



Brent

Brent Pension Fund Sub-Committee

Thursday 9 July 2026 at 6.00 pm

Conference Hall, 3rd Floor – Brent Civic Centre, Engineers Way, Wembley, HA9 0FJ

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

The meeting will be open for the press and public to attend or alternatively can be followed via the live webcast. The link to follow proceedings via the live webcast is available [HERE](#)

Membership:

Members

Councillors:

Burn (Chair)
I.Ahmed
Anderson
Brown
Kansagra
HB Patel
Ryan

Substitute Members

Councillors

Agha, Bajwa, Choudry and Thomas

Councillors

Chowdhury and Rosario

Councillors

Lorber and Unger

Councillors

Gallagher and Perrin

Non Voting Co-opted Members

Elizabeth Bankole

Brent Unison representative

For further information contact: Harry Ellis, Governance Officer
Tel: 07394837462; Email: harry.ellis@brent.gov.uk

For electronic copies of minutes and agendas please visit:
[Council meetings and decision making | Brent Council](#)

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

or

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

- You yourself;

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

Agenda

Introductions, if appropriate.

Item	Page
1 Apologies for Absence and clarification of Alternative Members	
2 Declarations of Interests	
Members are invited to declare at this stage of the meeting, any relevant discloseable pecuniary or personal interests in any matter to be considered at this meeting.	
3 Minutes of the previous meeting	To Follow
To approve the minutes of the previous meeting held on Wednesday 18 February 2026 as a correct record.	
4 Matters arising	
To consider any matters arising from the minutes of the previous meeting.	
5 Deputations (if any)	
6 Investment Monitoring Report - Q1 2026	1 - 26
To receive the Brent Pension Fund Q1 2026 - 27 Investment Monitoring Update Report.	
7 Presentation from London CIV - An introduction	
To receive a presentation from the London CIV on local government pension developments.	

- 8 Draft Annual Accounts 2025/26** 27 - 94
- To receive the Draft Annual Accounts 2025/26 for review and noting by the Sub-committee.
- 9 Fit for the Future Update** 95 - 104
- This report provides and update on developments from the Government's Fit for the Future consultation with UK Local Authorities.
- 10 Brent Pension Fund - Training Strategy** 105 - 118
- This report provides an update on provision and member progress against of the LGPS online learning facility and future training strategy.
- 11 LAPFF Engagement Report** 119 - 140
- To present members with an update on engagement activity undertaken by the Local Authority Pension Fund Forum (LAPFF) on behalf of the Fund.
- 12 Minutes of Pension Board** To Follow
- To note the draft minutes of the Pension Board meeting held on Monday 23 March 2026.
- 13 Any other urgent business**
- Notice of items to be raised under this heading must be given in writing to the Deputy Director Democratic and Corporate Governance or their representative before the meeting in accordance with Standing Order 60.
- 14 Exclusion of Press and Public**
- The following item is not for publication as it relates to the category of exempt information set out below, as specified under Part 1, Schedule 12A of the Local Government Act 1972:

Agenda Item 6: Q1 2025-26 Investment Monitoring Report – Appendix 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)."

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

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

15 London CIV update

141 - 280

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

Date of the next meeting: Wednesday 7 October 2026

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London Borough of Brent Pension Fund

Page 1

Q1 2026 Investment Monitoring Report - Public

Kenneth Taylor, Senior Investment Consultant

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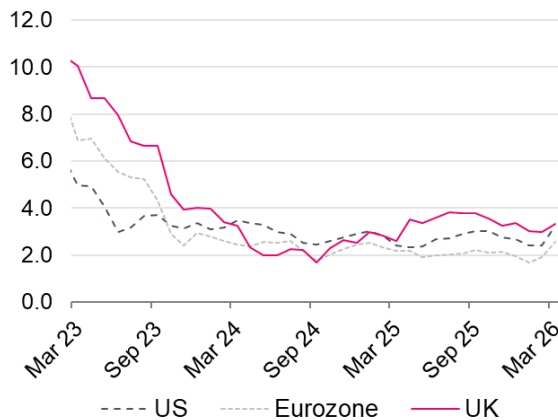
Market Background

Market update

Global growth lost momentum in the fourth quarter (Q4) but fared well in 2025 (expanding 2.8%), amid higher US tariffs and policy uncertainty. AI-related investment, fiscal support and monetary easing reinforce a reasonable global growth backdrop in 2026. However, supply-side risks from the US-Iran conflict add uncertainty.

Headline inflation was easing in 2026, before rising oil and gas prices derailed progress. Higher energy costs pushed US (3.3%), UK (3.3%) and eurozone (2.6%) inflation up in March.

Annual CPI Inflation (% year on year)

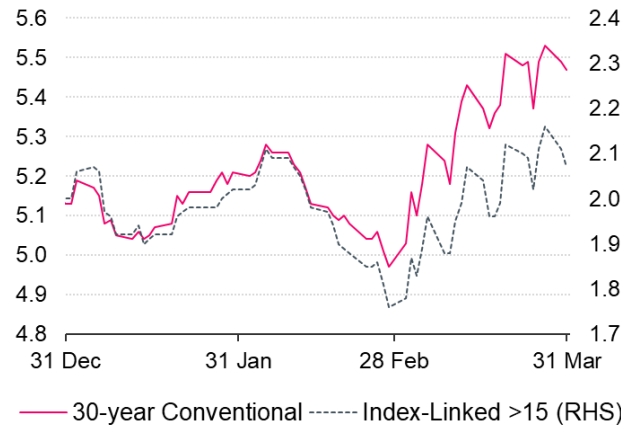


The closure of the Strait of Hormuz (a vital route for 20% of global energy trade) pushed Brent crude to \$118 per barrel, up 63.1% in March and 94.5% in first quarter (Q1). In Europe and Asia, gas prices jumped; UK spot prices are up 60% since the conflict began.

Energy-driven inflation concerns led US and UK markets to erase rate-cut expectations, instead pricing in possible near-term rate hikes. In the UK, two rate-cuts by end-February became two-rate hikes by end-March. In the eurozone, markets priced in a potential rate increase later this year.

Sovereign bond prices fell and yields rose across major advanced markets. Shorter-term yields rose the most, as markets priced in rate hikes. Bonds failed to diversify portfolios amid equity market weakness and inflation concerns.

Gilt yields chart (% p.a.)

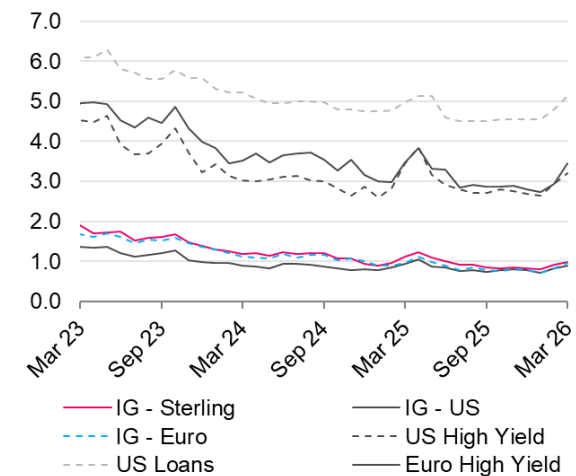


UK gilts underperformed major advanced sovereign bond markets in Q1. Ten-year nominal yields climbed to 0.7% pa (4.9% pa). Their real counterparts fell 0.3% pa, resulting in a 0.6% pa increase in 10-year implied inflation, to 3.6% pa. US 10-year Treasury yields rose 0.4% pa (4.3% pa); equivalent German and Japanese yields rose less.

Global investment-grade credit spreads rose 0.1% pa (0.9% pa); speculative-grade spreads widened by 0.5% pa (3.4% pa). Both remain below long-term averages.

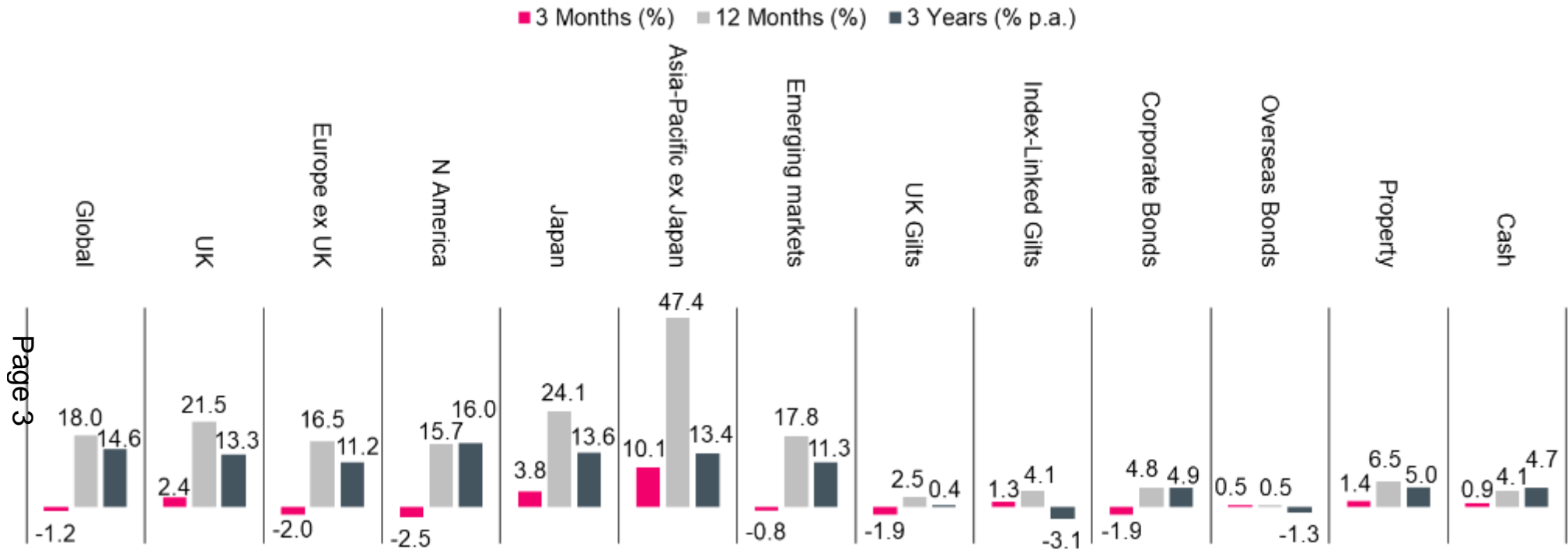
The US dollar, which has outperformed major peers since the conflict began, rose 1.1%. Yen (-1.1%), euro (-0.9%) and sterling (-0.7%) equivalents fell.

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



Market Background

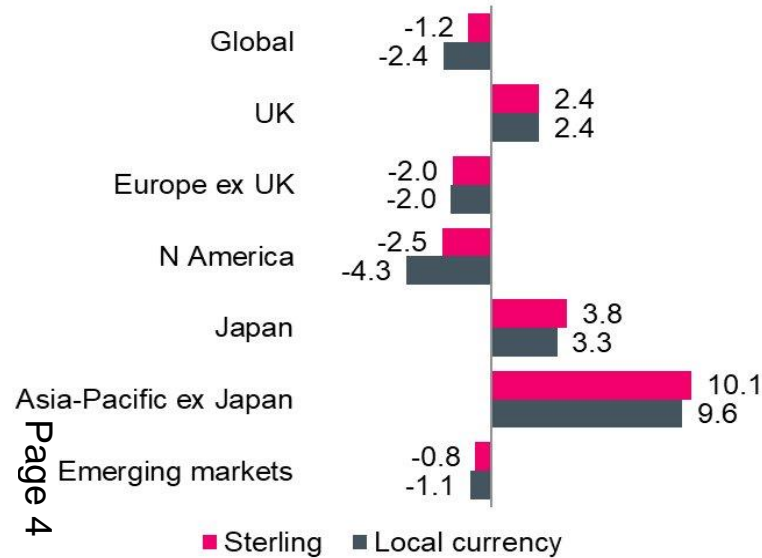
Historical returns for world markets



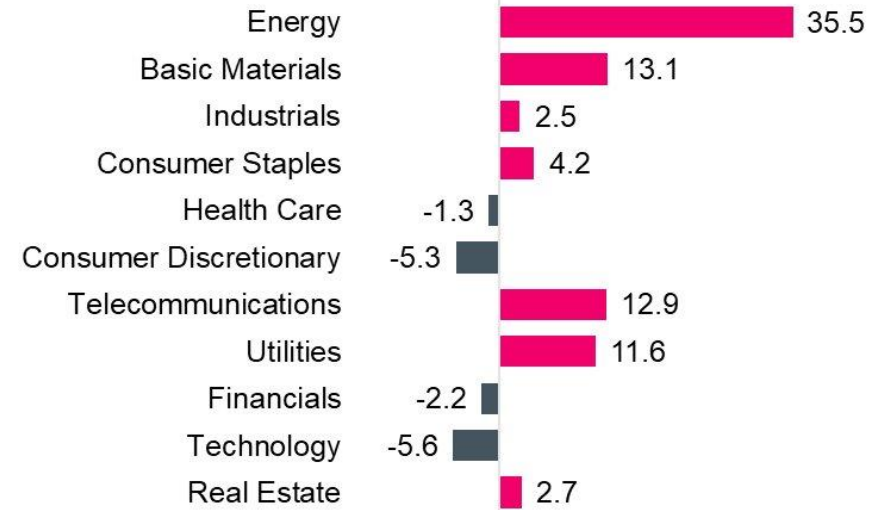
Data source: LSEG DataStream. Returns shown in Sterling terms. Indices shown (from left to right) are: FTSE All World, FTSE All Share, FTSE AW Developed Europe ex-UK, FTSE North America, FTSE Japan, FTSE AW Developed Asia Pacific ex-Japan, FTSE Emerging, FTSE Fixed Gilts All Stocks, FTSE Index-Linked Gilts All Maturities, iBoxx Corporates All Investment Grade All Maturities, Bloomberg Global Aggregate Treasuries Index, MSCI UK Monthly Property; UK SONIA.

Market Background

Regional equity returns ^[1]



Global equity sector returns ^[2]



Market commentary

Global equities fell 2.4% in Q1, owing to March declines (-6.4%). Performance broadened beyond the US, and energy stocks (34.0%) outperformed. Investor preference for 'old economy' sectors led value (2.0%) to outpace growth (-7.0%). US markets fell 4.3% as mega-cap tech stocks declined due to earnings, AI capex and sector concerns.

