duty, as well as any potential impacts on business, local authorities, and communities.

## **Basic information**

### **Body/bodies responsible for the consultation**

Ministry of Housing, Communities and Local Government

### **Duration**

This consultation will last for 12 weeks, launching at 9:30am on 15 May 2025 and closing at 11:59pm on 7 August 2025.

## Enquiries:

For any enquiries about the consultation please contact: [Memberbenefitsconsultation@communities.gov.uk](mailto:Memberbenefitsconsultation@communities.gov.uk)

## How to respond:

All members of the public are invited to respond, although the government recognises that the consultation is mostly relevant to members of the LGPS, employers with members in the scheme, and those involved in the running of the scheme, such as administering authorities.

The government strongly encourages responses via the [online survey](#). Using the online survey greatly assists analysis of the responses, enabling more efficient and effective consideration of the issues raised for each question.

If you are providing a response, please refer to the privacy notice. If answering any questions using a free text box, please do not include any sensitive personal information in your answer. Please only respond to this consultation if you are over 18.

If you are unable to respond via the online survey, printed proformas can be requested from and returned to:

Consultation on LGPS Member Benefits  
FAO Local Government Pensions Team  
Ministry of Housing, Communities and Local Government  
Local Government Finance Directorate  
2nd Floor  
Fry Building  
2 Marsham Street  
London  
SW1P 4DF

## Introduction

1. This consultation covers a range of proposals relating to the Local Government Pension Scheme in England and Wales ('the LGPS').

2. The government believes that the LGPS is a good pension scheme which should be available to all those who provide the services for which local government is responsible. It provides security in older age for millions of members who have spent their lives in public service, many of whom have been low paid throughout their working lives. Much of this consultation focuses on equal access to the scheme and its benefits.

3. Chapter 1 contains proposals to address **survivor pensions and death grants**, and aims to fix historic discrimination and ensure equal access to the scheme, regardless of the sex of the eligible member and those they leave behind on death.

4. Chapter 2 contains proposals to address the **Gender Pension Gap** in the LGPS, with a focus on access to the scheme benefits for women. Whilst many of the causes for gender pension gaps may lie in how society is structured and go beyond the LGPS, the government believes there are still steps that it can take to make progress now.

5. Chapter 3 contains proposals related to **people who opt out** of the scheme. The government believes the LGPS is a good scheme and views the number of members who opt out with concern. It proposes systematically collecting data about how many members are making this choice, and why.

6. Chapter 4 contains proposals related to **forfeiture**, which may be used to remove benefit entitlements for those who have been convicted of crimes that bring public service into disrepute. The government's proposals aim to tackle some long-standing issues with forfeiture in the LGPS.

7. Chapters 5 and 6 do not directly relate to access to the scheme, but the government wishes to take the opportunity to make several technical changes, to improve the day-to-day running of the scheme. Chapter 5 covers the **McCloud** remedy, and aims to fix issues with the operation of the McCloud underpin that have only been identified now that administering authorities are working their way through remedy calculations. Chapter 6 covers a number of miscellaneous changes, brought to our attention by the Scheme Advisory Board ('the SAB').

8. Finally, the government recognises that these proposals would lead to a large number of changes, that would affect millions of members. Chapter 7 asks for opinions on the potential **administrative impact**. The government is particularly interested in hearing from those who administer the scheme on a daily basis. Since many of these proposals will affect individual members, chapter 8 asks for views on the government's duty under **Public Sector Equality Duty**.

9. Subject to consideration of responses to the consultation, the government intends to proceed with a new statutory instrument to implement changes to the LGPS Regulations. A draft Statutory Instrument has been published

alongside this consultation. The government welcomes comments on the legal drafting and will continue to work with the Scheme Advisory Board (SAB) and others before laying a statutory instrument.

## About you

Please tell us a bit more about you:

Q1. What is your name?

Q2. What is your email address or telephone number?

Q3. Are you responding to this consultation as an individual or submitting a collective response from a group?

(Q3.1 - If responding on behalf of a group) What is the name of the group or organisation you are submitting a response for?

(Q3.2 - If submitting a collective response) Please provide a summary of the people or organisations you represent and who else you have consulted to reach your responding conclusions.

Q4. Type of respondent

- Administering authority
- LGPS employer
- LGPS member
- LGPS pool
- Scheme Advisory Board
- Local Government Association
- Government department
- Local government representative
- Union
- Other (please specify)

Q5. What is the first part of your postcode?

## Glossary

**AAs** – Administering authorities of the LGPS

**GAD** – Government Actuary's Department

**SAB** – Scheme Advisory Board for the LGPS

**The Benefits Regulations** – The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (S.I. 2007/1166)

**The 2011 Regulations** – The Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 (S.I. 2011/2954)

**The 2013 Regulations** – The Local Government Pension Scheme Regulations 2013 (S.I. 2013/2356)

**The 2014 Regulations** – The Local Government Pension Scheme (Transitional Provisions, Saving and Amendment) Regulations 2014

**The 2023 Regulations** – The LGPS (Amendment) (No 3) Regulations 2023

**The LGPS** – The Local Government Pension Scheme in England and Wales

**The LGPS NI** – The LGPS in Northern Ireland, as defined in legislation

**The LGPS Scotland** – The LGPS in Scotland, as defined in legislation

**The LGPS Regulations** – The regulations in law that define the LGPS in England and Wales.

**The TPS** – The Teacher's Pension Scheme

# 1. Survivor benefits

## Background

10. When a member of the LGPS dies, their survivor (surviving spouse, civil partner or eligible cohabiting partner) will receive pension benefits, in the form of a survivor's pension (regular monthly payment). In some cases, their beneficiary may receive a death grant (lump sum). This applies whether the member was an active, deferred, or pensioner member.

11. This chapter of the consultation sets out proposed changes to the LGPS in relation to survivor benefits. Currently, there are cases where survivors of same-sex marriages and same-sex civil partnerships are eligible to receive a more generous pension entitlement than survivors of opposite-sex marriages and opposite-sex civil partnerships. This does not reflect the government's commitment to equality regardless of marriage or partnership status. In addition, parts of the LGPS Regulations still require that cohabiting partners of LGPS members would only be eligible for survivor benefits if a signed declaration form nominated them as the survivor. This nomination requirement has been disapplied by the courts. In relation to death grants, current regulations require a member to have died before age 75 for their beneficiary to receive a death grant. Changes to the Finance Act 2004 mean that age cap is no longer appropriate. Lastly, the LGPS Regulations currently require that a death grant has to be paid to personal representatives if not paid within two years of member death. This affects the charge applied to it even though the Finance Act (No.2) 2015 means this is no longer required.

12. The government proposes to equalise the survivor pension entitlement of all members, regardless of the sex of the eligible member or their survivor, and to update regulations on survivor benefits and death grants in relation to these points. Further detail on the background and proposals is set out in the rest of this chapter.

## Summary of proposals

13. The proposals are summarised below:

### Survivor benefits

Area	Proposal
Pension entitlement equalisation	Modification of the LGPS Regulations to ensure that the survivor pension payable to the survivor of a marriage or civil partnership with a member is calculated in the same way, regardless of the sex or sexual orientation of the member or survivor. This equalisation is proposed to be to the highest level of entitlement currently available (given the date of the marriage or civil partnership) and to be backdated.
Cohabitee survivor pensions	Modification of the Benefits Regulations to remove the requirement for a signed nomination form in the case of qualifying cohabitee survivors, retrospective for any individual who stopped being a member between 1 April 2008 and 31 March 2014. Additionally, amendment of the

## Death grants

Area	Proposal
Age 75 cap	Removal of the age 75 cut-off on eligibility for death grants, backdated for all deaths on or after 1 April 2014.
Personal representatives	Removal of the requirement on administering authorities to pay the death grant to the personal representative where it hasn't been paid within the 2-year limit, applicable for all death grants yet to be paid.

## Survivor pension entitlement equalisation

### Background

14. A survivor pension is an annual pension, paid monthly to an eligible survivor of a scheme member. Over time, survivors of opposite-sex marriages, survivors of same-sex civil partnerships (SSCPs), survivors of cohabiting couples, survivors of same-sex marriages, and survivors of opposite-sex civil partnerships (OSCPs), have all been given eligibility to receive survivor pensions.

15. The Equality Act 2010 replaced and consolidated a series of previous pieces of anti-discrimination legislation. This meant that, for the first time, discrimination on the grounds of sexual orientation was prohibited. However, the Act also included an exception, in that it was not deemed discriminatory to disregard pensionable service prior to 5 December 2005 when calculating pension entitlement for survivors of same-sex partnerships i.e., the differing treatment of people in same-sex relationships compared to people in opposite-sex relationships was permitted.

16. In *Walker v Innospec*, 2017, a male member brought a case against his private defined benefit scheme, claiming that his male spouse should be entitled to the same survivor benefits which would be paid to a member who predeceased a wife in an opposite-sex marriage. The court found that the spouse's survivor pension should be calculated on the whole period of the member's service (provided they were married at the time of death), as opposed to the period since 5 December 2005. Accordingly, in 2018 the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 ('the 2014 Regulations') were amended to equalise the final salary survivor

benefit entitlements of surviving same-sex spouses and civil partners with those received by widows of opposite-sex marriages.

17. The 2014 Regulations rules on survivor benefits were further amended when OSCP's were introduced in 2019. These amendments specified that for male and female opposite-sex civil partners, the survivor pension should be calculated in the same way as it was for widowers and widows respectively. After this point, the calculation of survivor pension entitlement has been dependent on a number of factors, including whether the 1995, 1998 or 2008 Scheme rules applied, the date the marriage or civil partnership took place, and the specific circumstances in which additional periods of service could be taken into account. The cumulative effect has been that:

- i. Survivors of same-sex marriages, survivors of SSCPs, and female survivors of opposite-sex marriages have had their survivor pension calculated based on the relevant member's service since 1978.
- ii. Male survivors of opposite-sex marriages have had their survivor pension calculated based on the relevant member's service since 1988.

18. In *Goodwin v Secretary of State for Education*, 2020, a female member of the TPS successfully argued that the TPS unlawfully discriminated against women in opposite-sex marriages or civil partnerships, when compared to women in SSCPs. The case highlighted that pensionable service was only considered from 1988 when calculating the survivor pension of an opposite-sex survivor of a woman, whilst service would be considered from 1978 when calculating the survivor pension of a same-sex survivor of a woman. The TPS rules were changed accordingly to provide male survivors of an opposite-sex marriage or civil partnership with a member with the same entitlement as all other survivors of a marriage or civil partnership with a member.

19. The LGPS in England and Wales has similar rules to survivor eligibility as the TPS, but has not changed its approach to calculating survivor benefits since the Goodwin case. The LGPS in Scotland ('the LGPS Scotland') and the LGPS in Northern Ireland ('the LGPS NI') have changed their approaches following the case, backdating those changes to the point at which the relevant regulations came into force. In both the LGPS Scotland and the LGPS NI the changes were backdated to 1 April 2015. This is the date on which [the LGPS \(Transitional Provisions and Savings\) \(Scotland\) Regulations 2014](#) and the LGPS (Amendment and Transitional Provisions) (Northern Ireland) Regulations 2014 came into force (and the date on which the career average revalued earnings (CARE) schemes were introduced in Scotland and Northern Ireland). The amendments were made so that the changes applied in relation to the death of any member after 5 December 2005, the date that SSCPs were first introduced. The changes being proposed here are intended to have the same effect, that they will in

effect be backdated to cover any death of a member after the date that the relevant relationship type was first introduced.

## Proposal

20. The government proposes to amend the survivor benefit rules of the LGPS, to ensure that all survivors are treated equally with regards to entitlement to survivor pensions, regardless of the sex of either the eligible member or their survivor. This uplift would include addressing the point highlighted in Goodwin, of the male spouse or civil partner of a female member being treated less favourably than the female spouse or civil partner of a female member.

21. The government has identified that in the majority of cases, the most generous benefit entitlement is that due to survivors of SSCPs. In a small number of cases there is no comparable benefit entitlement due to survivors of SSCPs (because the point of comparison comes from before the introduction of SSCPs), in which case the most generous benefit entitlement due is to female survivors of opposite-sex marriages.

22. As a remedy, the government proposes to amend the 2014 Regulations to ensure that all survivor benefits are calculated by uplifting the entitlement of all groups to either the entitlement due to survivors of SSCPs, or when that is not applicable, to the benefit entitlement due to female survivors of opposite-sex marriages. This would go further than uplifting the entitlement of male survivors of an opposite-sex marriage or civil partnership.

23. The government proposes that the survivor benefits due to eligible members should also be backdated, to the point at which the underlying relationship types were recognised in UK law:

i. For widows of opposite-sex marriages and widowers of opposite-sex marriages, backdating for deaths that occurred from 5th December 2005.

ii. For widows of same-sex marriages and widowers of same-sex marriages, backdating for deaths that occurred from 13th March 2014.

iii. For survivors of opposite-sex civil partnerships, backdating for deaths that occurred from 31st December 2019

Q1 – Do you agree with the government’s proposed amendment of survivor benefits rules?

Q2 – Do you have any comments on the intended approach to equalising survivor benefits?      Page 98

Q3 – Do you have any comments on the administrative impact, particularly in identifying cases where calculations of past benefits would need to be revisited?

Q4 – Do you have any further comments on the proposed changes?

## **Cohabitee survivor pensions**

### **Background**

24. When the Benefits Regulations came into effect on 1 April 2008, cohabiting partners were recognised in the LGPS for the first time. To simplify administration, the government introduced the category of ‘nominated cohabiting partner’ within the Benefits Regulations.

25. To be considered a nominated cohabiting partner, several conditions had to be met by the cohabitees, which were set out in the regulations. In addition, the scheme member would need to submit a signed declaration to the administering authority to confirm the eligibility requirements had been satisfied and that the member wished their survivor benefits to be paid to their cohabitee. In the absence of this signed form no survivor benefit would be paid, even if the cohabiting partner had satisfied all other eligibility criteria.

26. In *Brewster (2017) UKSC 8*, a survivor of a member of the LGPS NI challenged the scheme in respect of rules providing that cohabiting partners could only receive a survivor pension if their partner had duly nominated them. The Supreme Court ruled that this requirement was a form of unlawful discrimination and disapplied the rule. The ruling established that if all conditions other than the signed nomination form could be met, the survivor would be deemed eligible.

27. The LGPS maintained a similar nomination requirement from 1 April 2008 to 31 March 2014, until it was removed in the 2014 Regulations. However, the requirement of a signed nomination form for benefits related to members who died between 1 April 2008 and 31 March 2014 was not removed.

28. In *Elmes (2018)* the rules in the Benefits Regulations were challenged, on the requirement for members to have a signed nomination form in order for their cohabiting partner to be eligible for survivor benefits. The High Court granted a declaration that the requirement to nominate a cohabiting partner as a condition of eligibility was incompatible with the European Convention on Human Rights. The judgment disapplied the nomination

requirement in the LGPS and applied the same remedy as in Brewster (2017).

29. In 2021, the department issued a letter ([Letter to Funds](#) (PDF, 117KB)) to administering authorities in the LGPS, with a related statement being issued by the Local Government Pensions Committee ([LGPC Bulletin 161](#) (PDF, 249 KB), that provided non-statutory guidance that allowed administering authorities to rely on the Brewster judgement and the Human Rights Act 1998 to not require a surviving partner to have been nominated. Though the Benefits Regulations have not been updated, the government's expectation is therefore that administering authorities have in practice disapplied the nomination requirement.

30. Additionally, it has been identified that there is also a nomination requirement in the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 ("the 2011 Regulations"). This requirement was originally required because the drafting of these Regulations was carried out in line with the then current LGPS Scheme, as defined in the Benefits Regulations, which required cohabiting partners to be nominated. As the nomination requirement in the Benefits Regulations is no longer suitable, the government is proposing to remove the nomination requirement in the context of an injury also.

## **Proposal**

31. The government now proposes to amend the Benefits Regulations to formally remove the nomination requirement for all deaths that occurred between 1 April 2008 and 31 March 2014. This will align the scheme's rules with the declaration disapplying the nomination requirement that the High Court provided for in Elmes (2018). This will mean that for any death that occurred between those two dates, qualifying cohabitants will be entitled to a survivor's pension, although as above the expectation is that these survivors will have already been receiving their pension.

32. To qualify, a cohabitee must fulfil all conditions already set out in regulations other than the signed nomination. This is to say, a cohabitee will qualify for a survivor pension without a signed nomination form under this remedy if:

- a. The relevant member had been active in the scheme on or after 1 April 2008;
- b. The relevant scheme member's death occurred between 1 April 2008 and 31 March 2014; and
- c. The survivor had met the following conditions for a continuous period of at least 2 years on the date the relevant member died:
  - The member and the survivor would be able to marry, or form a civil partnership; and

- The member and the survivor were living together as if they were spouses or as if they were civil partners; and
- Neither the member nor the survivor was living with a third person as if they were spouses or as if they were civil partners; and
- Either the survivor was financially dependent on the member, or the member and the survivor were financially interdependent.

33. As the Benefits Regulations have been revoked (subject to some exceptions), the government proposes to make these changes through an amendment to regulation 3 of the 2014 Regulations. This provides that, insofar as the Benefits Regulations continue to have effect for the purposes of those exceptions, they apply with modifications.

34. The government proposes to apply these changes from the date the signed nomination form was required, and so the relevant change is backdated to apply from 1 April 2008. In making any changes to the LGPS's rules, the government is mindful to manage costs. As stated in the judgement in the case of *Harvey, R (On the Application Of) v London Borough of Haringey & Anor*, 2018, pre-2008 schemes did not make provision for survivor pensions for cohabitants. This influenced the contribution levels set for employees and employers across the LGPS before 2008. If cohabitants were to be recognised, local government employers and employees would have to cover the costs. The government therefore does not propose to extend benefits to cohabitants of members who have not contributed to the LGPS on or after 1 April 2008. In effect, the government is not proposing to backdate earlier than 1 April 2008.

35. Regarding the 2011 Regulations, the government is proposing to also remove the nomination requirement from these regulations, with no retrospective application. The decision to not backdate the change in this case is because payments to survivors under the 2011 Regulations are discretionary, as opposed to an entitlement, and the government does not intend to revisit cases where the decision to award payment has already been made.

Q5 – Do you agree with the government's proposals to formalise the removal of the nomination requirement?

Q6 – Do you have any comments on the government's proposals to formalise the removal of the nomination requirement?

Q7 – Do you have any comments on the proposed approach to backdating?

## Death grants (age 75 cap)

### Background

36. In the LGPS, death grants are lump sums paid to beneficiaries of eligible members, due from the day after death. In most cases, the lump sum is initially set at 10 times the member's annual pension amount and reduces to nil over the 10 years following pension payment commencement. This is intended to ensure members or their beneficiaries receive a minimum pension benefit equal to 10 years pension regardless of when a member dies.

37. In the LGPS, Normal Pension Age (NPA) is equal to an individual's State Pension Age (SPA), which means that as SPA has risen NPA has followed. As a result, the age 75 death grant cap has become outdated, and beneficiaries of individuals who retired at an NPA over 65 have unintentionally been potentially excluded from death grant eligibility. For example, the beneficiary of an individual who retired at 66 (in line with their NPA and SPA) and then died between their 75th and 76th birthdays, would have been excluded from death grant eligibility.

38. Additionally, as the LGPS is a registered pension scheme, it must comply with overriding legislation, as made by the Department for Work and Pensions (DWP) and HM Treasury (HMT), that applies to all such schemes. In 2004, HMT legislated that death grants could only be paid in respect of members who died before age 75 and the current LGPS Regulations adopted that position. On 6 April 2011, HMT removed that age cut-off, but the current LGPS rules have not been updated accordingly and the cut-off remains.

### Proposal

39. The government now proposes to amend the 2013 Regulations to remove reference to an age 75 limit on eligibility for death grant payments, and to amend the 2014 Regulations to disapply the age 75 limit on death grants for individuals to whom the rules of the previous schemes continue to apply and who died on or after 1 April 2014.

40. The effect of the proposed changes is to remove the age 75 cut-off from LGPS Regulations, retrospective for all deaths of eligible members on or after 1 April 2014. The government understands that administering authorities have access to records enabling them to identify members eligible for the retrospective element of the proposal.

41. This proposal would align the LGPS in England and Wales with the LGPS NI, which removed it with retrospective effect to 1 April 2015 (the date at which the reformed legislation was introduced).

Q8 – Do you agree with the proposed amendments to death grants?

Q9 - Do you have any comments on the government's proposals to remove the age 75 cut-off from the LGPS Regulations?

Q10 – Do you have any comments on the proposed approach to backdating?

Q11 – Do you have any comments on the administrative impact, particularly in identifying historic cases where death grants that were not paid would now be paid?

## **Death grants (personal representatives)**

### **Background**

42. When a death grant is payable, the death grant goes to either the person the member nominated as their beneficiary, or to their personal representatives or any other person that the administering authority deems to have been a relative or a dependant.

43. This may involve the administering authority having to decide the appropriate recipient of the death grant, and this can take time. The LGPS Regulations set a time limit for the administering authority to make that decision. Regulations 40(4), 43(4) and 46(5) of the 2013 Regulations require that where a death grant is payable, and if the administering authority has not made a payment within 2 years of the death (or the date the administering authority could reasonably be expected to have known about the death), payment must be made to the member's personal representatives i.e., to the member's estate. Where a death grant is paid to the estate outside the two-year time limit, it will be subject to the Special Lump Sum Death Benefits Charge (SLSDBC) of 45%.

44. The Finance (No.2) Act 2015 amended the Finance Act 2004 to provide that defined lump sum death benefits were no longer unauthorised payments if they were paid beyond the two-year limit. Accordingly, from 6 April 2016, death grants paid beyond the 2-year limit are subject to either the 45% SLSDBC if paid to personal representatives, or the recipient's marginal rate of tax if paid to beneficiaries. However, as the current LGPS Regulations require that beyond the two-year limit the death grant must be paid to the personal representatives, the 45% charge is always applied.

### **Proposal**

45. The government is proposing to remove the requirement that beyond the two-year limit the death grant must be paid to the personal representatives i.e., to remove the two-year limit. This will align the LGPS Regulations with the Finance Act 2004 (as amended by the Finance (No.2) Act 2015 and reduce instances of the Special Lump Sum Death Benefits Charge. This is intended to apply to all deaths where the death grant has not yet been paid. It is also proposed that where the same two-year limit applies to AVCs it will also be removed, by removing Regulation 17(14) of the 2013 Regulations.

Q12 – Do you agree with the proposal to remove the two-year limit?

Q13 – Do you have any comments on the government's proposal to remove the two-year limit?

## 2. Gender pension gap

### Background

46. 74% of the 6.7 million members of the LGPS are women, and there is a significant gender pension gap. Analysis by the Government Actuary's Department (GAD) has shown that for the post-2014 Career Average Revalued Earnings scheme, the average pension accrued is 34.7% lower for a woman than a man, and for the pre-2014 final salary scheme the gap is 46%.

47. The outcome is that millions of low-paid women working to provide local public services have worse pensions than their male counterparts. Many of the reasons for the gap are not in scope of MHCLG's role as the responsible authority for the LGPS, such as greater part-time working and caring responsibilities for women. Pensions are a function of pay, and so any gender pay gap will always translate to a gender pension gap.

48. The government believes that, beyond differences in pay and part-time working, the periods of a woman's career when she is not accruing a pension contribute significantly to the gap. Across the course of a woman's life, such gaps – such as taking unpaid maternity leave or taking an unpaid absence to look after children or perform other caring responsibilities – all add up. The government believes there are 4 specific areas that LGPS requirements could be changed to address this gap.

## Authorised absences under 31 days

49. Regulations 11 to 14 of the 2013 Regulations determine contributions during a member's absence from work, depending on the type of absence. Authorised unpaid absences under 31 days in the LGPS are not automatically pensionable, with the exception of sickness, ordinary maternity and adoption and paternity leave. Instead, under regulation 16, when the member returns to work, they can choose to buy back the pension lost during the absence.

50. The government understands from the SAB that most members who take authorised unpaid absence do not buy back the pension lost. The process to buy back the pension is complex. It requires members to know the option is available, to decide that they want to spend their money on doing so, and to write to their employer making an application. An actuarial calculation is then needed to determine how much the member has to pay. All of this has to happen within the first 30 days of returning to work, for the employer to contribute 2/3rds of the cost. Most members do not go through this process, and pension is not accrued for the absence.

51. This process disproportionately penalises women, because it is mostly women who take such unpaid leave. Data from the SAB shows that across two example funds, 90% of unpaid leave is taken by women. It is a particular problem for LGPS staff in schools, who cannot take annual leave during term time. When a child is sick at short-notice or there are unexpected caring responsibilities, it appears it is more often a woman who takes the time off work, and so it is more often a woman who ends up with a gap in pensionable service.

52. The government proposes to return to the approach used for authorised unpaid absences in the LGPS before 2014, where authorised unpaid absences under 31 days were automatically pensionable for all members. Both employee and employer contributions would be made, based on the member's lost earnings, and pension would continue to be accrued. The intent is to make catching up with small gaps in pensionable service the default option. Considering the demographics of members taking such leave, it is expected that this will lead to female members having fewer periods where no pension is built up.

53. The proposal is to amend regulation 11 to create a new regulation 11(5) in the draft SI.

54. For such unpaid leave under 31 days, there are two options for how the lost earnings could be calculated for the purpose of determining contributions for the period: with reference to assumed pensionable pay (APP), or the actual lost pay for the period.

55. The government recognises that in certain circumstances the use of one method over the other can result in a significantly different cost to the member. APP uses the average of the member's pensionable pay in the three months preceding the unpaid leave and includes non-contractual pay such as overtime. Lost pay uses the actual pay as per the contract, and so does not include non-contractual pay. If there is a significant change in a member's pensionable pay just before the period of unpaid leave, such as if a member goes part-time or receives a large promotion, or if the member works a significant amount of non-contractual overtime each month, then the choice between lost pay and APP can lead to significantly different outcomes.

56. The government's preference is to use actual pay lost. This has been chosen because in most cases it would most closely match what the member would have paid had she or he not taken unpaid leave. Lost pay is the method already being used in the LGPS Scotland and should be easier for administrators. However, the government is keen to hear views from administrators. Both options have been included in the draft SI accompanying this consultation (amendments to regulation 21 and creation of a 21a).

Q14 – Do you agree that the LGPS Regulations should be updated so that any unpaid leave under 31 days is pensionable, as a way to address the gender pension gap?

Q15 – Do you agree the government should use the actual lost pay option when calculating contributions, or do you think APP should be the chosen option? Please explain the reasons for your view.

## **Cost of buying back pension lost in an unpaid break of over 30 days**

57. The government believes that the cost of buying back lost pension for unpaid absences over 30 days disproportionately affects female members of the scheme. The total cost of buying back lost pension is calculated in accordance with Regulation 16(7) of the 2013 Regulations, using actuarial factors that account for age and gender. Where a member chooses to buy the pension back within the time limit, currently 30 days after returning to work, the total cost is split two-thirds to the employer, one-third to the employee, in accordance with Regulation 15(5).

58. The pension contribution rate for active members is determined by Regulation 9 or 10, and by the member's pensionable pay, not their age or

gender. When buying back lost pension, factors based on age and gender are used, and the effect of this can be that the cost to members is greater than the contributions they would have paid had they not taken the leave.

59. Analysis by GAD shows that the cost of buying back lost pension under the current method is generally cheaper for younger male members of the scheme, compared to the cost if the member had not taken the leave, and so more expensive for older and female members of the scheme. This is because under the current regulations the factors used to determine the cost are based on age and gender so that the cost of providing pension is generally more for women (who tend to live longer) and older members.

60. The government has considered 3 options for how the cost could be calculated when a member makes an election within the time limit:

- a. restructure the sharing of costs to align members' and employers' contributions with the standard member contributions that would have been payable under the scheme if the member had not been on unpaid leave
- b. change the share of costs which fall to employers and to members
- c. design a new method which redistributes the cost between members and the scheme employers

61. The government's preference is option A, to align with standard member contributions, which are based on members' pay. GAD's analysis has shown that this will have a direct impact on the cost for female members of the scheme. There is no direct evidence that proposal B would improve outcomes for female members. If proposal B were to make the cost of buying back unpaid leave cheaper for members, then it could be assumed that take-up of the option to buy back might increase, but there is no detailed data on existing take-up by female and male members of the scheme, and so it cannot be evidenced that it would improve the gender pension gap. Proposal C has been discounted because it would require designing a new approach, with associated set-up costs.

62. Proposal A requires the addition of a new regulation (16(8A)) to the 2013 Regulations, so that the cost of buying back authorised unpaid leave over 30 days is what a member would have paid if they had not taken any leave. The current method that uses gender and age factors would still apply for members desiring to pay extra to boost their pension, including where the employer voluntarily pays towards the cost.

63. The government also proposes to extend the time-limit to buy back any lost pension during unpaid absences with permission, from 30 days to one year. This proposal gives members more time to understand their options and may make it more affordable as they will have more time to recover financially from the reduction in pay. This proposal would be achieved by amending Regulation 16(16) of the 2013 Regulations. If members elect to

buy back their unpaid leave pension within the new time limit, the employer would also be required to pay the standard employer contributions for that period.

64. The government also proposes to remove the three-year time limit on compulsory employer contributions on unpaid leave provided by Regulation 15(6). There is no clear rationale for a time limit, nor for it to be 3 years. Removing the 3-year limit would increase employer costs in some situations, such as where a member has been on authorised unpaid leave for over three years and opts to buy back pension on their return.

Q16 – Do you agree with the proposal to align the cost of buying back unpaid leave over 30 days with standard member contribution rates?

Q17 – Do you agree with the proposal to change the time-limit for buying back unpaid leave pension absences from 30 days to 1 year?

Q18 – Do you agree with removing the three-year limit on employer contributions in Regulation 15(6)?

## **Pension contributions during child-related leave**

65. In the LGPS, when a member is on child-related leave it is still pensionable and contributions must be paid, on any pensionable pay received as per Regulation 12 of the 2013 LGPS Regulations. Child-related leave includes:

- ordinary adoption or maternity leave
- additional adoption or maternity leave during which the member receives some pensionable pay
- neonatal care leave during which the member receives some pensionable pay
- paternity leave
- shared parental leave during which the member receives some pensionable pay
- parental bereavement leave during which the member receives some pensionable pay

66. One of the most significant gaps in a woman's pensionable service is often maternity or adoption leave. In the LGPS, a woman who takes the full 52 weeks that she is entitled to under statutory maternity leave, will take 26

weeks of ordinary maternity leave (pensionable), 13 weeks of additional maternity leave where some pensionable pay is received (pensionable for those who receive pensionable pay during this period) and 13 weeks of additional maternity leave where no pensionable pay is received (not pensionable).

67. The government proposes to make additional maternity leave, additional adoption leave and shared parental leave during which no pay is received automatically pensionable, with the cost to be met by the employer.

68. This would be achieved by amending the definition of “child-related leave” in the 2013 Regulations to include additional maternity leave, additional adoption leave and shared parental leave during which the member receives no pay. This would have the effect of all additional maternity or adoption leave and shared parental leave being fully pensionable, with no contributions payable by the employee for any leave that is unpaid. Where the member is not entitled to any pay during additional maternity/adoption leave, this proposal means an additional 26 weeks will be automatically pensionable.

69. The government recognises that this proposal is a significant improvement in terms for women who take the full year of statutory maternity leave, and both men and women who take up adoption leave. It should also encourage take up of shared parental leave.

70. The government is mindful that this would be a new requirement for LGPS employers, to increase support for employees during maternity, adoption or shared parental leave. The government believes that the cost would be affordable, both at the individual level (as in most cases it is time-limited to only 13 weeks of accrual) and at the fund-wide level (as the overall number of members who would take the full year of child-related leave in each valuation period is likely to be relatively small in the context of the entire fund). GAD has estimated this proposal might cost the scheme under £1 million in increased contributions per year, although we do not have data on the number of members who do not receive pensionable pay during the first 13 weeks of additional maternity, adoption or shared parental leave.

Q19 – Do you agree with updating the definition of child-related leave to include all periods of additional maternity, adoption and shared parental leave without pay?

## **Making gender pension gap reporting mandatory in the LGPS**

71. Gender pay gap reporting is now well-established in the UK, having been mandatory for employers with at least 250 employees since 2017. Gender pension gap reporting is not as well-established but is a growing area of interest.

72. In the LGPS, information on the difference between accrued pensions of men and women is not routinely collected. The government proposes to change that by making gender pension gap reporting mandatory in the LGPS. The intent is to both gather data to understand the gap better, and encourage employers to focus on what factors may be contributing to any such gaps.

73. The government proposes that administering authorities would be required to report on two metrics: their fund-wide gender pension gap and their gender pension saving gap as defined in paragraph 79 (below). This would be reported in the fund actuarial valuation report every 3 years (as well as in the annual report of that year).

74. The government believes the actuarial report, and not the annual report, would be the appropriate place for reporting, because the slower movement of gender pension gaps would better align with the 3-yearly cycle of valuation reports. The actuarial valuations already consider demographic data, and so the addition of gender pension gap data is not considered to be likely to be onerous.

75. The proposed implementation of this proposal is from the 2025 valuation onwards. The government recognises this timeframe may be ambitious but believes the importance of the issues necessitates fast action. As actuarial firms have already started work on the 2025 valuation, the government will continue to work with GAD, the SAB, and actuarial firms on the data that will be needed to meet the new requirements.

76. The government also believes that there would be value in a more granular view of gender pension gaps at the employer level. This would help administering authorities identify employers where there are specific issues (e.g., the issue of authorised unpaid leave in the education sector given above) and to take steps to understand and tackle such gaps. However, this would be a new requirement, and for smaller employers may be less meaningful and more difficult to calculate. The government proposes that only employers with at least 100 employees would be required to report in such a way. The expectation would be that actuarial valuation report would contain the gender pension gap and savings gap for such employers. It is

proposed that this would be included in the Rates and Adjustments Certificate, which already lists all employers in a fund. Administering authorities would also have the option of grouping certain types of employers to gather insights.

77. The government will work with the SAB to review gender pension gaps once the reporting process has been embedded. It is recognised that the calculation of gender pension gaps will have complications, such as whether casual workers are included or not, and the government intends to work with the SAB on guidance for reporting requirements.

78. The government proposes to define the gender pension gap as ‘the percentage difference in the LGPS pension income built up for male and female scheme members over a typical working life’. The government also suggests a further definition of the gender pension savings gap as ‘the percentage difference in the LGPS pension accrued annually for male and female scheme members. These definitions are adopted from the Pension Equity Steering Group, in collaboration with the SAB.

Q20 – Do you agree that gender pension gap reporting should be mandatory in the LGPS?

Q21 – Do you agree that the 2025 valuation (and associated fund annual reports) is preferable?

Q22 – Do you agree with the threshold of 100 employees for defining which employers must report on their gender pension gap?

Q23 – Do you agree with the gender pension gap definition being ‘the percentage difference in the pension income for men and women over a typical working life’?

Q24 – Do you agree with the gender pension savings gap being ‘the percentage difference in the pension savings accrued over one year for men and women’?

## 3. Opt-outs

### Background

79. The LGPS is a good pension scheme which plays an important role in providing security in later life for its members. Members may have good reasons for opting out of the scheme but in general remaining in the scheme is likely to be in their long-term interests.

80. Collecting and reporting data on members opting out of the LGPS is not required under current legislation and so is limited. A Local Government Association survey of administering authorities in June 2024 showed opt-out rates ranged from 3% to 40% of members. Further, only 35% of respondents to that survey said that they routinely review the number of members who have opted out of the scheme.

81. The government proposes to make it mandatory for administering authorities to collect and report data on the rate of members opting out of the scheme. The government wants to understand who is opting out, and why, and proposes the structured collection of demographic and equalities data of those who choose to opt-out.

82. The government proposes that the percentage rate of opt-outs will be required to be published in the Annual Report of each administering authority through amending Regulation 57 of the 2013 Regulations.

83. The government proposes that the opt-out form that members fill out when they leave should be updated. Additionally, regarding the collection of demographic and equalities data, the government will also create a separate survey on [Gov Forms](#) that the employee would be asked to fill in, and when completed, it would automatically return to MHCLG. The Gov Forms platform has been selected as it allows information to be provided to MHCLG directly, anonymously and handled securely, in line with legal requirements on data protection. This information would not be published and would be used in its anonymised state to build an evidence base as to why people choose to opt-out of the scheme.

84. At the administering authority level, it is considered necessary for administering authorities to hold this data on the number of opt-outs so they can assess how effective the scheme is as a recruitment and retention tool, and so they can properly assess the fund's maturity and plan future cashflow.

85. Depending on the evidence and trends identified for opt-outs, the government may consider further action. An increase in the numbers of members opting out of the scheme is an issue not just for government or the pension fund, but also for employers, and the solution must be sought together, whether through further changes to regulations, guidance or communications with members.

## Publication of opt-out data in the Annual Report

86. The government proposes to add reporting on the rate of opt-outs to the requirements for an Annual Report, through Regulation 57 of the 2013 LGPS Regulations. The opt-out rate published would be the total number of current employees who have opted out of the scheme, divided by the total number of current employees eligible to be a member of the LGPS, at fund level. The government will clarify the detail of this proposal, such as at what date the rate is, and if employees on contracts under 3 months are included, through updated Annual Report guidance.

87. The Annual Report has been selected as the place for such reporting, because government believes that opt-out levels are sensitive to economic conditions, and so regular reporting is necessary. It is not intended for reporting on opt-outs to be onerous, and the expectation is that in line with the updated guidance, administering authorities will request from employers the total number of those eligible to participate in the scheme and the number of those that have opted-out at the time of the annual report data collection to meet this requirement.

Q25 – Do you agree that the annual report is the best method of reporting data on those who choose to opt-out of the scheme?

Q26 – Do you foresee any issues with administering authorities' ability to gather data on opt-outs?

Q27 – When updating the annual report guidance to reflect opt-out data collection, what information would be most useful to include?

## Collection of additional opt-out data

88. Beyond a headline figure, the government is interested in who is choosing to opt-out of the scheme and why.

89. The government proposes to publish a Gov Form alongside the new opt-out form that administering authorities should be using when a member chooses to opt out. The current opt-out form does not have to include a section for members to say why they are opting out, nor their personal circumstances. Whilst some administering authorities do already collect this information, the government intends to formalise its collection. Our proposal is to add a new Regulation (5(6)) to the 2013 Regulations:

A notice under paragraph (2) must be given in the form approved for that purpose from time to time by the Local Government Pension Scheme Advisory Board.

90. The new proposed optional Gov form will ask members their reasons for opting out, as well as additional information on profession type, working hours and salary, gender, age, ethnicity, marital status and dependants. This form can be completed by employees at their discretion at the time in which they choose to opt-out of the scheme.

Q28 – Do you agree with the proposal to collect additional data about those opting out of the scheme?

Q29 – Are you an employer, part of an administering authority or member of a pensions board?

Q30 – Do you have any comments on the collection of additional information?

## 4. Forfeiture

### Background

91. Many public service pension schemes, including the LGPS, provide that under certain circumstances a member's accrued pension rights may be forfeited. A forfeiture certificate of LGPS benefits is only issued in cases where a member has been convicted of an offence deemed to be gravely injurious to the state or liable to lead to a serious loss of confidence in the public service. Further, employers may recover against any financial losses they have incurred as a result of the offence rather than issue a forfeiture direction after issue of the certificate. Forfeiture provisions for the LGPS are set out in regulations 91 to 95 of the 2013 Regulations.

92. The government has 4 proposals, intended to make the forfeiture process work better and fix known issues with current regulations:

a. to remove the requirement that a member must have left employment because of the offence for forfeiture to be possible

b. to abolish the current three-month time limit for an application to be made

- c. to remove the current regulations around interim payment directions
- d. to publish guidance on making a forfeiture application

## **Removing the requirement that a member must have left employment because of the offence**

93. For an offence to be a “relevant offence” for the purposes of the forfeiture regulations, the member must have left employment because of the offence. This means that there have been cases where a member is convicted in connection with their employment, but the member has already left the employment before the crime was discovered, and so a forfeiture application could not be made.

94. The government proposes to remove the requirement that a member must have left their employment because of the offence in order for the LGPS employer to be able to make an application for a forfeiture certificate or to recover against a monetary obligation. There would be no change to the threshold for when the Secretary of State can issue a forfeiture certificate, nor the requirement that the member is no longer in employment. The LGPS employer would still take the final decision on whether to forfeit benefits and, if so, the extent of the benefits forfeited. Benefits already paid out would not fall within scope of forfeiture.

95. This proposal would allow for applications for forfeiture certificates to be made regardless of whether the individual left employment because of the offence, ensuring that historic crimes and those where the member sought to conceal their actions can be within scope of the forfeiture provisions. It would also bring the LGPS in line with other public service pension schemes on this issue, including the NHS Pension Scheme, the Police Pension Scheme, the Civil Service Pension Scheme and the Teachers’ Pension Scheme.

96. This proposed amendment to regulation 91 would not be retrospective. The change would not apply to any application for a forfeiture certificate in respect of a relevant offence of which a member was convicted on or before three months before the coming-into-force date of the new regulations. LGPS employers would not be able to bring an application in respect of any offence for which the current time limits had expired, i.e. a case where more than 3 months has expired from the date of conviction.

97. The government has also considered if there would be any indirect retrospective adverse effect from the proposal. A member who committed an offence in relation to their employment before this amendment came into force, left their employment for a reason other than the offence, and who is

subsequently convicted of said offence within three months of the coming into force date (or afterwards), could be in scope of forfeiture. For the overwhelming majority of law-abiding LGPS members, this amendment would have no effect. The amendment would potentially be relevant to a very small number of members who have committed and are subsequently convicted of an offence in connection with their employment. If an application for a forfeiture certificate is made and granted in respect of such a member, that may result in a reduction of the pension payable to that member. However, whilst the member may see this as an adverse effect, the government does not consider that this can be attributed to the broadening of the circumstances in which a forfeiture application can be brought. The government's view is that this should be seen as an adverse effect of the member's own criminal conduct and that such adverse effects, if they materialised, would not be significant in the context of the scheme as a whole. The government's view is that the enhanced consultation procedure under section 23 of the Public Service Pensions Act 2013 therefore does not apply.

Q31 – Do you agree that the government should amend regulations 91 and 93 of the 2013 Regulations to remove the requirement that the member must have left employment because of the offence in order for an LGPS employer to be able to make an application for a forfeiture certificate or to recover against a monetary obligation?

## **Removing the time limit to make a forfeiture application**

98. Regulation 91(8) of the 2013 Regulations requires the LGPS employer to make any application to the Secretary of State for a forfeiture certificate within three months of the date of conviction. This is a stricter time limit than in other public service pension schemes. For example, there is no equivalent limit in the NHS Pension Scheme, the Police Pension Scheme, the Civil Service Pension Scheme or the Teachers' Pension Scheme. The time limit has led to cases where forfeiture was not possible as an application could not be made in time.

99. The government is therefore proposing to remove the time limit of 3 months to make an application. Abolishing the 3-month time limit to make an application means there will be no circumstances when the employer is unable to make the application in time. Whilst it is intended for this flexibility to help employers make applications, the government would still encourage employers to make applications in a timely manner. If there is a substantial delay between the member being convicted and sentenced and the scheme

employer applying for a forfeiture certificate, that may be relevant to the Secretary of State's decision as to whether the offence is gravely injurious to the State or liable to lead to a serious loss of confidence on the public service.

100. Under the current LGPS Regulations, the 3-month time limit starts from the date of conviction. Under the proposal to remove the time limit, there is no start date, but conviction remains a prior requirement for an application. The government however considers both the sentence given and sentencing remarks as part of the decision whether or not to issue a certificate, and will only consider applications where both of these have been provided.

101. The government is proposing that this change should only apply in respect of persons for whom the existing time limit in regulation 91(8) of the 2013 Regulations had not expired at the point that these changes come into force. Removing the link and the 3-month time limit will only apply from the date a member was convicted on or before 3 months before the amendment to regulations comes into force. For example, if the proposed regulations were to come into force on 1 October 2025, and a member had been convicted of a relevant offence on 30 June, then the 3-month limit would have already expired before this amendment, and a forfeiture application would not be possible. The coming into force date will be determined later in the year, subject to this consultation.

Q32 – Do you agree that the three month time limit for an LGPS employer to make an application for a forfeiture certificate should be removed?

## **Revoking Regulation 92**

102. Regulation 92 of the 2013 Regulations allows LGPS employers to give an 'interim payments direction' to the appropriate administering authority. An interim payments direction can be given once a forfeiture certificate has been issued and requires the administering authority to pay some or all of the benefits that would be due to the member whilst the LGPS employer decides whether or not to give a forfeiture direction.

103. An interim payments direction may only be given where the recipient would otherwise be entitled to receive payment under the scheme, and so in practice this provision may not be commonly used, as administering authorities can continue to use the standard powers to pay benefits under the scheme up to and until the point at which a forfeiture direction is

made. As such, the government believes that Regulation 92 is not necessary and proposes revoking it.

Q33 – Do you agree that Regulation 92 of the 2013 Regulations should be revoked?

## **Forfeiture in relation to benefits accrued in earlier schemes**

104. In addition to the amendments to the 2013 Regulations as discussed above, in order to give full effect to these proposals, the government also intend to make equivalent modifications to forfeiture provisions across earlier schemes. This will ensure that the forfeiture rules will apply in the same way to benefits accrued in respect of service before 1 April 2014. The government proposes to do this by inserting a new regulation 23A into the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 ('the 2014 Regulations'), which provides that the forfeiture provisions in the 2013 Regulations apply in respect of any benefits accrued under the earlier schemes.

Q34 – Do you agree that in order to give full effect to the proposed amendments, equivalent modifications should apply to earlier schemes?

## **Forfeiture guidance**

105. In other public service pension schemes, guidance is available to the scheme employer when making an application to the relevant body in cases of forfeiture, but no such guidance exists for the LGPS. The government proposes to publish guidance for forfeiture applications, and to work with the SAB in drafting such guidance.

Q35 – Do you agree that there should be forfeiture guidance to assist employers in making applications?

## **5. McCloud remedy**

### **Background**

106. In recent years, the government has taken steps to address the findings of the McCloud case for public service pension schemes. In that case, the Court of Appeal found that transitional protections given to older members of public service pension schemes when schemes were reformed in 2015 had unlawfully discriminated against younger members on grounds of age.

107. The Public Service Pensions and Judicial Offices Act 2022 provides the framework within which the McCloud remedy operates, and in October 2023 MHCLG laid a set of McCloud-related LGPS regulations. These regulations extended underpin protection to the younger members of the scheme in order to remedy the discrimination found by the courts.

108. This section proposes further McCloud-related changes to the LGPS Regulations. The intention is to address issues with the operation of the underpin that have only been identified now that administering authorities are working their way through remedy calculations.

### **Divorce credits**

109. Regulation 12 of the LGPS (Amendment) (No 3) Regulations 2023 ('the 2023 Regulations') – Divorce or dissolution of civil partnership before 1st October 2023 – says that for members who were divorced (or dissolved a civil partnership) before 1st October 2023, any additional pension they receive from the underpin (estimated or in payment), must be split with their ex-spouse, in accordance with any pension sharing order.

110. The issue of a pension sharing order results in a pension credit (the amount the ex-spouse or former civil partner receives) and a pension debit (the amount taken from the member to go to the ex-spouse or former civil partner). Regulations 12(5) and 12(6) however only refer to the pension credit, and not to any pension debit. The government is proposing to amend Regulation 12 so that it can now apply to both a pension credit and debit. This will ensure that a pension sharing order can be implemented in respect of LGPS benefits.

111. In cases where the pension sharing order sets a fixed amount, instead of a percentage, the appropriate amount is the lesser of the fixed amount or the cash equivalent of the relevant benefits. Where the appropriate amount is the fixed amount, it is not proposed that administering authorities need to revisit pension debits. Where the appropriate amount is the cash equivalent, the proposal is that administering authorities do need to revisit pension debits, as it is possible that the cash equivalent may now be above the fixed amount, if the member has for example received a significant top-up from the McCloud remedy.

112. We also believe that the member's pension needs to be recalculated in instances where that pension was a tier 3 pension that was suspended before 1 October 2023, where the member trivially commuted the pension before 1 October 2023, and where the member died before 1 October 2023.

113. The government's view is that where member pensions are recalculated using a recalculated pension debit, this applies to related benefits of survivor pensions, trivial commutation lump sums, deferred/pensioner death grants, transfers out and interfund adjustments. If an overpayment is created by the recalculated pension debit, it is expected that administering authorities will make reasonable efforts to recover the overpayment, as they would any other overpayment.

114. The proposal amends Regulation 12 to give effect to these scenarios.

Q36 – Do you agree with the government's proposal for pension debits and credits?

## **Death grants on 30 September 2023**

115. Regulation 8(1)(b) of the 2023 Regulations – Survivor benefits in respect of members who died before 1st October 2023 – applies to members where a survivor pension was paid before 1st October 2023. However, the 2013 Regulations lay down that survivor pensions come into payment the day after a death. The combination of the two regulations means that deaths on 30th September 2023 would not be covered, when this was not the original policy intent. The government is proposing to amend Regulation 8(1)(b) so that deaths on 30th September 2023 are covered.

Q37 – Do you agree with the government's proposal to cover deaths on

## Interest on Club transfers

116. Club transfers are where members transfer pension benefits between certain schemes who have joined the Public Sector Transfers Club. Regulation 14(3) of the 2023 Regulations – Interest on payments under the statutory underpin - says that “an administering authority must take reasonable steps to pay interest in respect of the amount to be paid to the scheme under regulation 10(5) (transfers out)”, but this is contrary to the Public Sector Transfer Club Memorandum as issued by the Cabinet Office. The Club Memorandum at paragraphs 4.41 and 4.22 states that interest should not apply on Club transfers, except where the transfer was completed before 1 October 2023 and the receiving scheme was not a “remedy scheme” (i.e., a scheme subject to the McCloud remedy).

117. The government proposes to remove this inconsistency, and confirm that interest should not apply on such transfers, except where the transfer completed before 1 October 2023 and the receiving scheme was not a remedy scheme. This would require an exception to Regulation 14(3).

Q38 – Do you agree with the government’s proposal to clarify if interest applies on Club transfers?

## Interest on Part 4 tax losses

118. Part 4 tax losses can occur where a member may have overpaid annual allowance or lifetime allowance charges as a result of the application of the McCloud remedy. Treasury Direction 37 of the Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022 says that LGPS regulations must make provision for certain rules regarding interest on McCloud payments. Direction 39(2) says that the LGPS Regulations must include provision about the periods over which interest must be calculated in relation to specified relevant amounts.

However, Regulation 14 of the 2023 Regulations does not cover direct compensation for a part 4 tax loss, which is a “relevant amount”.

119. The government's proposal is to amend the LGPS Regulations to cover interest on compensation payments made under section 82(1) of the Public Service Pensions and Judicial Offices Act 2022, including part 4 tax losses. This would require that interest is calculated either from the date direct financial loss occurred or the date overpayment was made, up until the date of payment.

Q39 – Do you agree with the government's proposal to include part 4 tax losses in the 2023 regulations?

## **Transfers from other public service schemes for members over 65 years old**

120. Regulation 4G of the 2014 Regulations states that an eligible member's underpin date is at a maximum age 65, or earlier if the member leaves active membership or takes flexible retirement. This reflects that a member's normal retirement age under the previous scheme would have been 65.

121. If a member joins the LGPS after age 65, they would not build up any benefits to be protected by the remedy. However, if a member transfers in from another public service scheme after age 65, that member may have protected benefits, from their prior service before and after age 65, that go beyond the LGPS cut-off of age 65. Currently there is no mechanism to give such a member an underpin date, provisional underpin amount or provisional assumed benefits.

122. The government proposes to create a new mechanism to give such members an underpin date that is the date on which the transfer payment was made. Specifically, this would be an amendment of Regulation 4G of the 2014 Regulations, to add this new definition of underpin date, and to require that calculations made under this regulation must be made in accordance with actuarial guidance.

123. The government then intends to update McCloud guidance to cover this scenario, and to explain its interpretation of how a provisional underpin amount and provisional assumed benefits would be calculated for such a member.

Q40 – Do you agree with the government's proposal for transfers from other public service schemes for members over 65 years old?

## **6. Other regulation changes**

124. The government intends to make several technical changes to the LGPS Regulations. Most of these proposals do not reflect new or changed policy, but are intended to fix known issues raised by administering authorities and administrators.

### **Retrospective directions**

125. Under paragraph 3 of Part 2 of Schedule 3 to the 2013 Regulations, the Secretary of State may, by a written direction, substitute a different administering authority as the appropriate administering authority for a person or class of person. Paragraph 4 sets out what the direction must include and how the government must consult with affected parties.

126. The government proposes to amend paragraph 4, to clarify that such directions may be retrospective i.e., the direction may be issued after the date on which it directs the substitution of one administering authority for another. This clarification is in response to recent applications for directions, where the request relates to a past event, or there is not enough time to issue the direction before the event that requires a direction.

### **Combined County Authorities**

127. The government proposes an update to Part 1 of Schedule 2 of the 2013 Regulations, to include as scheme employers the combined county authorities established under section 9(1) of the Levelling Up and Regeneration Act 2023. The intent is to include these newly-created authorities as employers in the LGPS.

### **Welsh Corporate Joint Committees**

128. The government proposes an update to paragraph 6 of Part 2 to Schedule 2 of the 2013 Regulations, to cover companies under the control of newly-created Welsh Corporate Joint Committees (CJCs). Corporate Joint Committees are bodies created under the Local Government and

Elections (Wales) Act 2021, to enable local authorities in Wales to collaborate on economic development.

129. The 4 CJs are already listed in part 1 of Schedule 2 of the 2013 Regulations, as scheme employers which must (offer the LGPS). Part 2 of Schedule 2 of the 2013 Regulations lists designating bodies (employers that can nominate employees for access to the LGPS), and in particular covers companies under the control of Part 1 employers, but has inadvertently missed companies under the control of CJs. The proposal is therefore to change paragraph 6 of Part 2 of Schedule 2, to cover companies under the control of a body listed in paragraphs 6 to 28. The intended effect is that companies under the control of North Wales, Mid Wales, South East Wales and South West Wales Corporate Joint Committees would also be covered by Part 2, and would be able to nominate their employees for the LGPS.

## **Exiting employers**

130. The government proposes a small update to Regulation 64 of the 2013 Regulations, to clarify the current regulations on exiting employers and deferred debt agreements. Deferred debt agreements allow employers who leave the LGPS and have an outstanding payment to spread the cost over time.

131. Regulation 64(1)(b) defines an exiting employer as one that has no active members in a fund, even if they have some in another fund. However, regulation 64(7B)(a) says that an administering authority may only enter into a deferred debt agreement with an exiting employer when the last active member has left the scheme. This inconsistency means that if an employer leaves one fund, but still has some active members in another fund, they are prevented from using a deferred debt agreement for the fund they leave.

132. The government proposes to update regulation 64(7B)(a) to read “when the last active member has left the relevant fund”, which will align with regulation 64(1)(b). It is also intended that regulation 64(7E)(a) is amended to read “new active members in the relevant fund”.

## **De-minimis payments for pre-2008 leavers**

133. Regulation 34(1)(c) of the 2013 Regulations allows for the commutation of a small pension under the Registered Pension Schemes (Authorised Payments) Regulations 2009, but there is no such option for leavers before 1 April 2008. This adds to administration costs for

administering authorities as very small pensions must continue to be paid, rather than commuted.

134. The government proposes to allow for commutation for pre-2008 leavers too. The proposal is to amend Regulation 3 of the 2014 LGPS Regulations (“Membership before 1st April 2014”), to mirror regulation 34(1) (c) of the 2013 LGPS Regulations.

## **Additional Voluntary Payments (AVCs) and transfers**

135. Regulation 17(10) of the 2013 Regulations requires that where a member transfers their main pension benefits out of the LGPS, the member must also transfer out any balance in their AVC account.

136. To align with the Freedom and Choice reforms, which aim to give people more options for how they manage their pension savings, the government proposes this requirement is removed, so that, if they wish to do so, a member who transfers out may keep their AVC within the LGPS.

137. A member who does so will not be able to purchase additional pension with their remaining AVCs, as there would no longer be a main pension account to which these could be added. The two other options for using AVCs under current legislation – a lump sum or purchasing an annuity – would still be available in line with Regulation 17(7) of the 2013 Regulations.

## **Pre-2014 AVCs**

138. The government is proposing to clarify that deferred members who left active membership of the LGPS before 1 April 2014 can use any AVCs made to buy additional pension in the LGPS.

139. The intent is to help members who are not able to take all of their AVCs as a tax-free lump-sum, and are left with AVCs which cannot be used to buy an annuity as the amount is too small. Currently, buying additional pension is not allowed, and the only option left is to make an unauthorised payment, which will incur tax charges to the member.

140. The government proposes to clarify that members to whom Regulation 31 of the Local Government Pension Scheme Regulations 1997 (S.I. 1997/1612) or Regulation 30 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (S.I. 2007/1166) applies, may elect for the value in their AVCs to be used to

provide additional pension under the earlier regulations, when taking payment of their AVCs at the same time as deferred benefits.

## **Lifetime allowance**

141. The lifetime allowance (LTA) was the amount of pension (excluding state pension) that could be crystallised over an individual's lifetime before incurring tax. The lifetime allowance charge was the charge applied when pension benefits were crystallised and the LTA was exceeded. The last set rates for the LTA charge were 55% on amounts taken as a lump sum and 25% on amounts taken as pension.

142. The LTA charge was abolished from 6 April 2023, with the new rate being set as the marginal tax rate of an individual. The LTA itself was abolished from 6 April 2024 (by the Finance Act 2024). At the same time as the abolition of the LTA, the lump sum allowance (LSA) and lump sum and death benefit allowance (LSDBA) were introduced, which set the limit on the lump sums that individuals can receive before incurring tax charges (and not counting standard pension payments). The LSA was set at £268,275, 25% of the standard LTA prior to its abolition, and the LSDBA set at £1,073,100 (the same value as the LTA prior to abolition).

143. As part of the changes to pensions tax enacted by the Finance Act 2024, a new type of authorised payment was established – the pension commencement excess lump sum (PCELS). The PCELS allows individuals who have already used up their LSA or LSDBA to take further lump sums from their pensions, which are to be taxed at their marginal rate. Under the legislation, it is up to schemes to determine:

- a. Whether they will allow PCELSs to be paid from their scheme;
- b. If so, whether a limit will apply to the amount that can be paid from the scheme as a PCELS.

144. The government is now proposing changes to the LGPS Regulations to reflect the removal of the LTA and LTA charge, provide clarity on the definition of Benefit Crystallisation Events (BCEs), and define the approach to pension commencement excess lump sums (PCELS).

145. Those changes are summarised as follows:

- a. Regulation 50 of the 2013 Regulations and the equivalents to it (to the extent that they have been preserved) in the 1997 and 2008 Regulations to be revoked, and the accompanying actuarial guidance issued under Regulation 50 to be withdrawn.

b. The definition of BCE in Schedule 1 of the 2013 Regulations to be amended to have the same meaning as in Schedule 32 of the Finance Act 2004.

c. Updated actuarial guidance on the approach to PCELSs to be issued by the department, replacing previously issued transitional actuarial guidance on PCELSs.

146. In respect of the LGPS and PCELSs, the proposal is that PCELSs will be paid from the scheme, subject to the following conditions:

a. The maximum lump sum members will be allowed to take will be 25% of the capital value of the benefits they are crystallising, subject to contracting out limits.

b. That lump sum will first be taken out of their LSA and LSDBA.

c. Once their LSA and LSDBA has been filled/used, the remainder of that lump sum will be paid as a PCELS.

d. That PCELS lump sum will be taxed at the member's marginal rate.

147. The proposal above reflects a desire to maintain the same proportion of benefits that members can crystallise at each BCE before exceeding tax relief (see regulation 33(2) of LGPS Regulations 2013).

148. Prior to the abolition of the LTA, members in the LGPS could take 100% of benefits that exceeded the LTA as a lifetime allowance excess lump sum (LTAELS), subject to contracting out limits (defined in actuarial guidance issued under Regulation 50 of the 2013 Regulations). An LTAELS was the equivalent lump sum to the PCELS prior to the LTA's abolition. Whilst acknowledging that the proposed PCELS approach is more restrictive than the LTAELS approach, it should be noted that the tax treatment of the two lump sums is different. Prior to the aforementioned pensions tax changes, LTAELSs were taxed at 55% of their value, whilst PCELSs are taxed at a member's marginal rate of income tax (a current maximum of 45%).

149. The Finance Act 2024 contains a transitional provision which allows scheme administrator to pay PCELSs in line with the scheme's prior rules on LTAELSs. On 15 May 2024, the Local Government Association circulated a communication to administering authorities (AAs) on behalf of the then-Department for Levelling Up, Housing and Communities, which confirmed that AAs must offer members who are retiring the ability to take the benefits that would have been in excess of the LTA as a PCELS, subject to the general rules that apply to PCELSs. These transitional provisions would be superseded by any new rules.

150. Subject to this consultation, the intention is that a confirmed approach on PCELSs will be reflected in an updated version of the actuarial guidance issued under regulation 33(3) of the LGPS Regulations 2013, and the equivalents to it (to the extent that they have been preserved). That guidance will include advice on the treatment of active cases where the transitional PCELS guidance is in place.

## **5-year refunds**

151. The government understands that the widely held interpretation of Regulation 18(5) of the 2013 Regulations is that, unless a member has already requested payment, it requires an administering authority to pay the refund of any contributions to a member on the specific date of either the expiry of a period of 5 years beginning with the date the member's active membership ceased, or, if the member would turn 75 before then, the day before their 75th birthday.

152. The government desires to give administering authorities greater flexibility in making payments and provide assurance as to when they can do so, and so proposes to amend the Regulations to achieve the following:

- a. The removal of the requirement that unless a member has already requested payment, administering authorities must pay the refund of contributions on the "specific date".
- b. Administering authorities to be provided with a power to pay the refund of contributions at any point after the expiry of the period of 5 years beginning with the date the person's active membership ceased. This is intended to ensure administering authorities must pay the refund either on request or on the day before the member's 75th birthday (as is currently required by the Regulations), and may also choose to pay the refund after the expiry of the period of 5 years beginning with the day the person's active membership ceased.
- c. Regulation 19(1) of the LGPS Regulations 2013 to be amended to provide that no refund of contributions is payable from the date that a person attains the age of 75. This is to avoid payments being made that would conflict with an interpretation of the Finance Act 2004 that those payments cannot be made to individuals aged over 75.
- d. A new requirement to be placed on administering authorities, that they must take reasonable steps to obtain the information necessary to pay the refund on the day before the member attains the age of 75.

## **Child's pensions under the 1995 and 1997 Regulations**

153. The government's view is that currently, a child's short-term pension in the 1995 and 1997 Schemes will be paid in full, even if the beneficiary ceases to be an eligible child part-way through that period. Whilst it is expected that this situation would only occur in a small number of cases, the government considers that payments made to a beneficiary who is no longer an eligible child are likely to be unauthorised under Section 164 of the Finance Act 2004.

154. As such, the government is proposing to amend the 1995 and 1997 Regulations (through the 2014 Regulations) to clarify that a child's pension would be paid only for the duration that a beneficiary is an eligible child.

155. The government is not proposing that this amendment is retrospectively, as it does not wish to put any recipients of past pensions in a worse position.

## **Retained EU law**

156. The government proposes to remove the following references to the European Union (EU):

Local Government Pension Scheme Regulations 2013 (SI 2013/2356)

- Regulation 3(7)(b) and (c) [Active membership]
- Regulation 18(1)(d) [Active membership]
- Regulation 20(2)(j)(iv) [Meaning of pensionable pay]
- Regulation 100(2)(b)
- Regulation 102 [EU Scheme Transfers]
- Schedule 1 – definition of IRMP
- Schedule 1 – definition of European pensions institution

Local Government Pension Scheme (Transitional Provisions, Savings and Amendments) Regulations 2014 (SI 2014/525)

- Regulation 4(5)(d)
- Regulation 9(3)

- Regulation 3(2)(b) and (c)
- Regulation 6(2)(c)

## **Bereaved paternity leave**

157. The government proposes to amend the LGPS definition of paternity leave to reflect the Paternity Leave (Bereavement) Act 2024 that will give bereaved fathers and partners a right to Paternity Leave from the first day of employment if they are in the tragic circumstances of losing the mother or primary adopter of their child in the time surrounding birth or adoption.

158. The definition is to be amended so that “Paternity leave” means leave under section 80A or 80B of the Employment Rights Act 1996.

## **Amendments from the Joint Committee for Statutory Instruments**

159. The Joint Committee for Statutory Instruments, which reviews statutory instruments for clarity of legal drafting, has proposed minor updates to the LGPS regulations. The government plans to accept the updates in full. The proposed changes are to regulations 27, 41, 42, 44, 45, 47 and 48 of the 2013 Regulations, following amendments made by S.I 2023/273 in relation to the revaluation adjustment.

Q41 – Do you agree with the proposal to omit Regulation 50 and the equivalents to it (to the extent that they have been preserved) in the 1997 and 2008 Regulations?

Q42 – Do you agree with the proposal to withdraw the actuarial guidance linked to Regulation 50?

Q43 – Do you agree with the proposal to amend the definition of BCE in the 2013 Regulations?

Q44 – Do you agree with the proposed approach to PCELSs?

Q45 – Do you agree with the proposed approach to issue updated actuarial guidance on the treatment of PCELSs?

Q46 – Do you agree with the proposed amendments to the Regulations?

Q47 – Do you have any comments on the proposals in this chapter?

## **7. Administrative impact of proposals**

160. The government recognises that the proposed Statutory Instrument, which can be found alongside this consultation document, would make several changes to LGPS Regulations at once. Some of these changes have been long discussed, but some are new proposals, and all will require administrators to adapt existing processes or create new ones.

161. The government believes that these changes are important to improve access to and the running of the scheme, and proposes to implement most of these changes through the draft Statutory Instrument later this year.

162. However, the government recognises that there is already significant pressure on LGPS administrators, particularly in the context of McCloud remedy calculations. Accordingly, the government is seeking views on the cumulative administrative burden of the proposals, and in particular if there are areas that administrators consider more complex than others that may need to be introduced later. The government will consider all responses to this consultation and consider if some of the changes would be better introduced through a staggered approach.

163. The government does not propose to cover any additional cost generated by the proposals in this consultation. The government's view is that, unless otherwise specified, the costs of implementing these proposals are costs of administration of the scheme. Therefore, they would be chargeable to the LGPS pension funds and are not in scope of the New Burdens Doctrine.

Q48 – Do you have any comments about the impact the combined proposals in this document will have on administration?

Q49 – Are there any areas where you believe the proposals are significantly more complex and would benefit from a later implementation date?

Q50 – Do you have any comments on the proposed approach to cost?

## 8. Public Sector Equality Duty

164. Under the Public Sector Equality Duty (“PSED”), the government is required to have due regard to the need to:

- eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people who share a protected characteristic and people who do not share it
- foster good relations between people who share a protected characteristic and people who do not share it

165. The protected characteristics which should be considered are:

- age
- disability
- sex
- gender reassignment
- marriage or civil partnership
- pregnancy and maternity
- race
- religion or belief
- sexual orientation

166. The government has access to up-to-date data on the age and sex of LGPS members, but not complete or up-to-date data on the other protected characteristics. Outlined below are the PSED considerations arising from the data the government does have, but respondents to this consultation are encouraged to share any evidence they may have on the potential impact of the proposals on any of the above protected characteristics.

### Survivor benefits and death grants

167. The proposals on survivor benefits and death grants in section 1 are particularly focussed on ensuring there is no discrimination in the LGPS regarding entitlement to survivor benefits. This section outlines the government’s approach to PSED considerations regarding the proposals.

168. The proposal to equalise pension entitlement is intended to ensure there is no discrimination on the basis of sex or sexual orientation when pension entitlement is calculated. The equalisation (where there is a difference in entitlement due to sex or sexual orientation) is intended to uplift the pension entitlement of survivors to the highest entitlement currently provided to any group of survivors. As the proposals are only intended to uplift the entitlement, the government does not consider that this would have any adverse impacts on other members, both generally or on the basis of protected characteristics.

169. The proposal to remove the nomination requirement for cohabitants is intended to ensure there is no discrimination against members in cohabiting relationships and is put forward in light of the Brewster (2017) ruling. The decision to not backdate the change in the case of the 2011 Regulations is not viewed by government to be discriminatory, as payments under those regulations are discretionary, not an entitlement.

170. The proposal to remove the age 75 cap on death grants is intended to align the LGPS Regulations with Normal and State Pension Age changes, and underlying HMT legislation. The intention of backdating the change to all deaths of eligible members on or after 1 April 2014 is to align the LGPS with the underlying HMT legislation in a manner consistent with the LGPS NI and other public sector pension schemes.

171. The proposal to change death grant rules regarding personal representatives is not seen to apply to any specific group of people, as defined by protected characteristics.

## **Gender Pension Gap**

172. The proposals on the Gender Pension Gap are about improving pension access for women members, and so the protected characteristic of sex is clearly relevant.

173. The proposal to make unpaid leave under 30 days automatically pensionable will apply equally to any member, regardless of their gender (and indeed any other protected characteristic), but as in 'Chapter 2 – Authorised absences under 31 days', it is mostly women who take such unpaid leave in the scheme. The government considers this proposal to have a positive impact, in that members will have small gaps in their pension accrual filled in, but recognises that for the member this will mean having to make employee contributions for any such gaps, compared to making no contributions and accruing no pension.

174. The proposal to change how the cost of unpaid leave over 30 days is calculated, when the member has made an election within the time-limit, will

have both positive and negative equality impacts. As in 'Chapter 2 – Cost of buying back pension lost in an unpaid break of over 30 days', GAD has performed analysis of the proposal and the impacts according to the protected characteristics of sex and age, but has not been able to do the same for other protected characteristics where data is not available. This analysis shows that the proposal will make the cost of buying back cheaper for older members and for women, which means that it will be more expensive for younger members and men. As the government understands that most unpaid leave is taken by women, this is considered to be a reasonable trade-off to make, to address a disproportionately low level of buying back unpaid leave, and permitted positive action under section 158 of the Equality Act 2010.

175. The proposal to make additional maternity leave, adoption leave and shared parental leave without pay fully pensionable only has positive PSED impacts on individual members, as it will improve pension provision and does not make pension provision worse or more expensive for any member. As shared parental leave and adoption leave (which do not have to be taken by a woman) are included, this change would benefit both men and women.

176. The proposal for gender pension gap reporting does not directly impact individual members' benefits and so there are no PSED considerations to highlight here, although reporting may highlight areas for future work.

## **Opt-outs**

177. The proposal for opt-out reporting does not directly impact individual members' benefits and so there are no PSED considerations to highlight here, although reporting may highlight areas for future work to support members to remain in the scheme.

## **Forfeiture**

178. The proposal to remove the requirement that a member must have left employment because of the offence for forfeiture to be possible will have direct impact on some individual members. These proposals mean, there are instances where a member may now come in scope of forfeiture where they would not have done previously. The government considers this to be a consequence of the member's actions - committing a relevant offence - which are unrelated to their protected characteristics. The other proposals for forfeiture do not have direct impact on members, and are about making the progress easier for employers to navigate.

## McCloud remedy

179. The McCloud remedy addresses previous discrimination in the scheme on the protected characteristic of age. PSED analysis was conducted as part of the LGPS remedy<sup>[footnote 1]</sup>.

180. The proposals within this document are intended to make sure the remedy is operating correctly in all circumstances. As such, the government considers that these proposals should only have positive PSED impacts, in that they extend the remedy.

## Other regulation changes

181. The proposals on written directions, Combined County Authorities, Welsh Corporate Joint Committees and exiting employers do not have direct impact on members, and there are no PSED impacts identified.

182. The proposals on de minimis payments before 2008, AVCs and transfers and pre-2014 AVCs do have a direct impact on members, and are about extending choices available to members. The government does not hold data on the protected characteristics of members who would be affected (such as members who left the scheme before 2008 with a small pension, or those who hold AVCs and are thinking about transferring out their main LGPS benefits), but because the proposals extend member choice, the government believe there can only be positive PSED impacts.

183. The proposals on the Lifetime Allowance are to reflect wider changes in the tax landscape. Data on the protected characteristics of LGPS members who may be affected by the changes is not held by the government. The criteria for being affected by the proposal is driven by the monetary value of benefits being taken rather than any protected characteristic (£268,275 for the Lump Sum Allowance and £1,073,100 for the Lump Sum and Death Benefit Allowance), although it is fair to assume that it will generally be older members of the scheme affected who will have built up such benefits.

184. The proposals on 5-year refunds will give administering authorities more flexibility over the timeframe in which refunds of contributions must be paid. Data on the protected characteristics of members who have been waiting for refunds to be paid is not held by government, because these members have typically not been paid because there are particular difficulties in locating the right person to pay.

185. The proposals to amend the 1995 and 1997 Regulations regarding children's pensions have a direct impact on members on the basis of age. The government considers that the basis of the amendment of the Regulations (to avoid unauthorised payments) justifies the changes being proposed.

186. The government does not consider the proposals to remove all references to the European Union to have any PSED impacts.

Q51 – Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so, please provide relevant data or evidence.

Q52 – Do you agree to being contacted regarding your response if further engagement is needed?

## Summary of proposals and questions

### Summary of proposals

	Proposal title	Proposal summary	Qs
Chapter 1 – Survivor Pensions and Death Grants	Survivor benefits (Pension entitlement equalisation)	Modification of the LGPS	Q1
		Regulations to ensure that the survivor pension payable to the survivor of a marriage or civil partnership with a member is calculated in the same way,	Q2
		regardless of the sex or sexual orientation of the member or survivor. This equalisation is proposed to be to the highest level of entitlement currently available (given the date of the marriage or civil partnership) and to be backdated.	Q3
			Q4
			Q5
	Survivor benefits (Cohabitee	Removal of the requirement for a signed nomination form in the	

Proposal title	Proposal summary	Qs
survivor pensions)	case of qualifying cohabitee survivors, retrospective for any individual who stopped being a member between 1 April 2008 and 31 March 2014. Additionally, amendment of the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 to remove reference to a nomination requirement, with no retrospective application.	Q6 Q7
Death grants (age 75 cap)	Removal of the age 75 cut-off on eligibility for death grants, backdated for all deaths on or after 1 April 2014.	Q8 Q9 Q10 Q11
Death grants (personal representatives)	Removal of the 2-year limit on administering authorities identifying personal representatives, applicable for all death grants that haven't yet been paid.	Q12 Q13
Chapter 2 – Gender Pension Gap	Authorised absences under 30 days	That any unpaid leave under 30 days is to be considered normal pensionable earnings, to be calculated either by assumed pensionable pay or actual pay lost.
		Q14 Q15
Cost of buying back pension lost in an unpaid break of over 30 days	Aligning the cost of buying back unpaid leave over 30 days with standard member contribution rates. Extending the time-limit to buy back lost pension from 30 days to 1 year. Removal of the three-year time-limit on compulsory employer contributions on unpaid leave.	Q16 Q17 Q18

	<b>Proposal title</b>	<b>Proposal summary</b>	<b>Qs</b>
	Additional 13 weeks of parent-related leave	Including all periods of additional maternity, adoption and shared parental leave without pay in the definition of child-related leave.	Q19
	Making gender pension gap reporting mandatory	Making gender pension gap reporting mandatory in the LGPS, with data reported from the 2025 valuation, to be applied to employers of over 100 employees.	Q20 Q21 Q22
		For the gender pension gap and the gender pensions savings gap to be defined.	Q23 Q24
Chapter 3 – Opt-outs	Publication of opt-out data in the Annual Report	For opt-outs-related data to be required to be published in administering authority Annual Reports.	Q25 Q26 Q27
	Collection of additional opt-out data	The publishing of a Gov Form, to be used by administering authorities when individuals opt out of the scheme.	Q28 Q29 Q30
Chapter 4 – Forfeiture	Removing the requirement that a member must have left employment because of the offence	Concerning the forfeiture of pension rights, for the requirement of a member to have left employment because of the relevant offence in order for an LGPS employer to be able to make an application for a forfeiture certificate or to recover against a monetary obligation.	Q31
	Removing the time limit to make a forfeiture application	To remove the current three month time limit from the date of a conviction on an employer to make an application for a forfeiture certificate.	Q32

	<b>Proposal title</b>	<b>Proposal summary</b>	<b>Qs</b>
	Revoking regulation 92	As the government believes regulation 92 is not being used, for it to be revoked.	Q33
	Forfeiture in relation to benefits accrued in earlier schemes	In order for the other amendments to have full effect, for the equivalent modifications to provisions across earlier schemes to be made.	Q34
	Forfeiture guidance	For forfeiture guidance to be published to assist employers in making applications.	Q35
Chapter 5 – McCloud Remedy	Divorce credits	For the approach to pension debits and credits to be clarified, so the LGPS facilitates compliance with pension sharing orders.	Q36
	Deaths on 30 September 2023	Clarification of the approach to be taken regarding deaths on 30 September 2023.	Q37
	Interest on Club transfers	Confirmation that interest should not apply to Club transfers, other than in specific cases.	Q38
	Part 4 tax losses	Part 4 tax losses to be covered by the 2023 Regulations.	Q39
	Transfers from other public service schemes for members over 65 years old	Members who join the LGPS after age 65 to be given an underpin date, with consequential calculations to be made in accordance with actuarial guidance (to be provided by government).	Q40
Chapter 6 – Other Regulation Changes	Retrospective directions	To allow substitutions of administering authorities for persons or classes of persons to be made retrospectively.	
	Combined County Authorities	To add combined county authorities to the list of scheme	

Proposal title	Proposal summary	Qs
	employers in the LGPS.	
Welsh Corporate Joint Committees	To allow companies under the control of Welsh Corporate Joint Committees to offer the LGPS to their employees.	
Exiting Employers	To align the definition of an exiting employer and the regulations surrounding deferred debt agreements for exiting employers.	
De-minimis payments for pre-2008 leavers	To allow leavers before 1 April 2008 to commute a small pension.	
Additional Voluntary Payments (AVCs) and transfer	To allow members who transfer out of the LGPS to keep their AVC in the LGPS.	
Pre-2014 AVCs	To clarify that deferred members can use AVC to buy additional pension in the LGPS.	
Lifetime allowance	To reflect the removal of the LTA and LTA charge, provide clarity on Benefit Crystallisation Events and define the approach to pension commencement excess lump sums (PCELSs).	Q41 Q42 Q43 Q44 Q45
5-year refunds	To clarify the government's approach to 5-year refunds, particularly in the time limits applied to payments.	Q46
Child's Pensions	To amend the 1995 and 1997 Regulations to stop child's pensions being paid to beneficiaries who become adults during pension payment, as these payments are	

Proposal title	Proposal summary	Qs
	unauthorised under the 2004 Finance Act.	
Retained EU Law	To remove references to the European Union from the LGPS Regulations.	
Bereaved Paternity Leave	To amend the LGPS definition of paternity leave to reflect the Paternity Leave (Bereavement) Act 2024.	
Amendments from the Joint Committee for Statutory Instruments (JCSI)	To improve clarity of legal drafting as recommended by the JCSI.	Q47
Administrative impact of proposals	To seek views on the cumulative administrative burden of the proposals, and if there are areas that administrators consider more complex than others that may need to be introduced later.	Q48 Q49 Q50
Public Sector Equality Duty	To seek views on if PSED has been considered effectively.	Q51
Contact	To understand if respondents would like to be contacted to further discuss their responses if needed.	Q52

## Summary of questions

Q1 – Do you agree with the government’s proposed amendment of survivor benefits rules?

Q2 – Do you have any comments on the intended approach to equalising survivor benefits?

Q3 – Do you have any comments on the administrative impact , particularly in identifying cases where calculations of past benefits would need to be

revisited?

Q4 – Do you have any further comments on the proposed changes?

Q5 – Do you agree with the government's proposals to formalise the removal of the nomination requirement?

Q6 - Do you have any comments on the government's proposals to formalise the removal of the nomination requirement?

Q7 – Do you have any comments on the proposed approach to backdating?

Q8 – Do you agree with the proposed amendments to death grants?

Q9 - Do you have any comments on the government's proposals to remove the age 75 cut-off from the LGPS Regulations?

Q10 – Do you have any comments on the proposed approach to backdating?

Q11 – Do you have any comments on the administrative impact, particularly in identifying historic cases where death grants that were not paid would now be paid?

Q12 – Do you agree with the proposal to remove the two-year limit?

Q13 – Do you have any comments on the government's proposal to remove the two-year limit?

Q14 – Do you agree that the LGPS Regulations should be updated so that any unpaid leave under 31 days is pensionable as a way to address the gender pension gap?

Q15 – Do you agree the government should use the actual lost pay option when calculating contributions, or do you think APP should be the chosen option? Please explain the reasons for your view.

Q16 – Do you agree with the proposal to align the cost of buying back unpaid leave over 30 days with standard member contribution rates?

Q17 – Do you agree with the proposal to change the time-limit for buying back unpaid leave pension absences from 30 days to 1 year?

Q18 – Do you agree with removing the three year limit on employer contributions in Regulation 15(6)?

Q19 – Do you agree with updating the definition of child-related leave to include all periods of additional maternity, adoption and shared parental leave without pay?

Q20 – Do you agree that gender pension gap reporting should be mandatory in the LGPS?

Q21 – Do you agree that the 2025 valuation (and associated fund annual reports) is preferable?

Q22 – Do you agree with the threshold of 100 employees for defining which employers must report on their gender pension gap?

Q23 – Do you agree with the gender pension gap definition being ‘the percentage difference in the pension income for men and women over a typical working life’?

Q24 – Do you agree with the gender pension savings gap being ‘the percentage difference in the pension savings accrued over one year for men and women’?

Q25 – Do you agree that the annual report is the best method of reporting data on those who choose to opt-out of the scheme?

Q26 – Do you foresee any issues with administering authorities’ ability to gather data on opt-outs?

Q27 – When updating the annual report guidance to reflect opt-out data collection, what information would be most useful to include?

Q28 – Do you agree with the proposal to collect additional data about those opting out of the scheme?

Q29 – Are you an employer, part of an administering authority or member of a pensions board?

Q30 – Do you have any comments on the collection of additional information?

Q31 – Do you agree that the government should amend regulations 91 and 93 of the 2013 Regulations to remove the requirement that the member must have left employment because of the offence in order for an LGPS employer to be able to make an application for a forfeiture certificate or to recover against a monetary obligation?

Q32 – Do you agree that the three month time limit for an LGPS employer to make an application for a forfeiture certificate should be removed?

Q33 – Do you agree that Regulation 92 of the 2013 Regulations should be revoked?

Q34 – Do you agree that in order to give full effect to the proposed amendments equivalent modifications should apply to earlier schemes?

Q35 – Do you agree that there should be forfeiture guidance to assist employers in making applications?

Q36 – Do you agree with the government's proposal for pension debits and credits?

Q37 – Do you agree with the government's proposal to cover deaths on 30 September 2023?

Q38 – Do you agree with the government's proposal to clarify if interest applies on Club Transfers?

Q39 – Do you agree with the government's proposal to include part 4 tax losses in the 2023 regulations?

Q40 – Do you agree with the government's proposal for transfers from other public service schemes for members over 65 years old?

Q41 – Do you agree with the proposal to omit Regulation 50 and the equivalents to it (to the extent that they have been preserved) in the 1997 and 2008 Regulations?

Q42 – Do you agree with the proposal to withdraw the actuarial guidance linked to Regulation 50?

Q43 – Do you agree with the proposal to amend the definition of BCE in the 2013 Regulations?

Q44 – Do you agree with the proposed approach to PCELSs?

Q45 – Do you agree with the proposed approach to issue updated actuarial guidance on the treatment of PCELSs?

Q46 – Do you agree with the proposed amendments to the Regulations?

Q47 – Do you have any comments on the proposals in this chapter?

Q48 – Do you have any comments about the impact the combined proposals in this document will have on administration?

Q49 – Are there any areas where you believe the proposals are significantly more complex and would benefit from a later implementation date?

Q50 – Do you have any comments on the proposed approach to cost?

Q51 – Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so, please provide relevant data or evidence.

Q52 – Do you agree to be contacted regarding your response if further engagement is needed?

## About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations 2004 and UK data protection legislation. In certain circumstances this may therefore include personal data when required by law.

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the information access regimes and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Ministry of Housing, Communities and Local Government will at all times process your personal data in accordance with UK data protection legislation and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included below.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact us via the [complaints procedure](#).

# Personal data

The following is to explain your rights and give you the information you are entitled to under UK data protection legislation.

Note that this section only refers to personal data (your name, contact details and any other information that relates to you or another identified or identifiable individual personally) not the content otherwise of your response to the consultation.

## 1. The identity of the data controller and contact details of our Data Protection Officer

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at [dataprotection@communities.gov.uk](mailto:dataprotection@communities.gov.uk) or by writing to the following address:

Data Protection Officer  
Ministry of Housing, Communities and Local Government  
Fry Building  
2 Marsham Street  
London  
SW1P 4DF

## 2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

We will collect your IP address if you complete a consultation online. We may use this to ensure that each person only completes a survey once. We will not use this data for any other purpose.

### Sensitive types of personal data

Please do not share special category personal data or criminal offence data if we have not asked for this unless absolutely necessary for the purposes

of your consultation response. By 'special category personal data', we mean information about a living individual's:

- race
- ethnic origin
- political opinions
- religious or philosophical beliefs
- trade union membership
- genetics
- biometrics
- health (including disability-related information)
- sex life; or
- sexual orientation.

By 'criminal offence data', we mean information relating to a living individual's criminal convictions or offences or related security measures.

### **3. Our legal basis for processing your personal data**

The collection of your personal data is lawful under article 6(1)(e) of the UK General Data Protection Regulation as it is necessary for the performance by MHCLG of a task in the public interest/in the exercise of official authority vested in the data controller. Section 8(d) of the Data Protection Act 2018 states that this will include processing of personal data that is necessary for the exercise of a function of the Crown, a Minister of the Crown or a government department i.e. in this case a consultation.

Where necessary for the purposes of this consultation, our lawful basis for the processing of any special category personal data or 'criminal offence' data (terms explained under 'Sensitive Types of Data') which you submit in response to this consultation is as follows. The relevant lawful basis for the processing of special category personal data is Article 9(2)(g) UK GDPR ('substantial public interest'), and Schedule 1 paragraph 6 of the Data Protection Act 2018 ('statutory etc and government purposes'). The relevant lawful basis in relation to personal data relating to criminal convictions and offences data is likewise provided by Schedule 1 paragraph 6 of the Data Protection Act 2018

## **4. With whom we will be sharing your personal data**

MHCLG may appoint a 'data processor', acting on behalf of the Department and under our instruction, to help analyse the responses to this consultation. Where we do we will ensure that the processing of your personal data remains in strict accordance with the requirements of the data protection legislation.

## **5. For how long we will keep your personal data, or criteria used to determine the retention period**

Your personal data will be held for two years from the closure of the consultation, unless we identify that its continued retention is unnecessary before that point

## **6. Your rights, e.g. access, rectification, restriction, objection**

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have your data corrected if it is incorrect or incomplete
- d. to object to our use of your personal data in certain circumstances
- e. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

Please contact us at the following address if you wish to exercise the rights listed above, except the right to lodge a complaint with the ICO: [dataprotection@communities.gov.uk](mailto:dataprotection@communities.gov.uk) or

## **7. Your personal data will not be sent overseas**

## **8. Your personal data will not be used for any automated decision making**

## **9. Your personal data will be stored in a secure government IT system**

We use a third-party system, Citizen Space, to collect consultation responses. In the first instance your personal data will be stored on their secure UK-based server. Your personal data will be transferred to our secure government IT system as soon as possible, and it will be stored there for two years before it is deleted.

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1. [Equality analysis for Local Government Pension Scheme \(England and Wales\) on addressing unlawful age discrimination: March 2023.](#)



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## LGPC Bulletin 262 – March 2025

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

- Government plans to tighten the rules on mid-valuation cycle reviews of employer contribution rates (England and Wales)
- Tiered contribution guidance and average member contribution rates (Scotland)
- Annual BCE and RBCE statements
- Identifying members in scope of McCloud protection and using the NIDB
- Updated TPR pension scams leaflet.

If you have any comments or articles for future bulletins, please contact [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk).

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## LGA job opportunity – LGPS Training and Development Adviser

We are recruiting for an LGPS Training and Development Adviser. This role can be home based, or office based in London.

The successful candidate will join the training section of the LGPS team. They will be responsible for developing and delivering training to pension administrators, employers, councillors and local pension board members. They will also assist in the delivery of our new qualification – the Certificate in LGPS Administration.

For more information and to apply, see the [LGPS Training and Development Adviser job advert](#). Contact [Lisa.Clarkson@local.gov.uk](mailto:Lisa.Clarkson@local.gov.uk) for an informal chat about the role. **The closing date for applications is 17 April 2025.** Interviews will be held virtually in the week starting 28 April 2025.

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## LGPS England & Wales

### MHCLG plans change to revision of employer contribution rate rules

MHCLG intends to consult on changes to the regulations that cover mid-valuation cycle changes to employer contribution rates. This was set out in an [MHCLG letter to all administering authorities](#) in England and Wales dated 10 March 2025.

In the letter, Michelle Warbis, Deputy Director for the LGPS at MHCLG, confirms the Government’s view of when the provisions of regulation 64A of the LGPS Regulations 2013 should be exercised. Their view is that a review is appropriate in response to changes in an employer’s liabilities, or its ability to meet its obligations. Amending the employer contribution rate mid-valuation cycle is not intended as a way of managing surpluses or deficits.

The Government will consult on tightening up the rules covering when the provisions of regulation 64A can be exercised and the fund actuary’s role in that process. We expect the consultation to be launched after the local government elections on 1 May 2025.

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## LGPS Scotland

### SPPA Circular 2025/02

On 5 March 2025, the Scottish Public Pensions Agency (SPPA) published Circular 2025/02. The circular includes version 19 of the Tiered Contribution Guidance and the average employee contribution rates for 2025/26.

SPPA also emailed administering authorities on 6 March 2025 with the Excel tables for the average contribution rates for 2025/26.

You can access the circular on the [SPPA circulars and guidance](#) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org) or the [circulars page of SPPA's website](#).

### Action for administering authorities

Share the circular with your employers.

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## Scottish LGPS Scheme Advisory Board

### March 2025 bulletin

The Scottish LGPS Scheme Advisory Board has published its [March 2025 bulletin](#), summarising decisions and discussions from the Board's February 2025 meeting. It covers:

- pooling and investments
- cost control mechanism
- 2024 scheme valuation
- section 13 reports
- exit credits
- climate change risk
- resourcing.

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## Other news and updates

### New team members

We are pleased to welcome two new members to the LGA pensions team.

Will Girvan joined as a Lead Pensions Adviser this month having previously worked in technical and communication roles at NILGOSC.

Jennifer Rice joined as a Training and Development Advisor in February. Jennifer previously worked on LGPS communications for Essex Pension Fund.

### **National LGPS Framework – Transition Management Services**

The second iteration of the National LGPS Framework for Transition Management Services went live in March 2025. The framework is split into two lots:

- Lot 1 – Transition Management and Implementation Services
- Lot 2 – Transition Management Advisory Services.

The framework is designed to help LGPS administering authorities, pools and wider public sector bodies access a wide range of services and advice from a variety of qualified providers.

You can find out more about:

- the Transition Management Services Framework in the [National LGPS Frameworks press release](#)
- the work and purpose of frameworks, and the frameworks that are currently in operation and planned on the [National LGPS Frameworks website](#).

### **Bulletin 261 – 2025 annual update**

On 24 March 2025, we published Bulletin 261 which sets out the rates and bands that apply from April 2025 for various purposes.

You can find the bulletin on the:

- [Bulletins page \(England and Wales\)](#) of [www.lgpsregs.org](http://www.lgpsregs.org), and
- [Bulletins page \(Scotland\)](#) of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

### **Annual BCE and RBCE statements**

Following an RBCE, you are required to send an annual statement to members who are paid an annual pension. You are also required to send an annual statement to members who:

- were receiving an annual BCE statement before 6 April 2024
- had received an annual statement but these stopped because the member turned 75.

We have received several queries about what information should be included on the annual statement where the member was previously entitled to an annual BCE statement.

For benefits crystallised before 6 April 2024, we recommend quoting the percentage of used up lifetime allowance (LTA) on 5 April 2024, unless the individual holds a Transitional Tax-Free Amount Certificate (TTFAC). If the member holds a TTFAC, you will need to convert the used up LTA into a monetary amount of lump sum allowance (LSA) and lump sum death benefit allowance (LSDBA) used.

Initially, HMRC confirmed that used up LTA on 5 April 2024 should be converted to a monetary amount (see the answer to question 94 in the [HMRC list of consolidated LTA queries](#)). However, in the limited consultation that took place in August 2024, HMRC confirmed that administrators would only be required to convert used up LTA to a monetary value if an individual is relying on a TTFAC.

We understood the change would be delivered in the subsequent Pensions (Abolition of Lifetime Allowance Charge etc) (No. 2) and (No. 3) Regulations 2024. However, we have not been able to find the regulatory amendment. The Pensions Tax Manual ([PTM164400](#)) appears to allow for annual statements to include the LTA percentage used by past BCEs.

We raised a query with HMRC about the conflicting information in early February 2025. We have chased several times but have not yet had a response. We will provide clarification and update the Abolition of the LTA guide when we receive a response.

#### **Action for administering authorities**

Consider what information you will include in annual statements for a member who has had a BCE.

#### **Prudential pension newsletter**

In January 2025, Prudential published a [member newsletter](#). The newsletter provides information on tax relief and an introduction to their new [Customer Care and Support hub](#).

Prudential does not hold email addresses for all LGPS members, so they would be grateful if administering authorities could distribute the newsletter to their members.

#### **Action for administering authorities**

Share the newsletter with active members who hold a Prudential AVC.

## Increasing pensions in payment - technical guide

In March 2025, we published version 2.0 of the Application of increases to pensions in payment technical guide. This guide sets out our understanding of how annual increases are applied to member and survivor pensioner payments following the end of contracting out on 5 April 2016. It sets out the interaction between the Guaranteed Minimum Pensions Increase Orders, the Pensions Increase (Review) Orders and the latest Ministerial Direction issued under section 59A of the Social Security Pensions Act 1975.

We have made several minor technical amendments and updated the guide:

- to take account of the Ministerial Direction dated 31 March 2021
- to reflect the effective date of a surviving same sex civil partner's guaranteed minimum pension (GMP) where the member died before 13 March 2014.

We have also taken the opportunity to make the guide more accessible and remove unused appendices. Clean and tracked versions of the guide, including Appendix A which contains examples, can be found on the:

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

### Action for administering authorities

Review the changes and adjust any pensions increase processes as necessary.

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## McCloud remedy

### Identifying members in scope

We have received a query about using the National Insurance database (NIDB) to identify members in scope of McCloud protection. This is covered in section 4 of the Statutory guidance on McCloud implementation. The purpose of this article is to provide some more information about the process that administering authorities should follow.

You can find the Statutory guidance on the:

- 2013 Scheme regulations (England and Wales) page of [www.lgpsregs.org](http://www.lgpsregs.org)
- 2018 Scheme regulations (Scotland) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

## Background

Administering authorities must establish whether a member is protected by the McCloud remedy. In many cases, this will be obvious based on the LGPS membership built up in or aggregated to the member's pension account and any transfers in from other public service pension schemes. But the answer will not be clear in all cases. Administering authorities will need to gather further information from members, other public service pension schemes and other administering authorities.

The administering authority will only know about previous membership of a different public service pension scheme if the member tells them about it. They may have done so when their membership started by completing a previous pension rights form or investigating a transfer that did not go ahead. They have a further opportunity to do so now by completing a McCloud previous pension rights form. You can find our template version of the form on the:

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

The information provided by the member may include previous membership of the LGPS. MHCLG and SPPA recommend also using the NIDB to identify any previous LGPS membership that may be relevant for McCloud protection. We are keen for administering authorities to follow the same approach when they do this.

## Using the NIDB for McCloud

Administering authorities should only request service information from a different fund where this could make a difference to a member's McCloud protection. There are a number of steps that the requesting authority must take before making a request.

1. Only use the NIDB to check for other LGPS membership of members who are not protected by the McCloud remedy based on the service on their record. Do not request information if the member is already protected.
2. Only use the NIDB to check for other LGPS membership of individuals whose membership in the requesting authority's fund could possibly be protected. There are many groups who could not be protected and therefore no service information is required. These include:

- members who joined after 1 April 2022 and have not completed a transfer in from another public service pension scheme nor aggregated previous LGPS membership. The position for this group may change if they later complete such a transfer or aggregation, but the question of McCloud protection should be dealt with as part of the transfer process, not as part of a bulk NIDB exercise
- deferred and pensioner members who left the LGPS before 1 April 2014 (2015 in Scotland)
- members who were born after 31 March 1996
- members with service in the LGPS only who reached age 65 before 1 April 2014 (2015 in Scotland).

Once steps 1 and 2 are complete, the administering authority can use the NIDB to find a list of members who have LGPS membership with a different administering authority. More cases can be removed from the list before requesting service details from the other authority.

3. Only request information that you do not have. The member may have investigated an aggregation (or transfer if the two authorities are in Scotland and England or Wales) that did not go ahead. In these cases, scanned documents relating to the possible transfer should include the service information you need to establish the member's protection status.
4. Only request information that is or may be relevant. These cases can be removed from the list of results from the NIDB:
  - beneficiaries
  - active records with a start date after the member left your authority
  - dormant and pension records where the calendar year of the last status change is 2006 or earlier
  - dormant and pension records where the calendar year of the last status change is more than five years before the member re-joined the LGPS.

### **Other consequences**

When using the NIDB for McCloud purposes, it is likely that administering authorities will identify other tasks that must be processed that were previously missed. These may be related to members who left or re-joined the LGPS before the NIDB was widely used. Cases that are likely to occur are:

- deferred refunds that were not aggregated when a member re-joined the LGPS

- deferred refunds that were not aggregated with concurrent LGPS membership
- members who have not been offered the option to keep deferred benefits that they became entitled to after 1 April 2014 (2015 in Scotland) separate from a new or ongoing pension account.

Administering authorities should be prepared to process these missed cases in accordance with the regulations when they turn up.

### **Next steps**

There is more work to do to ensure consistency in the approach taken by authorities requesting and providing information. Administering authorities may also be able to identify more cases that can be excluded from the list of members for whom previous service details must be requested. The National Pension Officer Group plans to discuss this issue at their meeting on 4 April 2025. We will provide an update following that meeting.

### **Action for administering authorities**

Review this article when you use the NIDB to identify members in scope of McCloud protection. Only request information that you need from other administering authorities.

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## **Pensions dashboards**

### **Connecting to dashboards**

On 18 March 2025, the Pensions Dashboards Programme (PDP) published [a blog about what you need to do to connect to the dashboards ecosystem](#).

The LGPS connect by date is 31 October 2025. This is set out in the [guidance published by the Department for Work and Pensions \(DWP\)](#) in March 2024. Whilst this date is not statutory, administering authorities should seek to connect in line with the date set out in the guidance.

You should be well on the way to deciding your route to connection. This decision needs to be taken as quickly as possible. You should also be talking to your AVC providers to decide whether to use the multiple or single source approach.

More information can be found in our [Pensions Dashboards Connection guide](#) and our [AVCs and Pensions Dashboards administrator guide](#).

### **Action for administering authorities**

If you haven't already done so:

- decide your route to connection as soon as possible
- talk to your AVC providers to decide whether to use the multiple source or single source approach.

### **PDP standards go live**

Earlier this month, PDP confirmed that the Secretary of State for Work and Pensions and the Department for Communities (Northern Ireland) have approved updated:

- Data standards
- Technical standards
- Reporting standards
- Code of connection

You can find the latest versions of the [PDP standards](#) on their website.

Administering authorities must comply with these as they prepare to connect to the pensions dashboards ecosystem.

### **Volunteer participants complete connection journey**

In March 2025, the PDP confirmed that three organisations have passed through the stages to connect to the pensions dashboards ecosystem. This opens the way for the first schemes to connect in April 2025. You can read more about the [first participants connecting to the pensions dashboards ecosystem](#) on the PDP website.

The organisations that have passed the final stage are Heywood, Legal and General and Pension Fusion.

### **PDP blog – connecting via a third party**

PDP has published information on [connecting to dashboards via a third party](#).

Most pension schemes will connect via a third-party connection provider, such as their third-party administrator or an integrated service provider (ISP). The information provides an overview of what the process involves.

### **Dashboards webinar**

PDP is holding a one-hour dashboards webinar at 3pm on 3 April 2025.

Dashboards experts from PDP and TPR will provide updates on the standards, the connection journey and registration codes. Find out more and book your place on the [Dashboards forum: Programme and regulator update](#) online.

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## Training

### 2026 LGPS Governance Conference – save the date

The LGPS Governance Conference 2026 will take place on 29 and 30 January 2026 in Cardiff.

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

If you would like to register your interest in attending either online or in person, please complete this [LGPS Governance Conference 2026 - expression of interest form](#).

### 2025 Training Programme

2025 training events are available to book via the [LGA events website](#). Each course page provides information on the programme, pricing and the booking link.

Bookings are processed on a first-come, first-served basis. To ensure fairness, each topic is limited to five delegates per organisation.

If you are unable to secure a place on a course or require more than five places, please email [training.lgps@local.gov.uk](mailto:training.lgps@local.gov.uk) with details of the course or courses you wish to attend, including the number of places required and your preferred format - online or in person. We will maintain a waiting list and consider running additional sessions if demand is sufficiently high.

In response to your feedback, we have split the following courses:

- **Transfers:** split into Transfers in and Transfers out
- **Retirements:** split into Intermediate Retirements and Advanced Retirements.

The following courses have places:

### Employer Role training

- [Employer role: 20 June 2025 online](#)
- [Employer role: 16 July 2025 London](#)
- [Employer role: 29 July 2025 online](#)
- [Employer role: 14 August 2025 online](#)
- [Employer role: 19 August 2025 online](#)

- [Employer role: 30 September 2025 online](#)
- [Employer role: 28 October 2025 online](#)

### **Understanding LGPS Transfers Out training**

- [Transfers out: 9 April 2025 online](#)
- [Transfers out: 1 May 2025 online](#)

### **Understanding LGPS Transfers In training**

- [Transfers in: 22 April 2025 online](#)
- [Transfers in: 7 May 2025 online](#)

### **Aggregation training**

- [Aggregation: 23 April 2025 London](#)

### **Insight training**

- [Insight: 22-25 September 2025 Eastbourne residential](#)

### **Intermediate Retirements training**

- [Intermediate retirements: 9 July 2025 London](#)
- [Intermediate retirements: 7 August 2025 online](#) (1 place remaining)
- [Intermediate retirements: 3 September 2025 online](#)

### **Advanced Retirements training**

- [Advanced retirements: 30 July 2025 London](#)
- [Advanced retirements: 12 August 2025 online](#) (1 place remaining)

For more information on all available training courses, please visit [LGPS Training and Development](#). For any further enquiries, please contact us at [training.lgps@local.gov.uk](mailto:training.lgps@local.gov.uk).

### **Action for administering authorities**

Please share details of the employer role training with your Scheme employers.

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## **LGPS England & Wales Scheme Advisory Board (SAB)**

### **Peer Support project**

In [Bulletin 259](#), we reported that the SAB secretariat was seeking volunteers to participate in a working group to assist the Board's work on the Good Governance proposals contained in the LGPS Fit for the Future consultation. The working group is now sufficiently resourced. Thank you to those of you who volunteered to participate. The first meeting of the working group will be in April.

## **Pension Committee Chairs meeting**

The Board is preparing to hold another meeting with Board Chair, Cllr Roger Phillips, for pensions committee chairs to discuss topical issues in the LGPS. The secretariat has invited the Pensions Minister, Torsten Bell MP, and Local Government Minister, Jim McMahon MP, to confirm their availability for a meeting after local government elections on 1 May. Once a date has been confirmed, an invitation will be extended to pension committee chairs.