Developed Asia Pacific ex Japan (9.6%) outperformed on increased AI capex; Japan (3.3%) rose on fiscal support hopes. The UK (2.4%) benefited from its above-average energy exposure. Emerging markets (-1.1%) and Europe ex UK (-2.0%) fell but outperformed the global index.

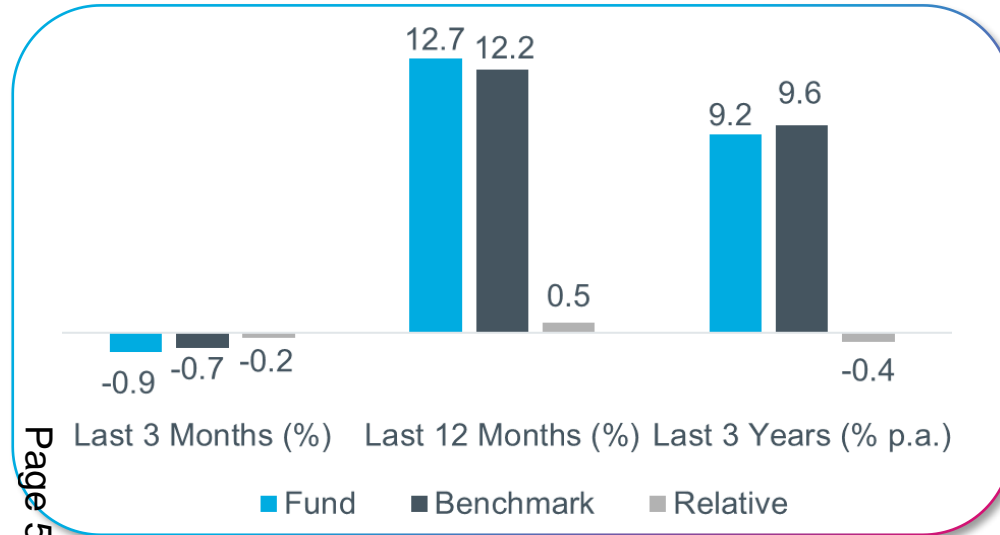
Since the conflict began, Asian, European and emerging markets (reliant on Middle Eastern energy imports) have declined the most. The US has fared better, thanks to its net-energy exporter status and geographic distance.

Gold gained 6.9% in Q1, despite declining 12% in March. This was attributed to selling pressure from investors seeking liquidity for rebalancing and collateral purposes, and the diminishing appeal of non-yielding assets.

The MSCI UK Property Total Return Index rose 1.4% in Q1, supported by steady income. Capital growth was marginally positive at an aggregate level: industrial and retail growth slowed to 0.3% in Q1, and offices (-0.6%) declined.

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

Total fund performance



High-level asset allocation

	Actual	Long-Term Target	Relative
Growth	57.7%	47.5%	10.2%
Income	19.2%	32.5%	-13.3%
Protection	19.4%	20.0%	-0.6%
Cash	3.7%	0.0%	3.7%

Page 5

Key points to note:

- The Fund posted a negative return in Q1 2026, ending the period at £1,483.2m, down from £1,491.7m.
- Passive global equities detracted, partly offset by UK equities, while emerging markets delivered the strongest positive performance. Multi-asset funds were mixed overall, with multi-asset credit and gilts detracting.
- On a relative basis, the Fund underperformed its benchmark by 0.2% over the quarter, outperformed by 0.5% over 12 months, and underperformed by 0.4% over three years.
- The long-term strategic targets reflect the outcome of the last strategy review, including a new 2.5% allocation to natural capital.
- The reduction in the Baillie Gifford multi-asset allocation was largely implemented, with a near-full disinvestment. Proceeds were reallocated in line with the agreed strategy, with £35m invested in BlackRock and £74m allocated to CQS multi-asset credit, supporting the Fund’s increase in Protection assets.

Source: Northern Trust.

*At the time of writing, the Fund’s Q1 2026 funding position is not available. The Fund Actuary is currently finalising the 2025 actuarial valuation of the Fund, which is based on updated data and assumptions. The provision of estimated funding level data has been paused while this work is underway.

Asset allocation

	Valuation (£m)		Actual Proportion	Long-Term Target	+ / -
	Q4 25	Q1 26			
L&G Global Equity	183.4	180.8	12.2%	37.0%	8.1%
L&G Future World Global Equity Index Fund	458.1	446.7	30.1%		
Blackrock Acs World Low Crbn	43.9	41.5	2.8%		
L&G UK Equity	99.3	101.7	6.9%	5.0%	1.9%
LCIV Emerging Markets	79.6	83.6	5.6%	3.0%	2.6%
Capital Dynamics	1.3	1.2	0.1%	2.5%	-2.4%
Private Equity (New Allocation)	0.0	0.0	0.0%		
Total Growth	865.5	855.5	57.7%	47.50%	10.2%
LCIV Baillie Gifford Multi Asset	110.4	2.2	0.2%	5.0%	2.1%
LCIV Ruffer Multi Asset	102.4	103.5	7.0%		
Alinda Infrastructure	15.0	15.0	1.0%	10.0%	-4.9%
Capital Dynamics Infrastructure	2.0	0.6	0.0%		
LCIV Infrastructure	60.7	60.7	4.1%		

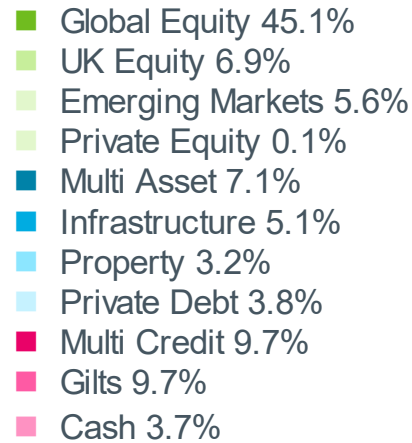
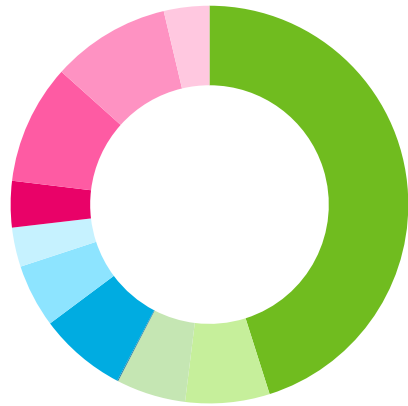
Note: The long-term target allocations reflect the 2025/26 investment strategy review and include new allocations to natural capital and private equity. It is expected that these new allocations will be built up through investments with the London CIV.

The current overweight to growth and cash, and underweight to income assets, reflects the temporary positioning of the blended fund earmarked for future investment in income assets while private market allocations are built up. This is expected to unwind over time as capital is deployed and the allocations move towards their longer-term targets.

Asset allocation

	Valuation (£m)		Actual Proportion	Long-Term Target	+ / -
	Q4 25	Q1 26			
Fidelity UK Real Estate	14.6	14.8	1.0%	10.0%	-6.8%
UBS Triton Property	11.4	11.4	0.8%		
LCIV UK Housing Fund	18.7	21.3	1.4%		
LCIV Private Debt	44.7	44.7	3.0%	5.0%	-1.2%
LCIV Private Debt II	13.4	11.1	0.8%		
Neural Capital (New Allocation)	0.0	0.0	0.0%		
Total Income	393.5	285.3	19.2%	32.5%	-13.3%
LCIV CQS MAC	71.5	144.2	9.7%	10.0%	-0.3%
BlackRock UK Gilts Over 15 yrs	113.4	143.3	9.7%	10.0%	-0.3%
Total Protection	184.9	287.6	19.4%	20.0%	-0.6%
Cash	47.9	54.8	3.7%	0.0%	3.7%
Total Scheme	1,491.7	1,483.2	100.0%	100.0%	-

Asset class exposures*



Page 8

Asset allocation commentary

The Fund's current target allocations are as follows:

Long-term: Growth – 47.5%; Income/Diversifiers – 32.5%; Protection – 20%

Strategy Review

Strategic targets were updated following the strategy review to reflect agreed changes, including the introduction of a 2.5% allocation to natural capital.

The Fund also made progress on implementing these changes during the quarter, with the Baillie Gifford multi-asset allocation largely reduced. Proceeds were reinvested in line with the agreed strategy, including £35m to a BlackRock mandate and £74m to multi-asset credit, supporting the Fund's continued shift towards Protection assets.

8 Source: Northern Trust.

*Total may not round to 100% due to rounding.

Manager performance

	Last 3 Months (%)			Last 12 Months (%)			Last 3 Years (% p.a.)		
	Fund	B'mark	+ / -	Fund	B'mark	+ / -	Fund	B'mark	+ / -
L&G Global Equity	-1.4	-1.4	0.0	17.7	17.8	-0.1	14.8	15.0	-0.2
L&G Future World Global Equity Index Fund*	-2.5	-2.6	0.1	-	-	-	-	-	-
Blackrock Acs World Low Crbn	-5.5	-6.0	0.6	13.7	12.0	1.6	13.9	13.3	0.5
L&G UK Equity	2.4	2.4	0.0	21.5	21.5	0.0	13.3	13.3	0.0
LCV Emerging Markets	5.1	1.8	3.2	36.2	26.8	7.4	10.9	12.4	-1.3
LCV Baillie Gifford Multi Asset	-2.7	1.4	-4.1	5.6	6.0	-0.4	5.4	6.7	-1.2
LCV Ruffer Multi Asset	1.0	1.4	-0.4	7.7	6.0	1.6	1.4	6.7	-5.0
Alinda Infrastructure	0.1	1.1	-1.0	0.6	5.3	-4.4	9.8	5.0	4.6
Capital Dynamics Infrastructure	3.0	1.1	1.8	-0.2	5.3	-5.3	-6.9	5.0	-11.3
LCV Infrastructure	0.8	1.1	-0.3	6.7	5.3	1.4	6.6	5.0	1.5

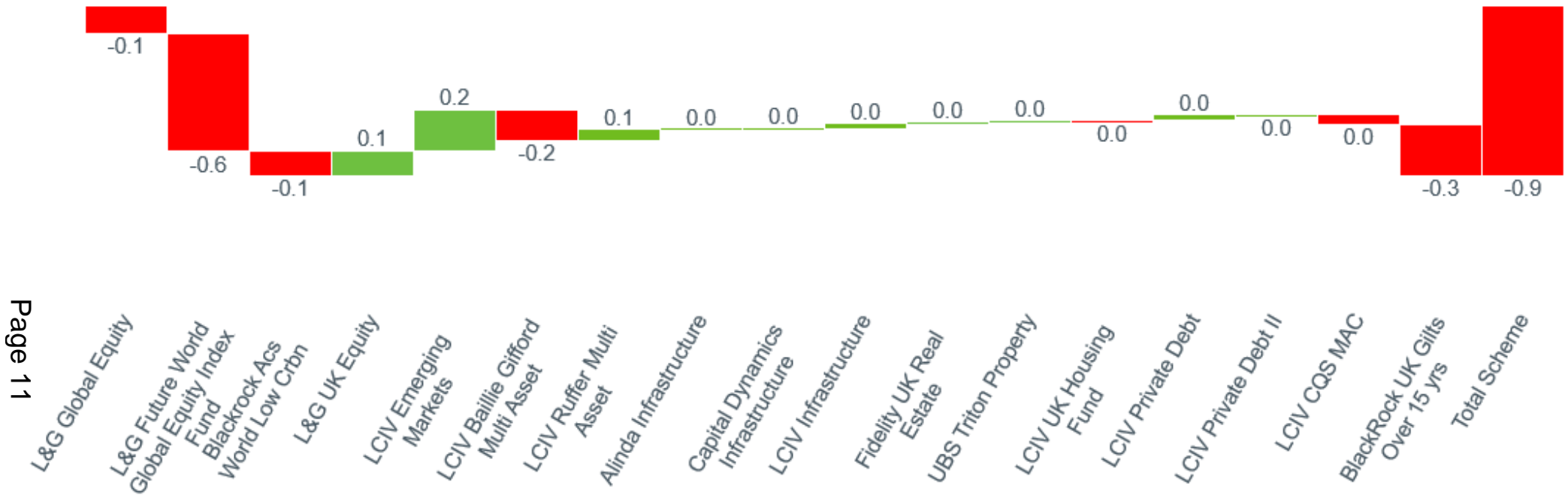
Page
9

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	1.2	0.7	0.5	-0.7	4.3	-4.8	2.2	3.3	-1.1
UBS Triton Property	0.6	0.7	-0.1	4.1	4.3	-0.2	2.6	3.3	-0.7
LCIV UK Housing Fund	0.0	1.5	-1.4	0.7	6.0	-5.0	-	-	-
LCIV Private Debt	1.3	1.5	-0.2	13.7	6.0	7.2	7.5	6.0	1.4
LCIV Private Debt II	0.0	1.5	-1.4	-	-	-	-	-	-
Income									
LCIV CQS MAC	-1.2	1.4	-2.6	5.9	6.1	-0.2	8.3	6.8	1.4
BlackRock UK Gilts Over 15 yrs	-4.4	-4.1	-0.3	0.1	0.4	-0.3	-4.3	-4.2	-0.1
Protection									
Total Scheme	-0.9	-0.7	-0.2	12.7	12.2	0.5	9.2	9.6	-0.4

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

Fund performance by manager



Page 11

Detractors were more evident over the quarter, led by the BlackRock UK Gilts (Over 15 Years) mandate, which was the largest negative contributor. The LCIV Baillie Gifford Multi-Asset fund and L&G Global Equity fund also detracted, alongside the BlackRock ACS World Low Carbon Equity fund.

Partially offsetting this, the LCIV Emerging Markets fund was the strongest positive contributor, with support from L&G UK Equity and a small gain from the LCIV Ruffer Multi-Asset fund.

Fixed income was weaker overall, with both gilts and the LCIV MAC mandate detracting, while private debt provided a modest positive offset. Real assets were broadly stable, with infrastructure flat and property delivering small gains.

Overall, negative contributions across equities, multi-asset and gilts resulted in a total scheme return of -0.86% over the three-month period.

11 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 10 of this report.

Current issues in LGPS – March 2026 edition

Spotlight on the Middle East conflict: As events unfold, our immediate thoughts rest with those directly impacted by the conflict.

The impact on markets - In [our view](#), this conflict should be thought of as a structural geopolitical risk, rather than a short-term trading event. Energy and inflation risks are heightened: the Middle East is critical to global oil and liquefied natural gas supply, particularly via the Strait of Hormuz. Against this backdrop, we think it's sensible to prioritise resilience through diversification, stress testing and strong governance. And in the longer term, clear stewardship frameworks will be essential as the scrutiny of companies exposed to conflict-related activities intensifies.