## **SAB Chair writes welcome letter to new Pensions Minister Torsten Bell**

The Board Chair, Cllr Roger Phillips has written to the new Pensions Minister Torsten Bell to welcome him to his role. The letter makes three recommendations to the Minister:

- to provide clarity for the LGPS on the impact of the judgment made in the dismissed appeal of the Virgin Media Ltd v NTL Ltd case in July 2024
  - to increase the limit in the Administration of Estates (Small Payments) Act 1965 to allow for more small payments to be made without the need for grant of probate or letters of administration
  - to set the timetable for Phase 2 of the Pensions Review.
- 

## **HMRC**

### **Pension schemes newsletters 167 and 168**

On 3 March 2025, HMRC published pension schemes newsletter 167. The newsletter includes articles on:

- preparing for the 2024 to 2025 pension scheme return
- updates to form APSS263 (used in QROPS transfers) to include the amount of the available overseas transfer allowance
- alignment of pension schemes in the European Economic area (EEA) with the rest of the world from April 2025
- reporting pension commencement excess lump sums and the importance of:
  - using a separate payroll record from any record used to pay an ongoing pension
  - issuing a P45 once the payment has been made.

Pension schemes newsletter 168 was published on 27 March 2025. It covers:

- preparing to submit a pension scheme return in the Managing pension schemes service, if you receive a notice to file one

- aligning the treatment of transfers to schemes in the EEA with other overseas transfers
  - deadlines related to Lifetime allowance (LTA) protections following the abolition of the LTA
  - a request for administrators to contact [pensionsuserresearchrecruitment@hmrc.gov.uk](mailto:pensionsuserresearchrecruitment@hmrc.gov.uk) if they would like to help develop a look-up service for checking LTA protections and enhancements. Use 'look up service' as the subject of your email.
- 

## HMT

### Finance Act 2025

The Finance Act 2025 [2025 c. 8] delivers legislative changes to implement policies announced in the October 2024 Budget. The Act amends:

- Part 4 of the Finance Act 2004
- the Pension Schemes (Information Requirements for Qualifying Overseas Pension Schemes, Qualifying Recognised Overseas Pension Schemes and Corresponding Relief) Regulations 2006
- the Registered Pension Schemes (Provision of Information) Regulations 2006
- the Pension Schemes (Categories of Country and Requirements for Overseas Pension Schemes and Recognised Overseas Pension Schemes) Regulations 2006.

The purposes of the changes are to:

- harmonise the treatment of pension transfers to schemes in the European Economic Area or Gibraltar with other overseas transfers
  - introduce the requirement for pension scheme administrators to be resident in the UK from 6 April 2026.
- 

## TPR

### Warning members about pension scams

The Pensions Regulator (TPR) has updated its two-page pension scams leaflet and the letter to be issued to members when transferring benefits out of a defined benefit scheme. Both documents can be found on the [Warn members about pension scams](#) page of the [TPR website](#).

The generic letter for a member transferring out of a defined benefit scheme is not appropriate for members of a public service pension scheme. There is a specific [TPR letter to LGPS members considering transferring out](#). You can find this on the:

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

### **Action for administering authorities**

Use the latest versions of the TPR pensions scams leaflet and the TPR LGPS specific letter to members when transferring benefits out of the LGPS.

### **TPR publishes data strategy**

[TPR's data strategy](#) challenges pension schemes to raise data standards which will in turn improve outcomes, increase efficiency, enhance innovation and reduce the regulatory burden. It provides an overview of TPR's data vision for the coming years, expected changes at TPR and how these will affect pension scheme administrators and managers.

You can read more in the March 2025 [TPR press release about the strategy launch](#).

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## **Legislation**

### **Acts**

[Finance Act 2025](#) [2025 c.8]

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## **Useful links**

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

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

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

[LGPS Advisory Board website \(Scotland\)](#)

[LGPS Regulations and Guidance website \(England and Wales\)](#)

[LGPS Regulations and Guidance website \(Scotland\)](#)

[Current LGPS job vacancies](#)

## Public Sector Transfer Club

Recognised Overseas Pension Schemes that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

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## **LGPS pensions section**

### **Raising a query**

If you have a technical query, please email [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk) and one of the team's LGPS pension advisers will get back to you. To avoid delays in receiving a response, please do not email advisers directly.

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**Further information**

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

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## LGPC Bulletin 263 – April 2025

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

- Pension debit GAD guidance (Scotland)
- updates to guides and factsheets (England and Wales article) (Scotland article)
- Abolition of the LTA guide – version 2.4
- annual RBCE statements
- McCloud transfer out calculators
- Rectification Regulations 2025
- Pensions dashboards
- qualifications and training update – webinar
- call for volunteers to join Code of Transparency Founders Group.

If you have any comments or articles for future bulletins, please contact [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk).

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## **LGPS England & Wales**

### **AVC Technical Guide – version 3.1**

On 22 April 2025, we published an amended version of the AVC Technical Guide (version 3.1).

The new version includes two minor amendments, which confirm that:

- AVC plans that started before 1 April 2014 where the member left the LGPS and took payment of their main scheme benefits between 1 April 2014 and 13 May 2018 (inclusive) are “Pre-2014 AVC Plans”, regardless of whether the member deferred payment of the AVCs
- if a member flexibly retires and their AVC contract started after 12 November 2001, they can choose to take all or none of their AVC plan (rather than some, all or none).

Both clean and tracked changes versions of the guide are available on the [Administrators guides and documents](http://www.lgpsregs.org) page of [www.lgpsregs.org](http://www.lgpsregs.org).

### **Updates to guides and factsheets**

On 25 April 2025, Lorraine Bennett emailed administering authorities confirming we have published updated versions of the following guides:

- Employee brief guide – version 2.6
- Retirement planning guide – version 1.7
- A member’s guide to AVCs – version 2.6.

The updates include:

- 2025/26 contribution tables
- new APC limits
- other minor changes.

The new versions, plus versions showing tracked changes, can be found on the [Administrator guides and documents](http://www.lgpsregs.org) page of [www.lgpsregs.org](http://www.lgpsregs.org).

We are in the process of updating the annual allowance factsheet and the HR and payroll guides. We will notify you when updated versions are published.

The guides are published in Word so administering authorities can add contact information and any other specific details.

Additional steps may be needed if the documents are converted to PDF for publication, to ensure they comply with [the Public Sector Bodies \(Websites and Mobile Applications\) \(No. 2\) Accessibility Regulations 2018](#) – for more information see [bulletin 190](#). For example, any tables will need tagging correctly.

You can find more information online about:

- how to [create accessible PDFs](#)
- [creating accessible PDFs in Adobe Acrobat](#).

#### **Action for administering authorities**

Update any local versions of the guides, factsheets and leaflets.

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## **LGPS Scotland**

### **Pension debit GAD guidance – transfer date from 1 April 2015**

Craig Finlay, Policy Officer at the Scottish Public Pensions Agency, has issued updated GAD guidance on pension debits to administering authorities. The guidance, which was emailed on 23 April 2025, has immediate effect.

The guidance outlines the method for calculating pension debits where the cash equivalent valuation was increased due to the underpin. The method aligns with that used in LGPS England and Wales. Minor changes and corrections have also been made.

The updated guidance is available on the [Actuarial guidance](#) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

### **Action for administering authorities**

Ensure your processes are in line with the updated guidance.

### **Updates to guides and factsheets**

On 4 April 2025, William Girvan emailed administering authorities confirming we have published updated versions of the following guides:

- Employee brief guide – version 2.5
- Retirement planning guide – version 1.5
- Councillors brief guide – version 2.4.

The updates include:

- 2025/26 contribution tables
- new APC limits
- other minor changes.

The new versions, plus versions showing tracked changes, can be found on the [Administrator guides and documents](http://www.scotlgpsregs.org) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

The guides are published in Word so administering authorities can add contact information and any other specific details.

Additional steps may be needed if the documents are converted to PDF for publication, to ensure they comply with [the Public Sector Bodies \(Websites and Mobile Applications\) \(No. 2\) Accessibility Regulations 2018](#) – for more information see [bulletin 190](#). For example, any tables will need tagging correctly.

You can find more information online about:

- how to [create accessible PDFs](#)
- [creating accessible PDFs in Adobe Acrobat](#).

### **Action for administering authorities**

Update any local versions of the guides.

---

## **Other news and updates**

### **Abolition of the lifetime allowance guide – version 2.4**

On 25 April 2025, Lorraine Bennett emailed administering authorities to let them know that we have published version 2.4 of the 'Abolition of the Lifetime Allowance'

guide. The latest version incorporates changes made by the Pensions (Abolition of LTA Charges etc) (No 2) and (No 3) Regulations 2024.

The changes include a revised method for valuing crystallised rights for the purpose of paying a trivial commutation lump sum. However, there are still issues with the revised method, which have been queried with HMRC.

Both clean and tracked versions of the guide are available on the Administrator guides and documents pages of [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

### **Action for administering authorities**

Review the new version of the guide.

### **Annual RBCE statements**

In [bulletin 262](#), we mentioned that we were querying with HMRC what information should be included on the RBCE annual statement where the member was previously entitled to an annual BCE statement. HMRC has now replied stating:

“Annual RBCE statements should convert an individual’s LTA percentage used to the monetary amount of their lump sum allowance and lump sum and death benefit allowance used because the LTA has been removed from legislation. To determine this, schemes should assume the standard transitional calculation unless they are aware that the member has a transitional tax-free amount certificate in force.”

Lorraine Bennett emailed administering authorities on 25 April 2025, updating them on HMRC’s reply.

It remains the case that members who wish to apply for a transitional tax-free amount certificate must provide evidence of the total LTA percentage used. Therefore, administering authorities will still need to keep a record of this as well as converting the percentage to monetary amounts for the annual statements.

### **Action for administering authorities**

Ensure your annual RBCE processes are in line with HMRC’s clarification.

### **Fighting pension fraud webinar**

On 25 March 2025, the Pension Scams Action Group (PSAG) held a webinar focused on fighting pension fraud.

PSAG is a multi-agency taskforce of law enforcement, government and industry working together to tackle pension fraud. Its core members include the Department

for Work and Pensions, Financial Conduct Authority, His Majesty's Treasury, Money and Pensions Service, National Economic Crime Centre, Pension Scams Industry Group and The Pensions Regulator.

Key topics covered at the webinar:

- PSAG's strategic overview
- PSAG in action: updates on fraud prevention efforts
- replacing Action Fraud: The countdown to a new service from the City of London Police.

The event concluded with a 30-minute question and answer session.

For those who missed the live event, a [recording of the webinar](#) has been published.

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## **McCloud remedy**

### **2025/26 McCloud transfer out calculators**

We have recently published 2025/26 versions of the McCloud non-Club and Club transfer out calculators. Lorraine Bennett emailed administering authorities on 25 April 2025 to let them know.

The calculators are available on the Administrator guides and documents pages of [www.lgpsregs.org](http://www.lgpsregs.org) (LGPS England and Wales) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org) (LGPS Scotland).

The non-Club calculator includes updated pensions increase and revaluation multipliers and can be used for cases with a relevant date after 6 April 2025. You can still access the 2023/24 and 2024/25 versions of the calculator. Use the 'Subject' and 'Status' filters on the right-hand side of the guides and documents page to select 'Old' files relating to McCloud.

We have only made minor changes to the Club calculator – adding the 2025 revaluation multiplier to the table on the 'Standard' input tab. If you have made local changes to the existing version, you may prefer to update your local version instead.

Please read the 'Notes' tab thoroughly before using each calculator. Let us know if you find any errors or have any feedback.

## Action for administering authorities

Ensure you are using the correct version of the calculators.

### Rectification Regulations 2025

HM Treasury laid the Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2025 on 3 April 2025. The regulations came into force on 24 April 2025.

The regulations modify the existing rules to prevent adverse tax consequences when implementing the McCloud remedy.

Most of the regulations deal with changes related to unauthorised payments in 'Chapter 1 schemes' and do not apply to the LGPS. However, the following changes do:

- **Regulation 19:** the deadline for members with remediable service to apply for fixed protection 2016 or individual protection 2016 is extended. Members must apply before 6 April 2027, rather than before 6 April 2025.
- **Regulation 20(5):** administering authorities were required to recalculate previous annual allowance calculations disregarding the underpin. For more information, see the annual allowance part of section 7 of our McCloud Administrator guide, which is available on the Administrator guides and documents pages of [www.lgpsregs.org](http://www.lgpsregs.org) or [www.scotlgpsregs.org](http://www.scotlgpsregs.org). Where a recalculation reduces the annual allowance charge and the administering authority has paid some or all of it on the member's behalf, the authority may apply to HMRC for a refund on or before 1 April 2027. Regulation 20(5) has extended this to 31 January 2031.
- **Regulation 20(6):** makes a minor amendment to regulation 31 of the Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023 to cross reference the correct section of the Income Tax (Earnings and Pensions) Act 2003.
- **Regulation 20(8):** The deadline for members to request a valuation for individual protection 2016 from their pension scheme administrator expired on 6 April 2020. However, under regulation 39 of the Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023, no deadline applied in relation to information calculated by reference to remediable service. Regulation 20(8) amends this, setting a deadline of 6 April 2027.

We will shortly update our McCloud Administrator guide to reflect these changes.

### **Action for administering authorities**

Ensure your processes and communications are in line with these changes.

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## **Pensions dashboards**

### **Series of short films: Savers are ready for dashboards – are you?**

TPR has produced a [series of compelling industry-focused short films](#) illustrating the positive impacts that pensions dashboards will have on savers. In the short films savers talk about their current pension situation and then think about how dashboards will help with retirement planning.

Please share the four-minute film with colleagues who are supporting you in getting ready for pensions dashboards. The other films are designed for social media.

The films have been launched as part of TPR's campaign to get the pensions industry dashboards ready. While most schemes are on track to connect with the dashboard on time, many still have work to do to make sure the data they hold is digitised, accessible and up to date.

In [TPR's press release for the videos](#), it reminded schemes about the five actions they should be taking to prepare for their upcoming dashboards connection date:

1. start preparing data now – make sure it is accurate, accessible and digital
2. download TPR's checklist to keep on track of dashboards preparations
3. nominate a dashboards' contact through TPR's Exchange portal to receive communications and guidance to help prepare
4. work with your administrator, AVC providers, and others supporting your scheme throughout the process
5. keep a record of decisions and preparations and maintain oversight at board meetings.

### **Action for administering authorities**

Share the four-minute film with colleagues who are supporting you in getting ready for dashboards.

## **Registration codes**

As part of the connection process, you will need to register your administering authority with MaPS' governance register. This will ensure the digital architecture is kept safe by only allowing regulated schemes to connect and the required security and performance standards are met.

TPR has informed us that all LGPS administering authorities will receive their registration codes by the middle of May. You will need to pass these onto your ISP provider. Instructions will be included with the letter that accompanies the codes. Further information can be found in [TPR's hot topics article on registration codes](#). The hot topics article covers what registration codes are, why they are important, how many are needed, who issues them and who to, and how to go about getting replacement or additional codes if needed.

#### **Action for administering authorities**

Share your registration codes with your ISP provider and read the hot topics article.

#### **DWP Accounting Officer assessment**

On 2 April 2025, the Department for Work and Pensions (DWP) published the latest assessment of the dashboard project by Oliver Morley, Accounting Officer at the Money and Pensions Service.

The assessment concludes that the project is back on a viable footing, with a strong likelihood of completing delivery on time. However, critical dependencies remain, such as industry cooperation, quality of pension data and maintaining skilled resources.

#### **PDP recent updates**

The Pensions Dashboards Programme (PDP) has recently updated the following guidance:

- [Standards](#)
- [Connecting using a third party](#)
- [Change of connection plans](#)
- [Dashboards Forum: PDP update and focus on registration codes](#).

#### **Action for administering authorities**

Please review the guidance and share with the relevant parties who are implementing dashboards for you.

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## **Training**

#### **LGPS qualifications and training update – webinar**

We will be running an LGPS qualifications and training update webinar on 5 June 2025 at 10am, lasting for an hour.

The webinar will provide updates on:

- the Level 2 Award in Pensions Essentials
- the Level 3 Certificate in LGPS Administration
- pensions administration apprenticeships
- training courses offered by the LGA
- current issues and future plans.

There will be an opportunity to ask questions.

To sign up, please complete the [registration form](#) by 4pm Wednesday 28 May 2025.

### **2026 LGPS Governance Conference – save the date**

The LGPS Governance Conference 2026 will take place on 29 and 30 January 2026 in Cardiff.

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

If you would like to register your interest in attending either online or in person, please complete this [LGPS Governance Conference 2026 – expression of interest form](#).

### **2025 Training Programme**

2025 training events are available to book via the [LGA events website](#). Each course page provides information on the programme, pricing and the booking link.

Bookings are processed on a first-come, first-served basis. To ensure fairness, each topic is limited to five delegates per organisation.

If you are unable to secure a place on a course or require more than five places, please email [training.lgps@local.gov.uk](mailto:training.lgps@local.gov.uk) with details of the course or courses you wish to attend, including the number of places required and your preferred format – online or in person. We will maintain a waiting list and consider running additional sessions if demand is sufficiently high.

In response to your feedback, we have split the following courses:

- **Transfers:** split into Transfers in and Transfers out
- **Retirements:** split into Intermediate Retirements and Advanced Retirements.

The following courses have places:

### **Employer Role training**

- [Employer role: 16 July 2025 London](#)
- [Employer role: 29 July 2025 online](#)
- [Employer role: 14 August 2025 online](#)
- [Employer role: 19 August 2025 online](#)
- [Employer role: 30 September 2025 online](#)
- [Employer role: 28 October 2025 online](#)

### **Understanding LGPS Transfers In training**

- [Transfers in: 7 May 2025 online](#)

### **Insight training**

- [Insight: 22–25 September 2025 Eastbourne residential](#)

### **Intermediate Retirements training**

- [Intermediate retirements: 9 July 2025 London](#)
- [Intermediate retirements: 7 August 2025 online](#) (1 place remaining)
- [Intermediate retirements: 3 September 2025 online](#)

### **Advanced Retirements training**

- [Advanced retirements: 30 July 2025 London](#)

For more information on all available training courses, please visit [LGPS Training and Development](#). For any further enquiries, please contact us at [training.lgps@local.gov.uk](mailto:training.lgps@local.gov.uk).

### **Action for administering authorities**

Please share details of the employer role training with your Scheme employers.

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## **LGPS England & Wales Scheme Advisory Board (SAB)**

### **Call for volunteers to join Code of Transparency Founders Group**

As reported in earlier bulletins, the Board is working with the National LGPS Framework team to develop a new framework to enable administering authorities to efficiently access a variety of data and analytical services to better manage investment costs, using data provided under the [Code of Transparency](#).

[The letter, included as an appendix](#), contains more information about the project and calls for volunteers to join the Founders Group. In this case, the Board will

cover the set-up costs, and it is hoped that the resulting framework would be free at the point of use.

### **Action for administering authorities**

Please consider volunteering to become a founder for the new Code of Transparency Framework.

### **Local audit reform consultation – Government response**

In its response to the consultation launched on 16 December 2024 on the local audit reform strategy, the Government has outlined a commitment to separating pension fund accounts from administering authority main accounts. This is a welcome proposal that the Board has recommended for some time.

The Board has established an audit working group under its Compliance and Reporting Committee to discuss the implications of this change. The group will also review the Ministry of Housing, Communities and Local Government's (MHCLG) timeline for amending the necessary legislation and developing any additional guidance on the separate preparation and publication of pension fund accounts.

### **Peer Support Offer working group – first meeting**

As reported in bulletin 262, the first meeting of the Peer Support Offer working group took place on 7 April 2025.

The key discussion items included:

- development of a framework for the offer
- links with other areas, such as TPR's General Code and the independent biennial governance review proposed by the Government in its 'Fit for the Future' consultation
- the role of local pension boards in the process.

The Board's secretariat will arrange the second meeting of the group before the next Compliance and Reporting Committee meeting on 23 June 2025.

### **Pension committee chairs meeting**

Board Chair, Cllr Roger Phillips, has invited pension committee chairs to an online meeting to discuss recent Government decisions on pooling and other topical LGPS matters.

The Local Government Minister, Jim McMahon MP, has also been invited and has accepted the invitation.

The Board's secretariat is aware that the meeting is scheduled shortly after the upcoming local government elections. This will mean some administering authorities will not have pension committee chairs in place yet. In such cases, it is acceptable for an officer to attend on their fund's behalf.

For any queries about the meeting, please contact [sabsecretariat@local.gov.uk](mailto:sabsecretariat@local.gov.uk).

### **Scheme Annual Report 2024 webinar**

To mark the launch of the Scheme Annual Report 2024, the Board's secretariat will host an LGPS Live webinar in conjunction with DG Publishing on 14 May 2025 at 3:30pm.

As in previous years, the report pulls together data from each of the 86 fund annual reports to give a national overview of the Scheme. This year's report includes revised and extended sections on governance, administration and training. It also features data on investments, highlighting changes in asset allocation and new tables showing progress with pooling and UK investments.

The webinar will be moderated by Jeremy Hughes, Deputy Board Secretary. Confirmed panellists are Board Chair, Cllr Roger Phillips, and the SAB's Research and Data Analyst, Sarah Tingey.

You can sign up to attend the webinar and access all previous webinars on [the LGPS Live website](#).

### **Statement following Government pooling decision letters**

On 11 April 2025, the Board made a [statement in response to the Government's letters](#) to LGPS pools (and some administering authorities) on 9 April 2025. The letters set out the Government's decisions following discussions of the pools' proposals as part of the pensions review.

The Board was not invited to participate in reviewing the pools' proposals or shaping the Minister's decisions. However, Board Chair, Cllr Roger Phillips, has since met with senior officials from the Treasury and MHCLG to discuss the Government's decisions.

The Board's secretariat intends to set up an emergency Board meeting to discuss how it can support funds and ensure that the best interests of members and employers are at the heart of decisions being taken.

### **Summary note of Nigel Giffin KC's legal advice on fiduciary duty**

In January 2025, the Board received [updated legal advice on fiduciary duty in the LGPS](#) from Nigel Giffin KC. At the Board's request, [a summary note](#) outlining the

Board's secretariat's understanding of the main content of the advice is now available.

The summary note represents the views of the Board's secretariat based on their current understanding of the law and policy. It should not be treated as a complete and authoritative statement of the law. Readers may wish, or need, to take their own legal advice on the interpretation of any specific legislation quoted. However, the Board and its secretariat hope the summary note will be useful for LGPS officers and others wishing to communicate the main findings with a broader audience.

## **SAB website**

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

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

## **HMRC**

### **Newsletter 169**

HMRC published [Newsletter 169](#) on 24 April 2025. This includes articles on:

- **LTA protections:** The application deadlines for fixed protection 2016 and individual protection 2016 have passed (though see [earlier article on the Rectification Regulations 2025](#)), but individuals can still report changes to their protection through the Government Gateway or in writing to HMRC.
- **LTA protection look-up service:** In late 2025, the look-up service will move to the Managing Pension Scheme service and require authentication. The updated service will allow HMRC to provide schemes with additional information when checking whether the protection / enhancement a member is relying on is valid for a higher lump sum allowance. Later this year, HMRC will be asking for help to develop this. If you would like to be involved, email [pensionsuserresearchrecruitment@hmrc.gov.uk](mailto:pensionsuserresearchrecruitment@hmrc.gov.uk) and put 'look up service' in the subject line.
- **Check your pension protection service:** Starting 6 April 2025, the service for members checking pension protection validity through personal tax accounts has been renamed to 'Check your pension protections', with planned enhancements to be introduced in late 2025.

- **QROPS:** On 6 April 2025, the conditions for schemes in the European Economic Area (EEA) to qualify as an overseas pension scheme and as a recognised overseas pension scheme were aligned with those for schemes in the rest of the world. Scheme managers of QROPS in the EEA must confirm compliance with the new conditions to HMRC by 7 May 2025, or their schemes will lose QROPS status.
- **User research:** HMRC is seeking volunteers to provide feedback on the LTA protection Look Up Service, APSS262 Overseas Transfer Form, and Pension Scheme Return; interested individuals should email [pensionsuserresearchrecruitment@hmrc.gov.uk](mailto:pensionsuserresearchrecruitment@hmrc.gov.uk) specifying their area of interest.

### Action for administering authorities

Ensure your communication materials reflect the current position about whether members can still apply for individual protection 2016 or fixed protection 2016.

### Pension scheme rates for 2025/26

On 6 April 2025, HMRC updated its [webpage setting out certain pension scheme rates](#). This shows the 2025/26 rates for:

- lump sum allowance
- lump sum and death benefit allowance
- annual allowance
- overseas transfer allowance
- pension related tax charges.

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## TPR

### TPR and PSAG use AI to uncover fraudulent websites

The Pensions Regulator (TPR) and the Pension Scams Action Group (PSAG) announced in [a press released published on 9 April 2025](#) that they have developed a new tool using artificial intelligence (AI) to detect scam websites.

The tool, created using machine learning technology, has already reviewed 830 websites, taken down 29 high-risk sites, and made 94 referrals to partner agencies. This collaborative effort aims to protect savers from online harm and enhance intelligence gathering to combat pension scams.

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## Wider landscape

### Small Pots Delivery Group report

The Small Pots Delivery Group published its report on 24 April 2025. The Group, consisting of pensions and other relevant stakeholders, was established to support the Government in developing and designing the multiple default consolidator approach to address the issue of deferred small pots.

In November 2023, the Government confirmed its intention to proceed with the multiple default consolidator approach in its response to the consultation on [‘Ending the proliferation of deferred small pots’](#). According to this approach, pension schemes would be required to transfer eligible small pots to one of several default consolidators. Members would have the option to choose their preferred consolidator scheme or opt out of consolidation altogether. These proposals are not expected to apply to LGPS benefits.

The Government plans to legislate for the multiple default consolidator approach in the upcoming Pension Schemes Bill.

For more information, see the [Government’s press release](#).

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## Legislation

### Statutory Instruments

[Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) Regulations 2025 \[2025/419\]](#)

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## Useful links

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

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

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

[LGPS Advisory Board website \(Scotland\)](#)

[LGPS Regulations and Guidance website \(England and Wales\)](#)

[LGPS Regulations and Guidance website \(Scotland\)](#)

[Current LGPS job vacancies](#)

## Public Sector Transfer Club

Recognised Overseas Pension Schemes that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

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## **LGPS pensions section**

### **Raising a query**

If you have a technical query, please email [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk) and one of the team's LGPS pension advisers will get back to you. To avoid delays in receiving a response, please do not email advisers directly.

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**Further information**

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## LGPC Bulletin 264 – May 2025

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

- [LGPS England and Wales consultation launched](#)
- [the Government's response to the LGPS 'Fit for future' consultation](#)
- [new version of the discretions guide for Scotland](#)
- [McCloud template letters](#)
- [pensions dashboards updates](#)
- [call for volunteers to give feedback on SAB's new website](#)

If you have any comments or articles for future bulletins, please contact [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk).

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## **LGPS England & Wales**

### **LGPS ‘Access and fairness’ consultation launched**

On 15 May 2025, the Ministry of Housing, Communities and Local Government (MHCLG) launched a consultation on changes to the Local Government Pension Scheme (LGPS) in England and Wales. The proposed changes are intended to improve fairness in and access to the LGPS. The proposals include:

#### **Survivor benefits and death grants**

- equalising survivor benefits
- removing the age 75 limit for death grant eligibility
- removing the requirement for a death grant to be paid to the personal representatives where it is not paid within the two-year period
- removing the requirement to nominate a cohabiting partner in the 2008 Scheme.

#### **Gender pensions gap benefits**

- making authorised absences of less than 31 days automatically pensionable
- aligning the cost of buying back lost pension for authorised absences of over 30 days with the standard member contribution rates
- extending the time limit for electing to buy back lost pension from 30 days to 12 months
- removing the limit that provides employers must only share the cost of buying back lost pension for a maximum period of three years
- updating the definition of child-related leave to include all periods of additional maternity, adoption and shared parental leave without pay.

#### **Gender pensions gap reporting**

- making gender pensions gap reporting mandatory for administering authorities with effect from the 2025 valuation
- the actuarial report and the annual report of that year must include the required information
- employers with more than 100 employees will also be required to report

gender pensions gap (reported in the rates and adjustments certificate)

### **Opt outs**

- making reporting the rate of opt outs mandatory for administering authorities
- reports must be included in the annual report each year
- collection of additional opt-out data by MHCLG eg ethnicity, religion, marital status, hours, salary etc
- there will be a mandated opt out form.

### **Forfeiture**

- removing the requirement that a member must have left employment because of the offence for forfeiture to be possible
- abolishing the three-month time limit for an application to be made
- removing regulation 92 (interim payments directions)
- publishing guidance on making a forfeiture application.

### **McCloud remedy**

Correcting regulations to provide the McCloud remedy works as expected in relation to:

- recalculating pension debits
- deaths on 30 September 2023
- transfers from other public service pension schemes where the member is over age 65
- interest on Club transfers
- interest on part 4 tax losses.

### **Abolition of LTA changes**

- revoking regulation 50 (limit on total amount of benefits) and withdrawing LTA actuarial guidance
- amending the definition of a BCE
- updating actuarial guidance on cash commutation to include the payment of PCELS
- legislating for the maximum PCELS to be 25% of the capital value of the benefits being crystallised (subject to contracting out limits).

### **Other changes**

- allowing small pot payments to be made to members who left the LGPS before 1 April 2008
- allowing deferred members who left before 1 April 2008 to buy additional pension with in-house AVC pots
- allowing for the payment of refunds beyond the 5-year limit
- other miscellaneous changes.

Some of the changes relating to the gender pensions gap will have an impact on payroll. Administering authorities should let their employers know about the consultation and encourage them to respond. The Government is seeking views on which proposals would benefit from a later implementation date because of complexity. Responses from administering authorities, employers, payroll providers and pension software providers would be welcome.

The consultation also includes questions on the potential administrator burden and the Government's duty under Public Sector Equality Duty.

MHCLG has published a draft statutory instrument, the Local Government Pension Scheme (Miscellaneous Amendments) Regulations 2025, alongside this consultation.

The consultation closes on 7 August 2025.

You can view the consultation documents on the [Scheme consultations page](http://www.lgpsregs.org) of [www.lgpsregs.org](http://www.lgpsregs.org). We will prepare a response to the consultation and share this with administering authorities by mid-July.

#### **Action for administering authorities**

Review the consultation documents and consider whether you wish to respond. Share information about the consultation with Scheme employers, payroll contacts and your pensions software provider.

#### **Government's response to LGPS 'Fit for the future' consultation published**

On 29 May 2025, the Government published its response to the 'Local Government Pension Scheme (England and Wales): Fit for the future' consultation.

The response was published alongside the [Pensions Investment Review Final Report Final report](#). The final report sets out the conclusions of the review launched in July 2024. The reforms will be legislated for in the forthcoming Pensions Schemes Bill and supporting legislation.

[The Fit for the future consultation response](#) confirms that the core proposals included in the consultation will be taken forward, including those on investment pooling. It confirms there are no plans to reduce the number of pools below six. The Government will take powers to direct administering authorities to participate in a specific pool if necessary. We understand this power will only be used as a last resort.

The Chair of the Scheme Advisory Board, Cllr Roger Phillips, released a statement following the publication of the response. You can view the response on the [SAB website](#).

The good governance reforms that will be taken forward include:

- appointing a senior LGPS officer with overall delegated responsibility for the management and administration of the Scheme
- a requirement to prepare strategies on governance, knowledge and training (replacing the governance compliance statement), and administration.
- the knowledge and training strategy will be required to include a conflicts of interest policy
- the requirement to take part in an independent governance review (IGR) every three years
- ensuring pension committee members meet new knowledge and understanding standards
- appointing an independent adviser (non-voting) to the pension committee.

IGR reports must be submitted to MHCLG. It is envisaged that any recommendations resulting from a review will be taken forward locally – although, it may be appropriate for some authorities to take up the LGA’s peer support offer, which is currently being developed. The response states that if the Government has concerns, it may bring them to the attention of the Pensions Regulator; however, for the most serious cases the Government may intervene by enforcing a compulsory merger. The Government plans to take a new power in the Pensions Schemes Bill to make regulations relating to the IGR.

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## **LGPS Scotland**

### **List of discretions – version 2.0**

Steven Moseley emailed Scottish administering authorities on 13 May 2025 to inform them that version 2.0 of the guide listing LGPS discretions has been published.

We have split the guide into two separate documents: one for administering authority discretions and another for employer discretions.

We understand that authorities and employers often incorporate parts of the guide into individual policy statements. To make this as easy as possible, we have also published a Word version. We have not published a tracked changes version as the guide has been completely rewritten.

You can access the employer guide on the [Employer guides and documents](http://www.scotlgpsregs.org) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org) and the administering authority guide on the [Administrator guides and documents](http://www.scotlgpsregs.org) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

### **Actions for administering authorities**

Review your existing discretions policy and update accordingly.

Let your employers know about the new version and ask them to review their existing discretions policy.

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## **Other news and updates**

### **McCloud member webinars feedback**

Affinity Connect has been delivering webinars on McCloud to LGPS members in England, Wales and Scotland since March. Feedback from members who have attended a session has been very positive. The list below provides a summary of the attendance and quantitative feedback from webinars in March and April:

- 39 webinars delivered
- 768 attendees
- 4.8/5 score for the presenter's general financial knowledge and presentation skills
- an increase in knowledge about the subject as a result of attending the webinar – from 2.7/5 before the webinar to 4.2/5 after
- 4.4/5 score for the content being easy to follow
- a significant majority of attendees would recommend the webinar to a colleague – this scored 4.7/5
- 61 per cent of attendees took up the offer of a follow up call.

Qualitative feedback was also very positive. Attendees said the webinar was:

- clear and concise
- easy to follow and understand
- useful and informative
- well presented, expertly delivered with enthusiasm
- engaging and entertaining.

Members can currently book a place on webinars in June and July 2025. Further dates will be added to the booking pages on a rolling basis.

We encourage administering authorities to let members know about these free informative sessions, including publicising them in this year's annual benefit statements. We can confirm that the webinars will continue into September and beyond; so any fund that chooses to publicise the events in their 2025 statements can be sure that sessions will be available to book.

There is more information about the webinars and a link to book a place on the member websites:

- [McCloud webinars \(England and Wales\)](#)
- [McCloud webinars \(Scotland\)](#).

### **Actions for administering authorities**

Consider publicising the webinars to active and deferred members on your website or in direct member communications.

Share information about the webinars with your Scheme employers.

### **CWG minutes published**

We have published the minutes of the Communications Working Group (CWG) meeting on 3 April 2025. At the meeting, the group discussed:

- member website updates, news articles, accessibility and tools
- exchanging member information for McCloud
- engagement, including ongoing subgroup projects on LGPS promotion and Pension Awareness Week
- the latest updates for administrators on McCloud, pensions dashboards and expected MHCLG proposals for Scheme amendments.

You can read the minutes from all past CWG meetings on:

- the [Communications working group page \(England and Wales\)](#) of [www.lgpsregs.org](http://www.lgpsregs.org) and
- the [Communications working group page \(Scotland\)](#) of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

The CWG workplan for 2025/26 will be published in the coming weeks.

### **Team news**

After seven years at the LGA, Karl White is retiring from his role as LGPS Training and Development Adviser on 31 May.

Karl has made a significant contribution to the careers of many practitioners in the LGPS through his training courses. He has also been instrumental in developing our LGPS-specific qualification.

We would like to extend our thanks to Karl for his hard work and wish him all the best in the next chapter of his life.

### **New National LGPS Framework for pensions administration software goes live**

The National LGPS Framework has announced the second iteration of the Pensions Administration Software Framework is now available. You can read more about the launch in the [LGPS Frameworks press release](#).

The following providers have been appointed to the National LGPS Framework for Pensions Administration Software:

- Civica
- EQ Retirement Solutions
- Heywood

If you want further information about the Framework, please email [nationalLGPSFrameworks@norfolk.gov.uk](mailto:nationalLGPSFrameworks@norfolk.gov.uk), call 01603 306 846 or visit the [National LGPS Frameworks website](#).

### **PASA publishes Guidance on Identity Management and Assurance**

On 22 May 2025, the Pensions Administration Standards Association (PASA) Identity Management Working Group published its [Identity Management and Assurance guidance](#).

The guidance sets out PASA's recommended best practices for administrators to mitigate identity-related fraud, protect members and future-proof processes.

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## **McCloud remedy**

### **HMRC McCloud guidance for members – Welsh translations**

In May 2025, HMRC updated its McCloud guidance for members, by adding links to Welsh translations.

The collection of HMRC McCloud guidance is available on [the relevant page of www.gov.uk](#).

## **The Public Service Pensions (Exercise of Powers, Compensation and Information) (Amendment) Directions 2025**

HM Treasury has issued amendments to the Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022 ('2022 Directions').

The Amendment Directions 2025, made on 28 April 2025, and coming into force on 30 April 2025, introduce minor technical changes.

The 2022 Directions provide information on applying the McCloud remedy powers under the Public Service Pensions and Judicial Offices Act 2022.

The latest amendments apply to 'chapter 1' schemes, such as the teachers and NHS pension schemes. The amendments do not amend the part of the 2022 Directions that applies to the LGPS.

Further details regarding the amendments are outlined in a letter exchange between the Government Actuary's Department and HM Treasury.

### **McCloud template letters version 2**

We have updated the McCloud templates document. Two new sections have been added to this latest version:

- Part 3 – template letters to pensioner members whose pension is increasing due to McCloud protection
- Part 4 – template wording about McCloud for 2025 annual benefit statements. The wording is based on an approach recommended by the Communications Working Group.

You can view version 2 of the McCloud templates document on the Administrator guides and documents pages of [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org) (filter on McCloud in the subject field). No tracked changes version will be provided due to the number of changes made.

#### **Action for administering authorities**

Update any local versions of the letters and consider using the template wording for your annual benefit statements.

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## **Pensions dashboards**

### **AVCs and Dashboards administrator guide updated**

On 2 May 2025, we published version 1.1 of the AVCs and Dashboards Administrator Guide. This update includes a minor amendment to Section 5 – Pros and Cons of Multiple Source vs Single Source – clarifying that the matching criteria for the administering authority and the AVC provider do not need to be identical.

However, if an administering authority wants members to have a consistent matching experience between their main scheme benefits and their AVC benefits, it must apply the matching rules uniformly. Given that administering authorities may set different matching rules based on their confidence in data availability and accuracy, they should confirm whether their AVC provider can support bespoke matching criteria.

You can find both clean and tracked changes versions of the guide on the Administrator guides and documents pages of [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

#### **Action for administering authorities**

Discuss your matching criteria with your AVC providers.

#### **PASA releases AVC toolkit**

On 7 May 2025, the Pensions Administration Standards Association (PASA) Dashboards Working Group published its [Additional Voluntary Contribution \(AVC\) toolkit](#). The toolkit focusses on registration and connection to the Central Digital Architecture.

#### **PDP progress update report May 2025**

On 15 May 2025, the Pensions Dashboards Programme (PDP) published its latest progress update report. This half yearly report sets out PDP's ongoing work across a range of programme areas including updates on the standards and the latest information about the MoneyHelper pensions dashboard.

You can view the [progress update report on the PDP website](#).

#### **PDP publishes data protection impact assessment**

On 9 May 2025, the PDP published its data protection impact assessment (DPIA) on its central digital architecture and related services. The DPIA focuses on building and running the central digital architecture and related services that make pensions dashboards possible. A separate DPIA will be published by MaPS to cover its public service MoneyHelper pensions dashboard.

You can view the [DPIA on the PDP website](#).

### Action for administering authorities

Update your data protection impact assessment on connecting to the dashboard ecosystem, as required.

### PDP April 2025 newsletter

On 30 April 2025, the PDP published their April 2025 newsletter containing lots of information. To read more follow the links below:

- [first pension provider connected to the ecosystem](#)
- [personal pension providers readiness report and overview](#)
- [The Pensions Regulator's films](#) highlighting the potential impact of dashboards
- [blog on connecting via a third party](#)
- [guidance for requesting additional endpoints for direct connection](#)
- [standards for pension providers and schemes approved](#) by Secretary of State for Work and Pensions on 7 May 2025.

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## Training

### 2025 Training Programme

2025 training events are available to book via the [LGA events website](#). Each course page provides information on the programme, pricing and the booking link.

Bookings are processed on a first-come, first-served basis. To ensure fairness, each topic is limited to five delegates per organisation.

If you are unable to secure a place on a course or require more than five places, please email [training.lgps@local.gov.uk](mailto:training.lgps@local.gov.uk) with details of the course or courses you wish to attend, including the number of places required and your preferred format – online or in person. We will maintain a waiting list and consider running additional sessions if demand is sufficiently high.

In response to your feedback, we have split the following courses:

- **Transfers:** split into Transfers in and Transfers out
- **Retirements:** split into Intermediate Retirements and Advanced Retirements.

The following courses have places:

## Employer Role training

- [Employer role: 16 July 2025 London](#)
- [Employer role: 14 August 2025 online](#)
- [Employer role: 19 August 2025 online](#)
- [Employer role: 30 September 2025 online](#)
- [Employer role: 28 October 2025 online](#)

## Insight training

- [Insight: 22–25 September 2025 Eastbourne residential](#)

## Advanced Retirements training

- [Advanced retirements: 30 July 2025 London](#)

For more information on all available training courses, please visit [LGPS Training and Development](#). For any further enquiries, please contact us at [training.lgps@local.gov.uk](mailto:training.lgps@local.gov.uk).

## Action for administering authorities

Please share details of the employer role training with your Scheme employers.

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## LGPS England & Wales Scheme Advisory Board (SAB)

### Publication of the Scheme Annual Report

The SAB has published its [12th Scheme Annual Report](#). This report aggregates information supplied in the 86 fund annual reports, as of 31 March 2024 for the reporting year 2023/2024. The Board Chair, Cllr Roger Phillips commented:

'I continue to be honoured to showcase the work of the entire LGPS and share this important information. The report provides a single source of information collating data from the 86 administering authority fund annual reports. It shows the size, scale and work of the LGPS, for the LGPS. In its twelfth year, we are building upon key data to show the changing financial, membership, investment, and funding aspects of the LGPS over the years.'

You can find Cllr Phillips' full statement on the [Board's website homepage](#).

### Board statement on 2025 Valuation

At its last meeting in March 2025, the Board agreed to issue a statement providing guidance to funds for the 2025 Valuation exercise.

You can read [the Board's statement](#) on the Board's website.

### **Board letter to Pensions Minister and Local Government Minister on pooling decisions**

On 11 April 2025, the Board issued an initial statement in response to receiving the Government letters to the eight investment pools in LGPS. These letters outlined Ministerial decisions regarding proposals submitted as part of the [Fit for the Future consultation](#). Subsequently, the Board held a special meeting on Friday 9 May 2025, where it was agreed to send a [letter to Jim McMahon MP and Torsten Bell MP](#).

### **Pension Committee Chairs meeting**

On 13 May 2025, Board Chair, Cllr Roger Phillips chaired a webinar with Pension Committee Chairs to discuss the Government's recent decisions on pooling. The meeting was well attended, with 71 attendees from funds across England and Wales. Attendees were invited to provide feedback to Local Government Minister, Jim McMahon MP and officials from MHCLG on the proposals. The Board proposes to organise a similar event for Pension Board Chairs later in the year.

### **Gender Pensions Gap roundtable event**

Following the launch of the Government's consultation which includes proposals on Gender Pensions Gap reporting for the LGPS, the Board is organising an event to bring together industry figures and representatives from across public sector pensions to discuss the consultation proposals and broader adequacy issues.

The event will be free to attend and will take place on 18 June 2025, from 11am to 3pm, at the LGA offices in Smith Square, Westminster. To register, please complete [the LGPS roundtable - Gender Pension Gap event registration form](#). Places will be allocated on a first come, first served basis.

### **Your LGPS contacts**

Following the May 2025 local elections in some areas, please remember to update your fund contacts on the [Your LGPS Contacts database](#). Funds are responsible for maintaining their contacts details and should review them regularly to ensure they remain accurate and up to date.

### **Action for administering authorities**

Review and update the information on 'Your LGPS contacts'.

### **New Board website - stakeholder research**

The Board is currently developing a new website, which is expected to be completed by the end of the year. As part of the project, the appointed provider will be doing stakeholder research to inform the design and user experience.

We are looking for volunteers to help shape the Board's new website. If you are interested in taking part, please email [sabsecretariat@local.gov.uk](mailto:sabsecretariat@local.gov.uk).

The Board's website provides information about its work. Use the links below to find out more about:

- [a summary of the last SAB meeting in March 2025](#)
- [latest news](#)
- [committee meetings and agenda papers which took place in February 2025](#)
- [Responsible Investment Advisory Group \(RIAG\) agenda and reports from February 2025](#)

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## HMRC

### Newsletter 170

On 29 May 2025, HMRC published [Pension schemes newsletter 170](#). This includes articles on:

- using the Managing Pension Schemes service to create, compile and submit your 2024 to 2025 pension scheme return
- migrating your pension scheme to the Managing Pension Schemes service
- updated guidance on correcting payroll errors if you have incorrectly reported lump sum payments
- the integration of the lifetime allowance protection look-up service into the Managing Pension Schemes service.

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## TPO

### TPO determination CAS-92761-H7Q6

Recently, the Pensions Ombudsman (TPO) did not uphold a complaint concerning a council's decision to award a lump sum death benefit to a nominated beneficiary instead of the late member's spouse. You can read the [Ombudsman's determination](#) on the TPO website. The Ombudsman:

- recognised that regulation 46 gives the administering authority absolute discretion to decide how the member's lump sum death benefit should be distributed.
  - agreed with the council's decision not to further investigate any allegations made by the member's spouse as it was a matter for the police.
- 

## Wider Landscape

### Pensions Investment Review: Final Report

On 29 May 2025, the Government published its [final report on the Pensions Investment Review](#) that was launched in July 2024. In addition to the reforms mentioned in the [Fit for the Future consultation response article](#), the Government will also legislate to deliver major consolidation in the defined contribution (DC) workplace pensions market. The aim of these reforms is to enable more investment in productive assets and increase potential returns for members of DC workplace schemes.

The reforms will be legislated for in the forthcoming Pensions Schemes Bill and supporting legislation.

The report also confirms that the Government will shortly be launching phase two of the Pensions Review, which is expected to focus on pensions adequacy.

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## Legislation

### HM Treasury directions

[The Public Service Pensions \(Exercise of Powers, Compensation and Information\) \(Amendment\) Directions 2025](#)

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## Useful links

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

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

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

[LGPS Advisory Board website \(Scotland\)](#)

[LGPS Regulations and Guidance website \(England and Wales\)](#)

[LGPS Regulations and Guidance website \(Scotland\)](#)

[Current LGPS job vacancies](#)

[Public Sector Transfer Club](#)

[Recognised Overseas Pension Schemes](#) that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

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## **LGPS pensions section**

### **Raising a query**

If you have a technical query, please email [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk) and one of the team's LGPS pension advisers will get back to you. To avoid delays in receiving a response, please do not email advisers directly.

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## **Further information**

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## LGPC Bulletin 265 – June 2025

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

- [legislation planned in response to the Virgin Media v NTL judgment](#)
- [the Pension Schemes Bill](#)
- [annual benefit statement and McCloud implementation](#)
- [sharing data for McCloud with other public service pension schemes](#)
- [updates to the abolition of the LTA guide and templates](#)
- [boosting engagement at online training events.](#)

If you have any comments or articles for future bulletins, please contact [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk).

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## LGPS Scotland

### May 2025 Scheme Advisory Board bulletin

The Scottish LGPS Scheme Advisory Board has published its [May 2025 bulletin](#), summarising decisions and discussions from the Board's recent meeting. It covers:

- local investment by Scottish LGPS funds
- collaboration with sector bodies (such as the SAB for LGPS England and Wales)
- climate risk reporting methodologies
- gender pension gap
- 2024 scheme valuation
- good governance
- pensions dashboards
- likely regulatory changes.

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## Other news and updates

### New websites for LGPS administrators and employers

The LGA Pensions team has started a project to develop new websites for LGPS administrators and employers in England and Wales and Scotland. These will replace the existing websites:

- [www.lgpsregs.org](http://www.lgpsregs.org)
- [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

We are keen to work with stakeholders as the project progresses to hear how they use the current websites, any problems they have encountered with the existing websites and receive feedback on our proposed changes, improvements and new features.

### Action for administering authorities

If you regularly use [www.lgpsregs.org](http://www.lgpsregs.org) or [www.scotlgpsregs.org](http://www.scotlgpsregs.org) and would like to help us develop new and improved sites, please email [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk).

### Legislation planned in response to the Virgin Media judgment

The Government has confirmed that it will bring forward legislation to deal with issues arising from the [Virgin Media v NTL Pension Trustees](#) judgment.

The High Court ruled in 2023 that amendments of pension schemes rules in respect of Section 9(2B) rights were void unless the scheme actuary certified that the scheme still met the contracting-out adequacy test. The Court of Appeal considered one area of the ruling in 2024 and upheld the High Court decision.

The Government will introduce legislation to allow pension schemes to obtain actuarial certification retrospectively. You can read more about [Retrospective actuarial confirmation of benefit changes](#) on the GOV.uk website.

### **LGPS administration and technology solutions workshop**

Practitioners across the LGPS are invited to join and contribute to a meeting and workshop event, hosted by the West Midlands Pension Fund (WMPF).

The in-person event is suitable for senior leaders responsible for the delivery of the LGPS pensions administration function. It is designed to support collaboration and knowledge sharing on the development and use of technology in response to growing demands and expectations on LGPS services.

Sessions on the day will be supported by leaders from across the sector, including the National LGPS Frameworks. Participants should come prepared to share ideas and experiences, and support discussion on sector change and collaboration.

**Location** (in person only): WMPF offices, i9 Wolverhampton Interchange, Railway Drive, Wolverhampton, West Midlands, WV1 1LD.

**Date:** 17 July 2025, 10am to 3pm. Lunch will be provided.

Please save the date if you are interested in attending. We will be contacting pension managers by email later this week with details of how to register to attend.

### **Pension Schemes Bill 2024/25**

The [Pension Schemes Bill](#) was introduced in Parliament and given its first reading in the House of Commons on 5 June 2025. A date for its second reading has not yet been announced.

Chapter 1 of Part 1 of the Bill sets out proposed changes to the LGPS, following the Government's response to the '[Fit for the Future](#)' consultation (LGPS England and Wales). Certain clauses would give the Government new powers to make regulations affecting the LGPS:

- **Clause 1:** asset pool companies
- **Clause 2:** management of LGPS funds and other assets
- **Clause 4:** independent governance reviews

- **Section 5:** mergers, including compulsory mergers, of two or more LGPS funds.

Clause 3 of the Bill proposes an exemption from certain public procurement rules for investment management activities carried out by asset pool companies.

Clauses 1 to 4 do not apply to LGPS Scotland.

Clause 93 is also relevant for the LGPS. This clause addresses a legal issue raised in a 2023 Court of Appeal case - The Pensions Ombudsman v CMG Pension Trustees Limited & Anor. The Court ruled that the Pensions Ombudsman is not a 'competent court' for enforcing monetary obligations under section 91(6) of the Pensions Act 1995. See Bulletin 244 and Bulletin 245 for more information on the issue.

The Bill includes other measures that do not affect the LGPS. The main purposes of the changes are to improve value for money, improve member outcomes and mandate scale in certain defined contribution schemes and closed defined benefit occupational schemes. The provisions would:

- allow trustees of defined benefit schemes to share surplus funds with a sponsoring employer
- create multiple default consolidators to address the proliferation of small defined contribution pots
- require multi-employer defined contribution schemes to have a minimum amount of assets
- create a legislative framework for a regulated superfunds regime to replace the current interim arrangements.

For more information on the Bill, see the explanatory memorandum.

The Government published a policy paper - Workplace pensions: a roadmap - to coincide with the Bill's first reading in the Commons. The roadmap sets out the Government's aims for reform and includes an indicative timetable for implementing the legislative changes.

## **LTA abolition guide and associated templates updated**

On 16 June 2025, Lorraine Bennett emailed administering authorities to let them know that we have updated the technical guide on the abolition of the Lifetime Allowance (LTA). Version 2.5 of the guide includes updates in these areas:

- **Section 13.** All lump sums should be included when valuing crystallised rights for the £30,000 trivial commutation limit. HMRC has confirmed that the

policy intent was for lump sums paid at benefit crystallisation events (BCEs) and relevant benefit crystallisation events (RBCEs) only to be included. A drafting error in the 2024 legislation means that all pension lump sums are included. There are no plans to update the legislation.

- **Section 17.** Clarify the calculation when more than one lump sum death benefit is payable.
- **Section 7.** There is no requirement to send a yearly RBCE statement in respect of benefits crystallised at a **deemed** BCE or RBCE. Although there is no specific requirement in the legislation, we do recommend that you send a one-off RBCE statement when a deemed RBCE occurs.

We have also published updated versions of the previous pension benefits declaration form and notes. We have updated the form to include wording about recycling lump sums in the declaration section. We have updated the notes to:

- include a section on taking another lump sum on the same day
- confirm that the time limit for applying for LTA protections has passed, unless the member is affected by the McCloud remedy
- include brief information about recycling lump sums.

We are currently working on a template transitional tax-free amount certificate (TTFAC) application form and notes. We hope to publish these in July 2025.

You can find the guide and templates on the:

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

## **New process for Preston factors**

The Government Actuary's Department (GAD) has decided to change the way Preston factor spreadsheets are accessed by LGPS administering authorities. The spreadsheets are used in relation to part-time employees gaining retrospective access to an occupational pension scheme as a result of the European Court of Justice ruling in 2000/2001.

Given the length of time that has passed since the ruling, GAD expects very few new cases to arise. Instead of publishing monthly spreadsheets, GAD will provide individual assistance to any administering authority that is dealing with a new case.

If any administering authority does have a new case to process, please contact [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk) and use 'New Preston calculation' as the subject of your email. We will forward your request to GAD.

GAD has also noted that a refinement is required in the most recent Preston factor spreadsheets that they issued. These are the Model for Preston repayments calculator dated May 2025 and the Model for NIC rebate calculator dated April 2025. If any administering authority has used these calculators, please contact [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk) and we will forward your details to GAD.

#### **Action for administering authorities**

If you have a new Preston part time reinstatement case to process, or if you used the factor spreadsheets published in May 2025, please email [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk).

#### **Prudential pensions update**

Prudential provided an update for its clients this month:

- they are providing training for employers and payroll providers on payroll submissions, which will continue until October
- they will provide further one to one support between October and December
- they will adopt a firmer policy on queries and outstanding information relating to payroll files from January 2026. They will involve the LGPS administering authority. Unresolved queries could also prevent them from processing payments for subsequent pay periods.

#### **Action for administering authorities**

If Prudential is your AVC provider and you have any questions about these changes, or you would like to facilitate training for Scheme employers or payroll providers, contact your Prudential client manager.

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## **McCloud remedy**

### **Annual benefit statements and McCloud implementation**

We have received a number of queries from administering authorities about:

- exercising the discretion not to reflect McCloud protection in 2025 annual benefit statements (ABSs)
- retrospective McCloud calculations
- whether there has been a breach of the law

- whether to report a breach to the Pensions Regulator.

This topic has also been discussed at the recent round of pension officer group meetings.

This article sets out our views on what administering authorities' responsibilities are, what they should consider when making their decision about any breaches and provides links to useful information.

MHCLG's and SPPA's expectations about timings for implementing the McCloud remedy are set out in the:

- [Statutory guidance on McCloud implementation \(England and Wales\)](#)
- [Statutory guidance on McCloud implementation \(Scotland\)](#).

The statutory guidance states that for most members, the McCloud implementation period ends on 31 August 2025. At the end of the implementation period:

- all retrospective amendments to members' pensions and other rights as a consequence of the regulation amendments in force from 1 October 2023 ([LGPS \(Amendment\) \(No. 3\) Regulations 2023](#) or [LGPS \(Remediable Service\) \(Scotland\) Regulations 2023](#)) should have been concluded, and
- records for members who qualify for the McCloud remedy but have not yet taken their pensions should be accurate (so that figures in 2025 ABSs reflect members' McCloud protection).

In August 2024, MHCLG laid the [LGPS \(Information\) Regulations 2024](#) which covered ABSs for active, deferred, deferred pensioner and pension credit members and:

- removed the requirement to reflect McCloud protection in 2024 statements
- provided a discretion not to reflect McCloud protection in 2025 statements for individual members or groups of members.

Scottish Ministers laid the [LGPS \(Remediable Service\) \(Scotland\) \(Miscellaneous Amendment\) Regulations 2024](#) in December 2024. These delivered the same discretion for 2025 statements for active, deferred and pension credit members in Scotland.

A determination to exercise the discretion:

- must be made before 31 August 2025

- may only be made if the administering authority considers that it is reasonable in all the circumstances in the case of a particular member or class of members, and
- must be notified to any member to which it applies in the 2025 ABS.

The discretion essentially extends the implementation period to 31 August 2026. It can also be used to extend the implementation period for members who will not receive an ABS in 2025. This is set out in the statutory guidance on McCloud implementation. The extract below is from the guidance for the LGPS in England and Wales, but very similar wording with the same effect is also included in paragraph 9 of the statutory guidance for the LGPS in Scotland. For any member in respect of whom a determination is made:

“the McCloud implementation phase shall be regarded as extending to 31 August 2026. Where the McCloud remedy applies to a member, but they will not be due an annual benefit statement under the 2013 Regulations (eg because they are a pensioner), the work to apply the remedy to that person should ordinarily be concluded by 31 August 2025. However, that flexibility should also be considered as applying to members who will not receive an ABS – ie it would be possible for administrators to determine the McCloud implementation phase extends to 31 August 2026 in specific cases. Decisions regarding these cases should be approached in a similar way as to those whom the ABS legislation applies to.”

Section 6 of the McCloud implementation statutory guidance sets out the Government’s view on what order McCloud cases should be approached. Please see the guidance for full information. We have included a brief summary below.

**Group 1:** Retirements, transfers, deaths and trivial commutations that occur after 30 September 2023, uplifts from tier 3 to tier 2 (England and Wales only) after 30 September 2023.

**Group 2:** Retrospective cases in the following order:

- a) A member or survivor pension in payment.
- b) There is no ongoing liability eg a survivor pension is no longer payable, membership has been transferred out, a trivial commutation was paid before 1 October 2023, or a death grant was paid in relation to a death that occurred before 1 October 2023 and no survivor pension is payable.
- c) Cases where there has been an underpin date, but no final underpin date – deferred members and active members over their 2008 Scheme (2009 Scheme in Scotland) Normal Pension Age.

**Group 3:** all other cases – active members.

There are broadly three workstreams to consider:

### **1. 2025 ABS for active and deferred members**

You should make every effort to reflect members' underpin protection in 2025 ABSs for all active, deferred, pension credit and deferred pensioner (England and Wales only) members. You may exercise the discretion not to reflect McCloud protection in the figures in the 2025 ABS for individual members or groups of members. If you do so, you will need to consider whether:

- it is reasonable in all the circumstances
- you make a determination before 31 August 2025, and
- you inform the members affected in their 2025 statement.

### **2. New cases**

Retirements and deaths that occurred after 30 September 2023 are the highest priority in the implementation statutory guidance. Amendments to the LGPS regulations in respect of the new underpin calculation took effect from 1 October 2023. Not implementing remedy for retirements and deaths was a breach of the law from that date.

### **3. Retrospective cases**

The legislation states that these cases must be done without 'undue delay.' The expectation, set out in the statutory guidance, is that this work will be completed by the end of the implementation period – 31 August 2025. But flexibility to extend the implementation period to 31 August 2026 for certain members or groups of members is set out in the statutory guidance.

You must have regard to the statutory guidance, but it does not constitute a legal requirement. Paragraph 18 of the guidance says:

“Where an administering authority plans to deviate significantly from this statutory guidance, this should be discussed with both their pensions committee and pension board and agreement from the pensions committee should be obtained. The reasons for the decision should be recorded.”

See also the next article which covers a statement from the Pensions Regulator on McCloud, ABS and breaches for the LGPS.

### Action for administering authorities

The actions administering authorities may wish to consider are:

1. Ensure the reasons for any delays are discussed at your pensions committee and local pension board meetings.
2. Ensure you have a project plan in place to complete the remedy work. This should document the key stages and note the reasons for any delay, the expected impact and what you are doing to mitigate further delays.
3. Make sure you include information about any pension software issues and the impact of this in your risk register.
4. Consider whether you will use the discretion provided by the LGPS (Information) Regulations 2024 (or, for authorities in Scotland, the LGPS (Remediable Service) (Miscellaneous Amendment) Regulations 2024) to not include underpin information in the 2025 ABSs.

### TPR's statement on McCloud and ABS

TPR issued a statement on McCloud and LGPS ABSs on 19 June 2025. This sets out their expectations in relation to:

- reflecting McCloud protection in LGPS ABSs this year and in the future
- exercising the discretion for 2025 statements
- decision-making and record-keeping
- plans to ensure McCloud information is included for all members in future years if the discretion is exercised in 2025.

The statement also suggests that, if an administering authority is exercising the discretion not to reflect McCloud in some 2025 statements, they must inform the members affected **before** the statements are issued. We have queried this with TPR:

- In our view, this is not required by the relevant legislation. That requires administering authorities to notify members affected **in** the 2025 statement.
- Some administering authorities have already issued 2025 ABSs or are in the process of doing so. If TPR expects administering authorities to issue a separate communication to these groups of members, this will cause disruption and add cost to a process which is already well under way.

We will provide an update when we receive their response.

## Sharing data for McCloud with other schemes

It is necessary to exchange information about past service with other public service pension schemes because of the McCloud remedy. There are two groups that LGPS administering authorities will need to gather data for:

- members who completed a transfer of remediable service to the LGPS from a different public service pension scheme before 1 October 2023.  
Paragraphs 4.30 to 4.47 of the Club memorandum set out the information that is needed when remediable service transfers on Club terms. Not all of this would have been provided when the transfer took place.
- LGPS members who were previously members of a different public service pension scheme and that membership remains separate from their LGPS pension account. For some members, administering authorities will need to know the dates of the previous membership to establish whether the member is protected by the underpin.

LGPS administering authorities will also need to supply this information to other public service pension schemes when they request it.

Pension schemes have a legal obligation to pay the correct pension to scheme members. In our view, member consent is not required to share this data between schemes as it is being shared to meet that legal obligation. MHCLG and HM Treasury lawyers have considered this issue and agree with our conclusion. You can read the full text of the legal opinion below.

1. You have queried whether an administrator can obtain information from their members on their pensions history and, where necessary, to verify that with the previous schemes without the consent of the members.
2. Article 6 of the GDPR provides that the processing of personal data is lawful only if and to the extent that at least one of the following applies:
  - (a) the data subject has given consent to the processing of his or her personal data for one or more specific purposes;
  - (b) processing is necessary for the performance of a contract to which the data subject is party or in order to take steps at the request of the data subject prior to entering into a contract;
  - (c) **processing is necessary for compliance with a legal obligation to which the controller is subject;**
  - (d) processing is necessary in order to protect the vital interests of the data subject or of another natural person;
  - (e) **processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the**

**controller;**

(f) processing is necessary for the purposes of the legitimate interests pursued by the controller or by a third party, except where such interests are overridden by the interests or fundamental rights and freedoms of the data subject which require protection of personal data, in particular where the data subject is a child.

Point (f) of the first subparagraph shall not apply to processing carried out by public authorities in the performance of their tasks.

3. The ICO has issued [guidance about article 6 of the GDPR here](#). From reviewing that guidance and the advice shared by the LGA, I agree that LGPS administrators can rely on GDPR UK Article 6(1)(c) and Article 6(1)(e) to obtain information of the members' pensions history and, where necessary, to verify that with the previous schemes without the consent of the scheme members.
4. I, therefore, do not consider that consent is necessary for the data processing by the LGPS for this particular purpose as it requires compliance with a legal obligation, ie with the LGPS Regulations 2013 (SI 2013/2356), to allow remedial actions in relation to McCloud.

**Action for administering authorities**

Review your processes to make sure that you do not require a member's written consent before you respond this type of request.

Monitor responses to requests that you send to other schemes. If you are not receiving responses, or if the other scheme requires the member's written consent, please email [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk) and let us know what scheme or schemes is causing the issue.

**HMRC remedy newsletter**

HMRC published their latest [Public service pensions remedy newsletter](#) on 20 June 2025. The newsletter covers:

- the process to follow when reporting to HMRC that you have issued a revised pension savings statement because the McCloud remedy has changed the annual allowance position
- The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2025 which we covered in [Bulletin 263](#) in April 2025.

Any increase to a member's pension as a result of the addition of a final guarantee amount is ignored for annual allowance purposes. Administering authorities should have re-visited annual allowance calculations processed before October 2023 if an increase to the member's pension under the 'old' underpin rules was included in working out their pension input amount in the year they retired.

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## Pensions dashboards

### Registration codes

In [Bulletin 263](#), we let administering authorities know the Pensions Regulator (TPR) would send their registration codes to them by the middle of May 2025. These should have been sent to the designated 'Pensions Dashboards Primary Contact' listed in TPR's records on [Exchange](#). Authorities should pass the codes on to their ISP provider.

If an authority has not received their codes, they should email [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk) to request that they re-send the codes.

You can find further information in [TPR's hot topics article on registration codes](#). See also the next article on updates to TPR guidance.

### Action for administering authorities

Check if you have received your registration codes. If you have not, email [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk) and request that they be re-send them.

### TPR pensions dashboards guidance updated

TPR has updated its [pensions dashboards guidance](#) in response to changes in the Pensions Dashboards Programme's (PDP) guidance, stakeholder feedback and project development. The updates include:

- **MaPS guidance:** TPR has incorporated the latest [Money and Pensions Service dashboards guidance](#) covering the connection process, transferring pension providers and the risks of changing the 'connect-by' date.
- **Relevant complaints:** What is a relevant complaint and TPR's expectations about recording and reporting them.
- **Registration codes:** What they are, how TPR issue them and how they should be used. The guidance also includes a section on common scenarios related to registration codes, such as lost codes, connecting early or late and registration codes for AVC arrangements.

## **PDP guidance updates**

The Pensions Dashboards Programme (PDP) has published new and updated guidance:

- PDP guidance on special characters: this new guidance covers how the identity service (GOV.UK One Login) will treat special characters in names and addresses. This should help administering authorities and their ISPs in planning their matching criteria.
  - PDP guidance on transfer of pension providers (ceding scheme)  
PDP guidance on transfer of pension providers (acquiring provider): new guidance setting out the process to follow when pension assets are moved between providers or schemes, or when a scheme changes ISP.
  - visit the PDP Connection Hub to see all the latest versions of their guides and find useful links.
- 

## **Training**

### **Boosting engagement in online training**

The LGPS Training and Development team has noticed that some delegates don't fully engage in online training, which can hinder their learning. We are asking for your help in encouraging staff to be visible and participate during our online training courses.

Keeping cameras on helps create a more interactive and focused environment. It builds connection, reduces distractions, and allows trainers to respond to non-verbal cues. Participating in discussions and exercises also deepens understanding and makes learning more effective. Fully engaging not only enhances their skills and confidence but also adds value to your team's overall performance.

We believe supporting active participation is a small effort that leads to big rewards in learning and development. We are also taking steps to improve engagement by:

- setting out expectations such as the requirement for cameras to be on and for participation throughout the session in invite emails
- re-iterating expectations at the start of every training course and throughout the course
- allowing delegates to use the chat function or ask questions verbally throughout the course
- using polls, quizzes, breakout rooms, calculation exercises and discussion points.

### **Action for administering authorities**

Managers to ensure delegates attending training courses are aware that they are expected to actively participate.

### **2025 Training Programme**

2025 training events are available to book via the [LGA events website](#). Each course page provides information on the programme, pricing and the booking link.

Bookings are processed on a first-come, first-served basis. To ensure fairness, each topic is limited to five delegates per organisation.

If you are unable to secure a place on a course or require more than five places, please email [training.lgps@local.gov.uk](mailto:training.lgps@local.gov.uk) with details of the course or courses you wish to attend, including the number of places required and your preferred format – online or in person. We will maintain a waiting list and consider running additional sessions if demand is sufficiently high.

The following courses have places:

#### **Employer Role training**

- [Employer role: 16 July 2025 London](#)
- [Employer role: 14 August 2025 online](#)
- [Employer role: 19 August 2025 online](#)
- [Employer role: 30 September 2025 online](#)
- [Employer role: 28 October 2025 online](#)

#### **Advanced Retirements training**

- [Advanced retirements: 30 July 2025 London](#)

For more information on all available training courses, please visit [LGPS Training and Development](#). For any further enquiries, please contact us at [training.lgps@local.gov.uk](mailto:training.lgps@local.gov.uk).

### **Action for administering authorities**

Please share details of the employer role training with your Scheme employers.

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## LGPS England & Wales Scheme Advisory Board (SAB)

### **SAB statement following Government response to Fit for Future consultation**

After the Government released its response to the Fit for the Future consultation, the Board Chair, Cllr Roger Phillips, made this statement on behalf of the Board:

“The Government’s response to the fit for the future consultation provides welcome clarity on the direction of reform and the commitment to implementing the Good Governance recommendations made by the Board in 2021. However, as the Board highlighted in its earlier letter to the Minister, the scale and pace of the proposed changes carry significant risks if not managed with care. The current timetable places considerable pressure on funds to balance these reforms with other critical responsibilities, including the development and approval of key policies that require thoughtful planning and robust governance.

This concern was echoed strongly during the recent session between the Local Government Minister and pension committee chairs from across the political spectrum. Many funds are already contending with substantial challenges, such as election-related turnover, local government reorganisation (LGR), staffing constraints, and administrative pressures. These are further compounded by the ongoing 2025 triennial valuation, the implementation of the McCloud remedy, and preparations for the Pensions Dashboard.

In this context, the Board remains committed to supporting funds and the Scheme through this transition. It will continue to engage with government to ensure that funds are given the time necessary to establish the governance structures required, both at fund and pool level, to deliver on these expectations effectively.

The Board Secretariat will also work closely with MHCLG officials to develop the practical guidance needed to support implementation and to clarify the details not yet addressed in the Government’s broader policy statements on this consultation.”

### **Gender Pensions Gap roundtable event**

On Wednesday 18 June 2025, the Board hosted a roundtable event at the Local Government Association (LGA) offices in Smith Square. The event brought together industry figures and a cross-section of the public sector pensions to discuss the

proposals in the Access and Fairness consultation covering the Gender Pensions Gap and wider pensions adequacy issues. Over 40 attendees were present on the day representing scheme members, LGPS employers, public and private sector schemes, Government, LGA's workforce team and the wider pensions industry. The group received presentations on how to ensure communication with scheme members could be improved, how scheme design can affect different groups and discussed how to respond to the ongoing MHCLG Access and Fairness consultation. That consultation builds on the work done by the Board in this area and includes proposals for some changes in scheme design as well as making it mandatory to report gender pension gaps for LGPS funds.

### **Accounts decoupling**

In April 2025, the Government response to the Local audit reform: a strategy for overhauling the local audit system in England consultation committed the Government to the decoupling of pension fund accounts from administering authority main accounts. The Compliance and Reporting Committee and its Audit working group discussed the response at meetings in June. It is expected that the English Devolution Bill will be the legislative vehicle for this change and decoupling will take effect from the 2026/27 accounts onwards.

### **Board working groups**

The Board has a number of active working groups looking at a range of issues across the scheme. These groups rely on the knowledge and expertise of practitioners and are open to join. The active working groups are the Gender Pensions Gap working group, the Audit working group, the Governance working group, the Knowledge and Skills working group and the Peer Support Officer working group.

A new Administration working group is in the process of being established and we are looking for volunteers to join this working group which will look at developing new Administration Strategy Guidance in light of the governance proposals set out in the Fit for the Future consultation. If you are interested in joining or would like to find out more about the work of any of these groups, please email [sabsecretariat@local.gov.uk](mailto:sabsecretariat@local.gov.uk).

### **Compliance and Reporting Committee - Practitioner representative vacancy**

The Board's Compliance and Reporting Committee (CRC) is seeking a representative to represent practitioners following the resignation of Rachel Brothwood. The Board wishes to thank Rachel for her significant input and expertise

on the Committee, in particular by chairing the Funding Strategy Statement guidance revision working group.

For more information, you can review the [CRC Terms of Reference](#).

To express an interest in the vacancy, please email [sabsecretariat@local.gov.uk](mailto:sabsecretariat@local.gov.uk).

### **Save the date – Scheme Advisory Board Annual Assembly**

The Board Chair, Cllr Roger Phillips, is holding an in-person Board Annual Assembly on Wednesday 22 October 2025 for all Pension Committee and Pension Board Chairs.

The event will be in-person only, held in Bevin Hall at the Local Government Association's offices in 18 Smith Square. Further details of the event and how to book your place will follow in due course.

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

- [a summary of the last SAB meeting in March 2025](#)
- [latest news](#)
- [committee meetings and agenda papers which took place in June 2025](#)
- [Responsible Investment Advisory Group \(RIAG\) agenda AND reports which took place in June 2025](#)

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## **TPO**

### **Stakeholder forum**

The Pensions Ombudsman (TPO) has arranged a Stakeholder Forum that will take place on the morning of 16 July 2025. The free in-person event in London will include talks and presentations from industry experts. It will also provide excellent opportunities to ask your questions in person, and network with peers from across the industry.

You can [register to attend the TPO stakeholder forum online](#).

### **Distribution of death grants**

Recent determinations by TPO have highlighted key lessons for administering authorities when distributing death grants. Areas of interest include:

- the importance of distinguishing between questions of fact and the exercise of a discretion, and how TPO's role may differ depending on the nature of the complaint
- the need to identify individuals who are potential beneficiaries and who should be considered when the discretion to pay the lump sum is exercised
- the need for appropriate but proportionate investigation when identifying potential beneficiaries
- weighing up the value of evidence when deciding who to make payment to.

You can read more in these recent determinations:

- [Mrs R \(CAS-130671-J8K3\)](#) the need for proper consideration of information available
- [Mrs E and Mr R \(CAS-72134-V5K7 & CAS-72135-Q7V1\)](#) the need to consider all the potential beneficiaries
- [Mr T \(CAS-34304-R5R1\)](#) following a reasonable procedure in exercising the discretion.

## **TPO Chair**

The Department of Work and Pensions has [appointed Deborah Evans as Chair of TPO](#). She will start a five-year term from 1 July 2025. She currently serves as non-executive director and chair of the Property Ombudsman compliance committee.

Deborah Evans will replace Anthony Arter. During his ten years at TPO, Antony Arter has held the roles of pensions ombudsman, deputy pensions ombudsman and interim chair.

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## **Wider landscape**

### **PASA webinar on identity verification**

As we reported in [Bulletin 264](#), the Pensions Administration Standards Association (PASA) has recently published guidance on identity management and assurance. PASA has announced a free webinar to introduce the guidance. It will take place on 15 July 2025 at 10am. Book your place on the [PASA: Identity verification in pensions webinar](#).

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## **Useful links**

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

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

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

[LGPS Advisory Board website \(Scotland\)](#)

[LGPS Regulations and Guidance website \(England and Wales\)](#)

[LGPS Regulations and Guidance website \(Scotland\)](#)

[Current LGPS job vacancies](#)

[Public Sector Transfer Club](#)

[Recognised Overseas Pension Schemes](#) that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

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## **LGPS pensions section**

### **Raising a query**

If you have a technical query, please email [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk) and one of the team's LGPS pension advisers will get back to you. To avoid delays in receiving a response, please do not email advisers directly.

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	<b>Pension Board</b> 22 July 2025
	<b>Report from the Corporate Director,  Finance and Resources</b>
<b>Brent Risk Register</b>	

<b>Wards Affected:</b>	N/A
<b>Key or Non-Key Decision:</b>	Not Applicable
<b>Open or Part/Fully Exempt:</b>	Open
<b>List of Appendices:</b>	Two Appendix 1: Risk Register Appendix 2: Risk Strategy
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b>	Minesh Patel, Corporate Director, Finance and Resources <a href="mailto:minesh.patel@brent.gov.uk">minesh.patel@brent.gov.uk</a> 020 8937 4043  Amanda Healy, Deputy Director of Finance <a href="mailto:amanda.healy@brent.gov.uk">amanda.healy@brent.gov.uk</a> 020 8937 5912  Sawan Shah, Head of Finance <a href="mailto:sawan.shah@brent.gov.uk">sawan.shah@brent.gov.uk</a> 020 8937 1955  John Smith, Pensions Manager <a href="mailto:john.smith@brent.gov.uk">john.smith@brent.gov.uk</a> 020 8937 1985

## 1.0 Executive Summary

- 1.1 This report presents the updated Risk Register for the Brent Pension Fund Pensions Administration Service.

## 2.0 Recommendation(s)

- 2.1 The board is asked to note the overall report including the key changes set out in section 3.2.4.

## 3.0 Detail

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

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

### **3.2 Background**

- 3.2.1 Effective risk management is the foundation of sound corporate governance and the focus should be on all aspects of the pension scheme's operation, not just investment matters. Having a strategy and register in place is a way for the scheme manager to identify and manage scheme risks and it is considered good practice to have a strategy and register in place alongside established reporting mechanisms.
- 3.2.2 It is recognised that risk management works well when the administering authority, the Pension Board and employers work together. All parties then understand each other's capacity and appetite for risk. Key elements of this strategy were discussed at a working party set up with the scheme manager, administrator and select employers for feedback and comment. The risk strategy was revised this earlier this year and is attached to this report in Appendix 2.
- 3.2.3 It has been agreed in previous Board meetings that the Risk Register would become a standing agenda item at these meetings, with new risks and any changes to classifications of risks being reported to the Board.
- 3.2.4 Key changes to the Risk Register attached in Appendix 1:
- Item 1.1 – comments updated
  - Item 2.3 – likelihood, score and comments updated
  - Item 3.2 – comments updated
  - Item 3.5 – likelihood, score and comments updated
  - Item 3.6 – likelihood score and comments updated
  - Item 4.2 – risk area and comments updated
  - Item 4.52 – comment updated
  - Item 5.4 – comment updated
  - Item 5.6 – comment updated
  - Item 6.11 – comment updated
  - Item 6.3 – comment updated
  - Item 6.5 – comment updated
- 3.2.5 There have been other changes made to the Risk Register to keep the document up to date. These changes are highlighted in blue.
- 3.2.6 The Board is asked to notify the scheme manager if it disagrees with any of these classifications and present any new risks that they would like to be considered.

3.2.7 The revised Risk Register is attached at Appendix 1, and it is proposed to present any changes or updates to this document to the Pension Board at every meeting.

#### **4.0 Stakeholder and ward member consultation and engagement**

5.1 This is not applicable for this report.

#### **5.0 Financial Considerations**

6.1 There are no specific financial implications relating to this report.

#### **6.0 Legal Considerations**

7.1 There are no specific legal implications relating to this report.

#### **7.0 Equality, Diversity & Inclusion (EDI) Considerations**

8.1 There are none directly arising from this report.

#### **8.0 Climate Change and Environmental Considerations**

9.1 There are none directly arising from this report.

#### **9.0 Human Resources/Property Considerations (if appropriate)**

10.1 There are none arising directly from this report.

#### **10.0 Communication Considerations**

11.1 This is not applicable to this report.

#### **Report sign off:**

***Minesh Patel***

Corporate Director, Finance and Resources

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The London Borough of Brent Pension Fund Risk Register 2025									
Index	A	B	C	D	E	F	G	H	I
<u>1</u>	Risk Area Business Continuity	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Date of Review	Comment
1.1	Business Continuity	LPP Financial Standing	1	5	5	LPP Service Contract	Brent	Jul-25	Brent Council discuss LPP budget at regular contract monitoring meetings. <a href="#">Update received from LPPA for final 2024/25 budget position.</a>
1.2	Operational Disaster Recovery Plans Brent	Loss of or unable to access admin systems for: a) Pensions b) Payroll c) Pensioner payroll	1	4	4	Brent Council Business Continuity Procedures	Brent	Aug-24	Brent Council disaster recovery plan in place
1.21		Pension Systems I.T.	1	4	4	Database of all: a) Advisors b) Suppliers c) Contracts	Brent	Aug-24	Held as hard copy by Brent Council's Legal Department
1.3	Operational Disaster Recovery Plans LPP	Loss of or unable to access LPP admin systems for pensions	1	4	4	LPP Shared Service Agreement.	LPP	Aug-24	From 1 October 2018 LPP disaster recovery plan in place as part of their Shared Service Agreement with Brent Council
1.31		LPP Pensions Admin System (UPM) used by Brent Council Employers, Maintained Schools and Academies	1	4	4	LPP Shared Service Agreement	LPP	Aug-24	LPP have a recovery plan in place for their pension admin platform UPM (External provider Civica). LPPA is ISO 27001 accredited and has Cyber Essential Plus accreditation, showing that LPPA have processes and procedures in place that keep information and systems secure.
<u>2</u>	Risk Area Data Security	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Date of Review	Comment
2.1	Data Security	External attack, loss of data, locked out of data, poor internal procedures can lead to an increased risk of attack from: a) outside b) or internal fraud  Not backing up data regularly using secure backup systems	2	5	10	Brent Council and LPPA Data Back Up Procedures	Brent	Aug-24	Procedures on data security in place, systems kept up to date with latest security updates. Data is backed up on an incremental basis daily, Brent STS have invested in an enhanced backup solution.
2.1		a) Clean desk polices not being adhered to: b) Cabinets left open or not locked c) Documents left out overnight d) Documents left on colleagues desk when they are away e) Computer not locked when operator leaves their desk  Taking laptops away from desk that are not password protected with encryption, using them on public transport  Not storing laptops in secure location when not in use	2	4	8	Brent Council Data Security Procedures  Mandatory clear desk policy and documents secured  Annual data security refresher training  Laptops password protected and encrypted	Brent	Aug-24	Possibility of: a) Sensitive data being seen by unauthorised persons b) Data theft or large losses of sensitive data c) GDPR breached d) Brent Council's reputation put at risk e) Breach of Council's policies and dismissal from service
2.2		General Data Protection Regulations (GDPR) came into effect 25 May 2018, failure to comply with GDPR will lead to: a) Complaints b) Data breaches c) Possible fines d) Loss of reputation	1	5	5	Brent GDPR Policies  Annual data security refresher training	Brent	Aug-24	Brent has GDPR policies in place and publishes GDPR privacy notices: a) Online b) Viva Engage (formerly Yammer) c) In news letters d) In communications to its members, employers, academy's, maintained schools
2.21		Sending sensitive data by email ensuring it will be sent to the right recipient and encrypted, or using a secure transmission system	2	4	8	Brent GDPR Policies	Brent	Aug-24	Sensitive data being sent to an unauthorised person or business leading to breach of GDPR
2.3	Cyber Security	Unlawful cyber access or attacks could be serious for a scheme and its members, and could in the end result in identity theft, loss of data or even loss of financial assets	3	4	12	Brent Council Data Security Procedures (e.g. Implemented tools to monitor and detect abnormal activity, Security Logging and Endpoint Management, Enhanced awareness and training across specialist IT and all Brent users.)  LPP Cyber Security Procedures	Brent	Jul-25	STS and Brent have cyber strategies in place and are in the process of updating those strategies considering the prevailing threats. The protection in place for the Council to prevent an intrusion is considered high however, recent attacks impacting councils and other public sector organisations have targeted backup systems and third party suppliers.  The impact of a cyber attack could be significant, so it is important for these to be permanently up to date. Brent Officers periodically review the current cyber security strategy ensuring that extensive measures are in place and up to date in order to safeguard the integrity, confidentiality and availability (ICA) of information. <a href="#">In January, Brent STS onboarded a endpoint detection and response service, which monitors all laptops 24x7.</a>  LPPA have also implemented a number of controls and technologies in relation to cyber security including network firewalls, daily backups online and to tape to protect against the loss of data, system corruption or ransomware and disaster recovery tests. <a href="#">The Pension Fund is liaising with IT services to assess compliance with tPR's Single Code of Practice.</a>

3	Risk Area Pension Administration	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Date of Review	Comment
3.1	(Employer and Scheme Data)  Scheme Data Provided to LPP for: Maintained Schools Academies Employers	Missing common and Scheme Specific data not provided by employers, maintained schools and academies leads to delay in progressing administration for members and the actuary using prudent assumptions.	3	4	12	LPP Data Check Regular data cleanses and projects (e.g. McCloud). Monthly contribution returns drive more accurate data. Employer Engagement Employers Forum PAS 2023	Brent/LPP	Oct-24	LPP run a test of the data each quarter. These scores are included in the administration update report taken to each Pension Board meeting.  Employers to export data monthly to LPP system highlighting data problems by import validation, also reporting from the admin systems of missing files leads to early indication of employers having data problems. Monthly returns have been rolled out to all employers from April 2023.  Training to be provided to employers by the LPP on using the systems and what LPP requires from employers.  A concerted programme of encouraging employers to complete monthly contribution returns has led to almost all employers complying and the few who failed to do so completing annual returns.  The Pensions Administration Strategy allows the scheme manager to take action against employers that do not comply with their statutory and legal obligations to the Pension Fund. These actions will be considered should employers not respond to requests for information in a timely manner.  LPPA have provided the Fund with a dashboard with the status of monthly scheme data returns for all employers. LPPA and officers are regularly contacting employers who have outstanding returns.
3.2	Record Keeping Planning	Not updating the record keeping plan to take into account changes of circumstances thorough the year could lead to a failure to take corrective action leading to a drop in the quality of scheme data or delays in processing member benefits	1	3	3	TPR Data Scores, Data cleanse project Regular data cleanses and projects (e.g. McCloud) Monthly contribution returns drive more accurate data.	Brent	Jul-25	Data quality has improved following multiple data cleanse projects and is now being monitored quarterly. The Fund has also commissioned a data cleanse project to carry out data mismatch analysis and record rectification in respect of pension data records held on LPPA's UPM system and Brent's Oracle system with a total 1404 records in scope. Monthly contribution returns promise better data going forward. A total of 307 cases with multiple records were corrected as part of the payroll Migration data cleanse exercise.  <a href="#">Following the migration of pensions payroll to LPPA, a further data cleanse has been commissioned to review the individual pension records and rectify any payroll figures on UPM which are found to be incorrect. A total of 627 records are in scope.</a>
3.3	Loss of Key Staff Members	Specialist nature of the work means there are relatively few staff members with knowledge of the Local Authority Pensions Regulations and Pensions Administration requirements. Significant knowledge gap left if specialist staff leave, likely to cause short-term disruption.	3	4	12	Structured Training Plan  Key members of staff are mapping processes and maintaining folders of key documents, training notes and commentaries on the respective regulations.  Regular cross-training between staff.	Brent	Aug-24	Key Officers to ensure processes are documented and knowledge is being passed on to other members of the team, to ensure limited disruption in the event of an unexpected absence or leaving the position.  Training events delivered by external parties are available and staff are encouraged to attend.  There are regular in-house training sessions and the experienced officers mentor their colleagues, maintain process maps and collate key documents and relevant extracts from the regulations in folders as part of the team's succession planning.  External Support is available to mitigate this risk, both from external advisors and LPP who manage the fund's administration
3.4	Impact of Future Pandemics	Increase in staff who are unwell leading to: a) Delays in administrative processing and increase in backlog cases b) Member benefits being delayed c) Increase in complaints d) Difficulties in meeting key deadlines such as year-end  Delays in implementing the agreed investment strategy due to volatile financial markets.	1	2	2	Brent Council Business Continuity Procedures  LPP Business Continuity Procedures  Hymans Robertson Business Continuity Plan (as Fund Actuary and Investment Advisors)  Resilience and flexibility developed during the Covid-19 pandemic.	Brent	Aug-24	Situation is being monitored on an ongoing basis. Staff to observe Government and NHS guidance.  Increased use of flexible and remote working technologies are now in place to enable staff to operate in an efficient and effective manner. The Pensions Administration and Finance team are able to work from home and in offices.

3.5	Transfer of Brent's Pensions Payroll to the LPP	<p>Risk in transferring of payroll data to LPP:</p> <p>a) Delays in timely completion of transfer leading to delays and pensions not being paid</p> <p>b) Inaccurate transfer of scheme data from one system to the other leading to incorrect tax codes and Pensions Increase awards</p> <p>c) Member's pensions being incorrect or delayed</p> <p>d) Increase in complaints</p> <p>e) Places an unwarranted and costly drain on Brent resources of providing support to its pensioners</p>	1	5	5	<p>Risk and Project Plan</p> <p>LPP data cleanse</p> <p>In-house team data cleanse</p> <p>Parallel runs on both payroll systems to eradicate errors</p>	Brent/LPP	Jul-25	<p>The Pensions Payroll has migrated from Oracle to the LPP. It is being delivered by a dedicated team of project managers and ringfenced project roles to ensure no impact to the pension administration function.</p> <p>There were three parallel runs before the data was migrated.</p> <p>LPP are providing Brent officers with regular updates in weekly meetings. Updates are also being provided to the Pension Board.</p> <p>The payroll migration went smoothly and variance was within normal tolerances. <a href="#">The pensions payroll went live with LPP in January 2025 and six payrolls have been run successfully to date.</a> <a href="#">The Pensions Increase award went smoothly in April 2025. Officers are reviewing the operation of the single payments process after six months to ensure it is working effectively and to understand if any improvements can be made.</a></p>
3.6	Auto Enrolment / Re-Enrolment	<p>Failure to process auto enrolment / re-enrolment on time leads to:</p> <p>a) Member complaints</p> <p>b) Members unable to opt-out or in</p> <p>c) Delayed administration</p> <p>d) Possible action by the regulator to improve or be fined</p>	2	2	4	<p>Auto Enrolment Procedures</p> <p>Planning meetings to manage re-enrolment.</p> <p>Communications prepared in anticipation of re-enrolment.</p>	Brent	Jul-25	<p>Auto enrolment checked monthly for:</p> <p>a) Enrolment</p> <p>b) Opt outs</p> <p>c) Opt Ins</p> <p>d) Auto Enrol Renewal, as part of Brent procedures for pensions and payroll</p> <p>e) Re-enrolment triennially</p> <p>Brent and the maintained schools are re-enrolling certain members, who have opted-out of the pension scheme or joined the 50-50 scheme, on 1 November 2024. There has been a series of communications within the Council and to schools to keep members up to date.</p> <p>Brent's re-enrolment date is now set to 1st November. <a href="#">Brent has successfully certified its re-enrolment to TPR.</a></p>
3.7	Pensions Dashboard programme	<p>Pensions dashboards are a government programme to enable individuals to access their pensions information online, in one place.</p> <p>Risk of being unable to connect before the staging deadline of October 2025.</p>	2	3	6	<p>LPPA Pensions Dashboard Project</p> <p>Regular progress update meetings</p> <p>Monthly contract management meetings</p>	LPP	Mar-25	<p>LPPA have a dedicated project in place with a project manager and they are running regular roundtables to provide updates to all of their clients. A intergated service provider (ISP) has been selected (Civica) by LPPA and they are closely monitoring Civica's progress towards compliance.</p> <p>The project is underway and the latest update is as follows:</p> <p>a) systems requirement (including the rules for partial matching of records and the treatment of AVCs); and</p> <p>b) business readiness aspects of the project (dealing with new enquiries relating to dashboard).</p>

4	Risk Area Plan Events	Risk Outline	Likelihood	Impact	Score	Control	Owner	Date of Review	Comment
4.1	Pension Events Planning	Plan events such as: a) Annual benefits statements b) Year end reporting to the TPR c) Accounting d) Pension increases e) Plan valuations g) Re-enrolment	2	4	8	Plan Calendar Prepare employers Plan communications	Brent	Aug-24	Plan Calendar to identify events: a) What work is required b) What recourses will be used c) Completion and sign off
4.11		Pension projects such as: a) Changes in legislation that needs to be actioned b) McCloud	2	4	8	Plan Calendar	Brent	Aug-24	To allow longer term planning for items such as: a) New legislation coming in to effect b) Ensure Plan events are completed on time c) Prepare for GMP equalisation
4.2	Annual Benefits Statements 2024/25	Failure to have the necessary correct and accurate data will lead to: a) Statements not being sent b) Possible delay sending statements whilst this data is obtained and systems updated c) Inaccurate ABS based on out-of date figures (e.g. last year's pay)	2	5	10	LLP Shared Service Agreement and PAS.  Scheme employers are chased on a regular basis. Regular data cleanse and projects (e.g. McCloud) Monthly returns drive more accurate and up-to-date data.	Brent	Jul-25	It is a statutory responsibility for the scheme manager to issue an annual benefit statement (ABS) to all eligible active and deferred members by 31 August each year.  Scheme employers are required to submit monthly returns, albeit a small number submitted annual returns, in order to be able to produce an ABS. Following submission of the return, employers may be required to respond to queries to clarify any data on the return before an ABS can be produced. It is therefore important that end of year returns are received promptly. Delays in submission of returns can lead to a risk that the ABS are not issued by the deadline. Where returns have not been promptly received, Brent and LPP will work together directly with employers to ensure prompt and accurate submission of end of year returns. The 2024 ABS exercise showed incremental improvements with 97.1% of active members and 99.9% of deferred members having statements produced. <i>Although the LPPA is optimistic, it is not certain that its administration system, UPM, will be able to process underpins in time for the ABS and Brent may have to exercise its discretion to delay implementation until 31 August 2026</i>
4.242		Annual Benefits Statement dependant on: a) Common Data b) Scheme Specific data c) Data being improved from the Record Keeping Plan (RKP)	2	5	10	LLP Shared Service Agreement	Brent	Aug-24	Improvement to common and Scheme Specific data being carried out under RKP. There have been numerous data cleansing projects designed to improve the quality of our data. Monthly contribution returns will ensure that we have more accurate data going forward.
4.3	Deferred Member Benefit Statements 2023/24	Incorrect Statuses, no address, missing data to calculate leads to: a) Statements not being issued b) Statements inaccurate c) Incorrect valuation and liabilities for the Plan.	2	5	10	LLP Shared Service Agreement Periodic address tracing.	Brent	Aug-24	Member data is being dealt with under the Record keeping Plan. Consider address tracing as they approach SPA (people who move tend to move again).
4.4	Monthly Contribution Return	Failure to complete monthly return and submit on time leads to fines	2	5	10	PAS Employer Training Sessions Regular monitoring of performance by LPP and the Pensions Team.	Brent	Oct-24	The Fund moved to monthly returns from April 2023. Completion of returns by employers is being monitored by the Fund and employers who are yet to submit a monthly return have been contacted and are being chased for returns by officers. Only four active employers had to complete annual returns in 2023/24. Training sessions are provided to employers to assist completion. Almost all employers are up to date and only three or four are trying to catch up.
4.5		Failure to process an admission agreement within the time frames set on in LGPS regulations can lead to transferring employers pension entitlements being delayed, legal issues stopping the agreement from being implemented and costs incurred that can not be recovered	2	5	10	Internal Controls Regular monitoring meetings Introduction of pass-through to streamline process.	Brent	Mar-25	Admission agreements are regularly reviewed by officers in finance and legal to resolve issues encountered in the admission agreement process and progress to completion. Pass-through approach is expected to streamline the process. It has been endorsed by the Pension Fund Sub-committee and is pending approval from General Purposes Committee.  It is taking longer to implement pass through than expected, the pensions team is awaiting the updated pass-through agreement from the Council's legal team.

4.51	Admission Agreements	Not having procedures and processes and monitor agreements are on track and any reason for delayed identified and acted on could lead to delays in implementation of the agreement	2	5	10	Internal Controls Regular monitoring meetings Introduction of pass-through to streamline process. Pensions Team to collaborate in drafting template admission agreements	Brent	Aug-24	Admission agreements are regularly reviewed by officers in finance and legal to resolve issues encountered in the admission agreement process and progress to completion.
4.52		Oversight of the legal team and ensuring that they are processing the legal agreements in the time set out in the procedures and requirements of admission agreements is a major factor on processing an admission agreement on time	2	5	10	Internal Controls Regular monitoring meetings	Brent	Jul-25	Overseeing of the legal team on admission agreement by the Scheme Manager to ensure no delays and prompt processing of agreement becomes a priority. <a href="#">Any losses of key legal staff may make progress more difficult.</a>
4.53		Failure to keep to rules and regulation on admission agreement will require this failure to be reported to the TPR	2	5	10	Internal Controls Regular meetings Pensions Team participate in drafting admission agreements	Brent	Aug-24	Breaches log to bring attention of failing and lessons learned in processing admission agreements. Pass-through is expected to mitigate/resolve this issue.

5	Risk Area Regulatory	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Date of Review	Comment
5.1	Anti Fraud Initiatives Mortality Existence	Benefits paid to people not entitled to benefits from the LGPS	2	3	6	Brent Counter-fraud plan 2024/25 Annual life certificates for overseas pensioners Tell us once (TUO), Target mortality screening and NFI reports Life certificates issued if correspondence/pension payments returned.	Brent	Aug-24	Administration processes check for fraud Brent Anti-fraud plan 2024/25 Life certificate issued if letter/pension payment returned Annual life certificates to overseas pensioners TUO, Target Mortality screening and National Fraud Initiative (NFI) reports Rigorous vetting of payees
5.2	Pension Board Training	Pension Board members not having the appropriate degree of knowledge and understanding to perform their duties.  Pension Board member not having the right knowledge to make informed decisions and challenge Officers of the Council.	1	3	3	Pension Board Training Arrange training immediately before meetings Keep a log of attendees	Brent	Jul-25	Regular training is provided via a training programme for Pension Board members  All Pensions Board members to complete and pass the TPR public pensions course online.  The Fund has rolled out e-learning to all pension committee and board members in November 2023, progress is being reported at each meeting.
5.3	Pension Board Conflict Of Interest	Conflicts of interest must be declared in the Register of Interests  Failure to declare an interest can lead to serious consequences and pose a risk to the Plan and possibly member	1	2	2	Register of interests Arrange training Regular reviews	Brent	Aug-24	The register of interests and other relevant documents are circulated to the Pension Board for ongoing review and are published on the Brent Council's website.
5.4	Governance	Failure to have good governance plans in place which are reviewed and monitored can lead to: a) Poor administration b) Increased administration costs and inefficiency c) Poor investment outcomes d) Increased levels of risk e) Not understanding what the risks are and having plans to manage the risk f) Statutory requirements not being met such as: g) Annual benefits statements not being produce and sent out h) Pension saving statements not being produce and sent out i) Year end returns being done late j) Significant reputational damage	1	5	5	Multi areas cover governance: a) Scheme regulations b) Business Plan c) PAS 2023 d) Funding Strategy Statement d) Scheme Manager e) Pensions Board f) Pensions Sub Committee g) Discretions policies  The implementation of the tPR General code obliges the Fund to review its policies regularly.	Brent	Jul-25	Governance is monitored by: a) Scheme Manager b) Pensions Board c) Pensions Sub Committee d) Internal and External Controls  The implementation of the tPR general code obliges Funds to review their policies regularly.
5.5	Discretions	There are two groups of discretions; Administering Authority (Fund) discretions and Employer discretions. They cover a wide range of employer choices, usually indicated by a "may" in the regulations. The employer discretions include whether to pay pensions, enhance pension benefits, waive reductions, accept late transfers and a range of other decisions.	2	3	6	Corporate Director, Finance and Resources	Brent	Mar-25	In preparing such a statement the Council must have regard to the extent to which the discretions are exercised to avoid a loss of confidence in the service provided.  An updated Administering Authority discretions policy was approved at the March 2024 meeting of the Pension Fund Sub-committee, and a template Employing Authority discretions policy has also been prepared. Brent has approved a new employer's discretion policy.  The discretions template encourages employers to carefully consider any discretions that generate pension costs.
5.6	Data Protection Breaches	Breaches not recorded and failure to report a breach to the regulator can lead to fines and loss of reputation	2	5	10	Breaches Log / policy	Brent	Jul-25	Breaches log to monitor all breaches and report material breaches to the regulator Breaches policy. <a href="#">The pensions team is liaising with IT services to obtain additional technical assurance.</a>

6	Risk Plan Funding & Accounting	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Date of Review	Comment
6.1	The Fund's Assets Insufficient to Meet Long Term Liabilities	Pension Fund Assets not sufficient to pay: a) Pension benefits b) Transfers c) Death benefits d) Could lead to raising of pensions contributions e) Plan has to reduce benefits f) Reassessment of the funding strategy	2	5	10	Public Sector Payroll Controls	Brent	Aug-24	Contributions are checked on a monthly basis. Overdue Contributions for employers including academies and maintained schools are actively chased.
6.11			1	5	5	The Funding Strategy Statement  Regular meetings with Fund's actuaries	Brent	Jul-25	Preliminary meeting with our actuaries for the 2025 valuation has taken place.  Liaising with employers as necessary.  Numerous data cleanses to ensure that the Fund's data is accurate.  <a href="#">The 2025 valuation process has commenced and the advance data review and initial Council contribution rate modelling has taken place. The key financial and demographic assumptions proposed for use in the 2025 valuation have been discussed by Officers and the Actuary. They were presented to the Sub-committee in June 2025. In regard to the key discount rate assumption, the Fund has agreed to increase its prudence level to 80% to reflect significantly increased market volatility and global economic uncertainty while also allowing for potential reductions in employer contributions.</a>
6.12			1	5	5	Fund's Funding Level Assessment	Brent	Aug-24	The Fund receives regular performance reports on its investments from the custodian. The Fund actuary, Hymans Robertson, completes a valuation of liabilities every 3 years. The proposed final valuation report was presented to the Pension Sub-committee in February 2023 and the Pension Board in March 2023.
6.2	Geographical and economic risk in relation to investments	Significant volatility and potential downturn in global investment markets and currency fluctuation following disruptive geopolitical events and economic uncertainty.	4	4	16	The Fund holds a well-diversified portfolio of assets, which has been invested in line with the investment strategy statement	Brent	Jul-25	The growth of protectionism may impact on investment returns. Officers, in conjunction with our investment advisors, fund managers, London CIV and actuary, are monitoring events on an ongoing basis and continually assessing risks in relation to geopolitical events. The Fund's investment advisor provides advice and updates to the Pension sub-committee on the Fund's investment strategy and performance at every meeting.  The Fund holds a well diversified investment portfolio which includes a mixture of growth, income and protection assets and limits concentration in any one specific market.  The investment performance of the Pension Fund is brought to each Pensions Sub-committee for consideration.
6.3	Impact of McCloud judgement on Long Term Liabilities	Court of Appeal ruling that transitional protections were unlawful on the grounds of age discrimination could increase employer contributions.  The scope of McCloud has broadened and the software providers are making progress in implementing the remedy solutions.	4	4	16	Triennial valuation/ Funding Strategy Statement.  McCloud remedy solution in UPM	Brent	Jul-25	This risk continues to evolve and two sets of tax rectification regulations have been produced and the Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023 came into effect from 1 October 2023. It is likely that greater administration resource will be required at a cost to the Pension Scheme. Retirees from October 23 onwards will need to be revisited and systems functionality is gradually being delivered in UPM.  Underpins are disproportionately inflating transfers-out because the member will not necessarily benefit from the underpin when they retire. This is somewhat offset by transfers-in that have a underpin included. <a href="#">The LPPA has had to use an older pre-McCloud data set for the valuation and this may impact on the results.</a>
6.4	Pension Contributions not Paid by:	Affects the Plans abilities to: a) Pay out benefits b) Breaking the law on pension contribution collections c) Unnecessary costs for chasing for contributions d) Continuing non payment for pension contributions will lead to: e) Breaches for the payment of pension contribution regulations f) Being reported for breaches as required by law g) Delay benefits beginning paid h) Can lead to delays in accounting for pension contributions	2	5	10	PAS	Brent	Aug-24	Procedures in place to deal with pension contributions not being made or late.
6.41	Maintained Schools Academies Employers		2	5	10	PAS	Brent	Aug-24	Engaging with: a) Employers b) Academies c) Maintained Schools d) With working parties and employer forums e) LPP to provide more support in this area
6.42	a) On time b) Or not at all c) Refusal to pay		2	5	10	PAS	Brent	Aug-24	Contributions are monitored on a monthly basis and late or non payers reported. 2023 Revised PAS includes fines for non compliers.
6.5	Pension Plan Accounting	Failure to comply with accounting regulations will lead to serious consequences: a) Possible fines b) Loss of reputation	1	5	5	Annual audit	Brent	Jul-25	<a href="#">The 2024/25 statement of accounts have been drafted and external audit fieldwork is underway.</a>
6.51			1	5	5	Triennial valuations	Brent	Aug-24	2022 triennial completed. Next triennial valuation 2025
6.52			1	5	5	The Funding Strategy Statement	Brent	Aug-24	A report on the 2022 Triennial Review (including the Funding Strategy Statement) was presented to the Pension Board at the March 2022 meeting. Next triennial valuation 2025.