The 2025 valuations - As noted above, global market volatility has increased, and there remains uncertainty over the full extent and impact of the conflict on economies. As a long-term investor, the LGPS is well equipped to ride out periods of volatility. 2025 funding strategies are resilient to such impacts (current volatility levels are within the range of expected outcomes modelled). We'll continue to monitor the situation and keep funds updated on the impact and any actions.

Governance implications - As with the situation in Ukraine, the US-Israel-Iran conflict raises governance aspects for funds to consider. Cyber security remains paramount. In addition, the political connections of public service schemes (including the LGPS) make them a target for bad actors. One UK council reported around 20,000 cyber-attacks per day in 2025 prior to the current conflict. Attempted fraud may increase – frontline staff should be well versed to spot the signs, whether it be a classic pension scam or the coercion of a vulnerable person. Decision makers should also be familiar with the regulations surrounding pension transfers so 'red' and 'amber' flags can be acted on promptly.

Spotlight on valuations:

On the home straight in England and Wales - Final reports and funding strategy statements are being rubber stamped across the LGPS. Reflecting on a busy and successful valuation, the LGPS remains in a strong position and has seen increased levels of stakeholder engagement throughout. Careful stewardship of long-term strategy against this backdrop has been a widespread theme. We'll be bringing more analysis of how funds have navigated the 2025 valuation once all the results are published – watch this space!

Current issues in LGPS – March 2026 edition

..... **whilst the starting gate opens in Scotland** - One valuation winds down and another one kicks into gear. We hosted a roundtable discussion with our Scottish LGPS funds last month to hear officer views on what to expect from the 2026 valuation and how the picture has changed since 2023. The continued strong funding position requires a considered approach. We're now working with funds to develop funding strategy and set up a successful 2026 valuation – whilst leaving plenty of time to properly engage with stakeholders on decisions and outcomes.

FSS – consultation, not confrontation - As part of the 2025 valuations, funds have delivered high-quality, collaborative consultations, with strong employer engagement through forums and one-to-one discussions. This helped employers understand funding strategies and raise any affordability concerns. Crucially, employer feedback influenced outcomes, with contribution rates discussed and refined to reflect employer-specific circumstances within agreed funding parameters. The result has been a clear win-win: employers are satisfied with the process, with funds confident that rates align with long-term funding strategies.

Page 13
Longevity update:

Weight loss drugs - Club Vita hosted a webinar in its popular “The Risk of Living Longer” series on 4 March. The session considered weight loss drugs, which are gaining attention as many people struggle to improve weight and metabolic health through lifestyle changes alone. The panel discussed whether these drugs could help people live longer and how they may affect future mortality trends. A recording of the webinar is available [here](#).

‘Healthy’ life expectancy - The number of years people in the UK can expect to spend in ‘good’ health has fallen, according to the latest [figures](#) released by the Office for National Statistics (ONS). However, it has limits as a measure of people’s ability to work. It is based on self-reported health, which can be influenced by personal experience and expectations, as well as the wider social and economic landscape.

Manager benchmarks and performance targets

Mandate	Date appointed	Benchmark description
L&G Global Equity	31/10/2010	FTSE All World Developed ex UK
L&G UK Equity	12/06/2012	FTSE All Share
L&G Future World Global Equity Index Fund	30/11/2025	Fund Return
LCIV Emerging Markets	30/11/2018	MSCI Emerging Markets
Blackrock Acs World Low Crbn	03/09/2021	MSCI World
LCIV Baillie Gifford Multi Asset	31/05/2012	BoE Base Rate +2% p.a.
LCIV Ruffer Multi Asset	15/03/2017	BoE Base Rate +2% p.a.
Alinda Infrastructure	31/08/2009	UK CPI +2% p.a.
Capital Dynamics Infrastructure	31/10/2012	UK CPI +2% p.a.
LCIV Infrastructure	31/10/2012	UK CPI +2% p.a.
Capital Dynamics Private Equity	31/12/2003	MSCI All World +1% p.a.
LCIV Private Debt	22/06/2021	Absolute BM 6%
LCIV Private Debt II	30/04/2025	Absolute BM 6%
LCIV UK Housing Fund	31/03/2024	Absolute BM 6%
Fidelity UK Real Estate	22/12/2021	MSCI/AREF UK All Balanced Property
UBS Triton Property	31/08/2022	MSCI/AREF UK All Balanced Property
LCIV MAC	30/11/2018	SONIA + 2% p.a.
BlackRock UK Gilts Over 15 yrs	05/03/2019	FTA UK Gilts Over 15 yrs

Glossary - equity manager styles

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

- **Value** – this style tilt considers whether stocks held within the portfolio are discounted relative to their fundamentals, i.e. whether stocks have low market valuations versus current earnings or book value.
- **Growth** – this style tilt considers companies earning potential relative to its industry and the overall market. The key consideration within this factor is a company's potential for growth and therefore commonly used metrics include historical earnings growth and forward earnings growth.
- **Quality** – this style tilt considers companies financial stability. A company's quality can be evaluated using various metrics including: profitability, earnings quality, financial leverage and corporate governance.

Volatility – this style tilt considers the systematic risk of the portfolio relative to the market.

Momentum – this style tilt is based on the premise that stocks that have recently risen or fallen in price will continue to do so in the future.

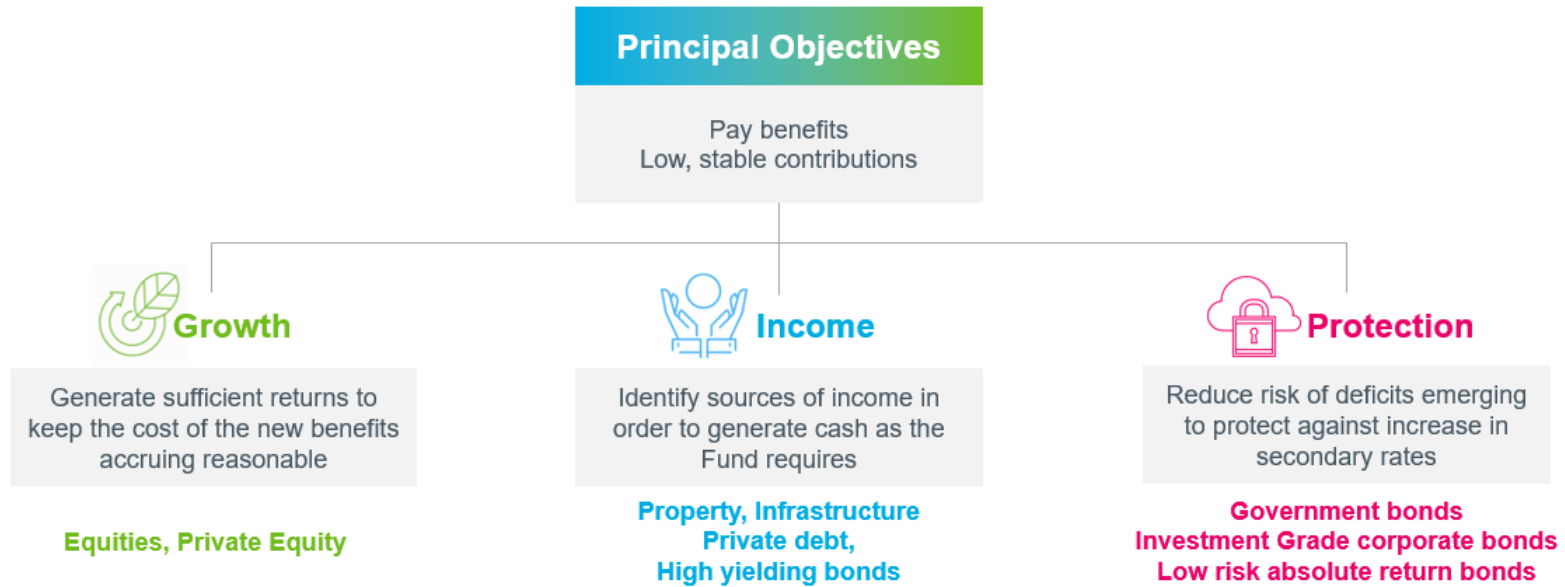
Low volatility – A low volatility equity manager will aim to construct a portfolio that exhibits significantly lower volatility than the benchmark index (low volatility is a relative, not absolute, term). A low volatility manager will generally target a volatility of around 15% p.a. versus a benchmark that exhibits a 20% p.a. volatility. A low volatility portfolio will generally be constructed through a quantitative assessment of past stock performance and correlation to select stocks that have historically exhibited low levels of volatility.

- **Neutral** - A neutral manager will aim to construct portfolios that have no significant sector or style biases relative to the benchmark index. This is more common in bottom up, in-depth research, managers (sometimes referred to as 'stock pickers') who aim to isolate stocks that are undervalued relative to their peers whilst avoiding taking a position on whether a country or industry itself will out or underperform. For example they might take an overweight position in BP if they believe the stock is fundamentally undervalued but remove their exposure to the more general oil market by compensating with an underweight **position in Shell**.

Glossary

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

Growth, Income and Protection



Page 17

Geometric vs arithmetic performance

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

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

Some industry practitioners use the simpler arithmetic method as follows:

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

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

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

Risk warning

This report is provided to the Pensions Committee of the London Borough of Brent Pension Fund in our capacity as your investment adviser. Its purpose is to assist the Committee with their monitoring of the Fund's investments. The report shows how the assets have performed over various time periods, on an absolute basis and relative to the agreed benchmarks, in the context of general market movements. It also shows how the asset allocation compares with the Fund's strategic target allocation. The report may contain fund and fund manager specific research ratings and comments based on the views of our investment research team. Please speak to your investment adviser before taking any investment decisions or actions. They will advise whether formal investment advice is necessary, including a risk assessment and investment suitability information where appropriate. No investment decisions should be taken based solely on the contents of this report.

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

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


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

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

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 <p>Brent</p>	<p>Brent Pension Fund Sub-Committee 9th July 2026</p> <hr/> <p>Report from the Corporate Director of Finance and Resources</p>
<p>Brent Pension Fund: Draft Annual Accounts 2025/26</p>	

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt:	Open
List of Appendices:	<p>Two</p> <ol style="list-style-type: none"> 1. Appendix 1 – Draft Brent Pension Fund Accounts 2025/26 2. Appendix 2 - Brent Pension Fund Indicative Audit Plan - 31 March 2026
Background Papers:	N/A
Contact Officer(s):	<p>Minesh Patel, Corporate Director, Finance and Resources (minesh.patel@brent.gov.uk; 020 8937 4043)</p> <p>Amanda Healy, Deputy Director of Finance (amanda.healy@brent.gov.uk; 020 8937 5912)</p> <p>Sawan Shah, Head of Finance (sawan.shah@brent.gov.uk; 020 8937 1955)</p> <p>Manish Shah, Senior Finance Analyst (manish.shah@brent.gov.uk; 020 8937 1444)</p>

1.0 Executive Summary

1.1 This report presents the draft Pension Fund Annual Accounts for the year ended 31 March 2026.

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 The statutory deadline to publish the draft accounts, including the pension fund accounts on 30 June 2026, as confirmed to the Audit and Standards Advisory Committee on 16 June 2026, was successfully met. Additionally, the Pension Fund audit commenced earlier on 15 June.

4.3 Grant Thornton presented the indicative draft audit plan for the 2025/26 accounts at the Audit and Standards Advisory Committee meeting of 16 June 2026. 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 2026.

4.6 The accounts have been prepared to meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) governing the preparation of the 2025/26 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 2026 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2026.

4.7 With the commencement of the audit currently underway, there have not been any significant issues raised by the auditors so far.

4.8 The main items to note are as follows:

- During 2025/26, the value of the Pension Fund's investments increased to £1,482m (2024/25 £1,310m). Growth assets continued to be main driver of positive returns both in absolute and in relative terms over the past 12 months, with investments held within the Emerging Markets equities being the star performer. The overweight position in this asset class has benefited fund performance. The UK housing market has for the quarter remained flat but has

underperformed the bench over the same period as rising gilts yields triggered by the war in Iran hurt demand. Further detail on investment performance is available in the regular monitoring reports.

- Total contributions received from employers and employees were £70m for the year, a decrease on the previous year's £73m.
- Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, were £62m, an increase on the previous year's £60m.
- As in 2024/25, 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

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Brent Pension Fund Accounts

Pension Fund Accounts as at 31 March 2026

2024/25 £m		Notes	2025/26 £m
	Dealings with members, employers and others directly involved in the fund		
(73.2)	Contributions	7	(69.7)
(6.8)	Transfers in from other pension funds	8	(9.1)
(80.0)			(78.8)
59.9	Benefits	9	61.6
9.3	Payments to and on account of leavers	10	12.9
69.2			74.5
(10.8)	Net (additions)/withdrawals from dealings with members		(4.3)
5.1	Management expenses	11	4.2
(5.7)	Net (additions)/withdrawals including management expenses		(0.1)
	Returns on investments		
(15.4)	Investment income	12	(20.2)
0.1	Taxes on income	13	(0.1)
(30.6)	(Profits) and losses on disposal of investments and changes in the market value of investments	14	(149.2)
(45.9)	Net return on investments		(169.5)
(51.6)	Net (increase)/decrease in the net assets available for benefits during the year		(169.6)
(1,261.2)	Opening net assets of the scheme		(1,312.8)
(1,312.8)	Closing net assets of the scheme		(1,482.4)

Net Assets Statement of the Pension Fund as at 31 March 2026

		31 March 2025	31 March 2026
	Notes	£m	£m
Investment assets	14	<u>1,310.3</u>	<u>1,481.9</u>
Total net investments		1,310.3	1,481.9
Current assets	20	5.1	3.1
Current liabilities	21	<u>(2.6)</u>	<u>(2.6)</u>
Net assets of the fund available to fund benefits at the end of the reporting period		<u>1,312.8</u>	<u>1,482.4</u>

The net asset statement includes all assets and liabilities of the Fund as at 31 March 2026 but excludes long-term liabilities to pay pensions and benefits in future years. The actuarial present value of promised retirement benefits is disclosed in Note 19.

Notes to the Brent Pension Fund accounts

1. Description of Fund

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

a) General

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

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Organisations participating in the Brent Pension Fund include:

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

There were 43 employer organisations with active members within the Brent Pension Fund at 31 March 2026, listed below:

Scheduled bodies

London Borough of Brent	North West London Jewish Day School (Academy)
Alperton Community School	Oakington Manor Primary School
ARK Academy	Our Lady of Grace RC Infants School
ARK Elvin Academy	Our Lady of Grace RC Juniors School
Ark Franklin Primary School	Preston Manor High School
Braintcroft Primary School	Queens Park Community School
Byron Court	St Andrew & St Francis (Acad)
Claremont High School Academy	St Claudine's Catholic School for Girls
Compass Learning Partnership	St Gregory's RC High School
Crest Academy	St Margarets Clitheroe School
Furness Primary School (Academy)	St Mary's RC Academy
Gladstone Park Primary School	Sudbury Primary School
Harris Lowe Acad. Willsden BR	The Village School
Harris Primary Academy (South Kenton)	Wembley High Technology College
Kingsbury High School	Woodfield School Academy
Manor School	Michaela Community School Academy
	Roundwood School and Community Centre

Admitted bodies

Alliance in Partnership (Gladstone Park Primary)
Atalian Servest AMK
Barnardos
Veolia (Ground Maintenance)
Continental Landscapes Limited
Local Employment Access Project (LEAP)
O'Hara Bros Surfacing
Prospects Services (BR)
Taylor Shaw
Veolia

Brent Pension Fund	31-Mar-25	31-Mar-26
Number of employers with active members	44	43
Number of employees in scheme		
Brent Council	4,630	4,508
Other employers	2,100	2,071
Total	6,730	6,579
Number of pensioners		
Brent Council	6,753	6,785
Other employers	932	1,437
Total	7,685	8,222
Deferred pensioners		
Brent Council	6,951	6,861
Other employers	1,428	1,528
Total	8,379	8,389
Total members in pension scheme	22,794	23,190

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 2026. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2025. During 2025/26, the most commonly applied employer contribution rate within the Brent Pension Fund was 30.5% of pensionable pay.

d) Benefits

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

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

2. Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2025/26 financial year and its position at year-end as at 31 March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 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 2025/26.

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 £20.0m. A 0.1% increase in Pension Increase Rate (CPI) would increase the value of liabilities by approximately £20.0m, and a one-year increase in assumed life expectancy would increase the liability by around 4% (c. £53.0m).
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 £133.4m. There is a risk that this investment may be under- or overstated in the accounts. There is a risk that this investment may be under- or overstated in the accounts up to 12% (£16.6m).

6. Events after the Reporting Date

There have been no events since 31 March 2026, and up to the date when these accounts were authorised that require any adjustments to these accounts.

7. Contributions receivable

By Category	2024/25	2025/26
	£m	£m
Employees' Contributions	12.0	12.5
Employers' Contributions:		
Normal contributions	39.1	40.5
Deficit recovery contributions	18.9	15.9
Augmentation contributions	3.2	0.8
Total Employers' contributions	61.2	57.2
Total contributions receivable	73.2	69.7

By authority	2024/25	2025/26
	£m	£m
Administering Authority	57.9	55.3
Scheduled bodies	14.0	14.1
Admitted bodies	1.3	0.3
Total	73.2	69.7

8. Transfers in from other pension funds

	2024/25	2025/26
	£m	£m
Individual transfers	6.8	9.1
Total	6.8	9.1

9. Benefits payable

By Category	2024/25	2025/26
	£m	£m
Pensions	49.3	50.5
Commutation and lump sum retirement benefits	10.0	9.1
Lump sum death benefits	0.6	2.0
Total	59.9	61.6
By authority	2024/25	2025/26
	£m	£m
Administering Authority and Scheduled bodies	58.9	57.8
Admitted bodies	1.0	3.8
Total	59.9	61.6

10. Payments to and on account of leavers

	2024/25	2025/26
	£m	£m
Refunds to members leaving service	0.2	0.3
Individual transfers	9.1	12.6
Total	9.3	12.9

11. Management Expenses

	2024/25	2024/26
	£m	£m
Administration costs	2.4	1.6
Investment management expenses	2.3	2.2
Oversight and Governance costs	0.4	0.4
Total	5.1	4.2

The management fees disclosed above include all investment management fees directly incurred by the Fund including those charged on pooled fund investments. Audit fees were £97k (£98k 2024/25).

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

	2024/25	2025/26
	£m	£m
Management fees	2.3	2.2
Total	2.3	2.2

11a. Investment management expenses

Fund Manager	2025/26	Management
	Total	fees
	£m	£m
Alinda	0.2	0.2
Capital Dynamics	0.0	0.0
Fidelity	0.1	0.1
Legal & General	0.1	0.1
LCIV MAC	0.2	0.2
LCIV JP Morgan	0.1	0.1
LCIV Baillie Gifford	0.4	0.4
LCIV Infrastructure	0.0	0.0
LCIV Private Debt	0.0	0.0
LCIV Ruffer	0.7	0.7
LCIV UK Housing Fund	0.1	0.1
London LGPS CIV LTD	0.2	0.2
Blackrock	0.0	0.0
UBS Triton	0.1	0.1
Northern Trust (Fund Custodian)	0.0	0.0
Cash	0.0	0.0
Total	2.2	2.2

Fund Manager	2024/25	Management
	Total	fees
	£m	£m
Alinda	0.2	0.2
Capital Dynamics	0.1	0.1
Fidelity	0.1	0.1
Legal & General	0.1	0.1
LCIV MAC	0.2	0.2
LCIV JP Morgan	0.3	0.3
LCIV Baillie Gifford	0.3	0.3
LCIV Infrastructure	0.0	0.0
LCIV Private Debt	0.0	0.0
LCIV Ruffer	0.6	0.6
LCIV UK Housing Fund	0.0	0.0
London LGPS CIV LTD	0.2	0.2
Blackrock	0.0	0.0
UBS Triton	0.1	0.1
Northern Trust (Fund Custodian)	0.0	0.0
Cash	0.0	0.0
Total	2.3	2.3

12. Investment income

	2024/25	2025/26
	£m	£m
Pooled investments- unit trusts and other managed funds	9.6	10.4
Dividend income from private equities/infrastructure/property	2.7	2.5
Interest income from private equities/infrastructure/private debt	0.4	5.2
Interest on cash deposits	2.7	2.1
Total	15.4	20.2

13. Taxes on income

	2024/25	2025/26
	£m	£m
Withholding tax paid / (refunded)	0.1	(0.1)
Total	0.1	(0.1)

14. Investments

	Market value 31 March 2025	Market value 31 March 2026
	£m	£m
Investments asset		
Pooled investments	1,091.8	1,247.3
Pooled property investments	41.1	47.3
Private equity/infrastructure/private debt	113.8	133.4
	1,246.7	1,428.0

14a. Investments

	Market value 1 April 2025	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2026
2025/26	£m	£m	£m	£m	£m
Pooled investments	1,091.8	579.1	(248.4)	(175.2)	1,247.3
Pooled property investments	41.1	5.8	(0.2)	0.6	47.3
Private equity/infrastructure /private debt	113.8	31.1	(12.9)	1.4	133.4
	1,246.7	616.0	(261.5)	(173.2)	1,428.0
Other investment balances: Cash Deposit	63.6				53.9
Net investment assets	1,310.3				1,481.9
	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
2024/25	£m	£m	£m	£m	£m
Pooled investments	1,068.4	27.6	(34.5)	30.3	1,091.8
Pooled property investments	24.1	15.2	(0.2)	2.0	41.1
Private equity/infrastructure /private debt	122.7	7.2	(14.4)	(1.7)	113.8
	1,215.2	50.0	(49.1)	30.6	1,246.7
Other investment balances: Cash Deposit	44.1				63.6
Net investment assets	1,259.3				1,310.3

14b. Analysis of investments by category	Market value 31 March 2025	Market value 31 March 2026
	£m	£m
Pooled funds - additional analysis		
UK		
Fixed income unit trust	66.6	144.2
Unit trusts	192.1	245.1
Diversified growth funds	197.8	105.7
Overseas		
Unit trusts	635.2	752.3
Total Pooled funds	1,091.8	1,247.3
Pooled property investments	41.1	47.3
Private equity/infrastructure/private debt	113.8	133.4
Total investments	1,246.7	1,428.0

14c. Analysis of investments by fund manager

Fund manager	Market value 31 March 2025		Market value 31 March 2026	
	£m	%	£m	%
Legal & General	620.4	49.8	728.8	51.0
London CIV	0.2	0.0	0.2	0.0
LCIV – Emerging Market	61.4	4.9	83.6	5.9
Capital Dynamics	3.6	0.3	1.8	0.1
LCIV - Baillie Gifford	101.8	8.2	2.2	0.2
LCIV - Ruffer	96.0	7.7	103.5	7.2
LCIV - CQS & PIMCO	66.6	5.3	144.2	10.1
LCIV - Stepstone				
Infrastructure	54.2	4.3	60.7	4.3
LCIV UK Housing Fund	15.2	1.2	21.3	1.5
LCIV - Private Debt	40.2	3.2	55.9	3.9
Alinda	15.9	1.3	15.0	1.1
Fidelity UK Real Estate	14.7	1.2	14.8	1.0
Blackrock	145.4	11.7	184.7	12.9
UBS Triton Property Fund	11.2	0.9	11.3	0.8
	1,246.7	100.0	1,428.0	100

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 2025 £m	% of total fund %	Market value 31 March 2026 £m	% of total fund %
L&G - Global Equities	536.8	43.1	627.2	43.9
L&G - UK Equities	83.6	6.7	101.6	7.1
Blackrock - Over 15-Year Gilts	108.3	8.7	143.3	10.0
LCIV - Baillie Gifford DGF	101.8	8.2	103.5	7.2
LCIV - Ruffer DGF	96.0	7.7	144.2	10.1
LCIV - CQS & PIMCO MAC	66.6	5.3	83.6	5.9

14d. Stock lending

The London Borough of Brent Pension Fund does not operate a Stock Lending programme.

15. Fair Value – Basis of Valuation

The basis of the valuation of each asset class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Cash	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Pooled investments – overseas unit trusts and property funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Private Equity, Infrastructure and Private Debt	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	EBITDA multiple 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 2026.

	Assessed valuation range (+/-)	Value at 31 March 2025	Value on increase	Value on decrease
	%	£m	£m	£m
Private equity	27.0%	1.2	1.5	0.9
Infrastructure	14.6%	76.3	87.4	65.2
Private debt	9.1%	55.9	61.0	50.8

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
Values at 31 March 2026				
Financial assets at fair value through profit and loss				
Pooled investments		1,247.3		1,247.3
Pooled property investments		47.3		47.3
Private Equity/Infrastructure/Private Debt			133.4	133.4
Subtotal Financial assets at fair value through profit and loss		1,294.6	133.4	1,428.0
Cash	53.9			53.9
Subtotal Loans and receivables	53.9			53.9
Total Financial assets	53.9	1,294.6	133.4	1,481.9
Financial liabilities				
Current liabilities	(2.6)			(2.6)
Subtotal Financial liabilities at amortised cost	(2.6)	0.0	0.0	(2.6)
Total Financial liabilities	(2.6)	0.0	0.0	(2.6)
Net Financial assets	51.3	1,294.6	133.4	1,479.3

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

15c. Transfers between Levels 1 and 2

There were no transfers between levels 1 and 2 during the year.

15d. Reconciliation of Fair Value Measurements within Level 3

	£m
Value at 31 March 2025	113.8
Transfers into Level 3	0.0
Transfers out of Level 3	0.0
Purchases	31.1
Sales	(12.9)
Issues	0.0
Settlements	0.0
Unrealised gains/losses	1.4
Realised gains/losses	0.0
Value at 31 March 2026	133.4

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 2025			31 March 2026		
Fair value through profit and loss	Assets at amortised cost	Financial liabilities at amortised cost	Fair value through profit and loss	Assets at amortised cost	Financial liabilities at amortised cost
£m	£m	£m	£m	£m	£m
Financial assets					
1,091.8			Pooled investments	1,247.3	
41.1			Pooled property investments	47.3	
113.8			Private equity/ infrastructure/ private debt	133.4	
	63.6		Cash	53.9	0.9
	5.1		Debtors		2.2
1,246.7	68.7	0.0	Total Financial assets	1,481.9	3.1
Financial liabilities					
		(2.6)	Creditors		(2.6)
0.0	0.0	(2.6)	Total Financial liabilities	0.0	0.0
1,246.7	68.7	(2.6)	Net Financial Assets	1,481.9	3.1

16a. Net gains and losses on Financial Instruments

31 March 2025		31 March 2026	
£m		£m	
30.6	Fair value through profit and loss	(173.2)	
30.6	Total	(173.2)	

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 2025/26 reporting period. (Based on data as at 31 March 2026 using data provided by investment advisors scenario model). The sensitivities are consistent with the assumptions contained in the investment advisors' most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Other price risk – sensitivity analysis

Asset Type	Value as at 31 March 2026	Potential market movements (+/-)	Value on increase	Value on decrease
	£m		£m	£m
Bonds	143.4	6.5%	152.7	134.1
Equities				
UK Equity	101.6	18.0%	119.9	83.3
Global Equity	668.7	18.4%	791.7	545.7
Emerging Market Equity	83.6	26.9%	106.1	61.1
Other Pooled investments				
Diversified Credit	144.2	6.1%	153.0	135.4
Ruffer Multi Asset	103.5	8.7%	112.5	94.5
Baillie Gifford Multi Asset	2.2	12.9%	2.5	1.9
Pooled Property investments	47.3	15.9%	54.8	39.8
Private Equity	1.2	27.0%	1.5	0.9
Infrastructure	76.3	14.6%	87.4	65.2
Private debt	55.9	9.1%	61.0	50.8
	1,427.9		1,643.1	1,212.7

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
Equities				
UK Equity	83.7	16.3%	97.4	70.1
Global Equity	573.8	18.6%	680.5	467.1
Emerging Market Equity	61.4	24.3%	76.3	46.5
Other Pooled investments				
Diversified Credit	66.6	6.3%	70.8	62.5
Ruffer Multi Asset	96.0	8.6%	104.3	87.8
Baillie Gifford Multi Asset	101.8	12.8%	114.8	88.8
Pooled Property investments	41.1	15.2%	47.3	34.9
Private Equity	1.5	26.6%	2.0	1.1
Infrastructure	72.1	14.5%	82.6	61.7
Private debt	40.2	7.6%	43.3	37.2
	1,246.7		1,434.8	1,058.9

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 2026 and 31 March 2025 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

	Asset value at 31 March 2025	Asset value at 31 March 2026
	£m	£m
Cash balances	63.6	53.9
UK Fixed income unit trust	66.6	144.2
Total	130.2	198.1

Asset type	Carrying amount as		
	at 31 March 2026	+1%	-1%
	£m	£m	£m
Cash balances	53.9	0.5	(0.5)
UK Fixed income unit trust	144.2	1.4	(1.4)
Total	198.1	1.9	(1.9)

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

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 2026 and as at the previous period end:

Currency risk exposure - asset type	Asset value at	Asset value at
	31 March 2025	31 March 2026
	£m	£m
Overseas unit trusts	635.2	752.3
Overseas private equity/infrastructure/private debt	113.9	133.4
Total	749.1	885.7

A 1% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Assets exposed to currency rate risk	Asset value as at		
	31 March 2026	+1%	-1%
	£m	£m	£m
Overseas unit trusts	752.3	7.5	(7.5)
Overseas private equity/infrastructure/private debt	133.4	1.3	(1.3)
Total	885.7	8.8	(8.8)

Assets exposed to currency rate risk	Asset value as at 31 March		
	2025	+1%	-1%
	£m	£m	£m
Overseas unit trusts	635.2	6.4	(6.4)
Overseas private equity/infrastructure/private debt	113.9	1.1	(1.1)
Total	749.1	7.5	(7.5)

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 2026 was £54.8m (31 March 2025: £63.5m). This was held with the following institutions:

Credit risk exposure

	Rating	Balances at 31 March 2025 £m	Balances at 31 March 2026 £m
Bank deposit accounts			
NatWest	A+	0.8	0.9
Northern Trust - Aviva Cash		0.2	0.1
Money Market deposits	AAA	62.6	53.8
Total		63.6	54.8

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 2026 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 2025. The next valuation will take place as at 31 March 2028 and the results will be released in March 2029.