6.6	Inflation is higher than expected	Price inflation is significantly more than anticipated in the actuarial assumptions. High inflation: a) increases the Fund's liability as pensions in payment are linked to CPI inflation b) places short-term pressure on the Fund's cashflows to meet increased benefit payments and increase the demand for investment income.	5	3	15	Triennial valuations Investment Strategy Cashflow modelling	Brent	Aug-24	<p>Inflation rose significantly in 2022 due labour shortages, supply chain issues, and high energy prices however inflation has fallen in recent months and is now at the Bank of England's 2% target.</p> <p>Inflation is reviewed at each triennial valuation and the actuary is challenged as required. The Fund's investment strategy is routinely reviewed and the Fund is a long-term investor and takes a long-term view on market conditions and inflation. A significant proportion of the Fund's assets are growth assets which are expected to outperform inflation over the longer term. The pension fund completed a review of its investment strategy following the 2022 valuation.</p> <p>Recent geopolitical events at the start of 2025 may lead to inflationary pressure.</p>
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**Brent**

**London Borough of  
Brent  
Risk Strategy**

# Brent Risk Strategy August 2024

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## 1. Introduction

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

This is the Risk Management Strategy of Brent Pension Fund which is managed and administered by the London Borough of Brent ("the Administering Authority"). The Risk Strategy details the Fund's approach to managing risk including:

- the risk philosophy guiding the management of the fund and its attitude and appetite for risk
- how risk is managed and mitigated
- risk management responsibilities
- the procedures that are incorporated in the Fund's risk management process
- the key internal controls operated by the Administering Authority and other parties responsible for the management of the Fund

## 2. Scope

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

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

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

## 3. Strategy objectives

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

- integrate risk management into the culture, procedures and the day-to-day activities of the Fund
- raise awareness of the need for risk management by all those connected with the management of the Fund including the Pensions Board, advisers, employers and other partners
- minimise the probability of negative outcomes for the Fund and its stakeholders
- establish and maintain a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practise and tPR guidance on risk
- ensure consistent application of the risk management methodology across all Fund activities, including projects and partnerships.

To assist in achieving these objectives in the management of the Fund, the Administering Authority will aim to comply with:

- the CIPFA Managing Risk publication
- the Pensions Act 2004
- the Pensions Regulator's Single Code of Practice.

## 4. Purpose of the strategy

The Administering Authority recognises that effective risk management is an essential element of good governance in the LGPS. By identifying and managing risks through an effective policy and risk management strategy, the Administering Authority can:

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

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

## 5. Effective date

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

## 6. Review

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

## 7. Risk Management Philosophy

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

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

### **Key principles**

Risk management shall;

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

- continuously evolve and improve in the light of experience

In managing risk, the Administering Authority will:

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

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

## 8. CIPFA and the Pensions Regulator's Requirements

### **CIPFA Managing Risk Publication**

CIPFA has published technical guidance on managing risk in the LGPS. The publication explores how risk manifests itself across the broad spectrum of activity that constitutes LGPS financial management and administration, and how, by using established risk management techniques, those risks can be identified, analysed and managed effectively.

The publication also considers how to approach risk in the LGPS in the context of the role of the administering authority as part of a wider local authority and how the approach to risk might be communicated to other stakeholders.

### **The Pension Regulator's Single Code of Practice**

The Public Service Pensions Act 2013 added the following provision to the Pensions Act 2004 relating to the requirement to have internal controls in public service pension schemes.

*249B Requirement for internal controls: public service pension schemes*

*1) The scheme manager of a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed:*

- (a) in accordance with the scheme rules, and*
- (b) in accordance with the requirements of the law.*

*(2) Nothing in this section affects any other obligations of the scheme manager to establish or operate internal controls, whether imposed by or by virtue of any enactment, the scheme rules or otherwise.*

*(3) In this section, “enactment” and “internal controls” have the same meanings as in section 249A.” Section 90A of the Pensions Act 2004 requires the Pensions Regulator to issue a code of practice relating to internal controls. The Pensions Regulator has issued such a code in which he encourages scheme managers (i.e. administering authorities in the LGPS) to employ a risk based approach to assessing the adequacy of their internal controls and to ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls.*

The Pensions Regulator’s Single Code of Practice (the code) guidance on internal controls requires scheme managers to carry out a risk assessment and produce a risk register which should be reviewed regularly.

The risk assessment should begin by:

- setting the objectives of the scheme
- determining the various functions and activities carried out in the running of the scheme, and
- identifying the main risks associated with those objectives, functions and activities.

The code goes on to say that schemes should consider the likelihood of risks arising and the effect if they do arise when determining the order of priority for managing risks, and focus on those areas where the impact and likelihood of a risk materialising is high. Schemes should then consider what internal controls are appropriate to mitigate the main risks they have identified and how best to monitor them. The code includes the following examples as issues which schemes should consider when designing internal controls to manage risks:

- how the control is to be implemented and the experience of the person(s) performing the control
- the level of reliance that can be placed on information technology solutions where processes are automated
- whether a control is capable of preventing future recurrence or merely detecting an event that has already happened
- the frequency and timeliness of a control process
- how the control will ensure that data are managed securely, and
- the process for flagging errors or control failures, and approval and authorisation controls.

The code states that risk assessment is a continual process and should take account of a changing environment and new and emerging risks. It further states that an effective risk assessment process will provide a mechanism to detect weaknesses at an early stage and that schemes should periodically review the adequacy of internal controls in:

- mitigating risks
- supporting longer-term strategic aims, for example relating to investments
- identifying success (or otherwise) in achieving agreed objectives, and
- providing a framework against which compliance with the scheme regulations and legislation can be monitored.

The Administering Authority adopts the principles contained in CIPFA’s Managing Risk in the LGPS document and the Pension Regulator’s Code of Practice. This Risk Strategy highlights how the Administering Authority strives to achieve those principles through use of risk management processes and internal controls incorporating regular monitoring and reporting.

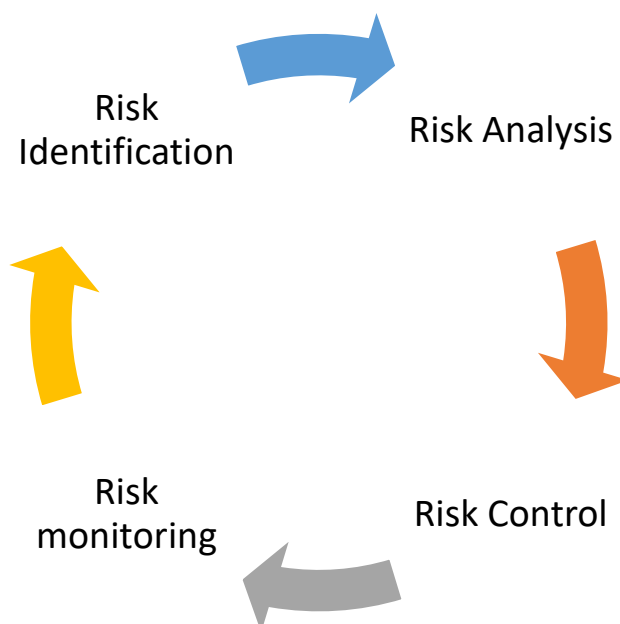
## 9. Responsibility

The Administering Authority must be satisfied that risks are appropriately managed. For this purpose, the officers are responsible for ensuring the process outlined below is carried out, subject to the oversight of the Pension Board.

However, it is the responsibility of each individual covered by this Strategy to identify any potential risks for the Fund and ensure that they are fed into the risk management process.

## 10. The London Borough of Brent Pension Fund Risk Management Process

The Administering Authority's risk management process is consistent with that recommended by CIPFA and is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities. The main processes involved in risk management are identified in the figure below and detailed in the following sections.



### Risk identification (1)

The risk identification process is both proactive and reactive. Risks are identified by several means including, but not limited to:

- formal risk assessment exercises overseen by the Scheme Manager, Pension Board, and Pension Sub Committee
- performance measurement against agreed objectives
- findings of internal and external audit and other adviser reports
- feedback from the Pension Board, employers and other stakeholders
- liaison with other organisations, regional, national associations, and professional groups

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

Once identified, risks will be documented in the Fund's risk register, which is the primary control document for the subsequent analysis, control and monitoring of those risks.

## Risk analysis (2)

The three main consequences of risk are;

- Financial impact
- Service impact
- Reputational impact

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

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

### Likelihood Scoring Criteria

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

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

### Risk control (the five “Ts”) (3)

The Head of Finance will review the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to control the risk, including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur.

Before any such action can be taken, Pension Board and Pension Sub Committee approval may be required where appropriate officer delegations are not in place.

The result of any change to the internal controls could result in any of the following:

- Terminate - for example, ceasing an activity or course of action that would give rise to the risk.
- Treat - for example, choosing a course of action that has a lower probability of risk or putting in place procedures to manage risk when it arises.
- Take - positive opportunities to mitigate the risk
- Transfer - for example, transferring the risk to another party either by insurance or through a contractual arrangement.
- Tolerate – do nothing as the cost outweighs the benefits or it is something outside the Fund’s control

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

## **Risk monitoring (4)**

Risk monitoring is the final part of the risk management cycle and will be the responsibility of the Pensions Board. In monitoring risk management activity, the Pension Board will consider whether:

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

## **11. Reporting and monitoring**

Progress in managing risks will be monitored and recorded on the risk register. The risk register, including any changes to the internal controls, will be presented to the Pension Board each quarter.


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

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

## **12. Key risks to the effective delivery of the strategy**

The key risks to the delivery of this Strategy are outlined below. The Pension Board will monitor these and other key risks and consider how to respond to them following updates and recommendations from officers:

- Risk management is not embedded in the day-to-day management of the Fund and consequently the objectives of the Policy are not delivered
- Changes in Pension Sub-committee/Board membership and/or senior officers lead to key risks not being identified due to lack of knowledge
- Insufficient resources are available to satisfactorily assess and take appropriate action or to mitigate identified risks
- Risks are incorrectly assessed due to a lack of knowledge or understanding, leading to inappropriate levels of risk being taken without proper controls
- Lack of engagement or awareness of external factors means that key risks are not identified
- Conflicts of interest or other factors lead to a failure to identify or assess risks appropriately
- Risk plan is not monitored to ensure actions to reduce risk have been taken or new risks that have been identified are not recorded, monitored and mitigated, will lead to risk not being managed in accordance with the Risk Strategy.

	<b>Pension Board</b> 22 July 2025
	<b>Report from the Corporate Director of Finance and Resources</b>
<b>Training Update - Members' Learning and Development</b>	

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

## 1.0 Executive Summary

- 1.1 The purpose of this report is to inform members of the Pension Board and provide an update on the provision of the LGPS Online Learning Facility.

## 2.0 Recommendation(s)

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

### **3.0 Detail**

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

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

#### **3.3 Background**

- 3.4 In May 2025, the government finalised their proposals set out in the Fit for the Future consultation, which proposes several new measures to enhance governance, particularly the training of members involved in overall strategic direction of local authority pension funds. A key proposal is the requirement for administering authorities to publish a governance and training strategy, which would replace the Governance and Compliance statement. This would outline the authority's approach to governance, knowledge and training, representation, and conflicts of interest and be reviewed once per valuation period.
- 3.5 To work towards this, the Fund has subscribed to the LGPS Online Learning Academy (LOLA) which is a service launched by our actuaries, Hymans Robertson. This is an online platform designed to support the training needs of Pension Fund Sub-committee, Board and other responsible officers in the Council.
- 3.6 The course includes eight training modules and covers all the key areas to successfully manage the running of the Fund, including:
- Introduction to the LGPS and role of elected members
  - Governance & Regulators and Business Planning
  - LGPS administration, including policies and procedures, accounting and audit
  - LGPS valuations, funding strategy and LGPS employers
  - Investment Strategy, pooling, responsible investment, and performance monitoring
  - Current issues in the LGPS
- 3.7 As well as delivering training support, the LOLA platform tracks the progress of users and provides a record of activity, which will be included as a standing item in each Committee and Board meeting. The table below shows module progress for each member of the Pension Board, **as at 1 July 2025**:

<b>Title of Module</b>	<b>Module completed by</b>
Introduction	B George C Bala D Ewart R Wheeler
Module 1 – Committee Role and Pensions Legislation	B George C Bala D Ewart R Wheeler S Kabir
Module 2 – Pensions Governance	B George C Bala D Ewart R Wheeler S Kabir
Module 3 – Pensions Administration	B George C Bala D Ewart R Wheeler S Kabir
Module 5 – Procurement and Relationship Management	B George C Bala D Ewart R Wheeler S Kabir
Module 6 – Investment Performance and Risk Management	B George C Bala D Ewart R Wheeler S Kabir
Module 7 – Financial Markets and Product Knowledge	B George C Bala D Ewart R Wheeler
Module 4 – Pensions Accounting and Audit Standards	B George C Bala D Ewart R Wheeler S Kabir
Module 8 – Actuarial Methods, Standards and Current Practices	B George C Bala D Ewart R Wheeler
Current Issues	B George C Bala

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

#### **4.0 Stakeholder and ward member consultation and engagement**

4.1 This is not applicable for this report.

#### **5.0 Financial Considerations**

5.1 There are none arising directly from this report.

#### **6.0 Legal Considerations**

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

#### **7.0 Equality, Diversity & Inclusion (EDI) Considerations**

7.1 There are none arising directly from this report.

#### **8.0 Climate Change and Environmental Considerations**

8.1 There are none arising directly from this report.

#### **9.0 Human Resources/Property Considerations (if appropriate)**

9.1 There are none arising directly from this report.

#### **10.0 Communication Considerations**

10.1 There are none arising directly from this report.

#### **Report sign off:**

***Minesh Patel***

Corporate Director of Finance and Resources

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

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

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

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# Brent Pension Fund

## Pension Committee and Pension Board Training Strategy

March 2021

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 Training plan	

## Introduction

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

## Objectives

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

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

### **Pension Fund Committee members require an understanding of:**

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

### **Pension Board members must be conversant with –**

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

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

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

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

## Compliance

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

### **CIPFA Knowledge and Skills Framework – Pension Fund Committees**

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

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

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

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

### **CIPFA Technical Knowledge and Skills Framework – Local Pension Boards**

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

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

### The Pensions Regulator's E-learning toolkit

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

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

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

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

## Timing

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

## Approach

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

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

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

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

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

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

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

## Flexibility

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

## Maintaining knowledge

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

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

## Risk Management

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

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

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

## Reporting and Compliance

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

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

## Budget and costs

A training budget will be agreed and costs fully scoped.

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

## Effective date

This strategy comes into effect from 23 March 2021.

## Review

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

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<b>Title of Module</b>	<b>Module Content</b>	<b>Date to be completed</b>	<b>Time Requirement</b>
Introduction	An introduction to LGPS Online Learning Academy	Aug-24	2 minutes
Module 1 – Committee Role and Pensions Legislation	An Introduction to Pensions Legislation An Introduction to Pensions Legislation - The role of a Councillor	Aug-24	37 minutes
Module 2 – Pensions Governance	LGPS Oversight Bodies - DLUHC & GAD LGPS Oversight Bodies - TPR Business Planning LGPS Governance	Sep-24	1 hour
Module 3 – Pensions Administration	Introduction to Administration Additional Voluntary Contributions Policies and Procedures	Oct-24	1 hour
Module 5 – Procurement and Relationship Management	Public Procurement	Nov-24	21 minutes
Module 6 – Investment Performance and Risk Management	Introduction to Investment Strategy LGPS Investment Pooling Performance Monitoring Responsible Investment	Dec-24	58 minutes
Module 7 – Financial Markets and Product Knowledge	Introduction to financial markets and product knowledge Markets, investment vehicles and MiFID II	Jan-25	43 minutes
Module 4 – Pensions Accounting and Audit Standards	Pensions Accounting and Audit Standards	Feb-25	21 minutes
Module 8 – Actuarial Methods, Standards and Practices	Introduction to Funding Strategy LGPS Actuarial Valuations - Process LGPS Valuation - Technical Employers	Mar-25	1 hour
Current Issues	Understanding McCloud Pensions Dashboards Understanding Goodwin Introduction to Cyber Risk GAD Section 13 Climate Change and TCFD McCloud Consultation June 2023 SAB and HM Treasury Cost Cap Mechanisms Next Steps on Investment (England & Wales) - Consultation overview	On going	

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# London Borough of Brent Pension Fund

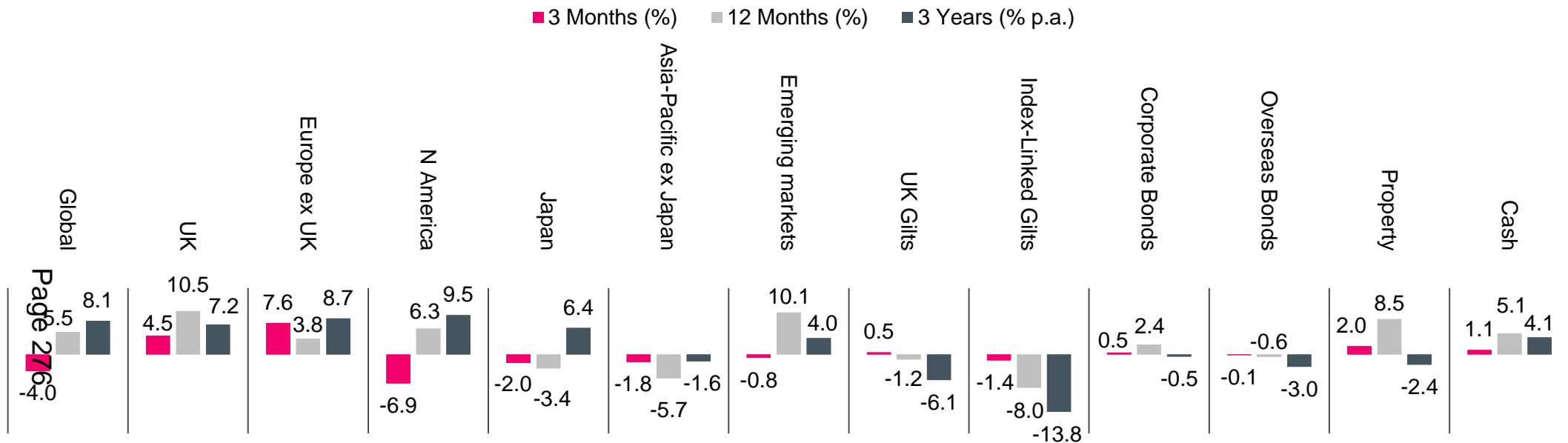
## Q1 2025 Investment Monitoring Report

Kenneth Taylor, Senior Investment Consultant

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# Market Background

## Historical returns for world markets



Data source: LSEG DataStream. <sup>[1]</sup> FTSE All World Indices. Commentary compares regional equity returns in local currency. <sup>[2]</sup> Returns shown in Sterling terms and relative to FTSE All World. <sup>[3]</sup> 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 Maturities, FTSE Index-Linked Gilts All Maturities, iBoxx Corporates All Investment Grade All Maturities, ICE BofA Global Government Index, MSCI UK Monthly Property; UK SONIA.

# Market Background

## Market update

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

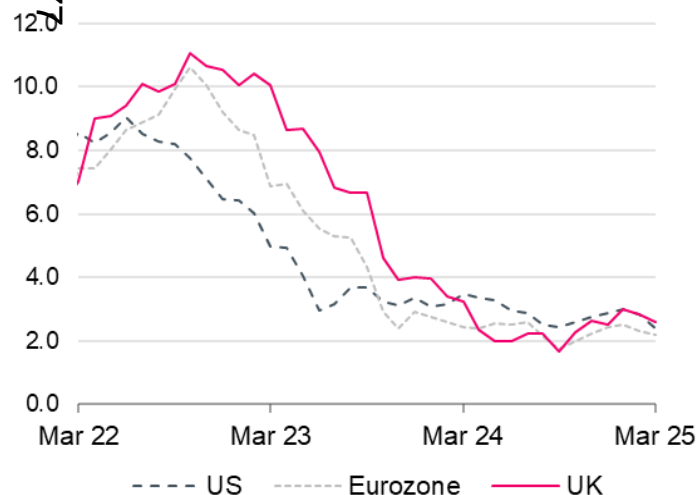
In March, annual headline CPI inflation cooled in the US, UK, and eurozone – to 2.4%, 2.6%, and 2.2%, respectively. Forecasts suggest UK inflation will quicken temporarily before easing towards 2%. Core inflation remained higher: at 2.8%, 3.4%, and 2.4% in the US, UK, and eurozone.

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

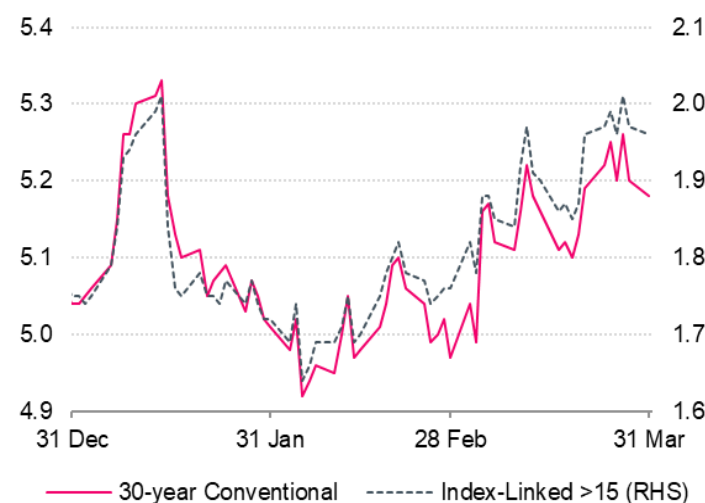
The prospect of further cuts dragged the trade-weighted US dollar down 2.3%. The equivalent yen measure gained 3.3% as interest-rate differentials narrowed. Gold surged 19% in Q1, to record highs, supported by economic uncertainty, a weaker dollar, and falling US treasury yields.

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

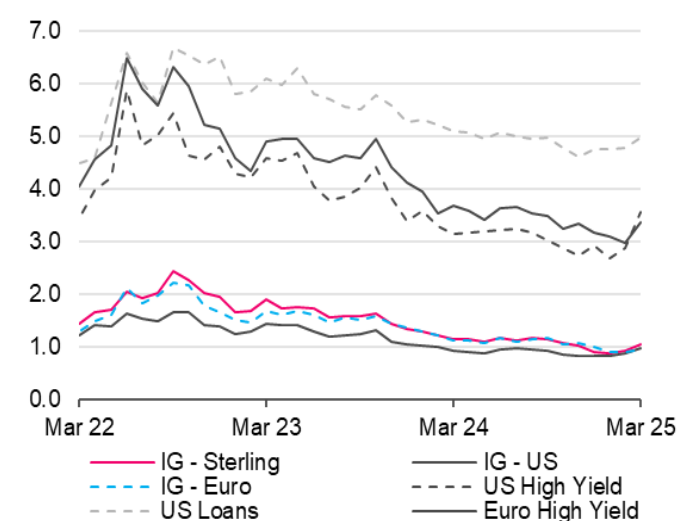
Annual CPI Inflation (% year on year)



Gilt yields chart (% p.a.)

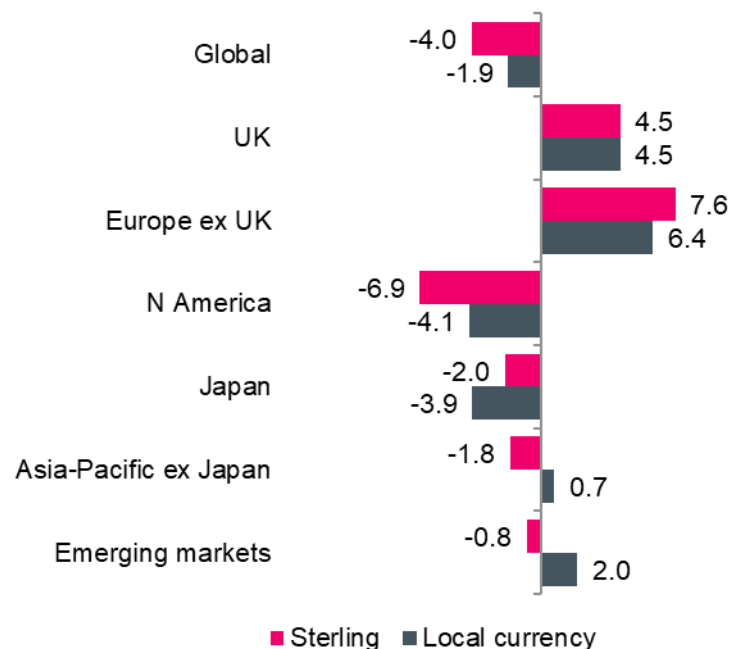


Investment and speculative grade credit spreads (% p.a.)

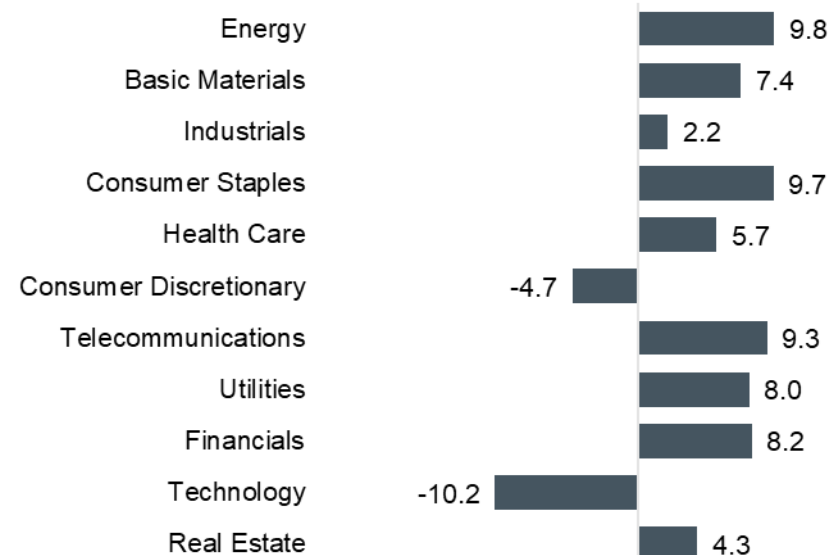


## Market Background

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



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



### Market commentary

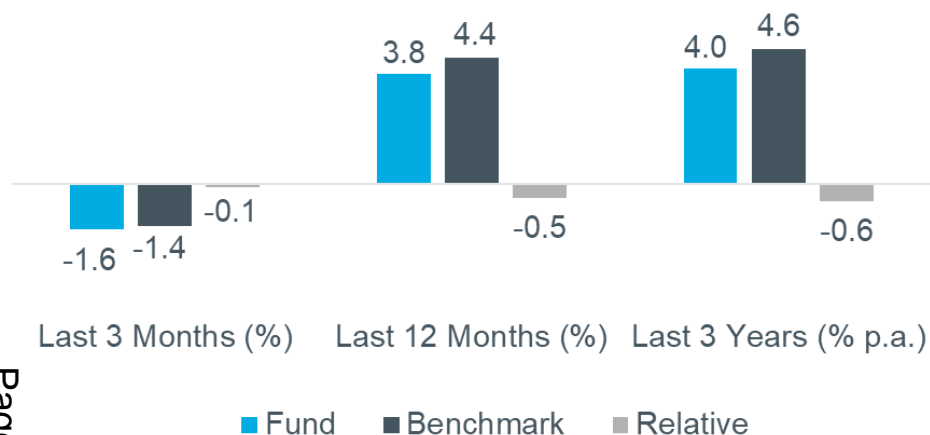
UK investment-grade credit spreads widened 0.1% pa, to 1.1% pa, in sympathy with their US counterparts. Meanwhile, European investment-grade spreads fell. US speculative-grade credit spreads rose 0.6% pa, to 3.6% pa, while equivalent European spreads rose less, by 0.2% pa, to 3.3% pa. Spreads remained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

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

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

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

## Total fund performance



## High-level asset allocation

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

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## Key points to note:

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

## Asset allocation

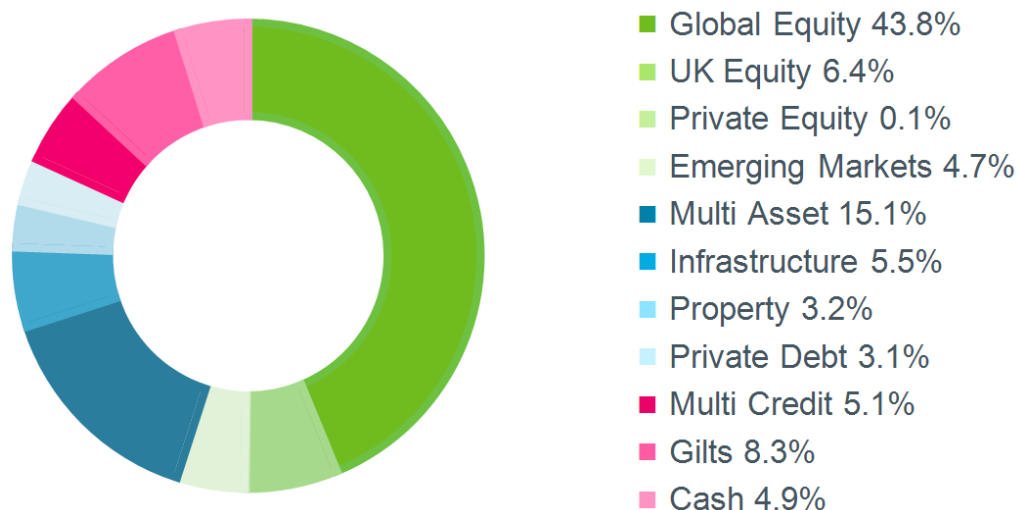
	Valuation (£m)		Actual Proportion	Benchmark	+ / -
	Q4 24	Q1 25			
LGIM Global Equity	563.3	536.9	41.0%	40.0%	1.0%
LGIM UK Equity	80.0	83.7	6.4%	5.0%	1.4%
Capital Dynamics Private Equity	9.3	1.5	0.1%	5.0%	-4.9%
LCIV JP Morgan Emerging Markets	62.4	61.4	4.7%	5.0%	-0.3%
Blackrock Acs World Low Crbn	39.0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

## Asset allocation

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

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

## Asset class exposures\*



## Asset allocation commentary

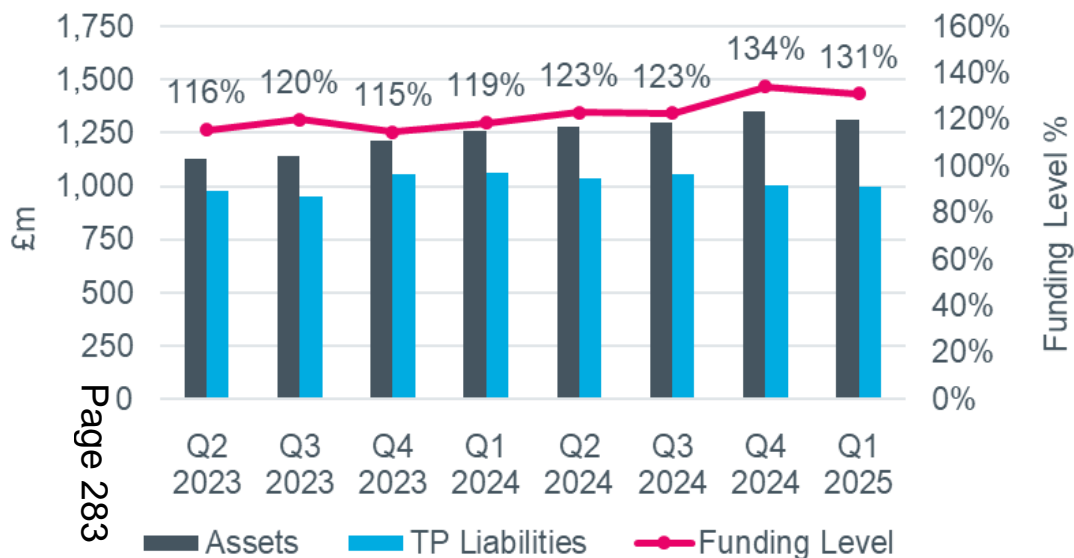
The Fund's current target allocations are as follows:

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

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

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

## Fund level progression



## Latest funding level summary

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

## Funding position commentary

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

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

Please note the asset value shown (for the funding level calculation) may differ from the actual asset value as it is an estimate based on estimated cashflows. However, the estimate is consistent with liabilities, therefore gives more reliable estimate of the funding position.

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

## Manager performance

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

## Manager performance

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

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

## Manager performance commentary

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

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

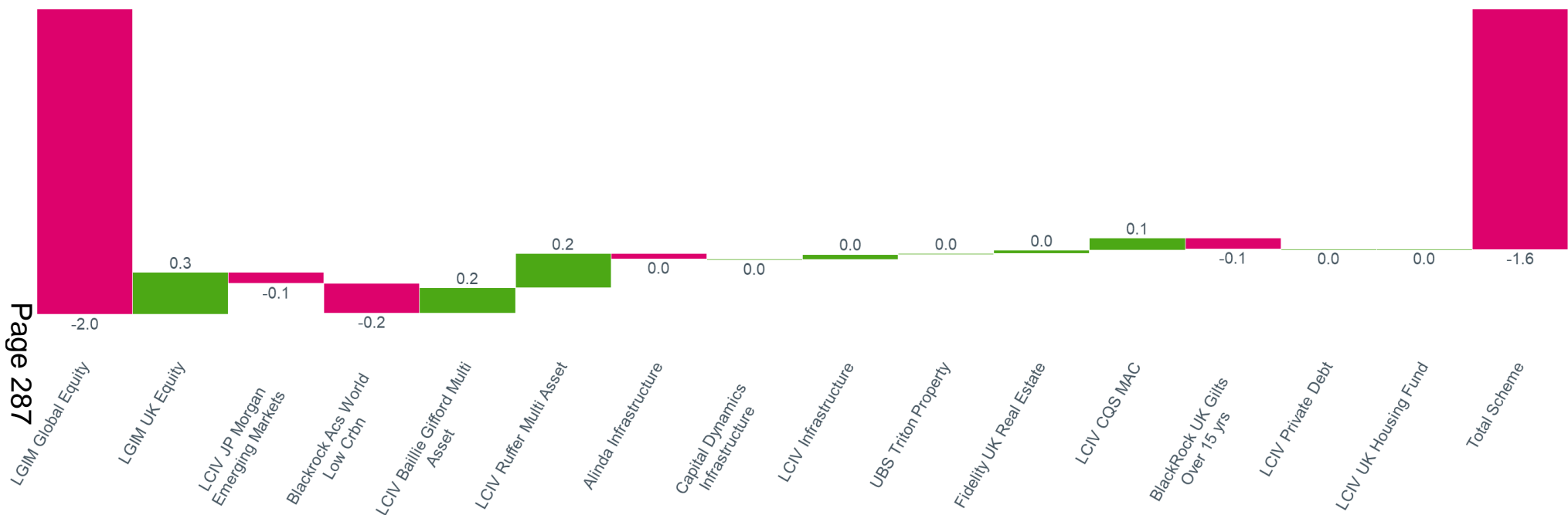
The decline in global equities was driven by renewed tariff-related uncertainty, which weighed on investor sentiment. Market participants rotated out of high-valuation US technology stocks in favour of lower-valued names, leading value stocks to outperform growth. US equities experienced their weakest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

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

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

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

Fund performance by manager



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

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

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

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

## Current issues in LGPS – April 2025 edition

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

### Carden Park – conference highlights

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

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

### Spring Statement 2025

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

### New Scottish exit credit regime

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

### 2025 valuations have sprung

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

## Current issues in LGPS – April 2025 edition

### Intervaluation contribution rate reviews

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

### Tailored employer investment strategies

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

### Caution: check your HEAT

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

### March-ing onto the next accounting exercise

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

## Current issues in LGPS – April 2025 edition

### Checking your RI health

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

### Spotlight #1 - longevity:

#### Tackling metabolic health

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

### Life expectancy changes - UK population vs LGPS

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

### Spotlight #2 – McCloud remedy

#### Determination deadline

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

## Manager benchmarks and performance targets

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

## Glossary - equity manager styles

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

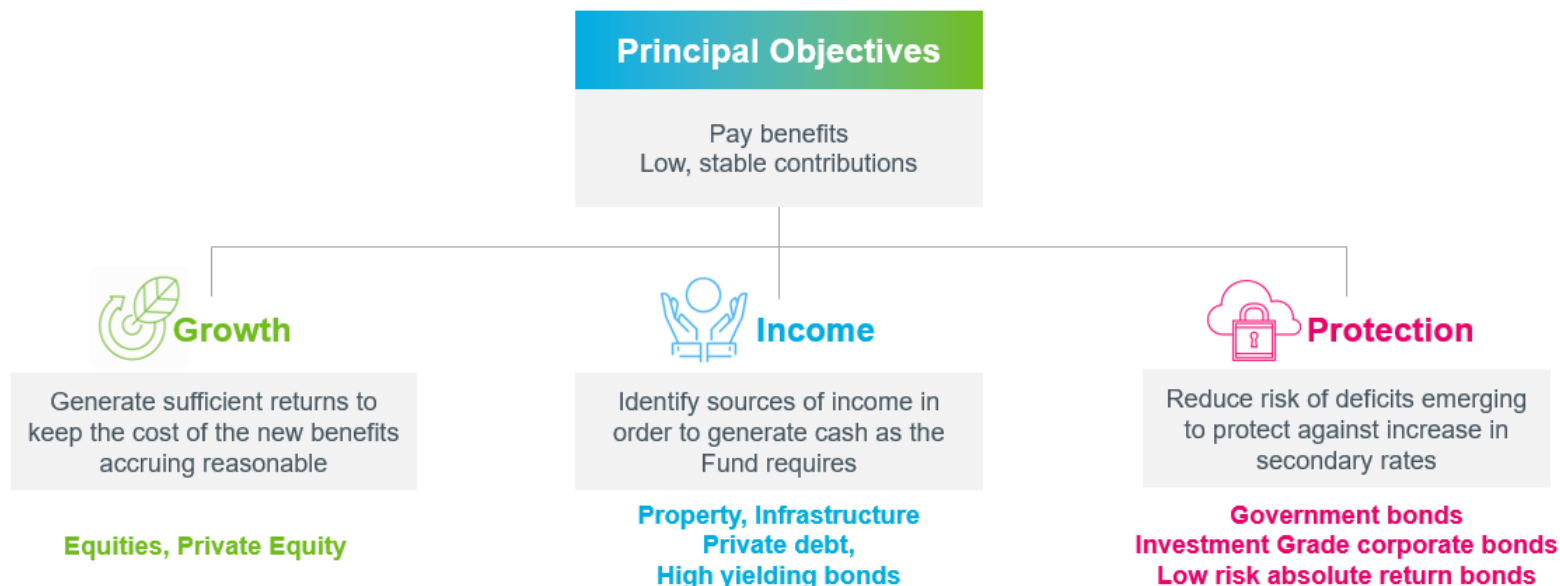
- **Value** – this style tilt considers whether stocks held within the portfolio are discounted relative to their fundamentals, i.e. whether stocks have low market valuations versus current earnings or book value.
- **Growth** – this style tilt considers companies earning potential relative to its industry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

## Glossary

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

## Growth, Income and Protection



## Geometric vs arithmetic performance

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

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

Some industry practitioners use the simpler arithmetic method as follows:

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

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

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

## Risk warning

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# Market update

## London Borough of Brent Pension Fund

Kenneth Taylor, Senior Investment Consultant  
June 2025

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# Introduction

## Purpose and scope

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

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

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

# End-April valuations

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

**Source:** Northern Trust.

# End-April valuations

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

Source: Northern Trust.

# Summary of growth and inflation outlook

## Growth

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

## Inflation

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

# Summary asset-class outlook

## Sovereign bonds

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

## Credit

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

## Equity

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

## Currency

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

# Considerations for the Fund

## Equity assets

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

## Income assets

**Current position:** the Fund held an overweight allocation to Income assets relative to target (27.3% vs 25.0% at 30 April 2025), driven in particular by the Fund's allocation to LCIV multi-asset mandates.

- **Areas of exploration:** Continue to monitor spread levels and meet the Fund's commitment to its private market mandates.

## Protection assets

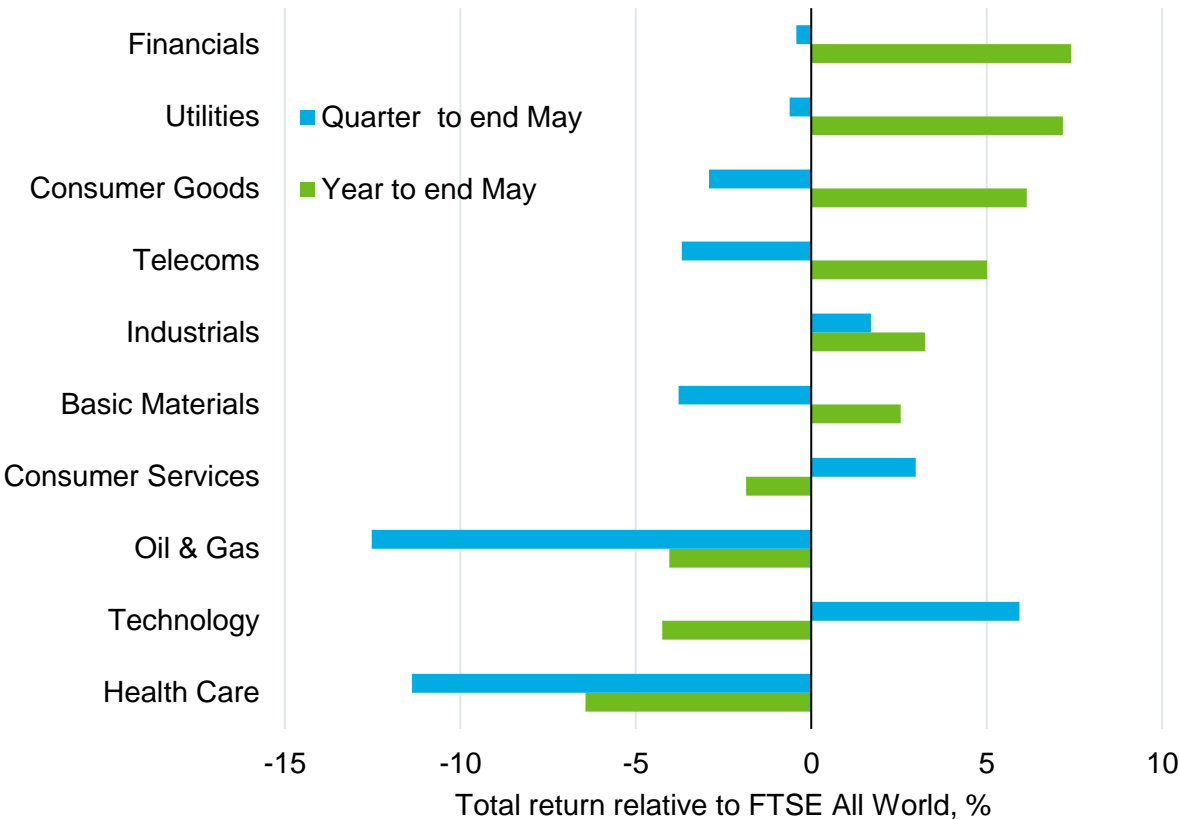
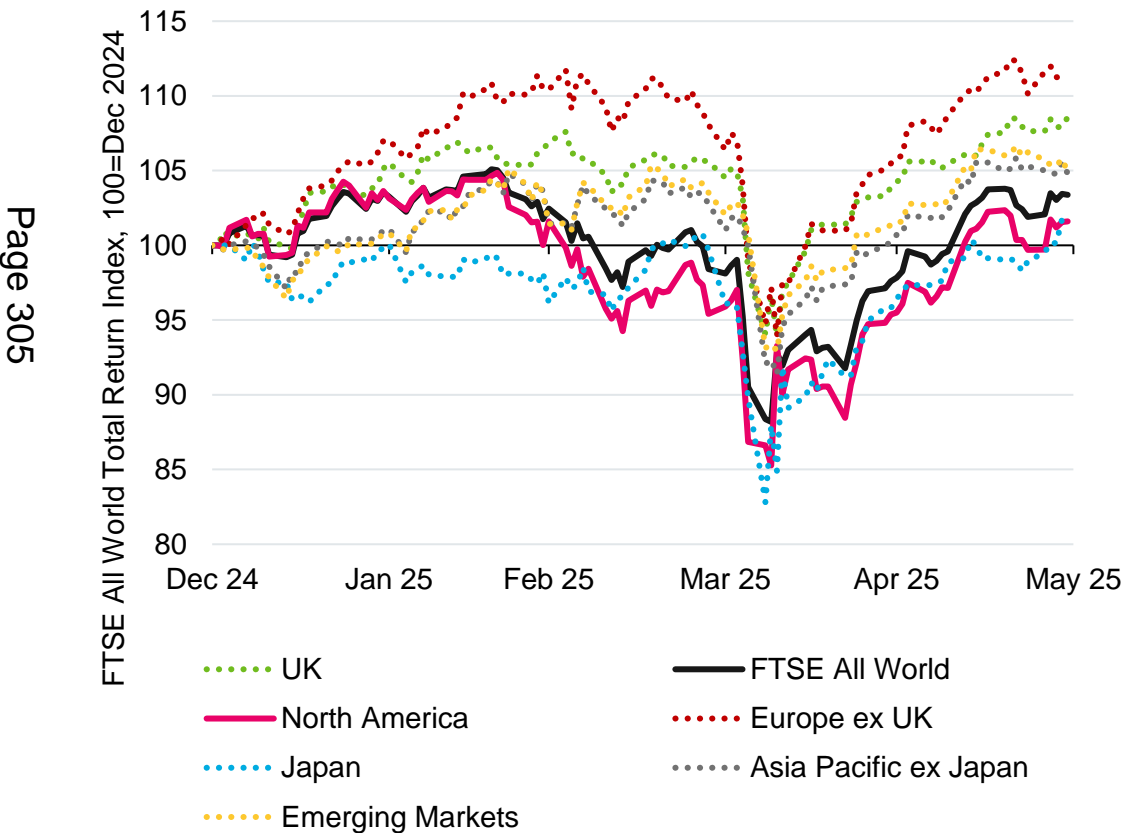
- **Current position:** As at 30 April, the Fund currently holds an underweight allocation to Protection assets relative to target (13.7% vs 15.0%), in part due to increased gilt yields meaning the price of gilts has been driven down over the past 5 years and particularly over the past 3 years.
- **Areas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

# Appendix 1: Economic background & market update



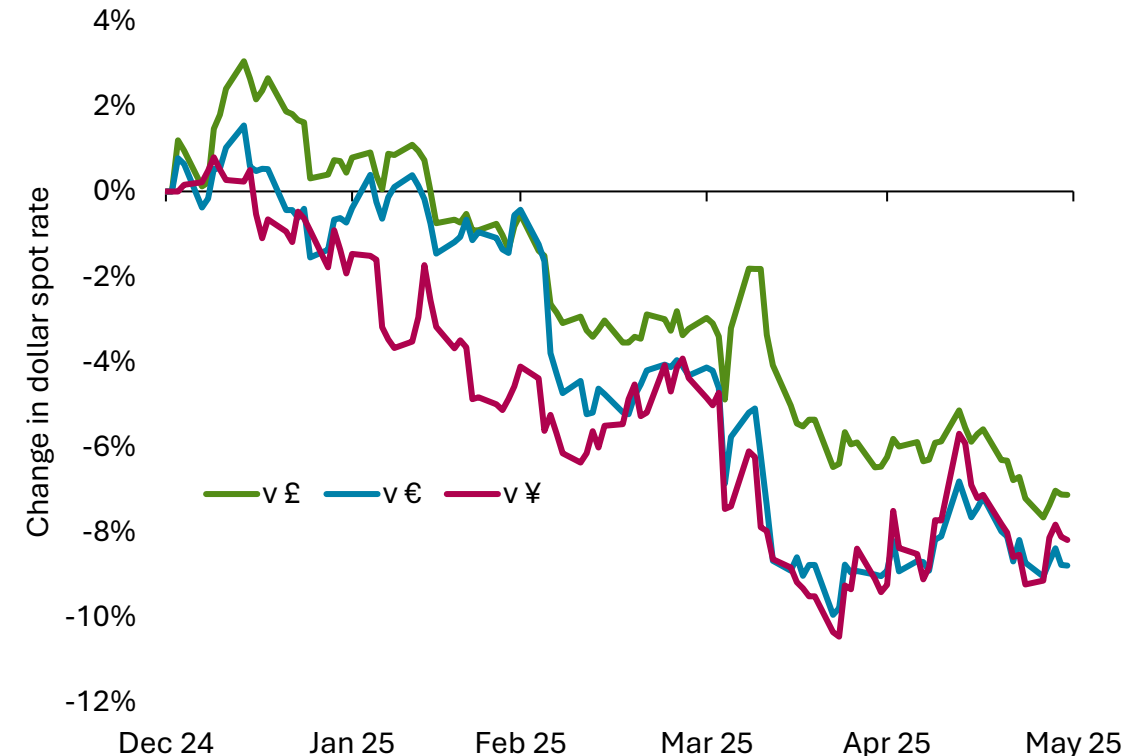
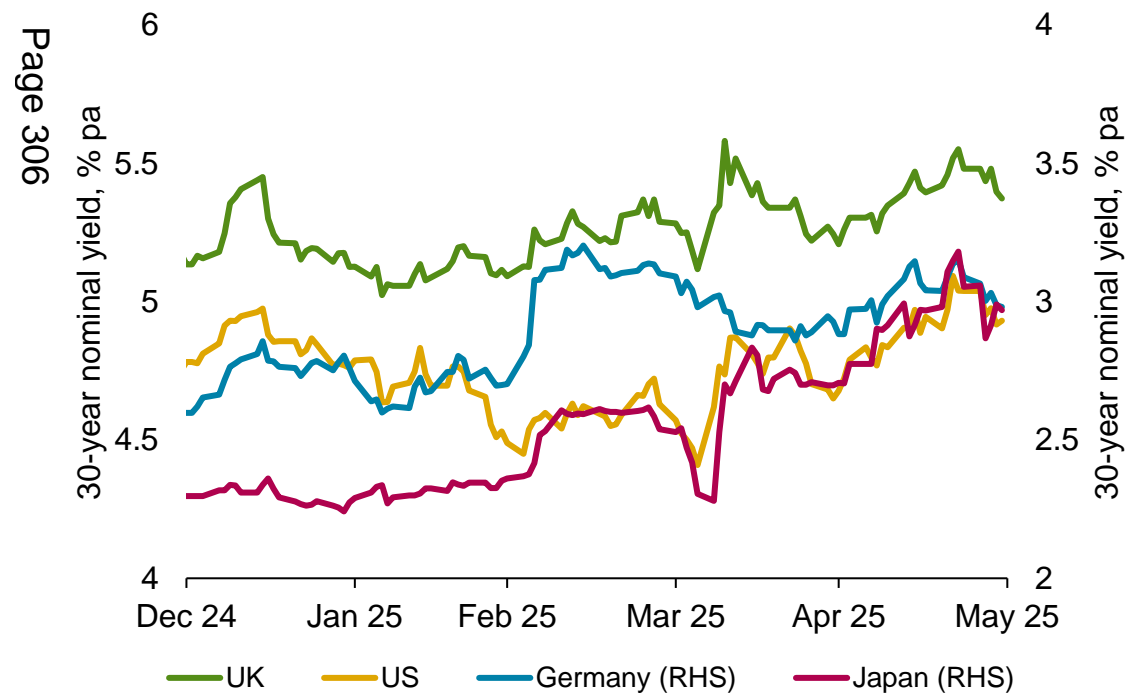
# Equity market performance

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



# Sovereign bonds

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

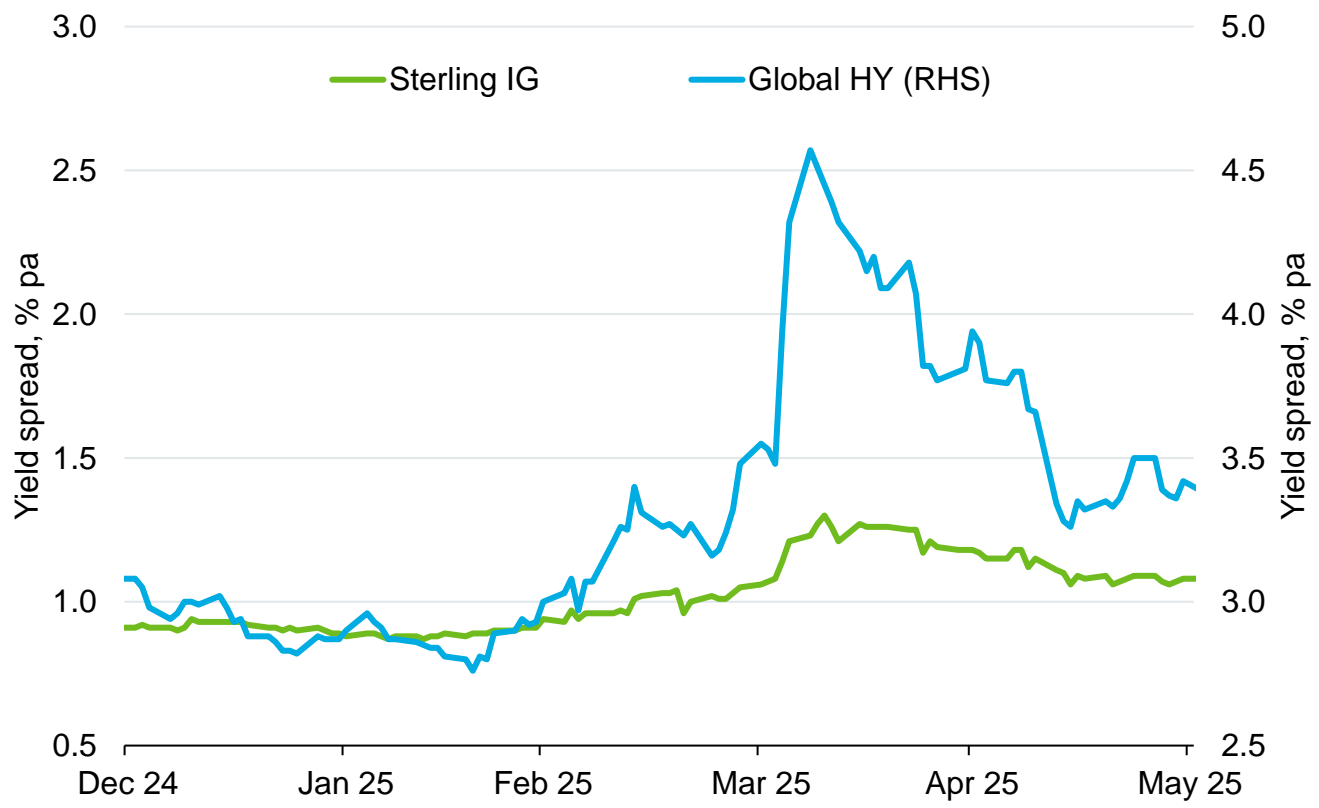


Source: Bloomberg

Source: LSEG Datastream

# Credit spreads

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

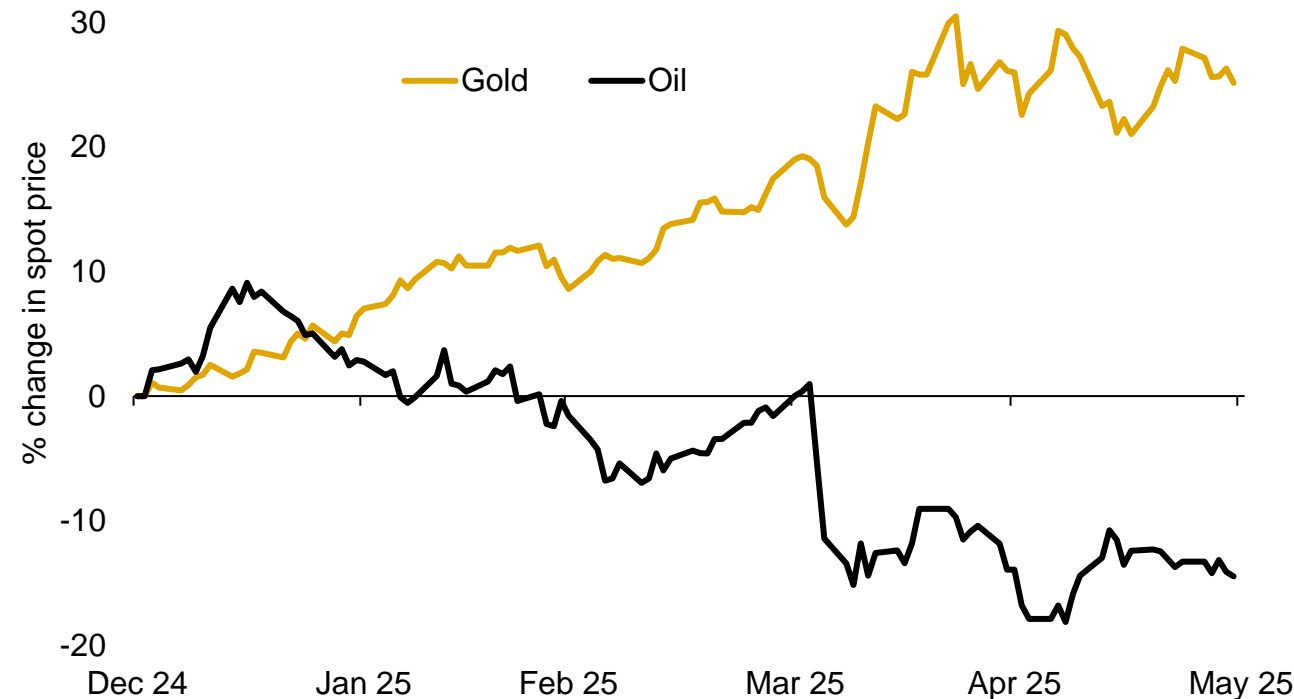


Source: ICE Index Platform

# Commodities

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

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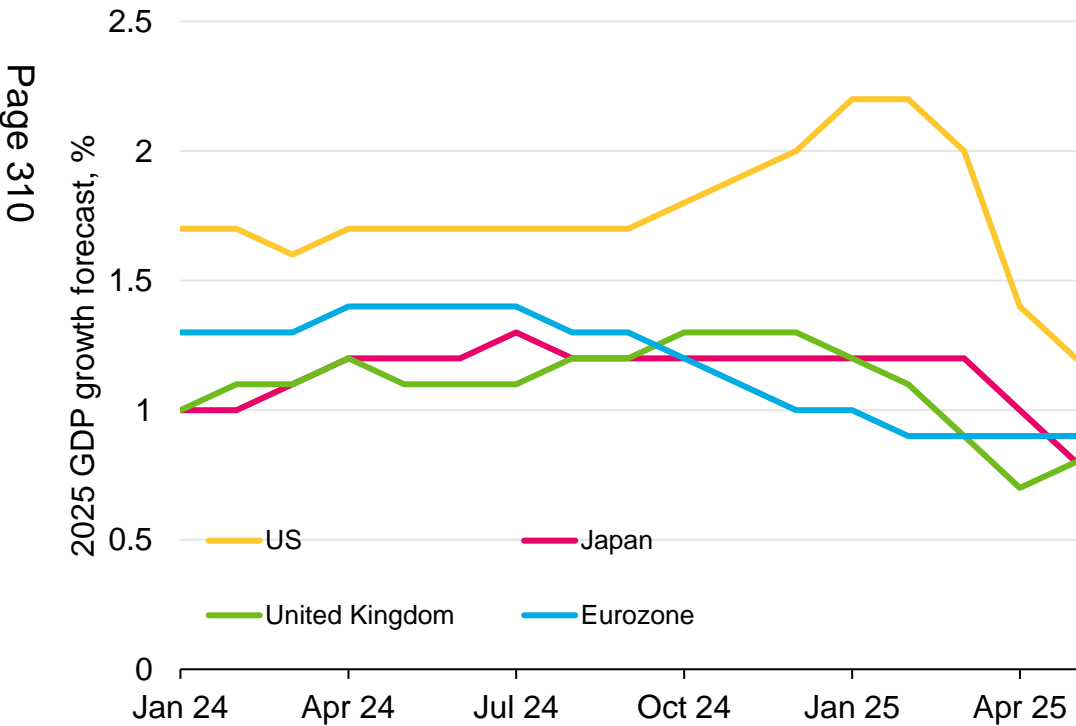


Source: LSEG Datastream

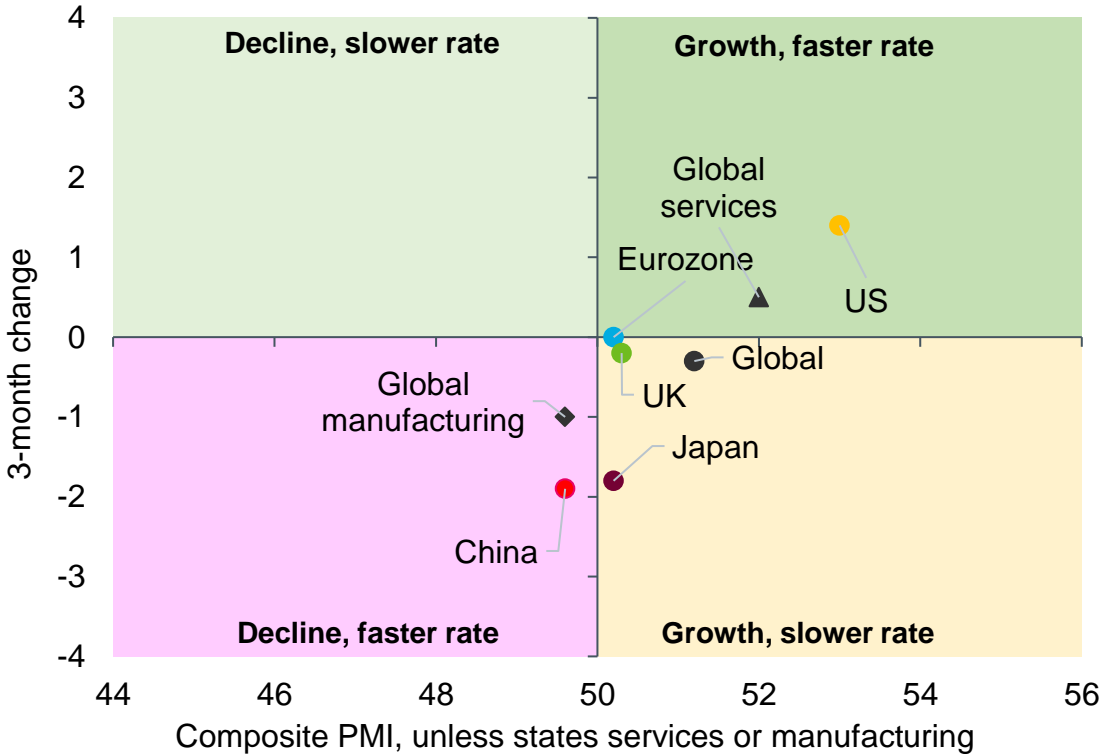
# Appendix 2: Market outlook

# Growth

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



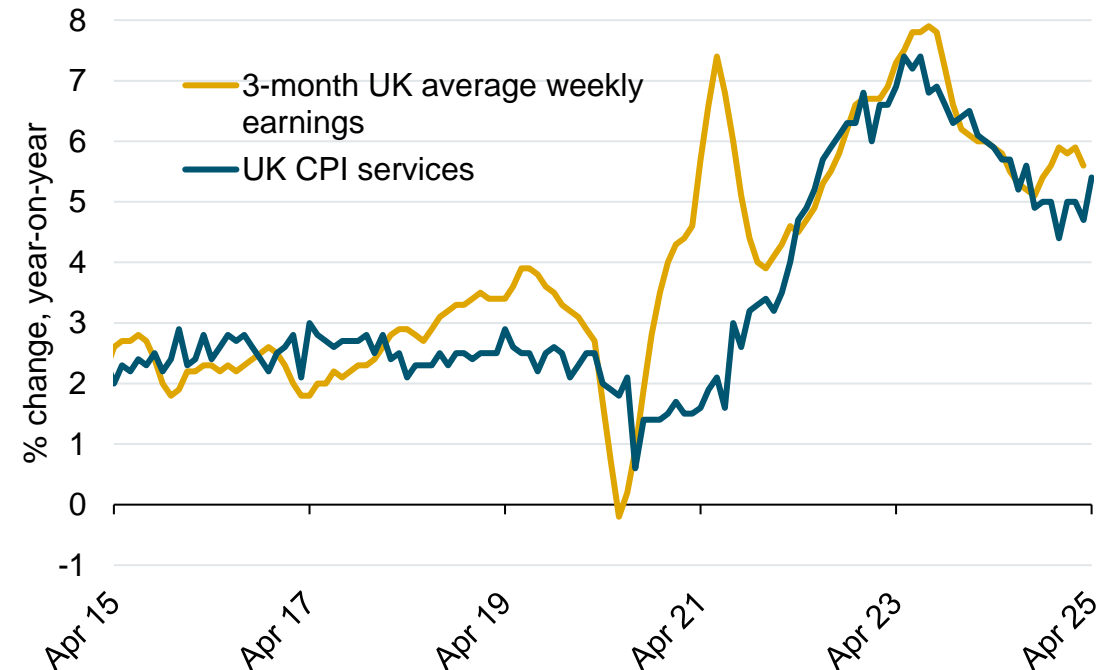
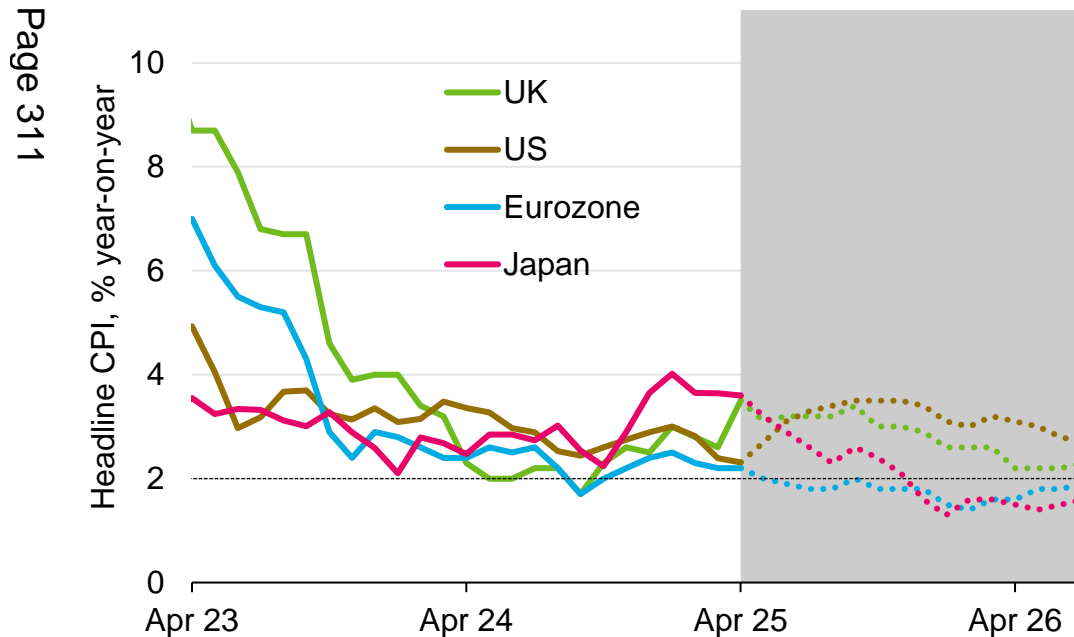
Source: Consensus Economics



Source: Bloomberg

# Inflation

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



Source: LSEG Datastream, Consensus Economics

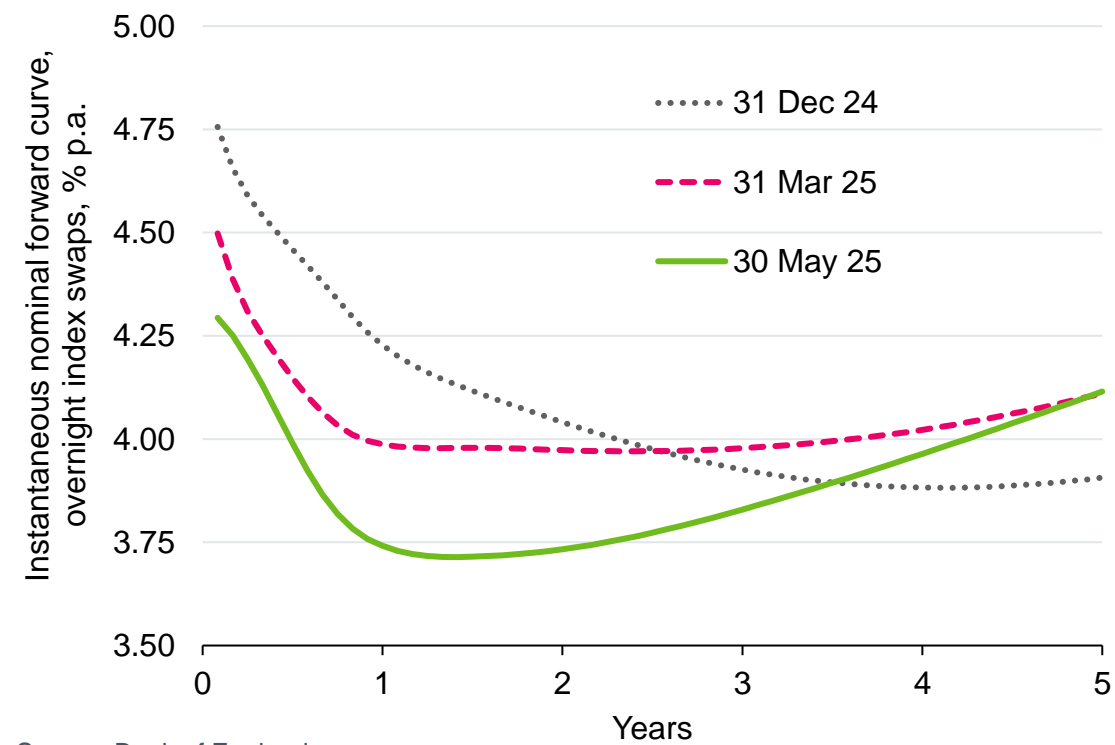
Source: LSEG Datastream, Bloomberg

# Interest rates

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



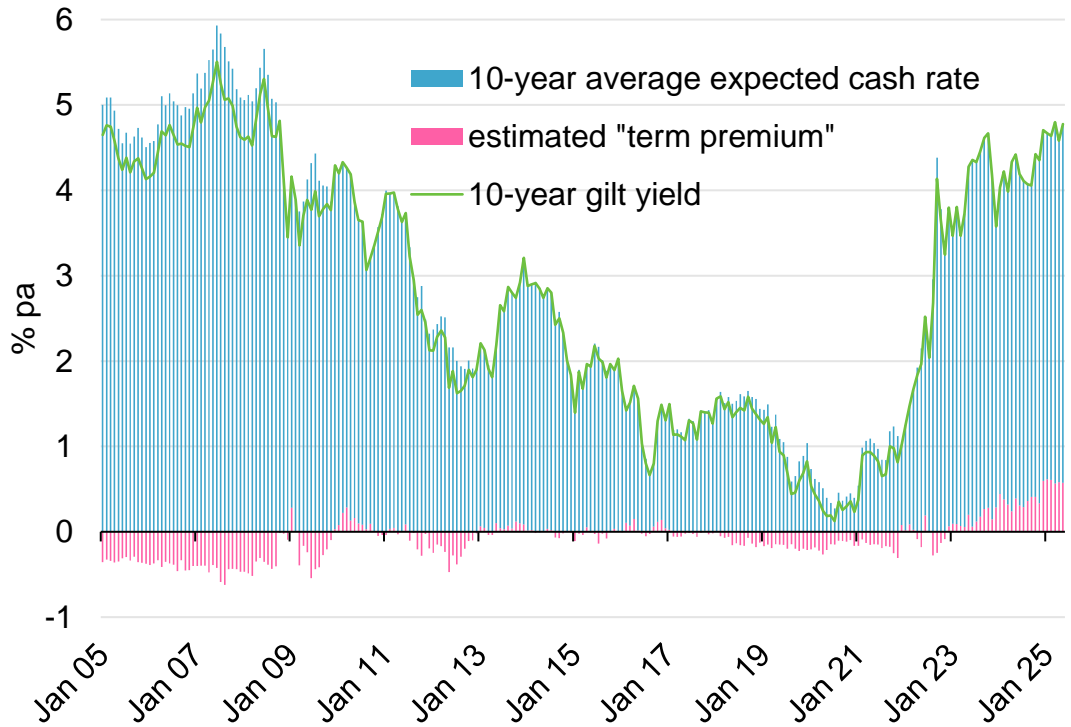
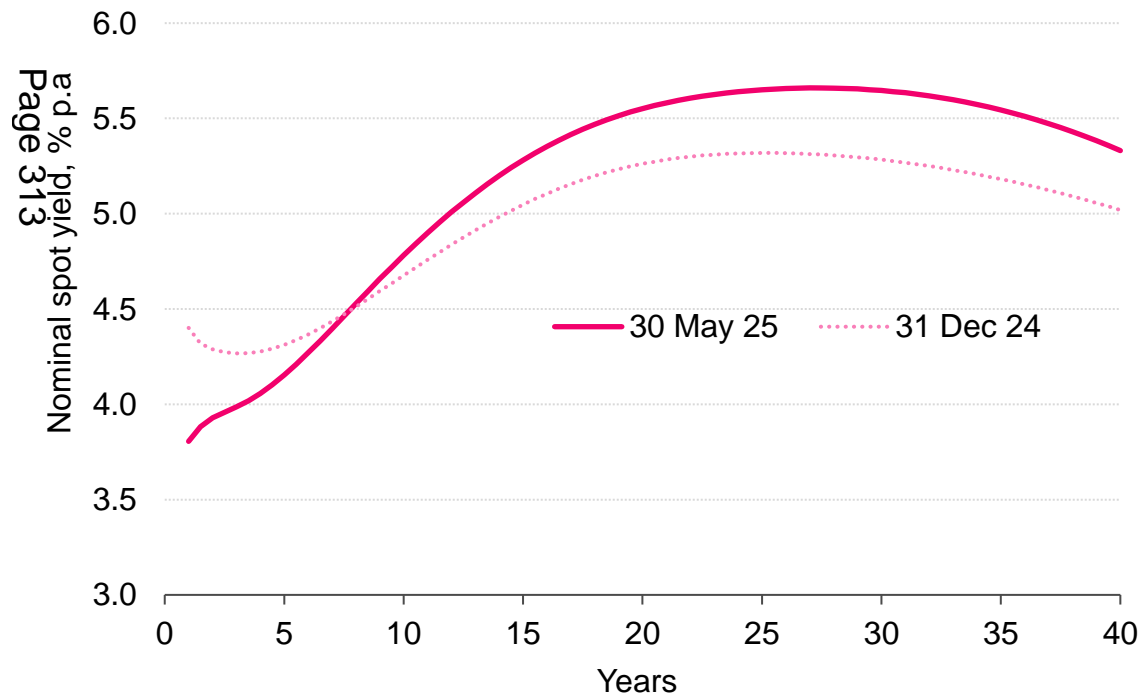
Source: Bloomberg



Source: Bank of England

# Government bonds

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

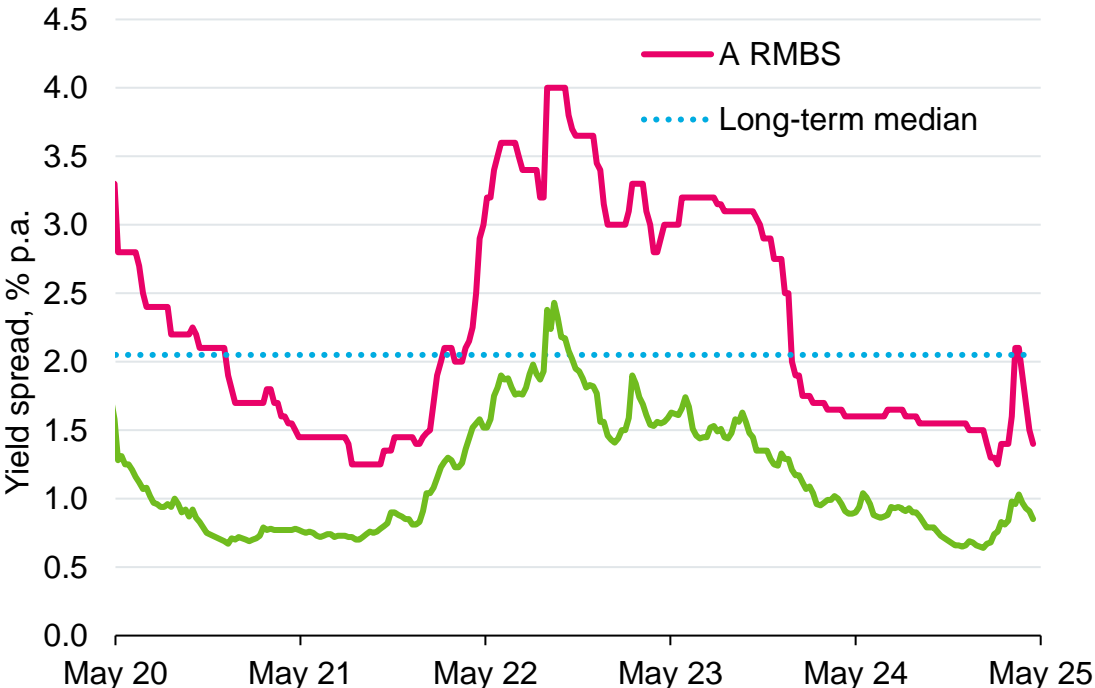
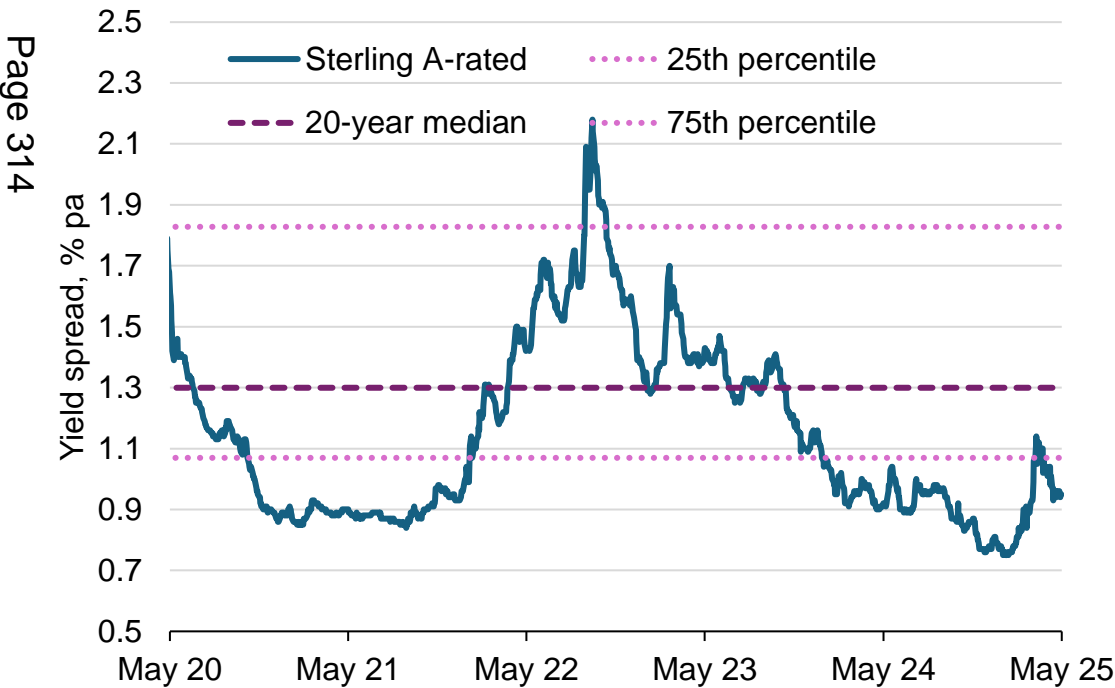


Source: Bank of England

Source: Bank of England

# Investment-grade credit

Credit spreads have risen since the start of the year, amid trade uncertainty and growth concerns. But credit spreads began their ascent from historically low levels and, given the tightening seen since, remain low relative to history. ABS spreads have also rose in the wake of “Liberation Day” trade announcements, and widened relative to similarly rated corporate credit, but have since almost entirely retraced these moves.

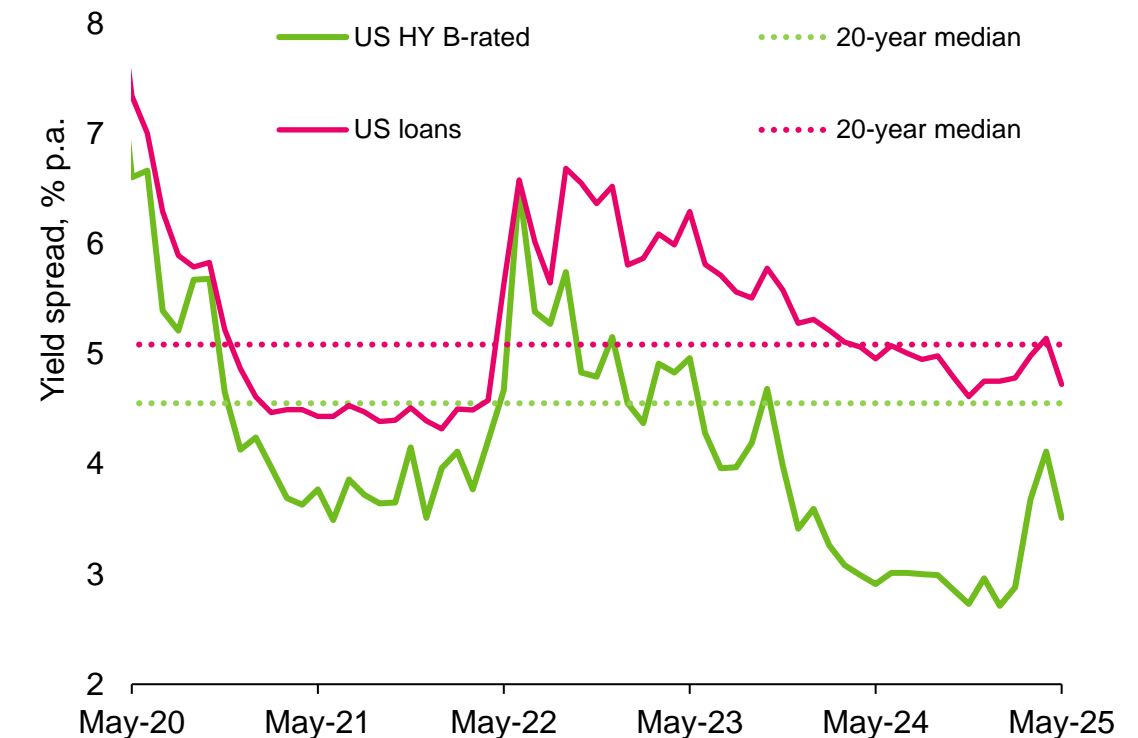
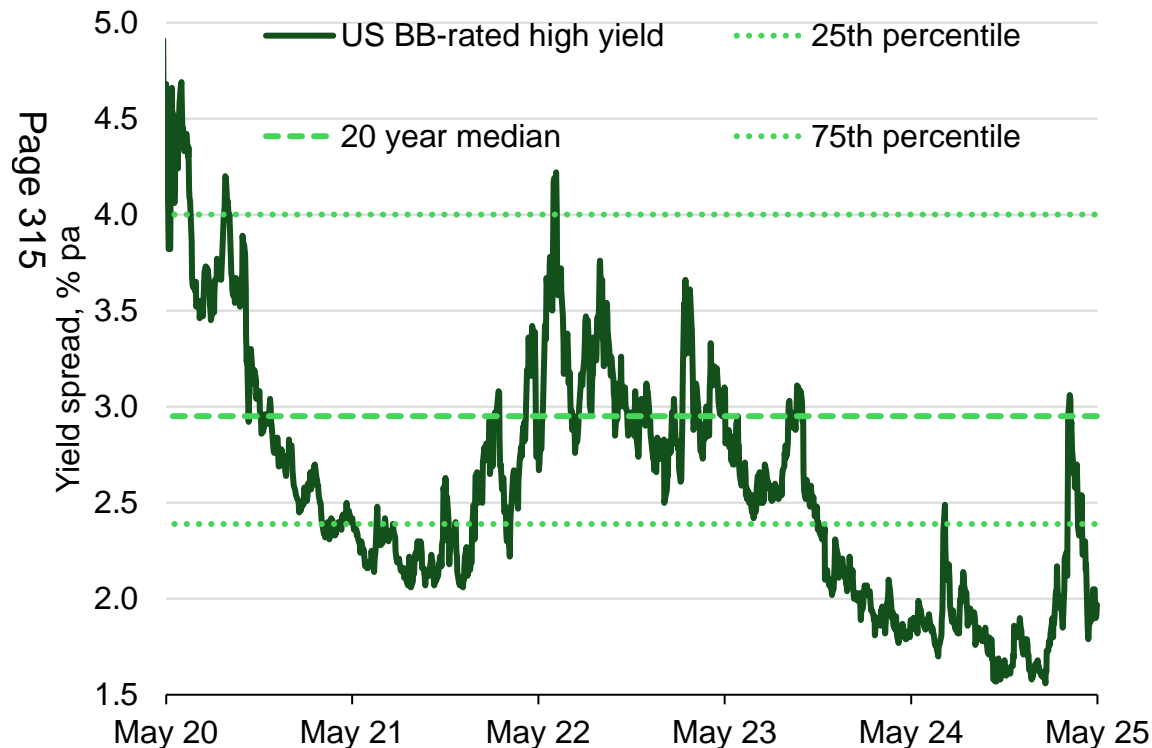


Source: ICE Index Platform

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

# Speculative-grade credit

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

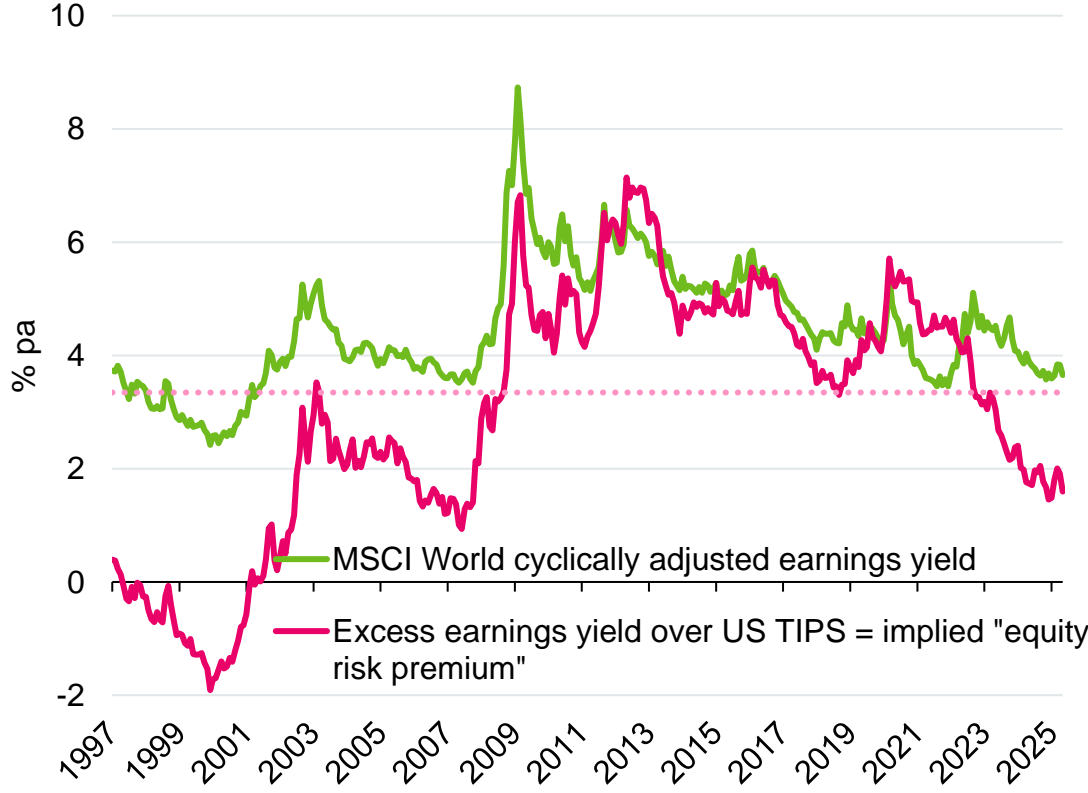
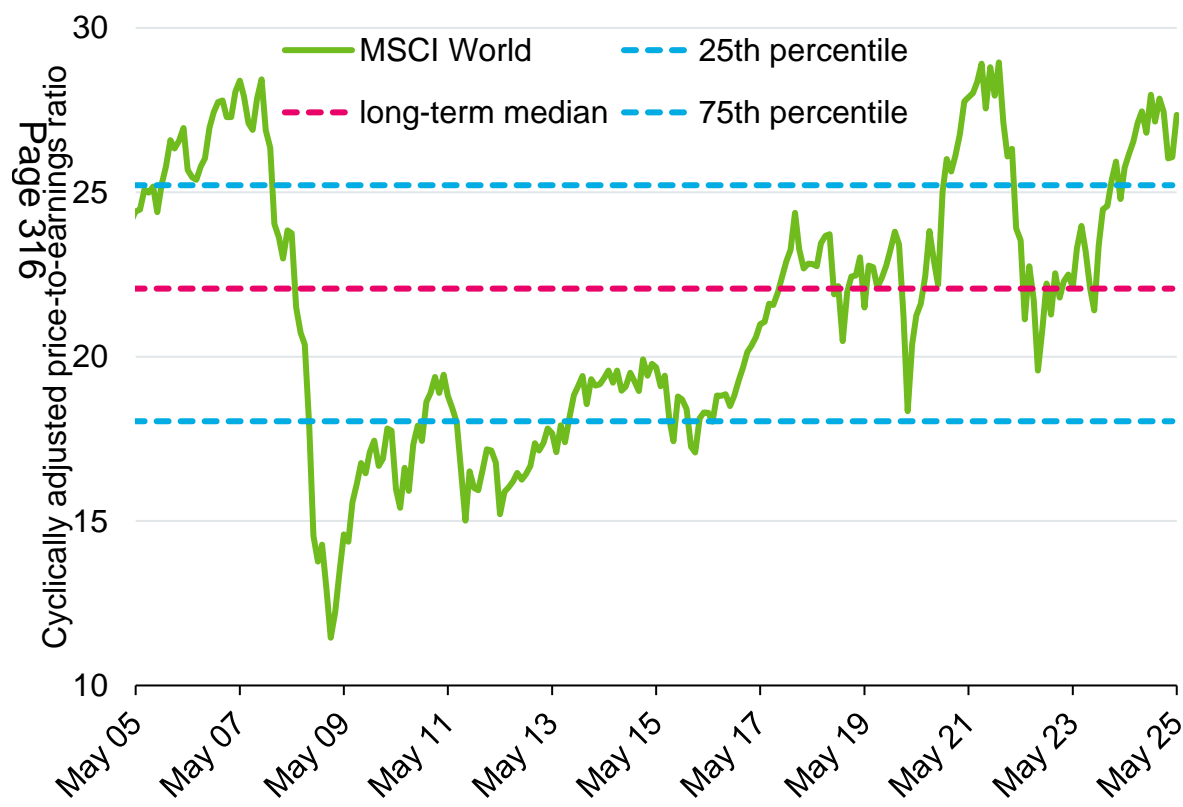


Source: ICE Index Platform, Barings

Source: ICE Index Platform

# Equities

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

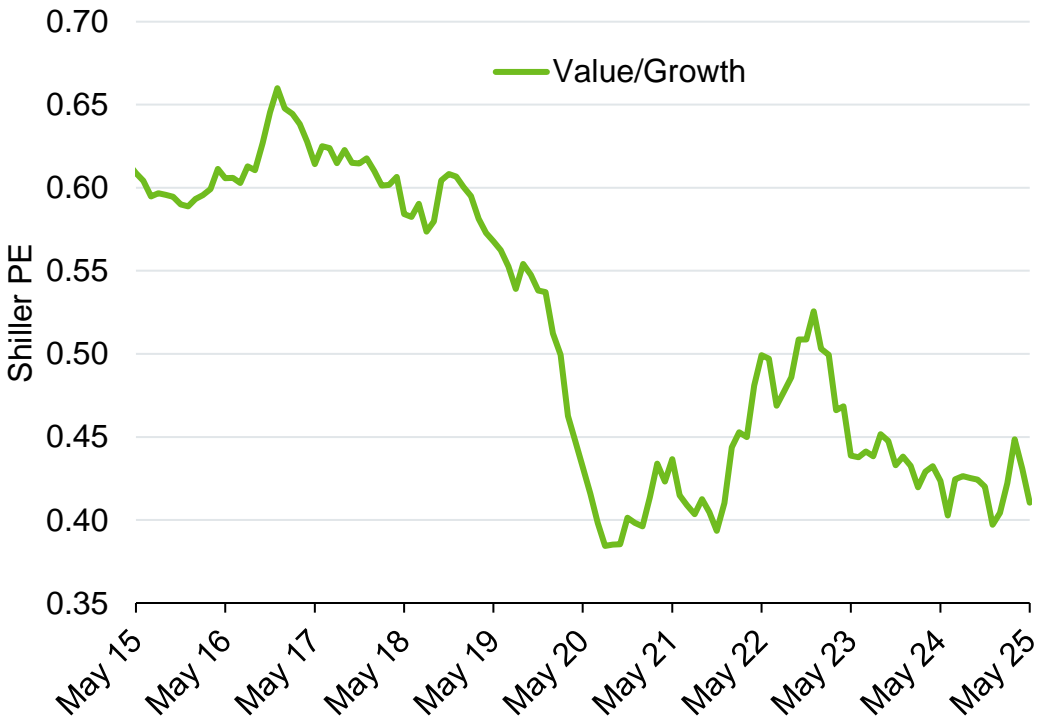
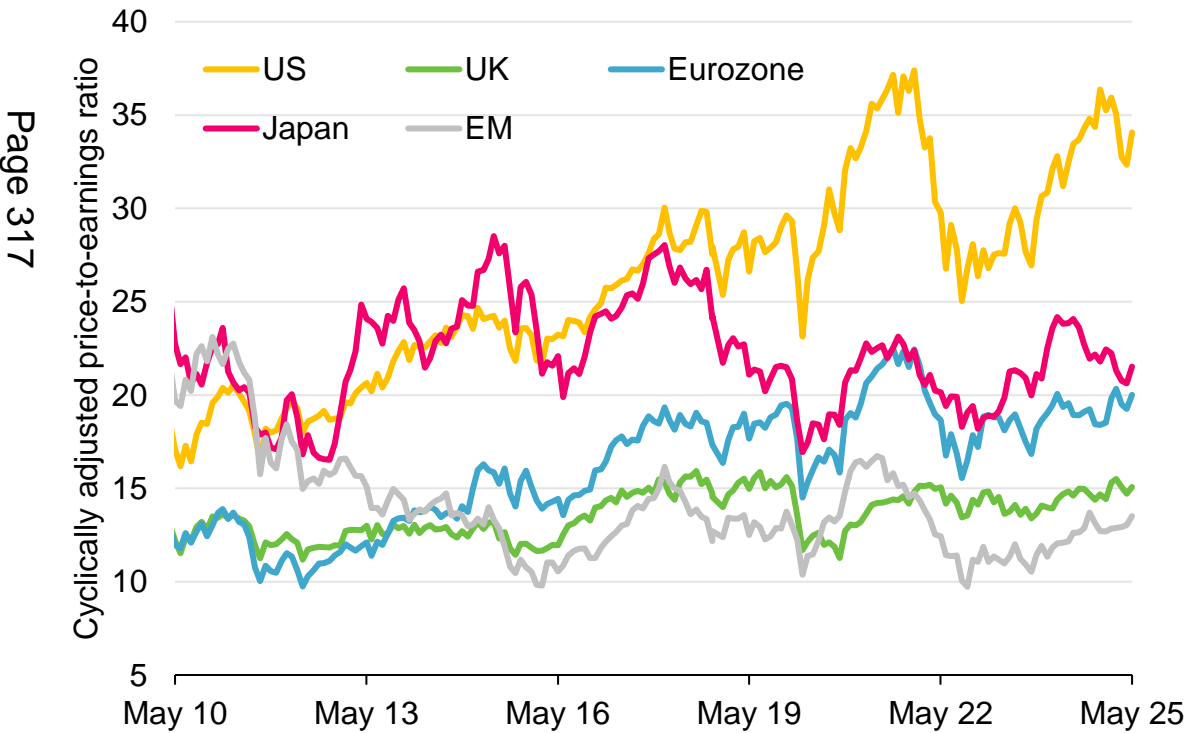


Source: LSEG Datastream, Hymans Robertson

Source: LSEG Datastream, Hymans Robertson

# Equities

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

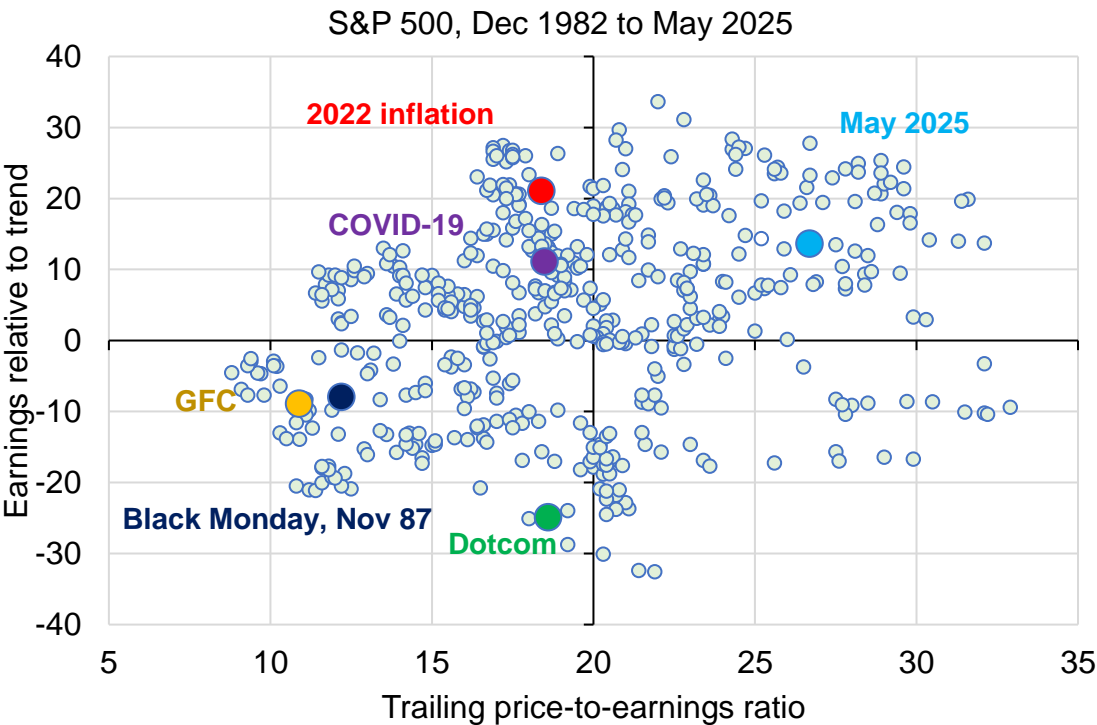
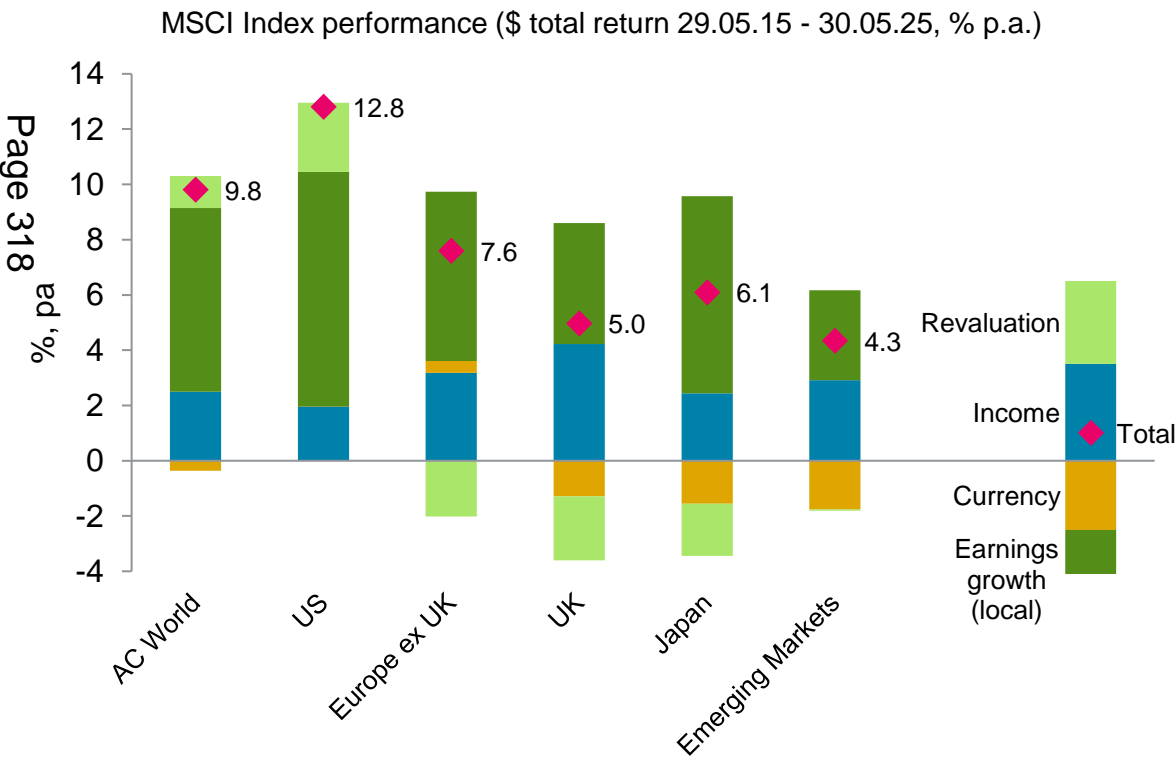


Source: LSEG Datastream, Hymans Robertson

Source: LSEG Datastream, Hymans Robertson

# Equities

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

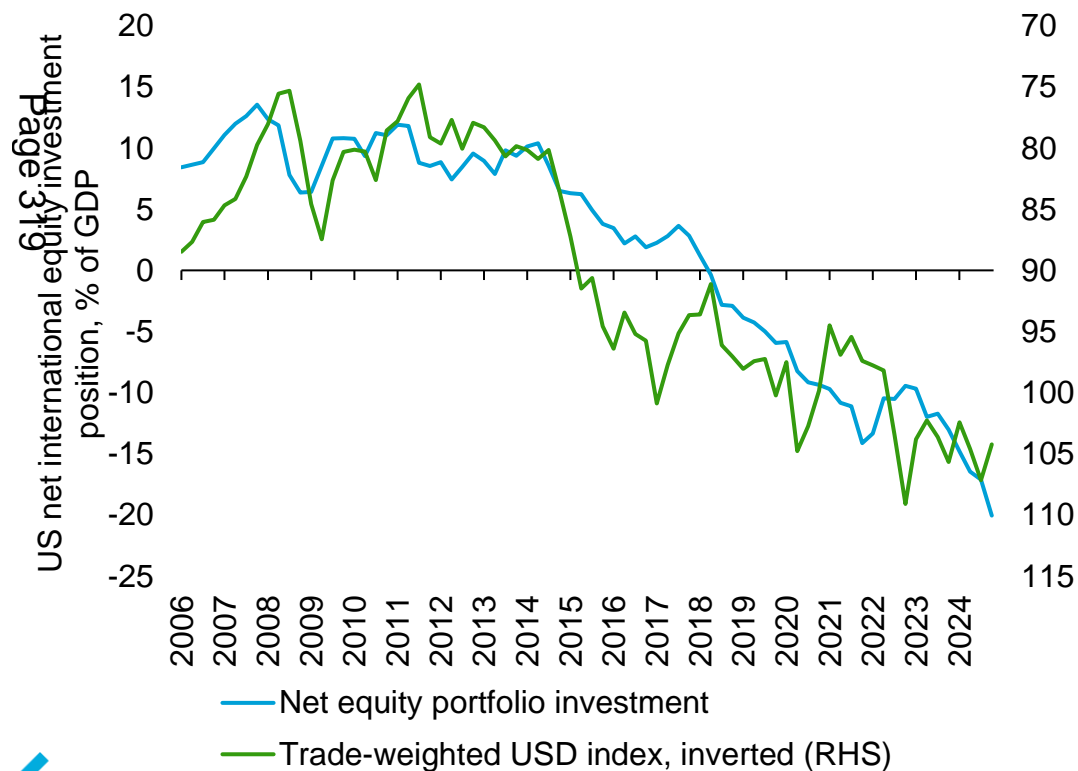


Source: LSEG Datastream, Hymans Robertson

Source: LSEG Datastream, Hymans Robertson

# Currency

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



Source: Federal Reserve Bank of St Louis, LSEG Datastream



Source: LSEG Datastream, Hymans

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# Thank you




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

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	<p align="center"><b>Brent Pension Fund Sub-Committee</b> 24 June 2025</p>
	<p align="center"><b>Report from the Corporate Director, Finance and Resources</b></p>
	<p align="center"><b>Lead Member – Deputy Leader &amp; Cabinet Member for Finance &amp; Resources</b> <b>(Councillor Mili Patel)</b></p>
<p><b>LGPS ‘Fit for the future’ Consultation Outcome</b></p>	

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

## 1.0 Executive Summary

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

## **2.0 Recommendation(s)**

2.1 The Committee is asked to note the report.

## **3.0 Detail**

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

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

## **4.0 Background**

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

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

### **Pooling**

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

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

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

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

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

- 4.6 Funds will continue setting their individual investment strategy, with the implementation of their strategy being delegated to their respective pools. To facilitate this, pools will be required to develop in-house investment management and advisory capabilities, with a view to establishing themselves as investment managers (and therefore be authorised and regulated by the FCA).
- 4.7 As such, pools will be mandated to provide partner funds with principal advice on their investment strategies, this is despite 54% of responses being opposed to the recommendation. Fund's will be able to procure advice from other sources, however the Government is of the view that this should only be under exceptional circumstances rather than routine.
- 4.8 The Government originally proposed for all listed assets to be transferred to pooled vehicles by March 2026, with remaining legacy illiquid assets to pooled management. These proposals have been loosened and the Government has stated that not all assets will need to be invested through a pool's own funds. Instead it will require that all LGPS investments, listed and unlisted, are transferred to the management of the pool reflecting concern that it would not always make financial sense to transfer passive assets into the pool. The Government does note that they expect the default position to be investing through a pool's own funds.