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 2025 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 2025 actuarial valuation the Fund was assessed as 113% funded, which is an improvement to the 87% valuation at the 2022 valuation. This corresponded to a surplus of £151m (2022 valuation: deficit of £162m) at that time.

Contribution increases or decreases may be phased in over the three-year period beginning 1 April 2026 for both Scheme employers and admitted bodies. The most commonly applied employer contribution rate within the Brent Pension Fund is:

Year	Employers' contribution rate
2024/25	32.0%
2025/26	30.5%
2026/27	23.0%

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 2025 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 2025 actuarial valuation were as follows:

Discount rate	6.0% p.a.
Pay increases	2.6% p.a.
Pension increases	2.3% 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	22.2 years	24.8 years
Future Pensioners retiring in 20 years	23.1 years	26.0 years

Commutation assumption

It is assumed that 80% 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 2026 was £1,321m (31 March 2025: £1,220m). 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 2025 triennial funding valuation because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Financial assumptions

Inflation/pensions increase rate	3.00%
Salary increase rate	3.30%
Discount rate	6.20%

Longevity assumption

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

	Males	Females
Current pensioners	22.4 years	24.9 years
Future pensioners*	23.2 years	26.1 years

* Future pensioners are assumed to be currently aged 45

Commutation assumption

An allowance is included for future retirements to elect to take 80% of the maximum additional tax-free cash up to HMRC limits.

Sensitivity Analysis

Sensitivity to the assumptions for the year ended 31 March 2026	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.1% p.a. decrease in the discount rate	2%	20
1 year increase in member life expectancy	4%	53
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. £53m).

20. Assets

a) Current assets

	31 March 2025	31 March 2026
	£m	£m
Debtors		
- Contributions due – employees	0.2	0.2
- Contributions due – employers	1.1	0.9
- Sundry debtors	3.8	1.1
Total	5.1	2.2
Cash balances	0.8	0.9
Current assets	5.9	3.1

Analysis of debtors

	31 March 2025	31 March 2026
	£m	£m
- Central government bodies	0.0	0.1
- Other local authorities	2.7	0.3
- Other entities and individuals	2.4	1.8
Total	5.1	2.2

21. Current liabilities

	31 March 2025	31 March 2026
	£m	£m
Group transfers	0.0	0.0
Sundry creditors	2.6	2.6
Total	2.6	2.6

Analysis of creditors

	31 March 2025	31 March 2026
	£m	£m
Central government bodies	1.2	1.4
Other entities and individuals	1.4	1.2
Total	2.6	2.6

22. Additional voluntary contributions

	Market Value	Market Value
	31 March 2025	31 March 2026
	£m	£m
Clerical Medical	1.2	1.3
Prudential	1.1	1.2
	2.3	2.5

	Contributions	Contributions
	March 2025	March 2026
	£m	£m
Clerical Medical	0.0	0.0
Prudential	0.1	0.2
	0.1	0.2

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 £0.77m (2024/25: £0.98m) 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 £44.9m to the Fund in 2025/26 (2024/25: £45.2m).

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

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. The proportion of the total remuneration payable to key management personnel that is charged to the Pension Fund is set out below:

	31st March 2025	31st March 2026
	£m	£m
Short Term Benefits	0.082	0.073
Post-Employment Benefits	0.026	0.022
Termination Benefits	0.000	0.000
Total Remunerations	0.108	0.095

24. Contingent liabilities and capital commitments

Outstanding capital commitments (investments) at 31 March 2026 totalled £77.7m (31 March 2025 £107.1m)

	31st March 2025	31st March 2026
	£m	£m
Capital Dynamics	11.9	12.6
Alinda Fund II	2.4	0.0
Alinda Fund III	7.1	7.0
London CIV Infrastructure Fund	4.6	0.0
London CIV Private Debt Fund	16.4	12.6
LCIV UK Housing Fund	19.7	13.9
LCIV Private Debt II Fund	45.0	31.6
Total	107.1	77.7

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 2025/26.

	31st March 2025	31st March 2026
	£m	£m
Continental Landscapes	0.5	0.5
Total	0.5	0.5

26. *Impairment Losses*

The Fund had no Impairment Losses at 31 March 2026.

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The Audit Plan for the London Borough of Brent Pension Fund

Page 65

Year ending 31 March 2026

16 June 2026



Contents

Section	Page
Introduction and headlines	03
Overview of audit risks	05
Significant risks identified	05
Other risks identified	09
Other matters	11
Our approach to materiality	13
Progress against prior year recommendations	17
IT audit strategy	20
Logistics	21
Our team and communications	22
Our fee estimate	23
Independence considerations	25
Communication of audit matters with those charged with governance	27
New and future standards and reporting requirements	29

Introduction and headlines



Purpose

This document provides an overview of the planned scope and timing of the statutory audit of the London Borough 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](#)

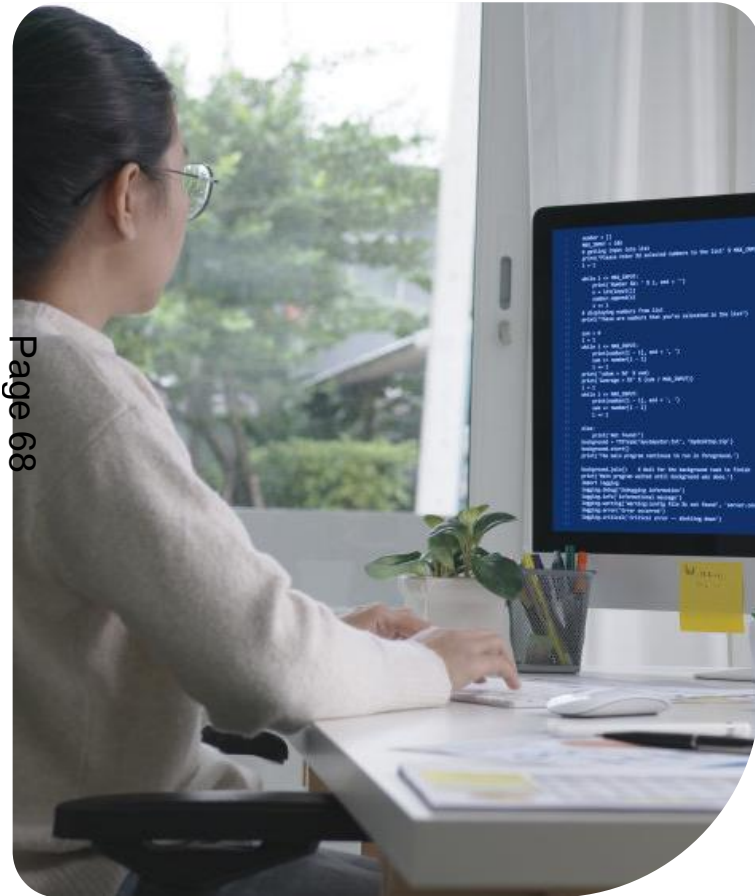
Scope of our audit

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 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 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)



Page 68

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 **£26 million** (PY £24.8 million) for the Fund, which equates to 2% of your gross investment assets as at 31 March 2025.

We have determined a lower specific planning materiality for Fund Accounts - Contributions receivable **£8 million**, which equates to 10% of prior year gross income from contributions and for Benefits payable **£5.9 million**, which equates to 10% of prior year gross expenditure from benefits.

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 **£1.3 million** (PY £ 1.2 million).

Audit logistics

Our interim visit will take place in February to March 2026 and our final visit will take place in July to September 2026. Our key deliverables are this Audit Plan, Auditor's Report, Auditor's Consistency Statement and our Audit Findings Report.

Our proposed fee for the audit is **£104,507** (PY: £97,945) 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.

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.

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	Audit team's assessment	Planned audit procedures
<p>Management override of controls</p> <p>Significant</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p>	<p>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.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions; and • incorporate an element of unpredictability into our audit procedures by utilising Inflo Detect digital audit tool

Page 69



“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 judgement, 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).

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>The revenue cycle includes fraudulent transactions</p> <p>Rebutted</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue</p>	<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"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable. <p>Therefore, we do not consider this to be a significant risk for the Fund.</p>	<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.</p>

Page 70



Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgemental 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 judgements 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	Audit team's assessment	Planned audit procedures
<p>The expenditure cycle includes fraudulent transactions</p> <p>Rebutted</p> <p>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>	<p>We have identified and completed a risk assessment of all expenditure streams for the Fund. We have rebutted the presumed risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate expenditure recognition • opportunities to manipulate expenditure recognition are very limited • the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable. <p>Therefore, we do not consider this to be a significant risk for the Fund.</p>	<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.</p>

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of level 3 investments</p> <p>Significant</p> <p>The valuations of level 3 investments are a significant accounting estimate based on unobservable inputs and hence there is a risk of material misstatement due to error and/or fraud.</p>	<p>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 (£113.8 million as at 31/03/25) 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.</p>	<p>We will:</p> <ul style="list-style-type: none"> • document and evaluate management's processes for valuing Level 3 investments; • obtain and review the audited financial statements of the investment accounts, where these are at a different reporting date to the Fund's financial statements: <ul style="list-style-type: none"> ○ the valuations will be compared to the year end reporting date after accounting for cashflows, and ○ obtain and review the corresponding investment manager report (capital statement) as at the investment accounts audit date with the audited accounts and follow up significant differences • independently obtain and review the corresponding investment manager reports (capital statements) as at the reporting date and compare to the financial statements; • review purchase and sale transactions of investments near the reporting date where appropriate; • review the guidelines under which investments have been valued at the date of the investment accounts and the Fund accounts; • review management's classification of the assets; and • obtain and review investment manager service auditor report on design and operating effectiveness of relevant internal controls where appropriate.

Other risks identified

Other risks are, in the auditor’s judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an ‘other risk’ is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
<p data-bbox="112 658 137 796" style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 73</p> <div data-bbox="112 551 479 639" style="background-color: #6a3d9a; color: white; padding: 5px; text-align: center;">Significant class of transactions</div> <p data-bbox="112 658 479 1066">Actuarial present value of promised retirement benefits disclosure – IAS 26</p>	<p data-bbox="504 551 1192 1066">The disclosure of the Fund’s actuarial present value of promised retirement benefits is an accounting estimate (£1,220 million as at 31st March 2025) and is sensitive to changes in key assumptions. The Fund engage the services of a qualified actuary to develop an IAS 26 compliant estimate of the disclosure and 2026/27 will be the first year that the outcomes of the 2025 triennial valuation will be reflected. As a result, the disclosure of the Fund’s actuarial present value of promised retirement benefits has been identified as ‘other risk’ of material misstatement.</p>	<p data-bbox="1217 551 2440 578">We will:</p> <ul data-bbox="1217 586 2440 1066" style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Fund’s actuarial present value of promised retirement benefits is not materially misstated • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary’s work • assess the competence, capabilities and objectivity of the actuary who carried out the Fund’s valuation • assess the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability • test the consistency of disclosures with the actuarial report from the actuary; and • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor’s expert) and performing any additional procedures suggested within the report.

Other risks identified (Continued)

Risk	Description	Planned audit procedures
<p>Significant class of transactions</p> <p>Valuation of Level 2 Investments</p>	<p>Level 2 investments do not carry the same level of inherent risks associated with level 3 investments, however there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly. These assets represent a class of transaction in the financial statements due to the size of the balance (£1,132.9 million as at 31 March 2025) As a result, the valuation of the Fund's Level 2 investments have been identified as 'other risk' of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Agree the valuation to the confirmation received from the investment manager; • Agree the valuation back to quoted prices at year-end where available; • Compare the valuation to purchase and sale transactions near the reporting date (where appropriate); • Review the guidelines under which the investment has been valued (where appropriate); • Obtain and review a service auditor's report on internal controls for the investment manager; • Review management's classification in the fair value hierarchy for level 2 investments; • Carry out more detailed testing where the planned procedures do not provide sufficient assurance.
<p>Significant class of transactions</p> <p>Cash and cash equivalents / Level 1 Investments</p>	<p>The receipt and payment of cash represents a significant class of transactions occurring throughout the year, culminating in the year-end balance for cash and cash equivalents reported on the Net Asset Statement (£63.6 million as at 31 March 2025).</p>	<p>We will:</p> <ul style="list-style-type: none"> • Obtain direct confirmations for all bank accounts and Money Market Funds • Obtain monthly bank reconciliations as at the year-end and for one month post year-end, and • Where material, reconciling items will be tested to confirm clearance through the bank account after the year-end

Other matters

Other work

The Fund is administered by the London Borough of Brent (the 'Council'), and the 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 Fund's 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 2025/26 financial statements, consider and decide upon any objections received in relation to the 2025/26 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 Fund's financial statements included in the Fund's annual report with the audited Fund's 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.

Other matters (Continued)

2025 triennial valuation

Under Regulation 62 of the Local Government Pension Scheme Regulations 2013 the Fund must obtain an actuarial valuation of its assets and liabilities every three years. The latest valuation is as at 31 March 2025 (published in March 2026). The purpose of the valuation is to set employer contribution rates for the period from 1 April 2026 to 31 March 2029. It also provides the source data for actuaries to prepare their estimate of the actuarial present value of promised retirement benefits at the Fund level, as required under *IAS 19 – Accounting and Reporting by Retirement Benefit Plans*, and provides the base for actuaries to roll forward their estimates and assumptions from the triennial valuation to annually estimate individual employers' pension liabilities between triennial revaluations as required by *IAS 19 – Employee Benefits*.