### **Investment in the UK**

- 4.9 The Government has reiterated its encouragement for the LGPS to increase its investment exposure in the UK, with particular focus on exploring local investment opportunities. In this instance, 'local' investment will cover areas which are broadly regional to the pool and its partner funds. Therefore, for the Brent Pension Fund, this will cover investments in the Greater London area.
- 4.10 Under these proposals, funds will be required to set a target allocation for local investment, which will be outlined in its investment strategy. No statutory minimum has been prescribed for capital allocation; however, funds will be required to work with local authorities and regional stakeholders to ensure collaboration with local growth plans and prioritise opportunities which have the greatest impact.
- 4.11 As originally proposed, administering authorities will be required to disclose information relating to their local investments, including their target range and their impact, in their annual report. However, to simplify the reporting required and to avoid duplication, a key change in reporting requirements is that pools will now be required to report annually on total local investments made on behalf of their administering authorities, as well as their impact. The metrics by which local impact is assessed will not be prescribed by the Government.

## **Governance**

- 4.12 The main governance proposals brought forward are based on recommendations following the Good Governance project, undertaken by the Scheme Advisory Board (SAB). The proposals include the requirement for partner funds to publish a governance and training strategy (replacing the governance compliance statement), outlining how knowledge requirements of members and officers will be met, and also include a conflict of interest policy.
- 4.13 A Senior LGPS Officer will also be appointed and hold overall responsibility for the management and administration of the fund, which includes providing advice to the Pension Committee and Pension Board and ensuring compliance with all statutory and regulatory obligations. There is also a new proposal for pension committees to appoint an independent adviser, as a key driver of strengthening improvements in governance.
- 4.14 The proposal for pension committee members, the senior LGPS officer, and officers to have the appropriate level of knowledge and understanding for their roles, with requirements for pension committee members and local pension board members aligned will be taken forward and guidance for non-compliance will be issued.
- 4.15 An independent review of governance arrangements will take place every three years, with the aim of providing assurance that governance recommendations are being met. This is a welcome change from the original proposal of a biennial review, which would not have aligned with the triennial valuation cycle.
- 4.16 The Fund's investment advisors, Hymans Robertson, have published a briefing note on the consultation outcome, which is enclosed as Appendix 1.

## **5.0 Stakeholder and ward member consultation and engagement**

- 5.1 Not applicable.

## **6.0 Financial Considerations**

- 6.1 Not applicable.

## **7.0 Legal Considerations**

- 7.1 Not applicable.

## **8.0 Equity, Diversity & Inclusion (EDI) Considerations**

- 8.1 Not applicable.

## **9.0 Climate Change and Environmental Considerations**

- 9.1 Not applicable.

**10.0 Human Resources/Property Considerations (if appropriate)**

10.1 Not applicable.

**11.0 Communication Considerations**

11.1 Not applicable.

**Report sign off:**

***Minesh Patel***

Corporate Director of Finance and Resources

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## POLICY BRIEFING NOTE:

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



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

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

## Pooling

### What was proposed?

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

### What will go forward?

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

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

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

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

## Local investment

### What was proposed?

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

### What will go forward?

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

## Governance

### What was proposed?

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

### What will go forward?

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

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

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

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

## What's next?

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

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

Areas we suggest funds should consider:

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

If you would like to discuss any of the topics covered in the briefing note, [please get in touch](#).


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	<b>Brent Pension Fund Sub-Committee</b> 24 June 2025
	<b>Report from the Corporate Director of Finance and Resources</b>
	<b>Lead Member – Deputy Leader &amp; Cabinet Member for Finance &amp; Resources</b> <b>(Councillor Mili Patel)</b>
<b>Brent Pension Fund: Draft Annual Accounts 2024/25</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not Applicable
<b>Open or Part/Fully Exempt:</b>	Open
<b>List of Appendices:</b>	Two Appendix 1: Draft Brent Pension Fund Accounts 2024/25 Appendix 2: Brent Pension Fund Indicative Audit Plan - 31 March 2025
<b>Background Papers:</b>	N/A
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## **1.0 Executive Summary**

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

## **2.0 Recommendation(s)**

- 2.1 The Committee is recommended to note this report.

## **3.0 Detail**

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

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

## **4.0 Background**

- 4.1 The Brent Pension Fund is administered by Brent Council and the pension fund's accounts form part of the Council's financial statements. Therefore, formal approval of the pension fund accounts rests with the Council's Audit and Standards Advisory Committee and the Pension Sub-Committee are presented with the accounts for noting.
- 4.2 While the statutory deadline for publication of the draft accounts is 30 June 2025, the Pension Fund accounts are now expected to be published by 18 July 2025, as advised to the Council's Audit and Standards Advisory Committee on 16 June. This revised timeline reflects delays arising from matters identified during the audit of the Council's core financial statements. Although these matters are not directly related to the Pension Fund, they have a consequential impact on the timing of its publication. However, this is not expected to affect the timing of the Pension Fund audit, which is scheduled to commence in July.
- 4.3 Grant Thornton will present the indicative draft audit plan for the 2024/25 accounts at the Audit and Standards Advisory Committee meeting of 16 June 2025. The audit plan covers the nature, timing and extent of audit procedures to be performed by the engagement team. This is attached to this report in Appendix 2.
- 4.4 Fund officers will now prepare the Pension Fund annual report which will be presented to the Committee at the next meeting.
- 4.5 Attached as Appendix 1 are the Draft Pension Fund Annual Accounts for the year ended 31 March 2025.
- 4.6 The accounts have been prepared to meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) governing the preparation of the 2024/25 financial statements for Local

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

4.7 The main items to note are as follows:

- During 2024/25, the value of the Pension Fund's investments increased to £1,310m (2023/24 £1,259m). The Fund's passive global equity exposure was the main driver of positive returns, along with its allocation to UK equities. The main detractor from performance was the Fund's government bond exposure, which fell in value as gilt yields rose over the period. Further detail on investment performance is available in the regular monitoring reports.
- Total contributions received from employers and employees were £73m for the year, an increase on the previous year's £69m.
- Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, were £60m, an increase on the previous year's £52m.
- As in 2023/24, the pension fund is in a positive cash-flow position because its contributions exceed its outgoings to members.

**5.0 Stakeholder and ward member consultation and engagement**

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

**6.0 Financial Considerations**

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

**7.0 Legal Considerations**

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

**8.0 Equality, Diversity & Inclusion (EDI) Considerations**

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

**9.0 Climate Change and Environmental Considerations**

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

**10.0 Human Resources/Property Considerations (if appropriate)**

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

**11.0 Communication Considerations**

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

**Report sign off:**

***Minesh Patel***

Corporate Director of Finance and Resources

# Draft Brent Pension Fund Accounts

Pension Fund Accounts as at 31 March 2025

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

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

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

The net asset statement includes all assets and liabilities of the Fund as at 31 March 2025 but excludes long-term liabilities to pay pensions and benefits in future years. The actuarial present value of promised retirement benefits is disclosed in Note 19.

## Notes to the Brent Pension Fund accounts

### 1. Description of Fund

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

#### a) General

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

#### b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Organisations participating in the Brent Pension Fund include:

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

There were 44 employer organisations with active members within the Brent Pension Fund at 31 March 2025, listed below:

#### Scheduled bodies

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

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

#### Admitted bodies

Alliance in Partnership (Gladstone Park)

Atalian Servest AMK

Barnardos

Caterlink Ltd

Continental Landscapes

Conway Aecom Ltd

DB Services

Local Employment Access Project (LEAP)

National Autistic Society (NAS)

O'Hara Bros Surfacing

Taylor Shaw

Veolia

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

### c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. During 2024/25, the most commonly applied employer contribution rate within the Brent Pension Fund was 32% of pensionable pay.

### d) Benefits

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

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

## *2. Basis of preparation*

The Statement of Accounts summarises the Fund's transactions for the 2024/25 financial year and its position at year-end as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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

## *3. Summary of significant accounting policies*

### **Fund Account – revenue recognition**

#### a) Contribution income

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

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

## b) Transfers to and from other schemes

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

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

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

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

## c) Investment income

- i) Interest income  
Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.
- ii) Dividend income  
Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.
- iii) Distributions from pooled funds  
Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.
- iv) Movement in the net market value of investments  
Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

## Fund Account – expense items

### d) Benefits payable

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

### e) Taxation

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

### f) Management expenses

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

- i) **Administrative expenses**  
All staff costs for the pensions administrative team are directly charged to the fund. Council recharges for management, accommodation, and other overhead costs are accounted for as administrative expenses.
- ii) **Oversight and governance**  
Costs associated with governance and oversight are separately identified, apportioned, and charged as expenses to the fund.
- iii) **Investment management expenses:** Investment fees are directly charged to the fund as management expenses and are not included in reported investment returns. If fees are netted off returns by investment managers, these expenses are adjusted to reflect their impact on the investment value. Fees charged by external investment managers and custodians are based on the market value of managed investments, increasing, or decreasing with the changes in value. Estimated fees based on market value are included if fee notes are not received by year-end. Costs of the council's in-house fund management team and officer team spent on investment management are charged to the fund.

## Net Assets Statement

### g) Financial assets

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

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

- i) Market-quoted investments  
The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.
- ii) Fixed interest securities  
Fixed interest securities are recorded at net market value based on their current yields.
- iii) Unquoted investments  
The fair value of investments for which market quotations are not readily available is determined as follows:
  - Valuations of delisted securities are based on the last sale price prior to delisting, or where subject to liquidation, the amount the Fund expects to receive on wind-up, less estimated realisation costs.
  - Securities subject to takeover offer – the value of the consideration offered under the offer, less estimated realisation costs.
  - Directly held investments include investments in limited partnerships, shares in unlisted companies, trusts and bonds. Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.
  - Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.
  - Investments in private equity/infrastructure funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity/infrastructure fund or limited partnership using the latest financial statements published by the respective fund managers.
- iv) Limited partnerships  
Fair value is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.
- v) Pooled investment vehicles  
Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the Fund, net of applicable withholding tax.

## h) Contingent Assets

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

## i) Foreign currency transactions

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

## j) Derivatives

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

## k) Cash and cash equivalents

Cash comprises cash in hand and demand deposits.

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

## l) Financial liabilities

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

## m) Actuarial present value of promised retirement benefits

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

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

#### n) Additional voluntary contributions

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

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

#### *4. Critical judgements in applying accounting policies*

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

There were no such critical judgements made during 2024/25.

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

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

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

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 19)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% p/a decrease in the real discount rate assumption would result in an increase in the pension liability of approximately £21m. A 0.1% increase in Pension Increase Rate (CPI) would increase the value of liabilities by approximately £20m, and a one-year increase in assumed life expectancy would increase the liability by around 4% (c. £49m).
Private equity / infrastructure / private debt	Private equity/infrastructure/private debt investments are valued based on the latest available information, updated for movements in cash where relevant. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity/infrastructure/private debt investments in the financial statements are £113.9m. There is a risk that this investment may be under- or overstated in the accounts. There is a risk that this investment may be under- or overstated in the accounts up to £13.9m.

## 6. Events after the Reporting Date

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

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

## 7. Contributions receivable

### By Category

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

### By authority

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

## 8. Transfers in from other pension funds

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

## 9. Benefits payable

### By Category

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

### By authority

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

## 10. Payments to and on account of leavers

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

## 11. Management Expenses

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

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

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

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

**11a. Investment management expenses**

Fund Manager	2024/25 Total	Management fees	Custody fees	One-off transaction costs
	£m	£m	£m	£m
Alinda	0.2	0.2	0.0	0.0
Capital Dynamics	0.1	0.1	0.0	0.0
Fidelity	0.1	0.1	0.0	0.0
Legal & General	0.1	0.1	0.0	0.0
LCIV MAC	0.2	0.2	0.0	0.0
LCIV JP Morgan	0.3	0.3	0.0	0.0
LCIV Baillie Gifford	0.3	0.3	0.0	0.0
LCIV Infrastructure	0.0	0.0	0.0	0.0
LCIV Private Debt	0.0	0.0	0.0	0.0
LCIV Ruffer	0.6	0.6	0.0	0.0
LCIV UK Housing Fund	0.0	0.0	0.0	0.0
London LGPS CIV LTD	0.2	0.2	0.0	0.0
Blackrock	0.0	0.0	0.0	0.0
UBS Triton	0.1	0.1	0.0	0.0
Northern Trust (Fund Custodian)	0.0	0.0	0.0	0.0
Cash	0.0	0.0	0.0	0.0
<b>Total</b>	<b>2.3</b>	<b>2.3</b>	<b>0.0</b>	<b>0.0</b>

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

## 12. Investment income

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

## 13. Taxes on income

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

## 14. Investments

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

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

14a. Investments 2023/24	Market value 1 April 2023	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2024
	£m	£m	£m	£m	£m
Pooled investments	947.9	82.5	(75.7)	113.7	1,068.4
Pooled property investments	25.0	0.0	(0.2)	(0.7)	24.1
Private equity/infrastructure /private debt	115.7	10.6	(7.6)	4.0	122.7
	<b>1,088.6</b>	<b>93.1</b>	<b>(83.6)</b>	<b>117.1</b>	<b>1,215.2</b>
Other investment balances: Cash Deposit	27.5				44.1
Investment income due	0.0				0.0
Net investment assets	<b>1,116.1</b>				<b>1,259.3</b>

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

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

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

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

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

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

#### 14d. Stock lending

The London Borough of Brent Pension Fund does not operate a Stock Lending programme.

### 15. Fair Value – Basis of Valuation

The basis of the valuation of each asset class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Cash	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required

Pooled investments – overseas unit trusts and property funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Private Equity, Infrastructure and Private Debt	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cash flows, and by any differences between audit and unaudited accounts

### 15a. Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with our independent investment advisor, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2025.

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

- a) derives from changes to the value of the financial instrument being hedged against
- b) derives from changes in the underlying profitability of component companies
- c) the potential movement of 10% represents a combination of the following factors, which could all move independently in different directions as follows: rental increases +/- 4%; vacancy levels +/- 2%; market prices +/- 3%; discount rates +/-1%

### 15b. Fair value hierarchy

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

#### Level 1

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

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

#### Level 2

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

### Level 3

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

Such instruments would include unquoted equity investments and fund of hedge funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Brent Pension Fund has invested.

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

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

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

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

	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
<b>Values at 31 March 2024</b>				
<b>Financial assets at fair value through profit and loss</b>				
Pooled investments		1,068.4		1,068.4
Pooled property investments		24.1		24.1
Private Equity/Infrastructure/Private Debt			122.7	122.7
<b>Subtotal Financial assets at fair value through profit and loss</b>	<b>0.0</b>	<b>1,092.5</b>	<b>122.7</b>	<b>1,215.2</b>
Cash	44.1			44.1
Investment Income due	0.0			0.0
<b>Subtotal Loans and receivables</b>	<b>44.1</b>	<b>0.0</b>	<b>0.0</b>	<b>44.1</b>
<b>Total Financial assets</b>	<b>44.1</b>	<b>1,092.5</b>	<b>122.7</b>	<b>1,259.3</b>
<b>Financial liabilities</b>				
Current liabilities	(1.6)			(1.6)
<b>Subtotal Financial liabilities at amortised cost</b>	<b>(1.6)</b>	<b>0.0</b>	<b>0.0</b>	<b>(1.6)</b>
<b>Total Financial liabilities</b>	<b>(1.6)</b>	<b>0.0</b>	<b>0.0</b>	<b>(1.6)</b>
<b>Net Financial assets</b>	<b>42.5</b>	<b>1,092.5</b>	<b>122.7</b>	<b>1,257.7</b>

#### 15c. Transfers between Levels 1 and 2

There were no transfers between levels 1 and 2 during the year.

#### 15d. Reconciliation of Fair Value Measurements within Level 3

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

## 16. Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

31 March 2024			31 March 2025		
Fair value through profit and loss	Assets at amortised cost	Financial liabilities at amortised cost	Fair value through profit and loss	Assets at amortised cost	Financial liabilities at amortised cost
£m	£m	£m	£m	£m	£m
<b>Financial assets</b>					
1,068.4			1,091.8		
24.1			41.1		
122.7			113.8		
	44.1			63.6	
	3.5			5.1	
<b>1,215.2</b>	<b>47.6</b>	<b>0.0</b>	<b>1,246.7</b>	<b>68.7</b>	<b>0.0</b>
<b>Financial liabilities</b>					
		(1.6)			(2.6)
<b>0.0</b>	<b>0.0</b>	<b>(1.6)</b>	<b>0.0</b>	<b>0.0</b>	<b>(2.6)</b>
<b>1,215.2</b>	<b>47.6</b>	<b>(1.6)</b>	<b>1,246.7</b>	<b>68.7</b>	<b>(2.6)</b>

### 16a. Net gains and losses on Financial Instruments

31 March 2024		31 March 2025
	£m	£m
	117.1	30.6
	Fair value through profit and loss	
	<b>117.1</b>	<b>30.6</b>
	<b>Total</b>	

## *17. Nature and extent of risks arising from financial instruments*

### **Risk and risk management**

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e., promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk, and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Pension Fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Sub-Committee. Risk management policies are established to identify and analyse the risks faced by the Pension Fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

#### **a) Market risk**

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Pension Fund and its investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

#### **Other price risk**

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Pension Fund to ensure it is within limits specified in the Fund investment strategy.

### Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the fund's investment advisors, the council has determined that the following movements in market price risk are reasonably possible for the 2024/25 reporting period. (Based on data as at 31 March 2025 using data provided by investment advisors scenario model). The sensitivities are consistent with the assumptions contained in the investment advisors' most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

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## Other price risk – sensitivity analysis

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

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

## Interest rate risk exposure asset type

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

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

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

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

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

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

## Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£UK). The Fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

The Fund's currency rate risk is routinely monitored by the Pension Fund in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The following table summarises the Fund's currency exposure as at 31 March 2025 and as at the previous period end:

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

A 1% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

<b>Assets exposed to currency rate risk</b>	<b>Asset value as at 31 March 2025 £m</b>	<b>+1% £m</b>	<b>-1% £m</b>
Overseas unit trusts	635.2	6.4	(6.4)
Overseas pooled property investments	0.0	0.0	0.0
Overseas private equity/infrastructure/private debt	113.9	1.1	(1.1)
<b>Total</b>	<b>749.1</b>	<b>7.5</b>	<b>(7.5)</b>

<b>Assets exposed to currency rate risk</b>	<b>Asset value as at 31 March 2024 £m</b>	<b>+1% £m</b>	<b>-1% £m</b>
Overseas unit trusts	592.5	5.9	(5.9)
Overseas pooled property investments	0.0	0.0	0.0
Overseas private equity/infrastructure/private debt	122.7	1.2	(1.2)
<b>Total</b>	<b>715.2</b>	<b>7.2</b>	<b>(7.2)</b>

## b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence, the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

The Pension Fund's cash balance is held in an interest-bearing instant access deposit account with NatWest plc, which is rated independently and meets Brent Council's credit criteria.

The Pension Fund believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2025 was £63.6m (31 March 2024: £44.1m). This was held with the following institutions:

#### Credit risk exposure

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

#### c) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Pension Fund therefore takes steps to ensure that it has adequate cash resources to meet its pensioner payroll costs and investment commitments.

The Pension Fund has immediate access to its cash holdings.

Periodic cash flow forecasts are prepared to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy.

All financial liabilities at 31 March 2025 are due within one year."

#### d) Refinancing risk

The key risk is that the Pension Fund will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. However, the Pension Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

### 18. Funding arrangements

In line with the LGPS Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022. The next valuation will take place as at 31 March 2025 and results were released in March 2023.

The key elements of the funding policy are:

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

The aim is to achieve 100% solvency over a period of 20 years from 1 April 2022 and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

At the 2022 actuarial valuation the Fund was assessed as 87% funded, which is a improvement to the 78% valuation at the 2019 valuation. This corresponded to a deficit of £162m (2019 valuation: £248m ) at that time. As a result, a deficit recovery plan is in place which aims to achieve 100% funding over a period of 20 years from April 2022.

Contribution increases or decreases may be phased in over the three-year period beginning 1 April 2023 for both Scheme employers and admitted bodies. The most commonly applied employer contribution rate within the Brent Pension Fund is:

Year	Employers' contribution rate
2023/24	33.5%
2024/25	32.0%
2025/26	30.5%

Individual employers' rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2022 actuarial valuation report and the funding strategy statement on the Fund's website.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The main actuarial assumptions used for the 2022 actuarial valuation were as follows:

Discount rate	4.3% p.a.
Pay increases	3.0% p.a.
Pension increases	2.7% p.a.

### Demographic assumptions

Future life expectancy based on the Actuary's fund-specific review was:

Life expectancy at age 65	Male	Female
Current pensioners	22.1 years	24.8 years
Future Pensioners retiring in 20 years	23.4 years	26.3 years

### Commutation assumption

It is assumed that 50% of future retirements will elect to exchange pension for additional tax free cash up to HMRC limits.

### 19. Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, the Fund's Actuary also undertakes a valuation of the pension fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the Actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 18). The Actuary has also used valued ill health and death benefits in line with IAS 19.

Calculated on an IAS19 basis, the actuarial present value of promised retirement benefits at 31 March 2025 was £1,220m (31 March 2024: £1,407m). This figure includes both vested and non-vested benefits, although the latter is assumed to have a negligible value. The Fund Accounts do not take account of liabilities to pay pensions and other benefits in the future.

The liabilities above are calculated on an IAS 19 basis and therefore differ from the results of the 2022 triennial funding valuation because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

### Financial assumptions

Inflation/pensions increase rate	2.80%
Salary increase rate	3.10%
Discount rate	5.80%

### Longevity assumption

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

	Males	Females
Current pensioners	21.7 years	24.4 years
Future pensioners*	22.7 years	25.7 years

\* Future pensioners are assumed to be currently aged 45

### Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits.

### Sensitivity Analysis

Sensitivity to the assumptions for the year ended 31 March 2024	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.1% p.a. decrease in the discount rate	2%	21
1 year increase in member life expectancy	4%	49
0.1% p.a. increase in the Salary Increase Rate	0%	1
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	20

The principal demographic assumption is the longevity assumption. For sensitivity purposes, it is estimated that a 1 year increase in life expectancy would approximately increase the liabilities by around 4% (c. £49m).

## 20. Assets

### a) Current assets

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

### Analysis of debtors

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

## 21. Current liabilities

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

### Analysis of creditors

	31 March 2024	31 March 2025
	£m	£m
Central government bodies	1.2	1.3
Other entities and individuals	0.4	1.3
<b>Total</b>	<b>1.6</b>	<b>2.6</b>

## 22. Additional voluntary contributions

	<b>Market Value 31 March 2024</b>	<b>Market Value 31 March 2025</b>
	<b>£m</b>	<b>£m</b>
Clerical Medical	1.2	1.2
Prudential	0.8	1.1
	<b>2.0</b>	<b>2.3</b>

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

For information, Prudential has since replaced Clerical Medical as the Fund's AVC provider with effect from 1 April 2014.

In accordance with Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016, the contributions paid and the assets of these investments are not included in the Fund's Accounts.

## 23. Related party transactions

### Brent Council

The Brent Pension Fund is administered by Brent Council. Consequently, there is a strong relationship between the Council and the Pension Fund.

The Council incurred costs of £0.98m (2023/24: £0.92m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund and contributed £45.2m to the Fund in 2024/25 (2023/24: £43.9m).

## Governance

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

## Key management personnel

The key management personnel of the fund are the Chief Executive, Corporate Director of Finance and Resources (S.151 officer), Corporate Director of Governance, Deputy Director of Finance and the Head of Finance (Pensions). The proportion of the total remuneration payable to key management personnel that is charged to the Pension Fund is set out below:

	31st March 2024	31st March 2025
	£m	£m
Short Term Benefits	0.099	0.082
Post-Employment Benefits	0.033	0.026
Termination Benefits	0.000	0.000
<b>Total Remunerations</b>	<b>0.131</b>	<b>0.109</b>

## 24. Contingent liabilities and capital commitments

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

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

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

## 25. Contingent Assets

### Contingent assets

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

	<b>31st March 2024</b>	<b>31st March 2025</b>
	<b>£m</b>	<b>£m</b>
Ricoh	0.1	0.0
Continental Landscapes	0.5	0.5
<b>Total</b>	<b>0.6</b>	<b>0.5</b>

## 26. Impairment Losses

The Fund had no Impairment Losses at 31 March 2025.

# Indicative External Audit Plan for Brent Pension Fund

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Year ending 31 March 2025

June 2025

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



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# 01 Key developments impacting our audit approach

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# Local Audit Reform

## External factors

### Proposals for an overhaul of the local audit system

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

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

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

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

### Our Response

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

# Key developments impacting our audit approach

## National Context

### Administration and Governance

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

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

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

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

## Local Context

- For Brent Pension Fund, the 2022 triennial valuation was undertaken by Hyman Robertson, and showed that the Fund’s assets, as at 31 March 2022, were sufficient to meet 87% of the liabilities (i.e. The present value of promised retirement benefits) accrued up to that date. This was a significant increase on the 78% funding level as at the March 2019 valuation. Following the 2022 triennial valuation, the Employer’s contributions for the period to 31 March 2024 were approximately **£41.6 million**. The deficit recovery period is 20 years. Contributions remained at 33.5% of pensionable pay in 2023/24.
- We expect requests to be received from employer body auditors to undertake work on the accuracy and completeness of the information provided to the actuary as part of the 2025 valuation process. If these are received, then this will be additional work outside the normal course of our audit work and will be the subject of additional fees/fee variations. We will discuss the scope and timing of this work with the Fund should it arise.
- There is an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to ongoing financial pressures. We are required to identify a significant risk in relation to management override of controls.

# Key developments impacting our audit approach (continued)

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## National and International Context

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### Investments and Funding

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

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

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

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

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

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# Key developments impacting our audit approach (continued)

## Our commitments

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

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# 02 Introduction and Headlines

# Introduction and headlines



## Purpose

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

## Respective responsibilities

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

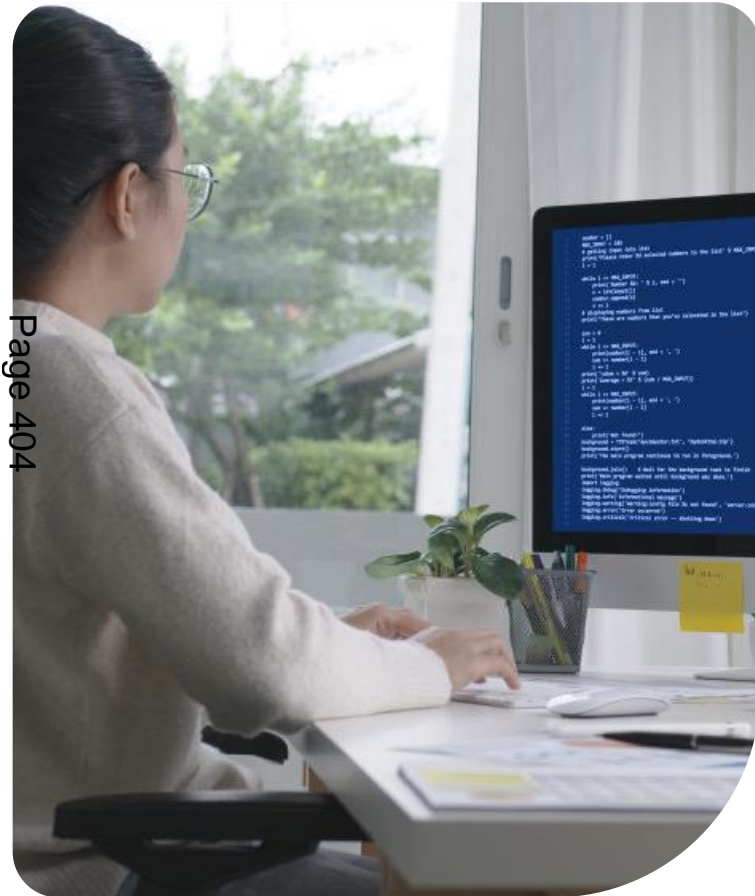
## Scope of our Audit

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

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

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

# Introduction and headlines (continued)



## Significant risks

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

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

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

## Materiality

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

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

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

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

## Audit logistics

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

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

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

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

# 04 Identified risks

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# Significant risks identified

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

Significant risk	Risk relates to	Audit team’s assessment	Planned audit procedures
Management override of controls <div>Significant</div>	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	We will: <ul style="list-style-type: none"><li>• evaluate the design effectiveness of management controls over journals;</li><li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals;</li><li>• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;</li><li>• gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and</li><li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li></ul>

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

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

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

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

# Significant risks identified (continued)

Significant risk	Risk relates to	Audit team’s assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue	<p>We have identified and completed a risk assessment of all revenue streams for the Fund. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams, because:</p> <ul style="list-style-type: none"><li>• there is little incentive to manipulate revenue recognition;</li><li>• opportunities to manipulate revenue recognition are very limited; and</li><li>• the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable.</li></ul> <p>Therefore, we do not consider this to be a significant risk for the Pension Fund.</p>	We do not consider this to be a significant risk for the Fund and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.
The expenditure cycle includes fraudulent transactions	Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	<p>We have identified and completed a risk assessment of all expenditure streams for the Fund. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk, because:</p> <ul style="list-style-type: none"><li>• there is little incentive to manipulate expenditure recognition;</li><li>• opportunities to manipulate expenditure recognition are very limited; and</li><li>• the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable.</li></ul> <p>Therefore, we do not consider this to be a significant risk for the Pension Fund.</p>	We do not consider this to be a significant risk for the Fund and standard audit procedures will be carried out. We will keep this consideration under review throughout the audit to ensure this judgement remains appropriate.

# Significant risks identified (continued)

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

# Other matters

## Other work

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

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

- We read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority.

We consider our other duties under legislation and the Code, as and when required, including:

- Giving electors the opportunity to raise questions about your 2024/25 financial statements, consider and decide upon any objections received in relation to the 2024/25 financial statements;
  - Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
  - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
  - Issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.

## Other material balances and transactions

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

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# 05 Our approach to materiality

# Our approach to materiality

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

Matter	Description	Planned audit procedures
01	<b>Determination</b> We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Pension Fund including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements	<ul style="list-style-type: none"> <li>We determine planning materiality in order to:               <ul style="list-style-type: none"> <li>establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements</li> <li>assist in establishing the scope of our audit engagement and audit tests</li> <li>determine sample sizes and</li> <li>assist in evaluating the effect of known and likely misstatements in the financial statements</li> </ul> </li> </ul>
02	<b>Other factors</b> An item does not necessarily have to be large to be considered to have a material effect on the financial statements	<ul style="list-style-type: none"> <li>An item may be considered to be material by nature when it relates to:               <ul style="list-style-type: none"> <li>instances where greater precision is required</li> </ul> </li> </ul>
03	<b>Reassessment of materiality</b> Our assessment of materiality is kept under review throughout the audit process	<ul style="list-style-type: none"> <li>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality</li> </ul>
04	<b>Matters we will report to the Audit and Standards Advisory Committee</b> Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Standards Advisory Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	<ul style="list-style-type: none"> <li>We report to the Audit and Standards Advisory Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</li> <li>In the context of the Pension Fund we propose that an individual difference could normally be considered to be clearly trivial if it is less than <b>£1.1 million</b> (PY £930,000).</li> <li>If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Standards Advisory Committee to assist it in fulfilling its governance responsibilities.</li> </ul>



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

# Our approach to materiality

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

Area	Amount (£)	Qualitative factors considered
Materiality for the Brent Pension Fund financial statements	£23,900,000 (This represents 1.9% of gross investment assets)	<ul style="list-style-type: none"><li>• Key users of the financial statements and performance measures that key stakeholders are interested in</li><li>• Business environment</li><li>• Control environment (e.g., known issues, frauds that could make a misstatement more likely)</li><li>• Other sensitivities (e.g., Changes in regulations).</li></ul>
Performance materiality	£17,900,000 (This represents 75% of materiality for financial statements)	<ul style="list-style-type: none"><li>• the environment in which the pension fund operates</li><li>• The size of the pension fund and functionalities</li><li>• Whether there are material fraud risks that we have identified as being present.</li></ul>
Trivial matters	£1,100,000 (this represents 5% of overall financial statement materiality)	<ul style="list-style-type: none"><li>• Key users of the financial statements and audit methodology</li></ul>
Lower Specific Materiality for the Fund Account (excluding investments):	£6,400,000 (this represents 10% of gross expenditure)	<ul style="list-style-type: none"><li>• Key users of the financial statements and which performance measures that key stakeholders for the entity are interested in.</li></ul>



# 06 Progress against prior year audit recommendations

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# Progress against prior year audit recommendations

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

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

# Progress against prior year audit recommendations

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

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# 07 IT audit strategy

# IT audit strategy

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

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

application	Audit area	Planned level IT audit assessment
Oracle Cloud	Financial reporting	<ul style="list-style-type: none"><li>ITGC assessment (design, implementation and operating effectiveness)</li><li>Application controls assessment)</li></ul>
Sivica - Pensions Admin System	Fund Information	<ul style="list-style-type: none"><li>ITGC assessment (design and implementation effectiveness only)</li></ul>

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# 09 Logistics

# Logistics

## The audit timeline

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# Our team and communications

## Grant Thornton core team

**Matt Dean**  
Engagement Lead/  
Key Audit Partner

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

**Asad Khan**  
Audit Manager

- Audit planning
- Resource management
- Performance management reporting

**Tamara Dolidze**  
Audit Senior / In-charge

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

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"><li>• Annual client service review</li></ul>	<ul style="list-style-type: none"><li>• The Audit Plan</li><li>• Audit Progress and Sector Update Reports</li><li>• The Audit Findings Report</li></ul>	<ul style="list-style-type: none"><li>• Audit planning meetings</li><li>• Audit clearance meetings</li><li>• Communication of issues log</li></ul>	<ul style="list-style-type: none"><li>• Technical updates</li></ul>
Informal communications	<ul style="list-style-type: none"><li>• Open channel for discussion</li></ul>		<ul style="list-style-type: none"><li>• Communication of audit issues as they arise</li></ul>	<ul style="list-style-type: none"><li>• Notification of up-coming issues</li></ul>

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

# 10 Fees and related matters

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# Our fee estimate

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

### Relevant professional standards

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

### PSAA

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

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

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

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

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

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

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

### Updated Auditing Standards

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

### Our fee estimate:

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

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

### Previous year

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

# 11 Independence considerations

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# Independence considerations

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

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

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

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

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

# **12** **Communication of audit matters with those charged with governance**

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# Communication of audit matters with those charged with governance

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

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

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

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

## Respective responsibilities

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

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

# 13 Delivering audit quality

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# Delivering audit quality

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## Our quality strategy

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

### Creating the right environment

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

### Building our talent, technology and infrastructure

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

### Working with premium clients

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

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

## How our strategy differentiates our service

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

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

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

## The right people at the right time

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

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

## Digital differentiation

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

## Oversight and control

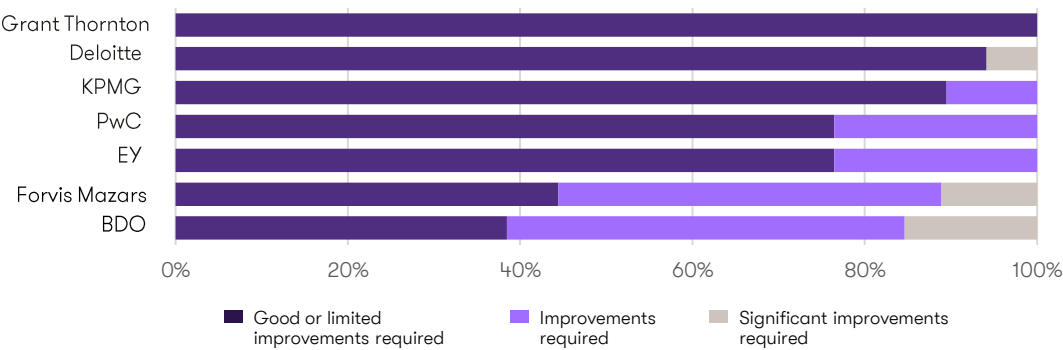
Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the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

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

Wendy Russell  
Partner, UK Head of Audit



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



# 14 Appendices

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# Escalation Policy



## The Backstop

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

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

## Escalation Process

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

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

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

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

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

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

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

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

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

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

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

## Aim

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

# IFRS reporters New or revised accounting standards that are in effect

## First time adoption of IFRS 16

Lease liability in a sale and leaseback

- IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.
- This year will be the first year IFRS 16 is adopted fully within Local Government. It is not expected to have a significant impact on pension fund accounts and auditors.

## IAS 1 amendments

Non-current liabilities with covenants

- These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

## Amendment to IAS 7 and IFRS 7

Supplier finance arrangements

- These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

# IFRS reporters Future financial reporting changes

## IFRS reporters future financial reporting changes

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

## Amendments to IAS 21 – Lack of exchangeability

Page 432  
IAS 21 has been amended by the IASB to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are expected to be adopted by the Code from 1 April 2025.

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

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

## IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

## IFRS 18 Presentation and Disclosure in the Financial Statements

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

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

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

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

# The Grant Thornton Digital Audit – Inflo

## A suite of tools utilised throughout the audit process

### 01 Collaborate

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

#### What you'll see

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

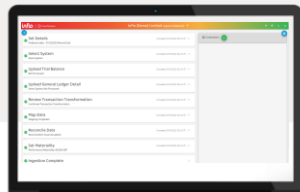


### 02 Ingest

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

#### What you'll see

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

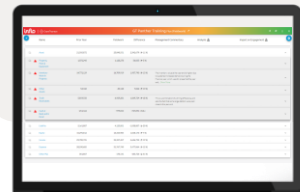


### 03 Detect

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

#### What you'll see


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





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	<b>Brent Pension Fund Sub-Committee</b> 24 June 2025
	<b>Report from the Corporate Director of Finance and Resources</b>
	<b>Lead Member – Deputy Leader &amp; Cabinet Member for Finance &amp; Resources</b> <b>(Councillor Mili Patel)</b>
<b>LAPFF Engagement Report</b>	

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

## 1.0 Executive Summary

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

demonstrates its commitment to Responsible Investment and engagement to achieve its objectives.

## **2.0 Recommendation(s)**

- 2.1 The Committee is recommended to note this report.

## **3.0 Detail**

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

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

## **4.0 Background to LAPFF**

- 4.1 LAPFF (the Local Authority Pension Fund Forum) has 87 members, 7 pools and combined assets exceeding £350bn. With investments widespread in many sectors, LAPFF's aim is to act together with the majority of the UK's local authority pension funds and pool companies to promote the highest standards of corporate governance in order to protect the long-term value of local authority pension funds.
- 4.2 Leading the way on issues such as campaigns against excessive executive pay, environmental and human rights campaign, reliable accounting and a just transition to a net zero economy, the Forum engages directly with company chairs and boards to affect change at investee companies. LAPFF engages with companies and its stakeholders, such as employees and local communities, to understand their views on a company's behaviour and risks. Some issues extend beyond the behaviour of individual companies to the way markets function. The engagement is member led and on behalf of the Brent Pension Fund and other local authorities, LAPFF are able to challenge regulators and deliver reforms that advance corporate responsibility and responsible investment.
- 4.3 In October 2019, the Pension Fund Sub-committee approved Brent Pension Fund's membership into LAPFF. Members of the Pension Sub-committee are welcome to attend meetings of the Forum. As a member of LAPFF, Brent Pension Fund are entitled to contribute to and participate in the work plan organised by the Forum around issues of common concern.
- 4.4 Collaboration with other investors has the potential to strengthening the voice of Pension Funds, influence major companies on key ESG issues and help drive real-world change. Examples of the work carried out by LAPFF are provided below and in previous engagement reports to the committee. Individual funds, like Brent, engaging with companies on their own are unlikely to much of an impact and the Fund would require significant resources to do so

effectively. Therefore, membership of collaboration groups such as LAPFF is considered to be more efficient whilst also likely to have greater impact.

## **5.0 Engagements Conducted by LAPFF**

- 5.1 The LAPFF policy on confidentiality requires that all company correspondence (letters and meeting notes) remain confidential; however, LAPFF produce a Quarterly Engagement report to give an overview of the work undertaken. A summary of key engagement work has been provided in this report. The full report is attached in Appendix 1 (for March 2025) and highlights the achievements during the relevant period.

### **Water Stewardship**

- 5.2 The United Nations warns of a 40% global water shortfall by 2030 if current consumption trends continue. With freshwater consumption outpacing replenishment rates, it is becoming increasingly difficult to meet water needs and achieve the United Nations' Sustainable Development Goal for Water (SDG 6).
- 5.3 LAPFF engages with investee companies, including those in the mining sector, to address critical water-related risks. As water scarcity becomes an increasing threat, LAPFF advocates for companies to develop holistic water stewardship strategies that ensure responsible water use, protect ecosystems, and mitigate environmental risks associated with water shortages.
- 5.4 In one such engagement, LAPFF held its first meeting with Australian mining company Fortescue Metals Group in Q1, focusing on water management. The meeting provided a valuable opportunity to establish dialogue with the company and gain insight into its approach to water stewardship. Fortescue Metals outlined ongoing internal water assessments at its Pilbara mining sites in Western Australia, including the Western, Chichester, and Solomon hubs, reporting that its water targets for these sites are either met or in progress, with full achievement expected by 2025. LAPFF will continue to monitor these targets and seek access to relevant data and methodologies used in the assessments going forward.
- 5.5 The discussion also addressed challenges at Fortescue's Iron Bridge magnetite mining site, where leaking pipes have resulted in loss of water resource and delayed production progress. The company indicated that pipe issues are being resolved, through water flow adaptations rather than pipe replacement, allowing production to ramp up.
- 5.6 Through ongoing engagement and dialogue with companies, participation in initiatives such as the VWFI, and continuous monitoring of corporate progress, LAPFF remains committed to advocating for more robust, measurable, and equitable water management practices across high-impact sectors.

## **Banking & Financing Fossil Fuels**

- 5.7 LAPFF continues to engage with the banking sector, recognising its pivotal role in financing the transition to a decarbonised economy, with a particular focus on energy supply. The objective of LAPFFs engagements in this sector is to accelerate the transition to zero-carbon energy sources, in alignment with global climate change mitigation goals and the COP 2023 focus on phasing out fossil fuels. LAPFF aims to encourage the diversion of capital away from new fossil fuel extraction and promote the rapid expansion of clean energy. LAPFF's engagement with the banking sector aims to ensure that financiers integrate climate and transition factors into their lending practices, particularly when financing fossil fuel producers and low-carbon alternatives, and in doing so, supporting the broader shift to sustainable energy.
- 5.8 LAPFF engaged with NatWest with a focus on the bank's financing of the fossil fuel industry, particularly its approach to defining "credible transition plans." This issue has been under intense media scrutiny due to NatWest's continued financing of oil and gas giant BP, this despite BP's rollback on climate commitments described earlier in this report and NatWest having a policy in place which supposedly limits the provision of services to companies which do have a credible transition plan in place.
- 5.9 While NatWest reaffirmed its commitment to aligning its financing decisions with climate goals, particularly in the oil and gas sector, the meeting highlighted some potential concerns in its approach. When pressed on the matter, NatWest acknowledged the complexities of defining a 'credible transition plan' and noted the difficulty in determining appropriate plans for companies at different stages of their transition journey, particularly as these plans tend to evolve over time
- 5.10 NatWest's emphasis on transparency and open dialogue with LAPFF is welcomed, but its overall strategy remains under scrutiny. LAPFF will continue to monitor the bank's progress to ensure that its actions align with its stated climate goals.

## **Governance**

- 5.11 LAPFF believes UK board structures should align with the principles of the UK Corporate Governance Code. This includes ensuring a balanced mix of executive and non-executive directors with diverse experience who can act independently and hold management accountable. A careful balance in the composition of the board is crucial, as boards with an overrepresentation of executives may dilute the influence of independent directors.
- 5.12 LAPFF revisited governance concerns in a follow up meeting with Vistry Group, following a September 2024 discussion on decarbonisation. This meeting primarily focused on the company's dual CEO and Chair role, held by Greg Fitzgerald since 2024.

- 5.13 While Vistry defended the structure, pointing to shareholder support and internal governance processes, LAPFF expressed concerns about power concentration, the independence of non-executive directors, and long-term governance stability. LAPFF acknowledged that a significant portion of Vistry's shareholders are based in the US, where the dual CEO and Chair role is more common. However, the Forum emphasised that this structure does not align with best practices in the UK, where Vistry is headquartered.
- 5.14 LAPFF is committed to maintaining an ongoing dialogue with the company, and Vistry has welcomed further discussion as the governance structure evolves to ensure a balanced and accountable leadership framework.

## **Nature**

- 5.15 Since Nature Action 100 (NA100) published its benchmark in October 2024 LAPFF has worked within investor groups to refine the asks of companies. This follows a series of calls that largely set out investor expectations within NA100 and aimed to gain a better understanding of how companies were approaching nature risk. The investor group that LAPFF works within for Procter & Gamble (P&G) had met with the company once and sought a subsequent meeting with the company, focusing on the 'Assessment', 'Target Setting' and 'Governance' pillars.
- 5.16 P&G provided positive updates on its progress with the TNFD process, including working through the framework and refining its biodiversity disclosures. The company acknowledged transparency gaps in biodiversity impact assessments but highlighted commitments to align with TNFD by 2026. On deforestation, P&G outlined its approach, which includes third-party certification, satellite monitoring covering 98% of its palm oil supply, and a grievance mechanism for non-compliance.
- 5.17 LAPFF will continue to engage as part of the NA100 initiative and intends to advance discussions beyond the initial engagement phase, which was aimed at understanding corporate approaches to nature risk.

## **6.0 Stakeholder and ward member consultation and engagement**

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

## **7.0 Financial Considerations**

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

## **8.0 Legal Considerations**

- 8.1 There are no legal considerations arising out of this report.

## **9.0 Equality, Diversity & Inclusion (EDI) Considerations**

- 9.1 There are no equality considerations arising out of this report.

## **10.0 Climate Change and Environmental Considerations**

- 10.1 The Brent Pension Fund is committed to being a responsible investor, which involves engaging with and encouraging companies to take positive action on environmental, social and governance (ESG) issues.

## **11.0 Human Resources/Property Considerations (if appropriate)**

- 11.1 There are no HR or property considerations arising out this report.

## **12.0 Communication Considerations**

- 12.1 There are no communication considerations arising out of this report.

### **Report sign off:**

***Minesh Patel***

Corporate Director of Finance and Resources



Quarterly  
Engagement  
Report

January-March  
2025

Local  
Authority  
Pension  
Fund  
Forum

# Energy Suppliers, Housebuilders, Water Stewardship

## ENGAGEMENTS



### CLIMATE

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

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

#### Achieved:

#### Persimmon

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

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

carbon reporting and acknowledges the challenge of decarbonising materials like cement, though specific supplier commitments remain unclear.

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

#### Barratt Redrow

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

## ENGAGEMENTS

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

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

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

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

Similarly, Barratt Redrow is navigating complexities associated with its recent merger while maintaining its net-zero ambitions. The company is working

to align sustainability efforts across its newly combined operations and is actively engaging with suppliers to encourage industry wide commitments. However, challenges such as policy uncertainty, infrastructure limitations, and pricing pressures remain barriers to large-scale decarbonisation.

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

## ENERGY SUPPLIERS

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

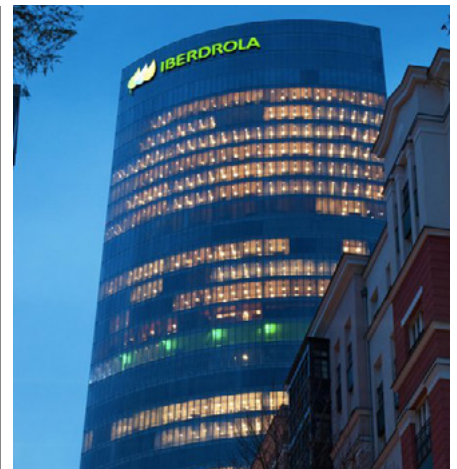
LAPFF will challenge ineffective transition plans, particularly from energy and oil & gas companies, and advocate for increased investment in renewables, energy storage, and grid modernisation to ensure a sustainable and affordable energy future.

**Achieved:**

### Iberdrola

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

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



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

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

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

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

# ENGAGEMENTS

## OIL & GAS

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

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

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

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

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

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

and going offline is.

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

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

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

### BP & Shell

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

During continued engagement with Shell and BP, LAPFF's approach has remained to test oil and gas companies beyond claims of decarbonisation based on existing business models to challenge the viability of the current business. This expectation, based on LAPFF policy, is that the demand for hydrocarbons will reduce in aggregate terms; and that demand will be met by lowest cost producers.

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

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

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

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

The same cannot be said for the oil

and gas sector, where investment in renewables means competing with itself – the fossil fuel business.

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

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

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

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

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

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

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

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

## ENGAGEMENTS



Grangemouth Petro Chemical Plant

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

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

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

That marks a U-turn from a target for a

25 per cent reduction in output to about 2 million barrels a day, compared with 2019 levels.

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

**In Progress Shell:** LAPFF continues to challenge whether Carbon Capture and Storage (CCS) can be made to work as a line of business, given that the costs involved make it a last resort if cheaper substitute energy sources are not possible.

Developments in aviation fuels and biofuels need to be examined in more detail, particularly as the mode of synthetic aviation fuel Shell refers to is to take CO<sub>2</sub> resulting from combustion by carbon capture from elsewhere and converting it – by an energy intensive

process – into a hydrocarbon. LAPFF's view is that is merely using the same emission twice, whilst still resulting in emissions is not a meaningful contribution to net zero.