The data used by actuaries to produce IAS 19 liabilities and assets can be broadly split into two categories:

- 1) Individual member data used to calculate the triennial valuation liabilities and assets which the IAS 19 liabilities and assets are based on.
- 2) Data used to carry out the roll-forward calculation from the triennial valuation liabilities and assets to the IAS 19 liabilities and assets. This data is provided by administering authorities and the relevant employers.

As auditors, we therefore need to test the individual member data used by the actuaries in their triennial valuation calculations (Item 1) against independent records every three years and Item 2 testing is carried out annually. The work for Item 1 will involve picking a sample of members across actives, deferreds and pensioners and testing a number of separate data sets within each category. Item 2 testing is included within the annual contract fee but Item 1 is additional work that will be need to be subject to a fee variation. Our proposed fee variation is on Page 23.

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

Determination

We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Fund, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements

Page 77

Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process

Planned audit procedures

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes, and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

An item may be considered to be material by nature when it relates to instances where greater precision is required.

Additionally, there may be items which we feel would benefit from a lower specific materiality for those account balances (e.g. benefits payable within the Fund Account).

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.

Our approach to materiality (Continued)

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

Matters we will report to the Audit and Standards Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Standards 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.

Planned audit procedures

- We report to the Audit and Standards Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.
- In the context of the Pension Fund we propose that an individual difference could normally be considered to be clearly trivial if it is less than **£1.3 million** (PY £1.2 million).
- 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 Committee to assist it in fulfilling its governance responsibilities.

Our approach to materiality (Continued)

Page 79

Materiality	Amount (£)	Qualitative factors considered
Headline materiality for the Fund's financial statements	£26,000,000 (This represents 2% of gross investment assets)	<ul style="list-style-type: none"> • Key users of the financial statements and performance measures that key stakeholders are interested in • Business environment • Control environment (e.g., known issues, frauds that could make a misstatement more likely) • Other sensitivities (e.g., Changes in regulations).
Performance materiality	£19,000,000 (This represents 75% of materiality for financial statements)	<ul style="list-style-type: none"> • the environment in which the pension fund operates • The size of the pension fund and functionalities • Whether there are material fraud risks that we have identified as being present.
Trivial matters	£1,300,000 (this represents 5% of overall financial statement materiality)	<ul style="list-style-type: none"> • Key users of the financial statements and audit methodology

Our approach to materiality (Continued)

Materiality	Amount (£)	Qualitative factors considered
Specific lower materiality for classes of transactions, balances or disclosures: a lower specific materiality for Contributions receivable	£8,000,000 (this represents 10% of prior year gross income from contributions)	Key users of the financial statements and which performance measures that key stakeholders for the entity are interested in.
Specific lower materiality for classes of transactions, balances or disclosures: a lower specific materiality for Benefits payable	£5,900,000 (this represents 10% of gross expenditure from benefits)	Key users of the financial statements and which performance measures that key stakeholders for the entity are interested in.

Page 80



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)

Progress against prior year audit recommendations

We identified the following issues in our 2024/25 audit of the Fund's financial statements, which resulted in **5** recommendations being reported in our 2024/25 Audit Findings Report. We have followed up on the implementation of our recommendations and **4** recommendations are still to be addressed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>Excessive System Administrative Permissions Assigned to Business Users</p> <p>During our review, we noted that certain business users, primarily from the HR and Payroll teams, had been assigned system roles that included permissions for 'Manage Menu Customisations' and 'Functional Setup Manager'. The entity was unable to confirm whether the users required all of the assigned permissions for their job responsibilities, as these permissions appear to include system administrative access and may provide elevated privileges beyond what is necessary for their business functions. When system administrative permissions are assigned to business users without clear justification, there is a risk of unauthorised or unintended changes being made to system configuration. We recommend that management enhance the existing Quarterly Logical Access Review process by incorporating a review of the detailed permissions within user roles, not just the role assignments themselves.</p>	<p>Management will review all the relevant roles and remove the administrative roles which they may not require for their job, ensuring that users can continue to carry out the necessary activities as part of their normal duties.</p> <p>This will need to split into separate stages including review of the roles, feasibility to remove permissions, testing to ensure users can carry out their activities. Work has already progressed to develop this with full implementation expected in February 2026.</p>

Progress against prior year audit recommendations (Continued)

Assessment Issue and risk previously communicated

Update on actions taken to address the issue(s)

In progress **Benefits Payable Note 9**

As per CIPFA Code **6.5.5.1 (q)** guidance Benefits Payable should be disclosed separately on the Note for the Administering authority, Scheduled bodies and admitted bodies.

The management has confirmed that the Oracle Payroll system has prevented them to be able to separate the Administering Authority and the Scheduled bodies Benefits payables until December 2024. As they had made transition from the Oracle Payroll to LPPA system, this is now possible from January 2025 onwards. The management is confirming that for 25/26 accounts, the Benefits payable will be provided on separate lines on Note 9 for Administering authority, scheduled bodies and admitted bodies. Target date: 25/26 SoA

In progress **Cash Balances Note 20**

A long-standing Cash in Transit balance of £(3.2m) remains unreconciled following the Oracle R12 to Oracle Cloud migration. Items were netted against the General Bank Account to present a reconciled position, but underlying unmatched transactions persist. Management to perform full historical reconciliation, clear legacy items, strengthen monthly bank reconciliation and review controls, and ensure full CIPFA disclosure compliance.

Management has confirmed that the work is in progress to reconcile and resolve the balance. Target date: 25/26 SoA

Progress against prior year audit recommendations (Continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p data-bbox="295 344 817 379">School Employer Contribution Rates</p> <p data-bbox="295 394 1345 544">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 data-bbox="295 558 1345 666">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 data-bbox="1391 344 2440 458">It was noted that the management issues instructions to school/payroll providers, however, it is highlighted that appropriate review of correct contributions paid needs to take place at the beginning of the year.</p> <p data-bbox="1391 494 2440 608">The same issue has been encountered in 2024/25, therefore, we continue to highlight this as a weakness in the control environment and the 2023/24 recommendation stands.</p>

IT audit strategy

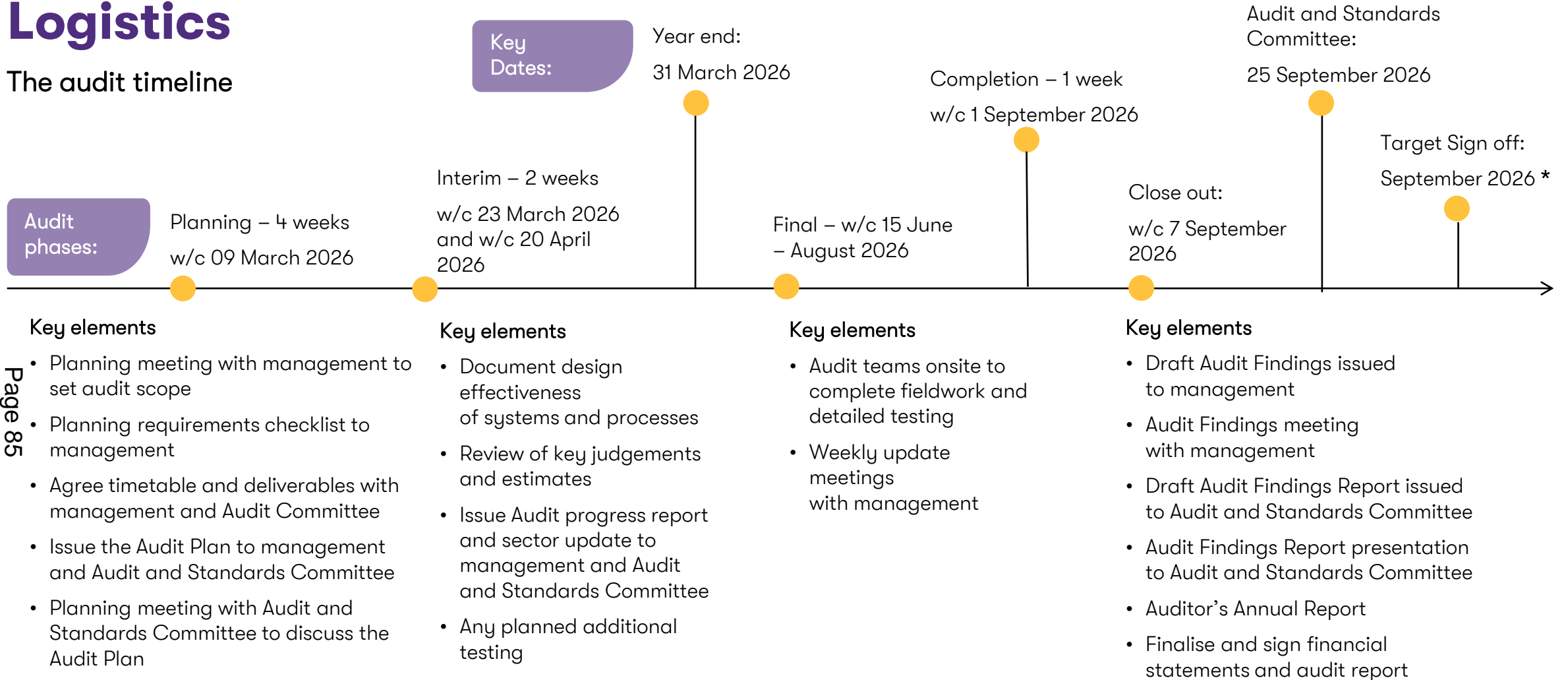
In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in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

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

IT application	Audit area	Planned level IT audit assessment
Oracle Cloud	Financial reporting	<ul style="list-style-type: none"> ITGC assessment (design, implementation and operating effectiveness) Application controls assessment
Civica - Pension Administration System	Fund Information	<ul style="list-style-type: none"> ITGC assessment (design and implementation effectiveness only)

Logistics

The audit timeline



Page 85

* Target sign off timeline is dependent on the administering body sign off date, in line with LGPS signed off alongside the administering authority

Our team and communications

Grant Thornton core team

Matt Dean

Engagement Lead/
Key Audit Partner

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

Jasmine Kemp

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

Page 86

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Audit Plan • Audit Progress and Sector Update Reports • The Audit Findings Report 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of up-coming issues

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior/In-charge 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.

Our fee estimate

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 and Level 3 Investments.

Description	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
London Borough of Brent Pension Fund Audit	97,945	99,507
2025 triennial valuation data testing	0	5,000
Total (Exc. VAT)	97,945	104,507

Our fee estimate

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 2025/26 audit is **£99,507**.

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 or opinion issued
- 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](#)

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). In this context, there are no matters that we are required to report:

Matter	Conclusion
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	Grant Thornton UK LLP are appointed as the London CIV's auditor. The London CIV are a LGPS asset pool for which London Borough of Brent are one of the Shareholders. We are satisfied that this does not impact upon our independence.

Independence considerations (Continued)

Matter	Conclusion
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).

Page 30

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. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

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.

Communication of audit matters with those charged with governance

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 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.

Page 91

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	●	●

Communication of audit matters with those charged with governance (continued)

Our communication plan	Audit Plan	Audit Findings Report
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		●

Page 992

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.

New and future standards and reporting requirements

New or revised accounting standards that have been adopted by the CIPFA Code for 2025/26

Amendments to IAS 21 – Lack of Exchangeability

IAS 21 *The Effects of Changes in Foreign Exchange Rates* has been amended by the IASB to clarify how an entity should assess whether a currency is exchangeable and how it should determine an appropriate spot exchange rate when exchangeability is lacking. The amendments introduce more detailed guidance on identifying a lack of exchangeability and on estimating a spot exchange rate in such circumstances. These amendments have been adopted by the Code from 1 April 2025.

Page 93

IFRS 17 – Insurance Contracts

IFRS 17 Insurance Contracts was issued by the IASB in May 2017 and has been adopted by the CIPFA Code for local authority accounting from 1 April 2025. The standard introduces a new comprehensive framework for the recognition, measurement, presentation and disclosure of insurance contracts, replacing IFRS 4. Key features of IFRS 17 include the introduction of revised measurement models for insurance liabilities, the contractual service margin to defer unearned profit, new presentation requirements and significantly enhanced disclosures aimed at improving transparency and comparability.

New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.


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 (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).



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 Brent	Brent Pension Fund Sub-Committee 9 July 2026
Report from the Corporate Director, Finance and Resources	
LGPS 'Fit for the future' Update	

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt:	Open
List of Appendices:	One <ul style="list-style-type: none"> • Hymans Robertson Briefing Note - Government response to technical consultation
Background Papers:	LGPS 'Fit for the future' Consultation Outcome - 24 June 2025
Contact Officer(s):	Minesh Patel, Corporate Director, Finance and Resources minesh.patel@brent.gov.uk ; 020 8937 4043 Amanda Healy, Deputy Director of Finance amanda.healy@brent.gov.uk ; 020 8937 5912 Sawan Shah, Head of Finance sawan.shah@brent.gov.uk ; 020 8937 1955

1.0 Executive Summary

- 1.1 This report provides an update on the Government's Fit for the Future reforms to the Local Government Pension Scheme (LGPS), following the laying of final regulations before Parliament on 21 May 2026, which came into force on 30 June 2026.
- 1.2 This report summarises the final position and outlines the implications for the Fund.

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 published its response to the Fit for the Future consultation in 2025 confirming that it will move ahead with its core proposals. These are summarised in the report *LGPS 'Fit for the future' Consultation Outcome* to the Pension Fund Sub-committee on 24 June 2025.

4.3 Since then, various technical consultations have taken place on how to deliver the proposals. The Pension Schemes Act 2026 received Royal Assent on 29 April 2026 and provides the statutory basis for a strengthened LGPS pooling and governance framework.

4.4 The final LGPS regulations (The LGPS (Pooling, Management and Investment of Funds) Regulations 2026 and The LGPS (Amendment) (Governance) Regulations 2026) were laid before Parliament on 21 May 2026 and will take effect from 30 June 2026. Accompanying guidance on pooling, the investment strategy statement, and fund governance was published before the end of June.

Summary of new requirements

4.5 The Pension Fund already operates within a robust governance framework. However, the new legislative requirements will require several enhancements to existing governance arrangements.

4.6 The most significant change will see the Pension Fund Sub-committee continue to retain responsibility for determining funding and investment strategy with greater emphasis placed on oversight, scrutiny and assurance of pooling arrangements rather than direct investment implementation.

4.7 The following tables summarise the key requirements of the regulations and the implications on the Fund:

Area	Requirement	Implications on the Fund
Investment Pooling	Requirement to transfer all assets to the management of the LCIV pool	At 31/3/2026, 93% of The Fund's assets were managed directly/indirectly by LCIV. An Investment Management Agreement (IMA) has been signed with LCIV enabling them to manage assets that are currently held "off-pool".
Investment Pooling	Requirement for asset pool companies to have FCA authorisations	LCIV meets this requirement.
Investment Pooling	Requirement to manage the performance of LCIV	Committee to receive regular reports from LCIV. Continue engagement with London CIV regarding implementation of the new pooling arrangements, governance framework and performance.
Investment Pooling	The deadline for publishing an updated Investment Strategy Statement (ISS) is 31 March 2027 and 18 months after the valuation date thereafter	ISS to be agreed in October 2026.
Investment Pooling	Requirement to take principal investment advice from pool	Fund to transition to pools' investment advice.
Local Investment	Funds required to set out approach on local investment, including target range, in the ISS	Review guidance, to be included in 2026 ISS review
Governance	Publication of a governance and training strategy including conflicts of interest policy	Requirements generally covered in existing Fund documents. Training strategy refreshed in July 2026. Update existing governance compliance statement and conflicts of interest policy in line with final guidance.
Governance	Pension committee members and officers will be required to have an appropriate level of knowledge and understanding of their roles and responsibilities.	Training strategy refreshed in July 2026.
Governance	The fund will be required to set out in its governance and training strategy how it will ensure that committee members and officers will meet the new knowledge requirements within a reasonable time period.	Training strategy refreshed in July 2026.
Governance	The Governance Strategy must explain when an administering authority will allow the use of substitutes for committee members	Ensure governance strategy covers use of substitutes
Governance	Requirement for all Funds to have an administration strategy	The fund has an administration strategy
Governance	Requirement to appoint a senior LGPS officer (SRO) by 31/12/2026 with overall delegated responsibility to be the strategic lead on the management and administration of the scheme	The Fund does not currently have a SRO. Recruitment process to commence.

Governance	Appointment of an independent person by 31/12/2026 to support the pension committee on all areas of the pension fund including administration, governance and investments	The Fund does not currently have an independent adviser. Recruitment process to commence.
Governance	Requirement to complete an independent governance review (IGR) once per valuation cycle with the first one taking place by 31 March 2028	Appoint an individual or named individual at a firm to carry out IGR by 31 March 2028.

4.8 The Fund's actuarial and investment advisors, Hymans Robertson, have published a briefing note on the differences between the original draft regulations and the final confirmed position, 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 The new regulations are likely to have significant resource implications, in particular the requirements in relation to the requirement to appoint an independent person, complete an independent governance review and, additional training and development opportunities. All costs will be funded by the Brent Pension Fund.

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:

Government response to technical consultation on Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026



Iain Campbell
Partner – Investment DB

The response to the technical consultation on the 2026 Regulations has at last been published. This provides clarity on the regulations that will implement the Fit for the Future reforms. We provide a summary of the differences between the original draft regulations and the final confirmed position below, many of which were signposted in the MHCLG letter sent to funds on 1 April. We now await the key details in the guidance, which is expected by end June 2026.

Implementation timescales and deadlines

Summary

Some timelines have been relaxed to reflect sector capacity and practical constraints.

Draft proposals

- Regulations expected to come into force **1 April 2026**.
- First Investment Strategy Statement (ISS) required by **30 September 2026**.
- Asset transfers to pools required within **21 days** of participation.
- Administering authorities allowed **28 days** to be in two pools during transitions.

Final position

- Regulations now come into force **30 June 2026**.
- First ISS deadline extended to **31 March 2027** (but after that, the deadline remains at 18 months after the actuarial valuation date).
- Asset transfers must occur within **3 months** of participation, with flexibility for further transitional periods.
- Transition window expanded to **3 months**, with an additional exemption for authorities winding down old pools.

FCA authorisation requirements

Summary

A simplification and reframing of requirements, providing some flexibility and reducing administrative burden.

Draft proposals

- Pools required to hold **specific list of detailed FCA permissions**.
- Administering authorities required to take “appropriate steps” to ensure their pool held these authorisations.

Final position

- The government **removed the detailed list** of required permissions. Pools must instead be either a **full-scope UK AIFM**, or a **MiFID investment firm**, before managing LGPS assets.
- All pools must become **full-scope AIFMs by 30 September 2027**.
- Administering authorities **no longer** have a regulatory duty to ensure their pool is authorised; this will be addressed in guidance.

Direction powers

Summary

More transparent and constrained use of direction powers for the Secretary of State.

Draft proposals

- Broad powers to direct authorities to join or leave pools, with limited procedural safeguards.

Final position

- Additional safeguards added:
 - Secretary of State needs to be satisfied that directions are in the interests of members/employers, other authorities in the pool, or the scheme as a whole.
 - Secretary of State may conduct enquiries and authorities must comply with information requests.
- Clarification that participation limits do not prevent pools investing in each other’s vehicles.

Investment strategy statement requirements

Summary

More emphasis on long-term financial sustainability; reduced duplication.

Draft proposals

- Investment strategy statement must:
 - be consistent with the funding strategy
 - have regard to maintaining consistent primary employer contribution rates
 - include a high-level local investment objective.

Final position

- Government removed the explicit requirement to consider stable employer contribution rates (as this is already in the funding strategy).
- Added explicit requirements to consider the long-term cost efficiency and fund solvency.
- Deadline for first ISS extended to 31 March 2027 (as noted above).

Consultation requirements

Summary

No regulatory expansion, but guidance will encourage broader engagement.

Draft proposals

- Mandatory consultees included scheme members, employers and relevant strategic authorities. Some respondents sought a broader list.

Final position

- Government retained the same mandatory consultees and declined to add actuaries, local pension boards, or asset pools to the mandatory list, though guidance will recommend consulting them.

Borrowing and liquidity

Summary

Minor regulatory changes; more reliance on guidance.

Draft proposals

- Borrowing allowed only for paying benefits or meeting investment commitments during asset-allocation changes.
- Some ambiguity around liquidity management and derivative-related leverage.

Final position

- Borrowing exemption retained (recognising exceptional circumstances).
- Regulation amended to include MoD reserve forces' contributions.
- Liquidity and derivative leverage issues to be addressed in guidance, not regulation.

Governance reforms

Summary

Slightly adjusted timing; policy intent unchanged.


Draft proposals

- Requirements for a senior LGPS officer and an independent person to be appointed by 1 October 2026, as well as governance, training and conflict-of-interest strategies.

Final position

- Appointments must be made within 6 months of regulations coming into force (ie by 31 December 2026).
- No major structural changes to the governance proposals.
- The government also noted it is confident that all administering authorities will be able to find suitable reviewers to conduct independent governance reviews within the timescales set out.

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 Brent	Brent Pension Fund Sub-Committee 9 July 2026
	Report from the Corporate Director of Finance and Resources
Brent Pension Fund - Training Strategy	

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt:	Open
List of Appendices:	One: 1) Brent Pension Fund Training Strategy
Background Papers:	None
Contact Officers:	Minesh Patel, Corporate Director, Finance and Resources minesh.patel@brent.gov.uk ; 020 8937 4043 Amanda Healy, Deputy Director of Finance amanda.healy@brent.gov.uk ; 020 8937 5912 Sawan Shah, Head of Finance sawan.shah@brent.gov.uk ; 020 8937 1955

1.0 Executive Summary

1.1 This report presents the updated Brent Pension Fund Training Strategy for approval. The Strategy sets out how the Fund will ensure that Committee and Board members, and Officers maintain the appropriate knowledge and skills to effectively fulfil their responsibilities.

2.0 Recommendation(s)

2.1 The Pension Fund Sub-Committee is recommended to approve the updated Brent Pension Fund Training Strategy attached at Appendix 1 and note the requirement to acquire and maintain the appropriate level of expertise, knowledge and skills.

3.0 Detail

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

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

3.3 **Background**

3.4 In November 2024, the Government published the Fit for the Future consultation, which proposed a number of measures to strengthen LGPS governance, including enhanced requirements in relation to the knowledge and skills of those responsible for the management of pension funds.

3.5 These proposals have since been developed through draft statutory guidance, with the final statutory guidance on LGPS Fund Governance issued by the Ministry of Housing, Communities and Local Government (MHCLG) on 29 June 2026, which places a clear expectation on administering authorities to formalise and strengthen their approach to training and knowledge.

3.6 The guidance confirms that administering authorities must ensure that Committee and Board members maintain an appropriate level of knowledge and understanding, assessed on an individual basis and supported by structured training plans and ongoing monitoring.

3.7 In addition, the preparation and maintenance of a training strategy is now a formal requirement under Regulation 55A of the Local Government Pension Scheme Regulations. The updated Strategy ensures that the Fund complies with this requirement and reflects current best practice.

3.8 Officers have therefore reviewed the Fund's existing Training Strategy and present an updated version to the Committee for approval at Appendix 1.

3.9 The regulations state that committee and board members must:

- be conversant with the rules of the Scheme, and
- be conversant with any document recording policy relating to the administration of the Scheme which is for the time being adopted in relation to the Scheme;
- have knowledge and understanding of the law relating to pensions.

3.10 The updated Training Strategy establishes a comprehensive framework to support these requirements and includes:

- complies with the updated LGPS regulations and statutory guidance published following the Fit for the Future consultation;
- adoption of nine core knowledge areas where appropriate knowledge and skills should be achieved;
- clearly defined expectations on the level of knowledge required for each role;

- A requirement for induction training within three months of appointment or before attending a first meeting;
- completion of an annual Training Needs Analysis, to assess levels of knowledge and identify the key areas and gaps in which training is required;
- enhanced monitoring and reporting requirements, including disclosures in the Fund's Annual Report and updates to the Committee/Board;
- a commitment on resources, including an annual training budget and procurement of appropriate learning tools.

3.11 Members of the Pension Fund Sub-Committee and Pension Board are required to acquire and maintain the appropriate level of expertise, knowledge and skills in the core areas, following the Fund's Training Strategy, in order to remain members of the Pension Fund Sub-committee and Pension Board.

4.0 Stakeholder and ward member consultation and engagement

4.1 This is not applicable for this report.

5.0 Financial Considerations

5.1 All direct costs and associated reasonable expenses will be met by the Fund.

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

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Brent Pension Fund

Training Strategy

July 2026

Contents

Introduction	3
Scope	3
Objectives	3
Knowledge and skills requirements	4
Approach	5
Risk Management	8
Reporting and Compliance	9
Budget and costs	9
Effective date.....	9
Review	9

Introduction

This document sets out the training strategy of the Brent Pension Fund (the “Fund”). It is intended to support Members of the Pension Committee, the Pension Board and Officers in developing and maintaining the knowledge and understanding required to fulfil their respective roles.

Effective governance and decision-making relies on those involved having an appropriate level of knowledge and skills, enabling them to properly exercise their responsibilities and to challenge advice where appropriate.

This Strategy has been prepared in accordance with the Local Government Pension Scheme Regulations 2013 (as amended), including the requirement for administering authorities to maintain a training strategy, together with the statutory guidance on LGPS fund governance, and the CIPFA Code of Practice on LGPS Knowledge and Skills (2021).

Scope

This Strategy applies to all individuals (‘relevant persons’) with responsibilities relating to the Fund, including:

- Pension Sub-committee members
- Pension Board members
- The Independent Person/adviser
- The Senior LGPS Officer
- Officers with delegated authority for pension functions
- Other officers involved in the management and administration of the Fund

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

- Provide clear, structured and accessible learning that equips individuals with the competence required to make informed and effective decisions.

Knowledge and skills requirements

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

Statutory guidance on Fund Governance and CIPFA Knowledge and Skills Framework

The statutory guidance, introduced in 2026 and the CIPFA framework, that was introduced in 2010 and updated in 2021, covers nine core technical areas where appropriate knowledge and skills should be achieved and maintained they are:

- **pensions legislation and guidance** - A knowledge of the framework of legislation and guidance and the way in which it affects the management and operational aspects of the Local Government Pension Scheme.
- **pensions governance** - Understanding the requirements of the current and evolving governance framework for the LGPS as well as wider pensions industry frameworks that apply and impact the governance of the LGPS.
- **funding strategy and actuarial methods** - To understand the work of the Actuary and the way in which actuarial information impacts both the finances of the Scheme and the Scheme Employers.
- **pensions administration and communications** - To understand the complex nature of administering scheme benefits and contributions and the industry wide requirements of disclosure and data quality, to ensure decisions made are in compliance with the regulations.
- **pensions financial strategy, management, accounting, reporting and audit standards** - To understand the way LGPS pension funds are resourced, budgeted, and accounted for and the role internal and external auditors play in assuring the administering authority complies with statutory requirements.
- **investment objectives, strategic asset allocation, pooling, and pooling performance management** - To gain an understanding of investment risks (including emerging risks), asset allocation and its impact on investment performance, investment pooling arrangements.

- **risk management** - developing the strategies, processes, and reporting procedures necessary to identify, evaluate, monitor, and manage risks.
- **financial markets and products** - An understanding of the workings of financial markets and the investment vehicles available in relation to the Fund's investment strategy and how these are utilised in investment pools.
- **pension services procurement, contract management and relationship management** - An understanding of procurement requirements, including the availability of LGPS specific frameworks, to enable the appointment of third-party providers that facilitate efficient and effective pensions operations.
- **key skills and behaviours** - developing the necessary skills and behaviours, including the ability to influence, challenge and contribute to support effective governance and decision-making

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.

Approach

The Fund seeks to provide a structured but flexible approach to training, recognising that individuals will have different levels of experience and may have different learning needs.

Induction training

New Members of the Pension Committee and Pension Board will receive induction training 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. This will normally be delivered within three months of appointment or before attendance at their first meeting, whichever is sooner, ensuring that individuals are able to engage effectively from the outset of their role.

Individual Training Needs

The individuals to whom this policy applies will be required to complete an annual knowledge and skills evaluation which will identify the key areas and gaps in which training is required. Training on the identified areas will be provided as necessary alongside training in relation to new relevant areas not previously considered. The degree of knowledge and skills required should be appropriate to enable individuals to carry out their roles, responsibilities and duties.

Degree of knowledge and understanding required

In developing the annual training plan, consideration will be given as to the level of knowledge needed for each group of individuals. For example, Committee and Board members may require only an 'awareness' or 'general understanding' of some of the areas, whereas Senior Officers/Managers may require 'detailed' or 'expert' knowledge of the same topic.