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

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

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

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

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

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

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

## BANKS - FINANCING THE FOSSIL FUEL SECTOR

### NatWest

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

LAPFF aims to encourage the diversion of capital away from new fossil fuel

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

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

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

Despite these challenges, NatWest emphasised its commitment to responsible financing and sustainability, particularly in ending harmful activities, fostering strong partnerships, and improving internal operations. The bank has exceeded its 2025 carbon reduction target ahead of schedule and has set an ambitious new goal of achieving a 70%

reduction in emissions by 2030. NatWest also reaffirmed its commitment to supporting small and medium-sized enterprises (SMEs) in their transition efforts, recognising that these businesses often require more tailored support, which the bank is committed to providing.

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

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

## ENVIRONMENTAL

### Water Stewardship

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

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

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

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

### Achieved:

#### Fortescue Metals Group

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

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

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



Graphite mine near the Andasibe-Mantadia National Park, Madagascar

#### Rio Tinto

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

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

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

## ENGAGEMENTS

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

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

### Valuing Water Finance Initiative (VWFI)

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

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

interventions, while noting that some details remain confidential due to competitive sensitivity.

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

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

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

## NATURE

### Procter & Gamble – NA100

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

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

**Achieved:** There were positive updates from P&G noting its progress with the TNFD process, including working through the framework and refining its

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

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

### Nestlé Chair's Roundtable

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

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

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

## ENGAGEMENT



Laurent Freixe, CEO of Nestlé

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

## SOCIAL FACTORS

### Conflict-Affected and High-Risk Areas

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

Standard human rights due diligence focuses on identifying, preventing,

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

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

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

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

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

#### Achieved:

### Occupied Palestinian Territories (Bank Leumi & Bezeq)

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

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

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

### FTSE100 Letter

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

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

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

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

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

### 2024 CAHRA Related Shareholder Resolutions

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

## ENGAGEMENT

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

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

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

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

Mondelez, Eli Lilly and Lockheed Martin have yet to respond

### Electric Vehicle Manufacturers

LAPFF has held engagements with global auto manufacturers on their electric vehicle (EV) battery supply chains since 2021, seeing positive outcomes at Mercedes, BMW, Ford, General Motors, and Renault. Whilst these companies are making notable progress, there are still a number of manufacturers that

are performing poorly in the context of managing human rights risks present in the critical mineral supply chain. In this quarter, LAPFF wrote to BYD, Toyota, Kia, Honda, Nissan, and Hyundai, seeking engagement on human rights considerations in the transition to electric vehicles. LAPFF has not yet received responses from these manufacturers and is in the process of considering escalation at the respective AGMs.

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

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

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

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

### Luxury Goods

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

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

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

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

## ENGAGEMENT

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

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

## GOVERNANCE

### Vistry

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

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

LAPFF met with Rob Woodward, Senior Independent Director, to better understand the rationale behind the leadership model and its impact on independent oversight. While Vistry defended the structure, pointing to shareholder

support and internal governance processes, LAPFF expressed concerns about power concentration, the independence of non-executive directors, and long-term governance stability. Currently, Vistry has no set timeline for any changes to the dual role. The discussion also addressed cultural and leadership challenges following recent restructuring. LAPFF acknowledged that a significant portion of Vistry's shareholders are based in the US, where the dual CEO and Chair role is more common. However, the Forum emphasised that this structure does not align with best practices in the UK, where Vistry is headquartered.

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

### London Stock Exchange Group

**Objective:** As has been noted in previous quarterly reports, LAPFF has been concerned about the weakening of standards relating to new entrants to the London listed companies' market, which has included, Aston Martin Lagonda, NMC Health, Finabl and Quindell, the former of which has lost >90% of its value since listing, the other three being 100% losses.

As noted before, the LAPFF Executive convened a 'Capital Markets Working Group' in the light of a recent concerted campaign by some interests to further weaken the standards of the listing regime. That campaign has included the Capital Markets Industry Taskforce, which is just that, it is a coalition of "fee earning" interests rather than shareholder interests, including issues of investor protection. It is chaired by the CEO of the London Stock Exchange.

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

One positive outcome from correspondence with the CMIT chair is that

there is a shared understanding regarding the fundamental challenge facing the London Stock Exchange. Some work has already been done on that by the LAPFF Executive Working Group.

**In Progress:** A meeting with the CMIT is pending.

## COLLABORATIVE ENGAGEMENTS

### Rathbones 'Votes Against Slavery'

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

### Nike Inc

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

# ENGAGEMENT

## PRI Vale and Anglo American

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

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

### Vale

LAPFF led the first quarterly PRI Advance Vale investor group catch-up of 2025, co-leading the initiative alongside Regia (which formed from a merger including JPG Asset Management who LAPFF has worked with previously). The meeting focused on developing the engagement

strategy for the year, continuing to emphasise employee and community feedback, grievance mechanisms, and governance, particularly around human rights. With Vale’s second Customer Perceptions Survey due to be published in Q1, the investor group plans to request access to the survey results and schedule a related meeting with the company.

### Anglo American

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

writing. The PRI group has submitted their questions and is awaiting the company’s response to determine next steps.

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

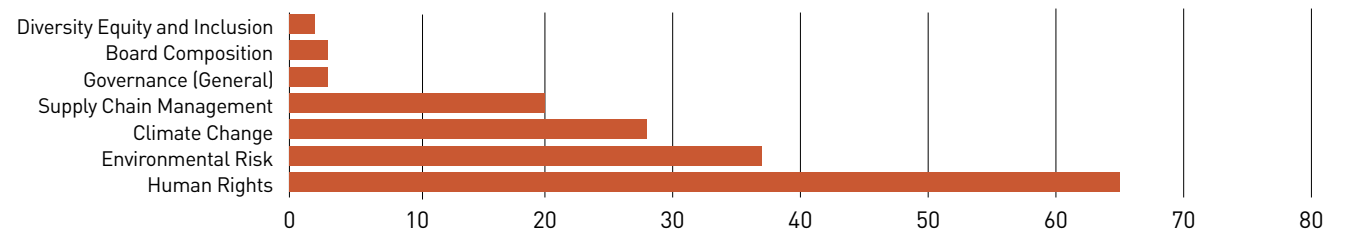
**In Progress:** LAPFF remains actively involved in the PRI Advance initiatives, with a continued focus on human rights issues within the mining sector. In 2025, the PRI Advance groups are aiming to facilitate engagement meetings with the companies, Vale and Anglo American. Additionally, LAPFF will maintain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

# COMPANY ENGAGEMENT TABLE

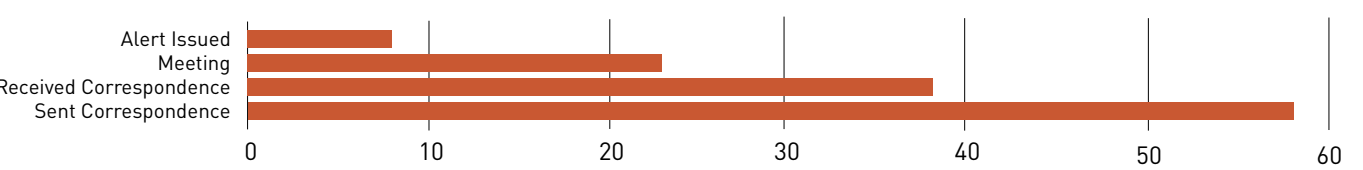
Company/Index	Activity	Topic	Outcome
FORTESCUE METALS GROUP	Meeting	Environmental Risk	Dialogue
BARRATT REDROW PLC	Meeting	Environmental Risk	Dialogue
PERSIMMON PLC	Meeting	Environmental Risk	Satisfactory Response
RIO TINTO GROUP (AUS)	Meeting	Climate Change	No Improvement
NESTLE SA	Meeting	Board Composition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

# ENGAGEMENT DATA

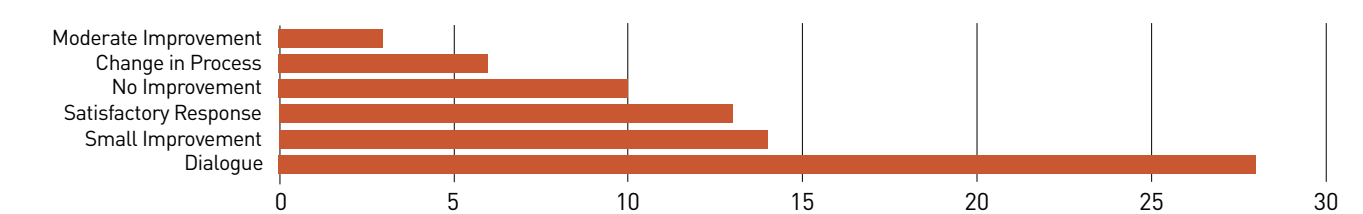
## ENGAGEMENT TOPICS



## ACTIVITY

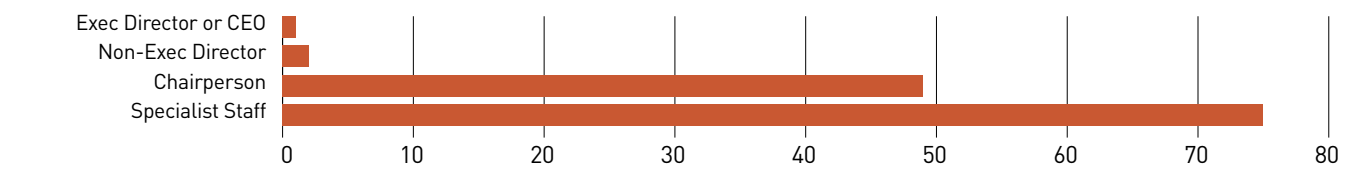


## MEETING ENGAGEMENT OUTCOMES\*

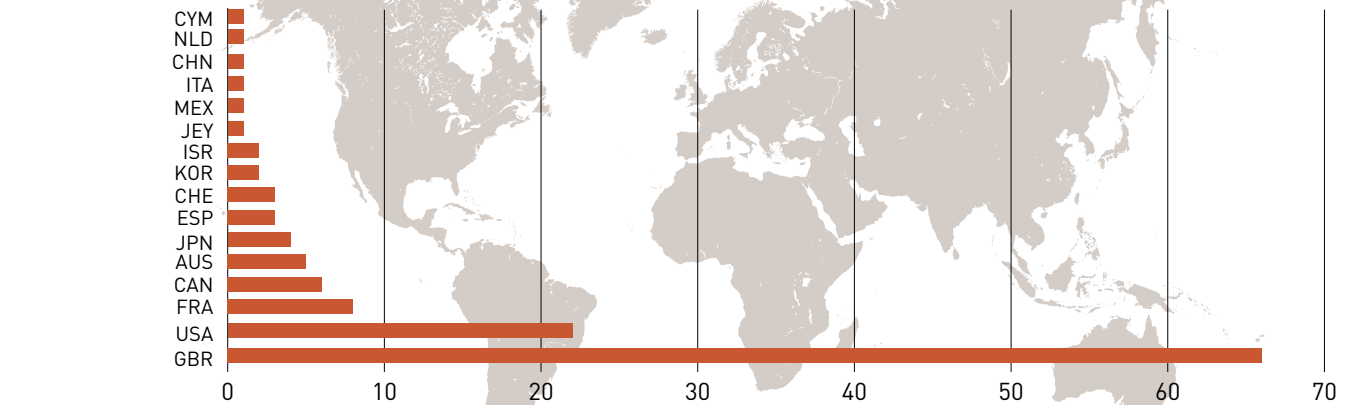


\*Outcomes data is taken from 'Meetings', 'AGMs' and 'Received Correspondence' only

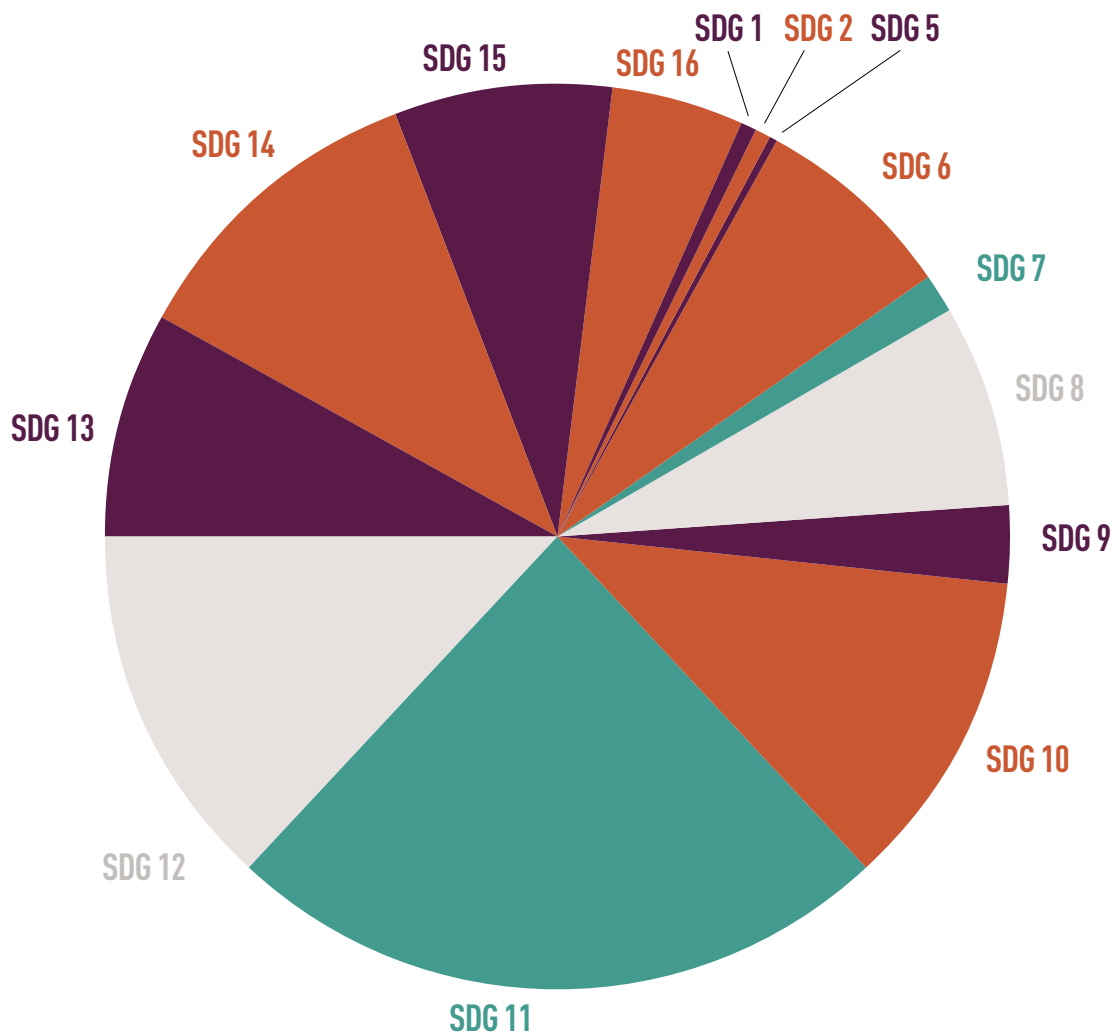
## POSITION ENGAGED



## COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	2
SDG 2: Zero Hunger	1
SDG 3: Good Health and Well-Being	0
SDG 4: Quality Education	0
SDG 5: Gender Equality	1
SDG 6: Clean Water and Sanitation	19
SDG 7: Affordable and Clean Energy	3
SDG 8: Decent Work and Economic Growth	19
SDG 9: Industry, Innovation, and Infrastructure	7
SDG 10: Reduced Inequalities	30
SDG 11: Sustainable Cities and Communities	62
SDG12: Responsible Production and Consumption	34
SDG 13: Climate Action	21
SDG 14: Life Below Water	29
SDG 15: Life on Land	20
SDG 16: Peace, Justice, and Strong Institutions	12
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

## LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund  
Barking and Dagenham Pension Fund  
Barnet Pension Fund  
Bedfordshire Pension Fund  
Berkshire Pension Fund  
Bexley (London Borough of)  
Brent (London Borough of)  
Cambridgeshire Pension Fund  
Camden Pension Fund  
Cardiff & Glamorgan Pension Fund  
Cheshire Pension Fund  
City of London Corporation Pension Fund  
Clwyd Pension Fund (Flintshire CC)  
Cornwall Pension Fund  
Croydon Pension Fund  
Cumbria Pension Fund  
Derbyshire Pension Fund  
Devon Pension Fund  
Dorset Pension Fund  
Durham Pension Fund  
Dyfed Pension Fund  
Ealing Pension Fund  
East Riding Pension Fund  
East Sussex Pension Fund  
Enfield Pension Fund  
Environment Agency Pension Fund  
Essex Pension Fund  
Falkirk Pension Fund  
Gloucestershire Pension Fund  
Greater Gwent Pension Fund  
Greater Manchester Pension Fund  
Greenwich Pension Fund  
Gwynedd Pension Fund


Hackney Pension Fund  
Hammersmith and Fulham Pension Fund  
Haringey Pension Fund  
Harrow Pension Fund  
Havering Pension Fund  
Hertfordshire Pension Fund  
Hillingdon Pension Fund  
Hounslow Pension Fund  
Isle of Wight Pension Fund  
Islington Pension Fund  
Kensington and Chelsea (Royal Borough of)  
Kent Pension Fund  
Kingston upon Thames Pension Fund  
Lambeth Pension Fund  
Lancashire County Pension Fund  
Leicestershire Pension Fund  
Lewisham Pension Fund  
Lincolnshire Pension Fund  
London Pension Fund Authority  
Lothian Pension Fund  
Merseyside Pension Fund  
Merton Pension Fund  
Newham Pension Fund  
Norfolk Pension Fund  
North East Scotland Pension Fund  
North Yorkshire Pension Fund  
Northamptonshire Pension Fund  
Nottinghamshire Pension Fund  
Oxfordshire Pension Fund  
Powys Pension Fund  
Redbridge Pension Fund  
Rhondda Cynon Taf Pension Fund  
Scottish Borders Pension Fund

Shropshire Pension Fund  
Somerset Pension Fund  
South Yorkshire Pension Authority  
Southwark Pension Fund  
Staffordshire Pension Fund  
Strathclyde Pension Fund  
Suffolk Pension Fund  
Surrey Pension Fund  
Sutton Pension Fund  
Swansea Pension Fund  
Teesside Pension Fund  
Tower Hamlets Pension Fund  
Tyne and Wear Pension Fund  
Waltham Forest Pension Fund  
Wandsworth Borough Council Pension Fund  
Warwickshire Pension Fund  
West Midlands Pension Fund  
West Yorkshire Pension Fund  
Westminster Pension Fund  
Wiltshire Pension Fund  
Worcestershire Pension Fund

### Pool Company Members

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

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 <b>Brent</b>	<b>Brent Pension Fund Sub-Committee</b> 24 June 2025
	<b>Report from the Corporate Director, Finance and Resources</b>
	<b>Lead Member – Deputy Leader &amp; Cabinet Member for Finance &amp; Resources</b> <b>(Councillor Mili Patel)</b>
<b>2025 Triennial Valuation and Actuarial Assumptions</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Part Exempt – Appendix 2 is not for publication as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: “Information relating to the financial or business affairs of any particular person (including the authority holding that information)”
<b>List of Appendices:</b>	Two: Appendix 1: Assumption setting for the 2025 valuation (Summary) Appendix 2: (exempt) Advice on assumptions
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Minesh Patel, Corporate Director, Finance and Resources 020 8937 4043 <a href="mailto:minesh.patel@brent.gov.uk">minesh.patel@brent.gov.uk</a>  Amanda Healy, Deputy Director Investment & Infrastructure 020 8937 5912 <a href="mailto:amanda.healy@brent.gov.uk">amanda.healy@brent.gov.uk</a>  Sawan Shah, Head of Finance 020 8937 1955 <a href="mailto:sawan.shah@brent.gov.uk">sawan.shah@brent.gov.uk</a>

## **1.0 Executive Summary**

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

## **2.0 Recommendation(s)**

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

## **3.0 Detail**

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

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

### **3.2 Background**

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

- 3.2.2 Its purpose is to:

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **4.0 Stakeholder and ward member consultation and engagement**

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

## **5.0 Financial Considerations**

5.1 These are discussed throughout the report.

## **6.0 Legal Considerations**

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

## **7.0 Equity, Diversity & Inclusion (EDI) Considerations**

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

## **8.0 Climate Change and Environmental Considerations**

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

## **9.0 Human Resources/Property Considerations (if appropriate)**

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

## **10.0 Communication Considerations**

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

### **Report sign off:**

***Minesh Patel***

Corporate Director, Finance and Resources

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# Brent Pension Fund

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## **Assumption setting for the 2025 valuation**

Pensions Sub-Committee

Craig Alexander, Partner and Fund Actuary  
24 June 2025

# Today's session

## The valuation assumptions

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

Questions and comments welcome throughout

# The valuation assumptions

# Why we need assumptions

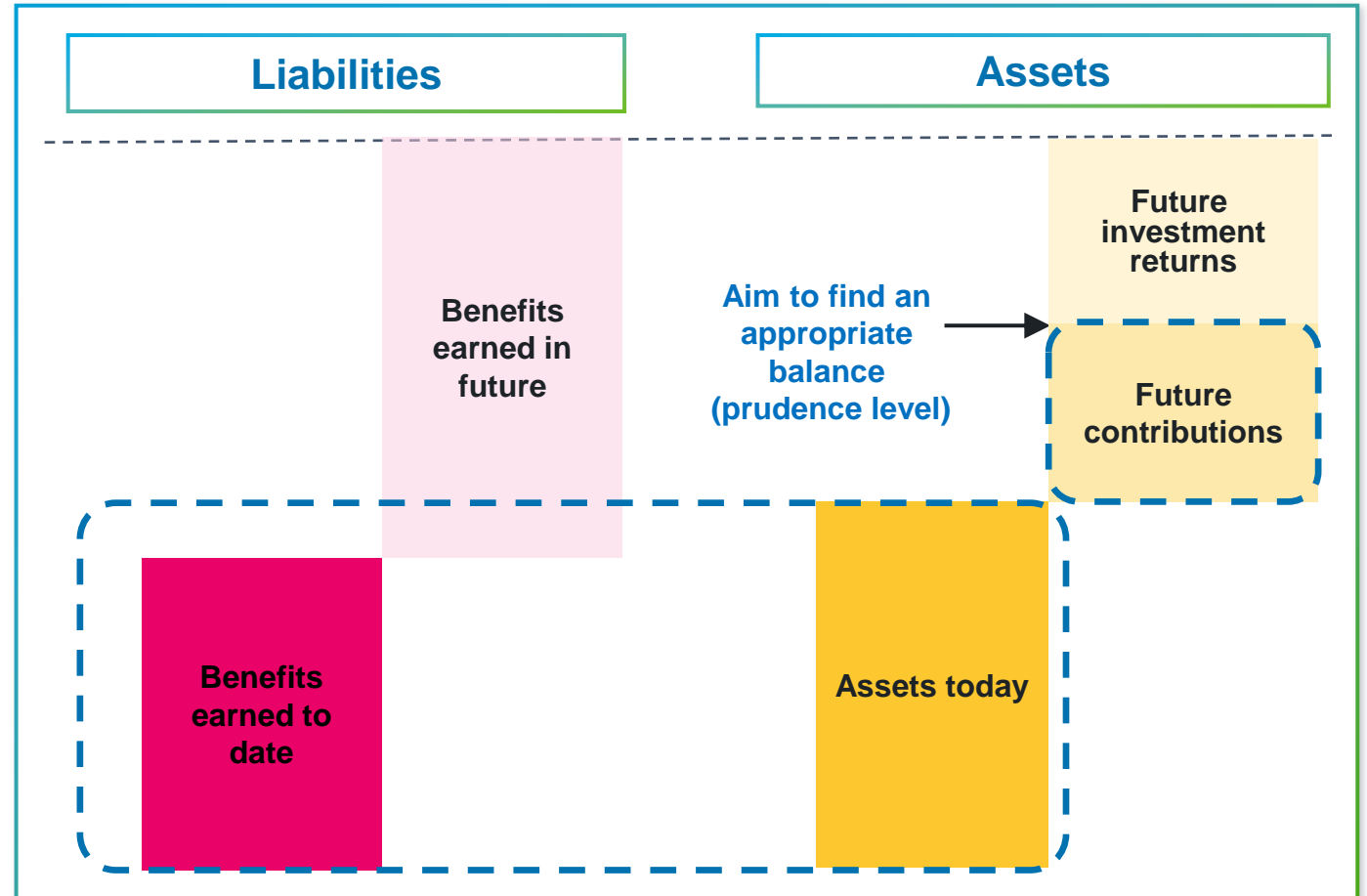
Required for key valuation outputs:

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

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

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

[ ] = key valuation outputs



# Which assumptions matter the most

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

High  
Impact  
Low

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

**Focus time and effort on assumptions that matter the most**

# Assumption setting 'rules'



Set by the Fund Actuary through discussions with Officers and Sub-Committee



Reflect the specific characteristics of the Fund (where practical) and the timeframe of the liabilities i.e. very long-term view



LGPS guidance requires funds to adopt prudent assumptions



Margin of prudence adopted in the future investment return (discount rate) assumption



All other assumptions are best estimate

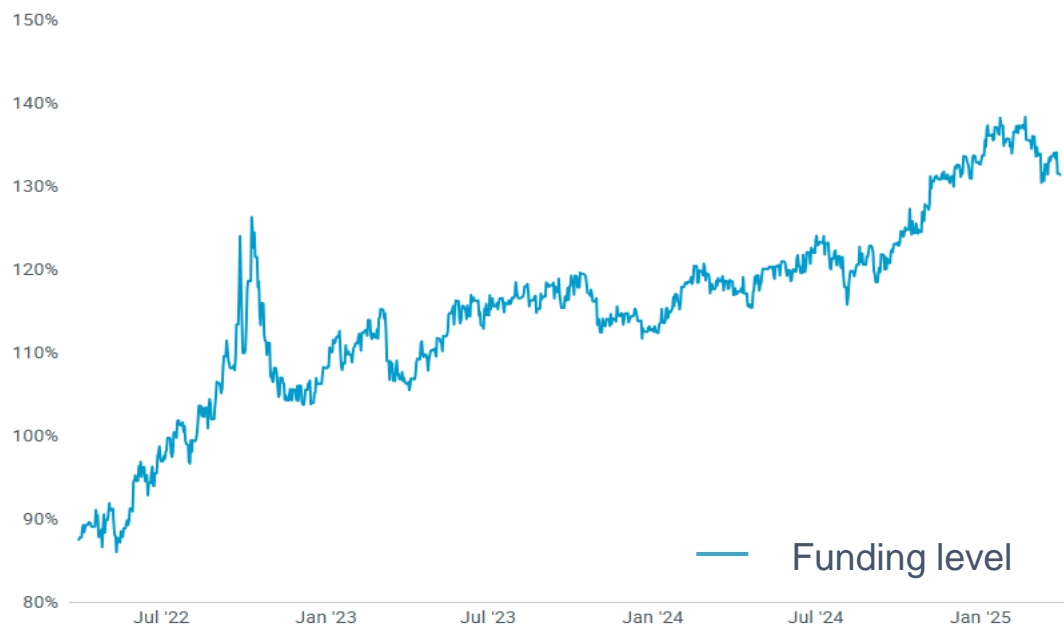


Starting point is current assumptions, then consider any relevant changes

**Evolution from 2022, not a revolution**

# What has happened since 2022 valuation?

## Funding progression since 2022 valuation



## General insights



Whole Fund funding position has improved since 2022



Assets returns have been positive



Rising interest rates & high inflation



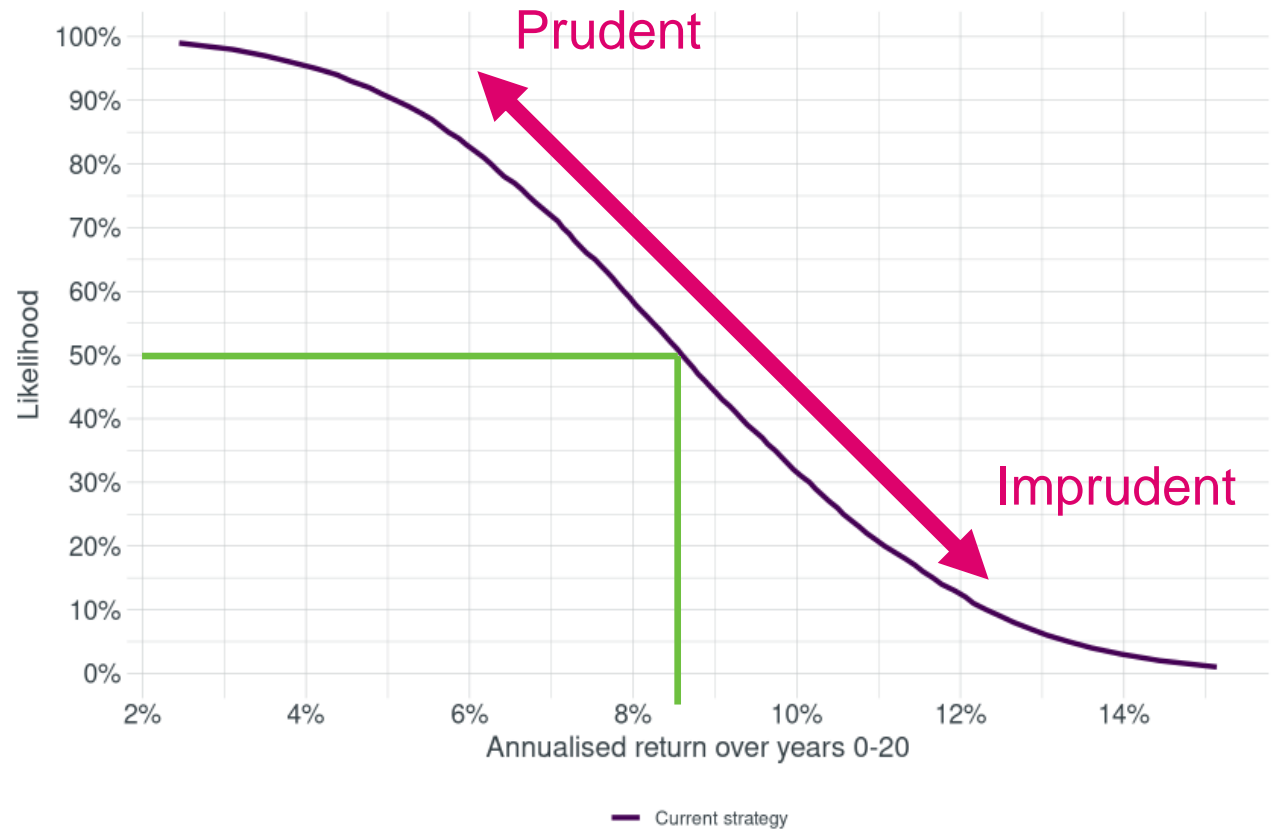
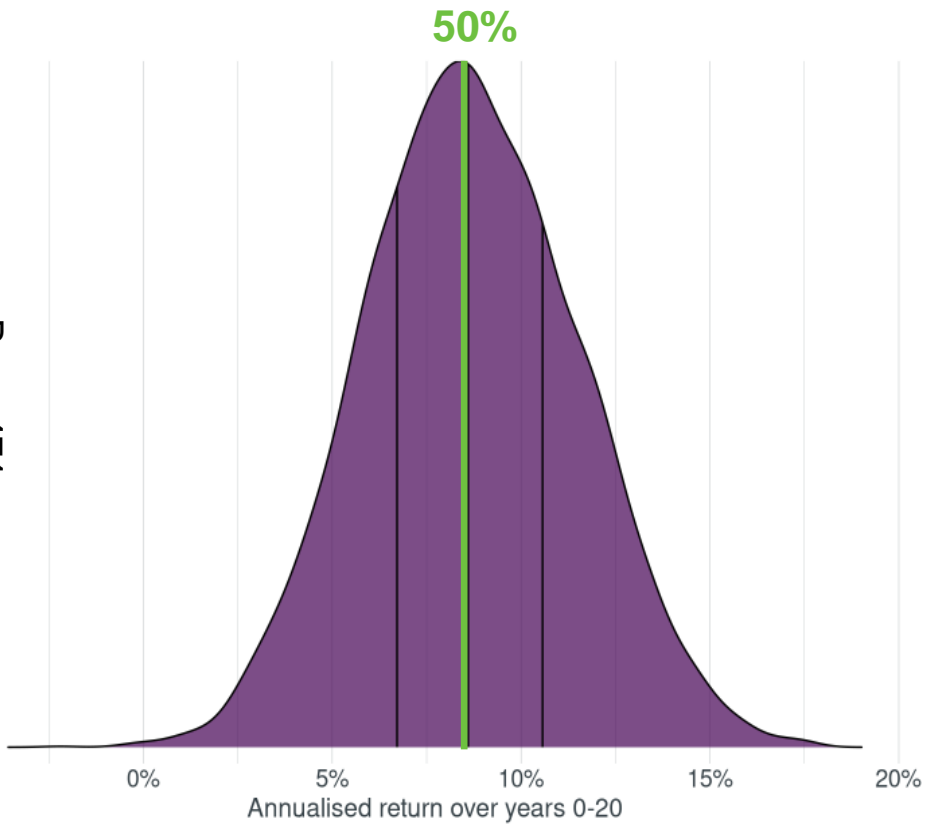
Higher expected future return on the Fund's assets

**2025 valuation will reflect actual experience since 31 March 2022**

# Financial assumptions

# How much prudence is appropriate?

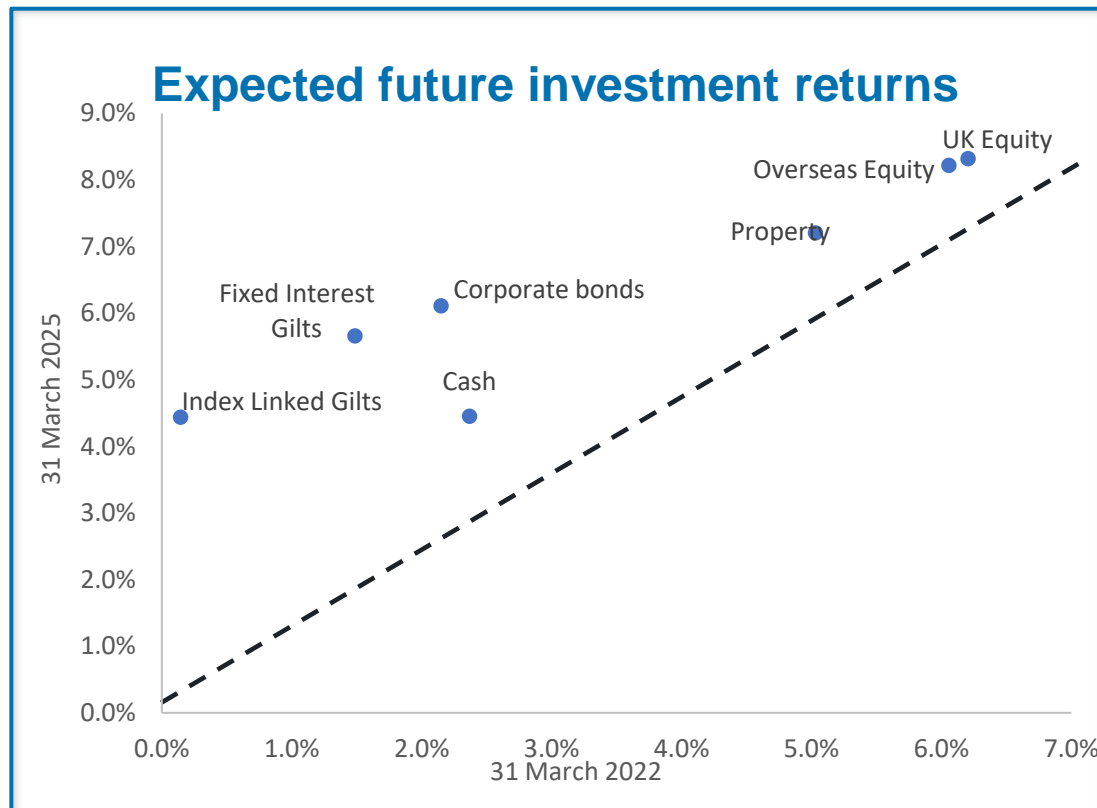
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Choosing the level of prudence is a subjective decision

# Future investment returns (discount rate)

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

**Recommendation:** Increase prudence level from 73% to 80%

# Benefit and salary increases

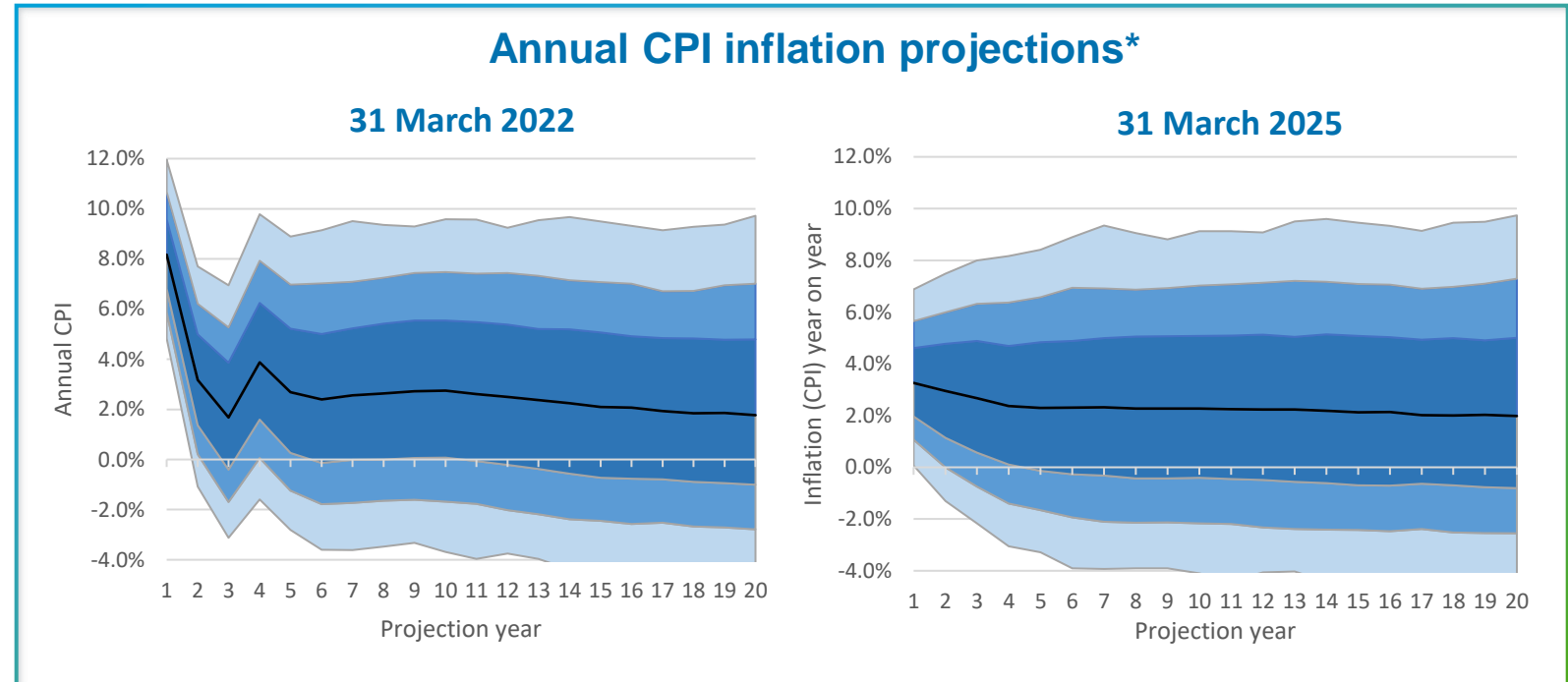
## Benefit increases

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

## Salary increases

Inflationary salary increases set at  $\text{CPI} + 0.3\%$ :

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



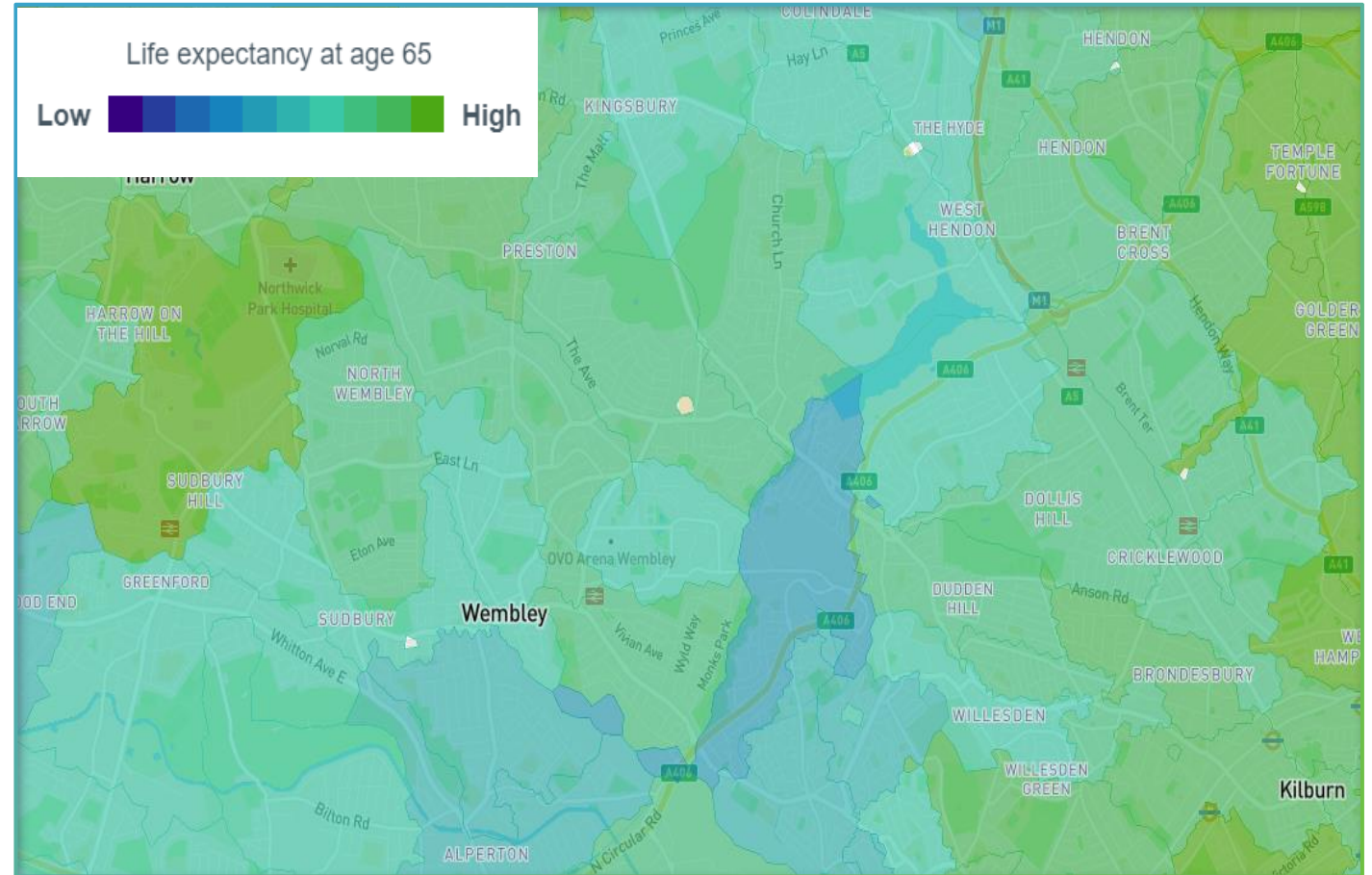
Average\* level of future inflation at 31 March 2025 = **2.3% pa (vs 2.7% pa at March 2022)**

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

# Longevity assumptions

# Baseline assumption

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



**Recommendation:** Continue to use tailored Club Vita assumptions

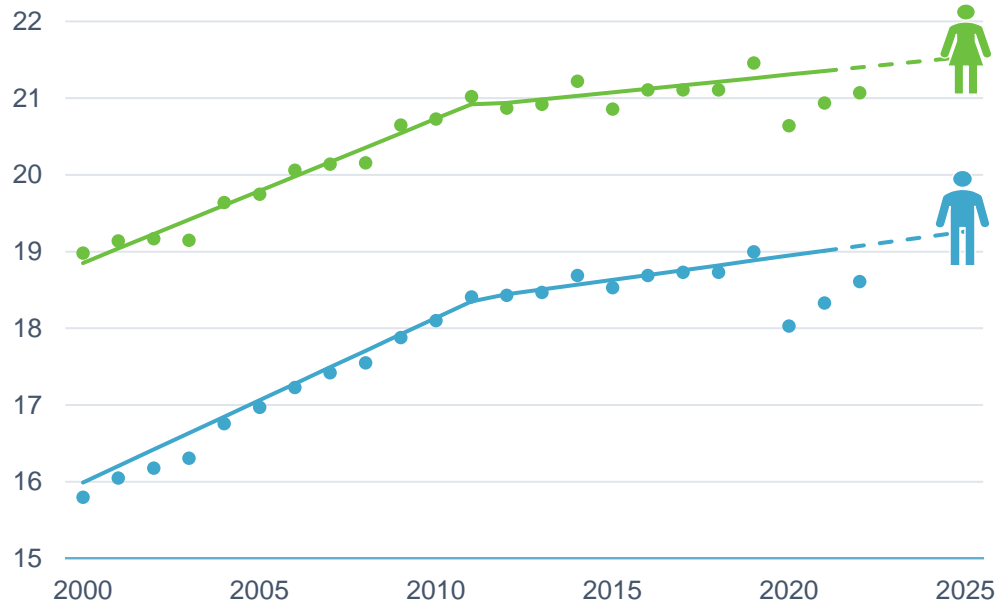
# Life expectancy in Glasgow



# Future improvements – recent experience

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Period Life Expectancies from 65 in England & Wales



The world does not stand still, including life expectancy



Need to allow for future improvements in life expectancy



Improvements will be driven by medical advances, lifestyle behaviours and other external factors



Will require subjective decision making

**Recommendation:** Adopt overall Club Vita LGPS future improvement assumption

# Other demographic assumptions

# Other demographic assumptions

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Withdrawal

Ill-health retirements

Promotional salary scale

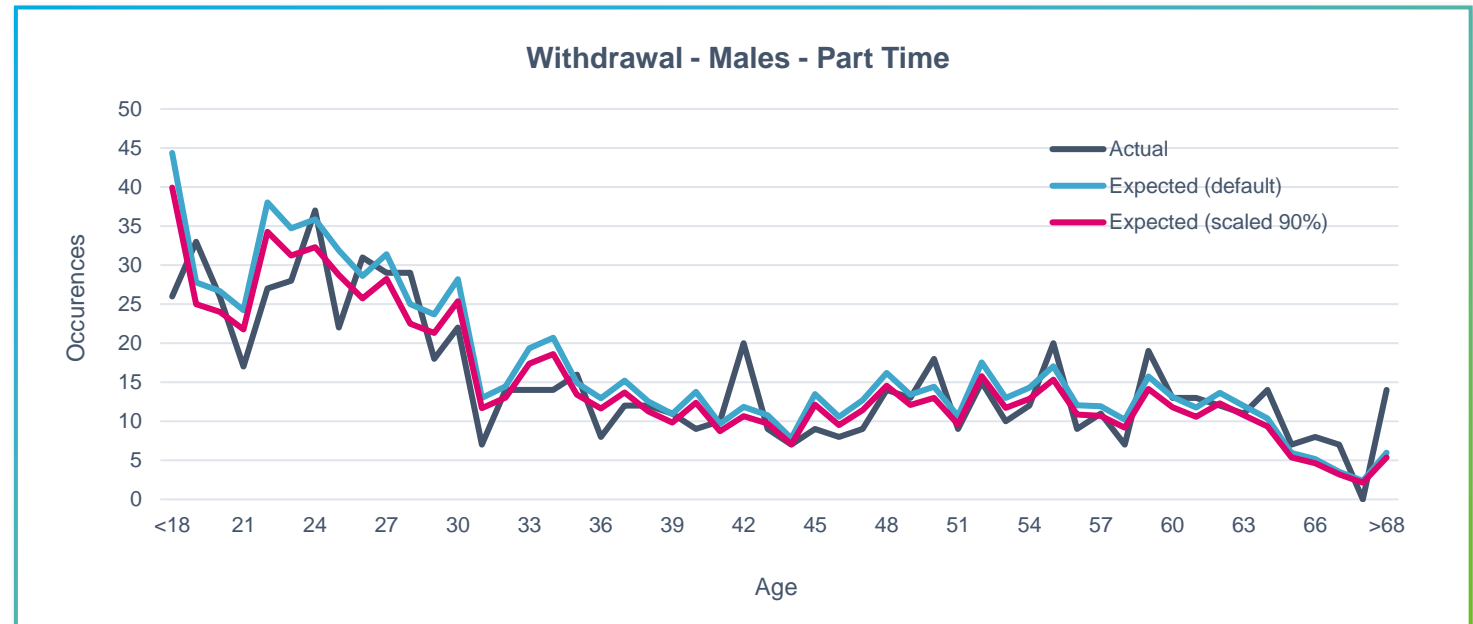
Death before retirement

50:50 option take-up

Retirement age

Cash commutation

**Use analysis of Fund's actual membership experience.**



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

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

# Recommended assumptions

## Assumptions to be approved

Assumption	2022 valuation assumption	Proposed 2025 valuation assumption
Discount rate (level of prudence)	73% LoS prudence level	80% LoS prudence level Reflects increased market/economic uncertainty
Ongoing basis funding level discount rate	4.3% p.a.	6.0% p.a.,
CPI inflation (Benefit increases and CARE revaluation)	Based on Hymans' ESS model, reflecting market expectations Median CPI expectation of 2.7% pa	Based on Hymans' ESS model, reflecting market expectations Median CPI expectation of 2.3% pa
Salary increases	CPI + 0.3%	CPI + 0.3%
Baseline longevity	Latest Club Vita tables	Latest Club Vita tables
Future improvements in longevity	<ul style="list-style-type: none"> <li>Use latest available CMI model</li> <li>Reflect Fund's membership characteristics</li> <li>Avoid recent Covid experience skewing projections</li> </ul>	<ul style="list-style-type: none"> <li>Use latest available CMI model</li> <li>Reflect Fund's membership characteristics</li> <li>Avoid recent Covid experience skewing projections</li> <li>Reflect Fund's beliefs about future longevity drivers</li> </ul>
Other demographic assumptions (excluding longevity)	<ul style="list-style-type: none"> <li><b>Withdrawals (excl. ill health)</b> – Hymans' default LGPS assumption</li> <li><b>Ill health early retirements</b> – Hymans' default LGPS assumption</li> <li><b>Promotional salary scale</b> – Hymans' default LGPS assumption</li> <li><b>Death in service</b> – Hymans' default LGPS assumption</li> <li><b>50:50 assumption</b> – 1.0% uptake</li> <li><b>Retirement age</b> – earliest age at which a member can retire with their benefits unreduced.</li> <li><b>Cash commutation</b> – 50% of the maximum tax-free amount.</li> <li><b>Members leaving dependants</b> – Hymans' default LGPS assumption</li> <li><b>Age difference with dependant</b> – Dependant is 3 years younger or older for males and females respectively</li> </ul>	<ul style="list-style-type: none"> <li><b>Withdrawals (excl. ill health)</b> – Hymans' default LGPS assumption is increased by 10% for full-time males and reduced by 20% for part-time males and females.</li> <li><b>Ill health early retirements</b> – Hymans' default LGPS assumption</li> <li><b>Promotional salary scale</b> – Hymans' default LGPS assumption</li> <li><b>Death in service</b> – Hymans' default LGPS assumption</li> <li><b>50:50 assumption</b> – 0% uptake</li> <li><b>Retirement age</b> – no change</li> <li><b>Cash commutation</b> – 80% of the maximum tax-free amount.</li> <li><b>Members leaving dependants</b> – Club Vita LGPS-wide analysis</li> <li><b>Age difference with dependant</b> – Club Vita LGPS-wide analysis (Dependant is 3.5 years younger for males and 0.6 years older for females)</li> </ul>

# Thank you

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