All relevant persons must:

1. be conversant with:
 - a. the rules of the LGPS, and
 - b. any document recording policy about the funding, investment, administration, communications, or governance which is for the time being adopted in relation to the scheme.
2. have a knowledge and understanding of the law relating to pensions such other matters as may be prescribed in legislation and guidance.

The level of knowledge required for each individual will be in line with the CIPFA Framework:

For committee and board members:

- an awareness, ie recognition that the subject matter exists
- a general understanding, ie understanding the basics in relation to the subject matter
- a strong understanding, ie a good level of knowledge in relation to the subject matter (but not necessary at a detailed level).

For senior officers/managers:

- a strong understanding, ie a good level of knowledge in relation to the subject matter (but not necessary at a detailed level)
- a detailed level of knowledge in relation to the subject matter
- an expert level of knowledge in relation to the subject matter

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 general code of practice. 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 generic, having to cater for all public service pension schemes, therefore they do not cater for the specific requirements of the LGPS such as Scheme regulations, the Fund's specific policies and the more general pension's legislation. Therefore, this toolkit is used as part of the Fund's wider training plan.

Members must complete all modules of the toolkit within 2 months of appointment.

Ongoing Training

Ongoing training will be provided throughout the year and will, where possible, be aligned with the Fund's business plan and upcoming decision-making requirements. This may include training sessions linked to specific agenda items, as well as more general sessions covering key aspects of funding, investment, governance and administration. In general, joint training activities for both pension committee and board members is preferred.

A range of delivery methods will be used to support learning including but not restricted to:

- In-house training provided by Officers or external trainers;
- Training as part of a formal meeting;
- External training events (such as those run by the Local Government Association or advisors);
- Circulation of reading material such as LGA bulletins and Scheme Advisory Board updates;
- Shared training with other Funds or investment pool (London CIV);
- The Pension Regulator's e-learning toolkit;
- Hymans Robertson LGPS Online Learning Academy (LOLA) E-learning Portal;
- Attending seminars and conferences such as those organised by the LGA, CIPFA, Local Authority Pension Fund Forum, Pensions UK etc.;
- Regular updates from officers and/or advisers.

Members are also encouraged to supplement formal training by reviewing papers, guidance and industry updates as part of their ongoing development.

Flexibility

When considering training for members of the Pension Fund Sub-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.

Substitute Members

Substitute members of the Committee should have sufficient knowledge and skills to fulfil the role effectively and be provided with access to training as required.

Risk Management

The effective delivery of this Training Strategy may be affected by:

- Frequent changes in membership of the Committee or Board reducing knowledge and understanding
- Poor individual attendance / a lack of engagement at training
- Resources not being available
- Poor standards of training
- Substitute members not having the same level of knowledge and skills
- Inappropriate training plans

These risks will be monitored within the scope of the training strategy to be reported to the Senior LGPS Officer or s.151 officer where appropriate. Where engagement with training is limited, this will be raised with the individual concerned and, where appropriate, with the relevant Chair. Further action may be taken where appropriate.

Reporting and Compliance

The Fund is required by regulation to monitor and report on the training of Officers and Committee and Board members. The Fund will:

- Maintain individual training records;
- Record total training hours, knowledge areas covered and meeting attendance;
- Report training activity regularly to the Committee and Board;
- Publish training records in the Fund's annual report;
- Take action where poor attendance is identified.

Members **must** notify officers of any training they have completed independently so that the training log can be kept up to date; for online training courses, copies of training logs should be downloaded and sent to officers as evidence of completed training.

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 09 July 2026.

Review

This strategy will be reviewed every 3 years, and if necessary, more frequently to ensure it remains accurate and relevant.

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 <p style="font-size: 24pt; font-weight: bold; margin-top: 10px;">Brent</p>	<p style="font-size: 18pt; font-weight: bold; margin: 0;">Brent Pension Fund Sub-Committee</p> <p style="font-size: 16pt; margin: 10px 0 0 0;">9th July 2026</p> <p style="font-size: 16pt; font-weight: bold; margin: 0;">Report from the Corporate Director of Finance and Resources</p>
<p style="font-size: 18pt; font-weight: bold; margin: 0;">LAPFF Engagement Report</p>	

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt:	Open
List of Appendices:	One - LAPFF Engagement Report Q1 2026
Background Papers:	N/A
Contact Officers:	<p>Minesh Patel, Corporate Director, Finance and Resources (minesh.patel@brent.gov.uk; 020 8937 4043)</p> <p>Amanda Healy, Deputy Director of Finance (amanda.healy@brent.gov.uk; 020 8937 5912)</p> <p>Sawan Shah, Head of Finance (sawan.shah@brent.gov.uk; 020 8937 1955)</p> <p>Manish Shah, Senior Finance Analyst (manish.shah@brent.gov.uk; 020 8937 1444)</p>

1.0 Executive Summary

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

2.0 Recommendation(s)

2.1 The Committee is recommended to note this report.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

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

4.0 Background to LAPFF

4.1 LAPFF (the Local Authority Pension Fund Forum) represents 87 members and 7 pools with combined assets exceeding £425bn. With investments widespread in many sectors, LAPFF's aim is to act together with the majority of the UK's local authority pension funds and pool companies to promote the highest standards of corporate governance in order to protect the long-term value of local authority pension funds.

4.2 Leading the way on issues such as campaigns against excessive executive pay, environmental and human rights campaign, reliable accounting and a just transition to a net zero economy, the Forum engages directly with company chairs and boards to affect change at investee companies. LAPFF engages with companies and its stakeholders, such as employees and local communities, to understand their views on a company's behaviour and risks. Some issues extend beyond the behaviour of individual companies to the way markets function. The engagement is member led and on behalf of the Brent Pension Fund and other local authorities, LAPFF are able to challenge regulators and deliver reforms that advance corporate responsibility and responsible investment.

4.2.1 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.

4.3 Collaboration with other investors has the potential to strengthening the voice of Pension Funds, influence major companies on key ESG issues and help drive real-world change. Examples of the work carried out by LAPFF are provided below and in previous engagement reports to the committee. Individual funds, like Brent, engaging with companies on their own are unlikely to much of an impact and the Fund would require significant resources to do so effectively. Therefore, membership of collaboration groups such as LAPFF is considered to be more efficient whilst also likely to have greater impact.

5.0 Engagements Conducted by LAPFF

5.1 The LAPFF policy on confidentiality requires that all company correspondence (letters and meeting notes) remain confidential; however, LAPFF produce a Quarterly Engagement report to give an overview of the work undertaken. A

summary of key engagement work has been provided in this report. The full report is attached in Appendix 1 (as of March 2026) and highlights the achievements during the relevant period.

Water Utilities

- 5.2 LAPFF has maintained longstanding engagement with the water utilities sector regarding pollution from storm overflows and required upgrades to ageing Victorian infrastructure. Building on this foundation, LAPFF is expanding its engagement focus to include the growing risks posed by poly fluoroalkyl substances (PFAS) and other environmental contaminants, such as microplastics.
- 5.3 PFAS are synthetic chemicals and environmental contaminants built around strong carbon–fluorine bonds. These bonds are among the strongest in organic chemistry, which is why PFAS are often called “forever chemicals” as they break down extremely slowly as their chemical stability makes them highly resistant to oil, water, heat, and stains.
- 5.4 As a result, PFAS have been widely used in many commercial and household products, including non-stick cookware, water and stain-repellent fabrics, firefighting foams, certain paints, medical devices, and various types of food packaging.
- 5.5 However, the same durability that makes PFAS useful also makes them a major environmental concern. PFAS, especially short-chain varieties, can travel easily through the environment and accumulate in air, soil, plants, and animals, ultimately entering the human food chain. They are frequently detected in drinking water supplies around the world.
- 5.6 LAPFF notes the significant regulatory changes underway within the UK water sector via the government’s decision to dismantle Ofwat and transition to a new integrated water regulator. LAPFF’s engagement, will encourage companies to demonstrate how they are addressing both legacy pollution challenges and emerging risks, while adapting to the forthcoming regulatory and supporting sector-wide collaboration to deliver a more resilient and sustainable water system.
- 5.7 LAPFF met with Pennon’s (South West Water’s parent company) ESG Committee Chair, senior executives, and incoming leadership to discuss progress across environmental performance, preparation for regulatory changes, and governance, particularly in relation to its South-West Water operations.
- 5.8 A summary of the actions taken by Pennon include improving water quality at source, energising two new renewable energy sites and reducing pollution via storm overflows. Further details on what they are doing to resolve the issues can be found within the full LAPFF Engagement paper attached, see Appendix 1.

- 5.9 In conclusion, Pennon continues to operate in a challenging risk environment, where climate-driven weather variability and legacy infrastructure pressures are shaping day-to-day performance. Although progress has been made on storm-overflow reductions, progress is lagging, and Pennon remains under heightened public and regulatory scrutiny.
- 5.10 Pennon also faces a period of leadership transition, with CEO Susan Davy stepping down and incoming CEO Keith Haslett assuming the role in April 2026. The transition will require continued stability and board-level focus to maintain momentum on long-term environmental targets.
- 5.11 LAPFF will monitor how the company manages this leadership change while responding to regulatory expectations, rebuilding public trust, and ensuring that lessons from recent incidents translate into operational improvements.

Say On Climate - Schroders and Land Securities

- 5.12 LAPFF and CCLA (see point 5.19 & 5.20 below for summarised note on who CCLA are and their focus) lead an investor campaign calling on FTSE 100 companies to provide shareholders with a regular vote on their climate risk and resilience strategies. LAPFF's view is that companies should give shareholders a say at least once every three years, in line with guidance from the Transition Plan Taskforce (TPT), now under the International Sustainability Standards Board (ISSB).
- 5.13 LAPFF's view is that climate change is a systemic financial risk, and companies should demonstrate credible decarbonisation plans. A dedicated shareholder vote improves accountability, transparency, and investor confidence in how companies plan to navigate climate transition.
- 5.14 LAPFF met with Schroders and Land Securities Group in Q1 to request the companies consider including a management resolution setting out their respective transition plans. LAPFF built on an engagement with Schroders in Q4 2025, in which the company provided further detail regarding its climate stewardship, including voting and engagement activity. The company outlined its established expectations of investee companies, including the adoption of material Scope 1, 2 and 3 emissions targets, net-zero commitments, credible transition plans, and ongoing disclosure, noting that these expectations have remained broadly consistent and are reviewed annually. LAPFF queried the effectiveness of engagement with Schroders' highest-emitting and hard-to-abate companies.
- 5.15 Schroders outlined its approach to climate stewardship, describing voting and engagement as a continuum, and at the core of its efforts on managing climate risk whilst maximising opportunities. The company reiterated its long-standing expectations of investee companies, including the setting of material Scope 1, 2 and 3 targets, net-zero commitments, credible transition plans and ongoing disclosure, noting that these expectations have remained consistent and are reviewed annually.

- 5.16 LandSec undertakes large-scale development and regeneration projects and launched a dedicated £135 million Net Zero Transition Investment Plan in 2021 to support decarbonisation initiatives through to 2030, forming a key component of the company's transition strategy. LAPFF sought further detail on capital allocation under the plan, including the effectiveness of investments to date and how capital will be deployed through to 2030 to ensure the company meets its targets. LAPFF also asked about the company's approach to addressing harder-to-abate embodied emissions associated with development activity, and whether LandSec would consider submitting a 'Say on Climate' resolution to its 2026 AGM.
- 5.17 Schroders and LandSec indicated that they would keep market sentiment around climate transition plans under review but confirmed that there are currently no plans to include such a resolution on the agenda of upcoming AGMs.
- 5.18 LAPFF will continue to approach shareholder oversight of climate transition plans as an ongoing governance issue. Throughout 2026, the Forum will track the introduction, withdrawal, and framing of climate related resolutions at company AGMs and maintain engagement and, where appropriate, escalation.
- 5.19 CCLA, is the acronym for Churches, Charities and Local Authorities Investment Management Limited, which is a leading UK asset manager that specializes in providing ethical and responsible investment services for non-profits.
- 5.20 Their primary focus is a) value-based investing which means ensuring financial objectives are met in a way that aligns with the social and ethical values of their clients; b) Stewardship & Campaigns, actively campaigning for industry improvements in areas like corporate mental health, climate action, and addressing modern slavery; c) Asset Management - offering a variety of pooled funds, segregated mandates, and cash funds designed to balance risk and provide long-term growth or income.

Electric Vehicles – General Motors

- 5.21 LAPFF engages automotive manufacturers to assess how they are managing the human rights and supply chain risks associated with a transition to electric vehicles. Engagements focus on critical mineral sourcing, supply chain traceability, and the extent to which companies apply robust human rights due diligence in regions where risks are more present, and supply chains more opaque.
- 5.22 LAPFF also seeks greater clarity on governance, oversight, and implementation, including how risks linked to battery production and raw material extraction are identified, mitigated, and remediated, and whether disclosure is sufficient to demonstrate that electrification plans are being delivered responsibly.
- 5.23 LAPFF has been engaging General Motors (GM) on these issues since 2022. In a notable move, the company did not publish a standalone sustainability

report in its most recent reporting period. Whilst a more fragmented approach to reporting has been taken by GM, it has made notable progress in mapping its supply chain, providing better visibility throughout its supply chains. It has also been consulting NGOs and other civil society organisations to better understand how to address both systemic and localised human rights issues, designed to complement a series of other tools that GM is using such as social auditing, capacity building, and training with suppliers.

5.24 LAPFF will continue to expand its engagement across automotive manufacturers and relevant value chain actors to assess how human rights risks associated with electric vehicle production are being identified and managed.

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 which is delivered through the LAPFF.

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
2026



Climate Change Adaption

• Aviation • Zero
Hour Contracts

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Cover image: kateryna-ivanova/unsplash; left: lee-milo unsplash

CLIMATE CHANGE ADAPTATION & RESILIENCE

FOOD / PROTEIN / AGRICULTURAL SUPPLY CHAINS

Climate adaptation has continued to be a focus for LAPFF during Q1 of 2025. With climate change and more frequent extreme weather events already impacting our planet and economy, ensuring companies are taking measures to adapt to the physical risks is of significant interest to investors. In this context, climate adaptation relates to companies anticipating and preparing for the climate-related changes already with us and predicted to intensify. According to a 2024 report by the World Economic Forum, climate hazards could drive \$560-610 billion of asset losses annually across listed companies by 2035, rising to \$1.1 trillion by 2055.¹ In a scenario without adaptation strategies,

this could lead to a 6.6% to 7.3% drop in average company earnings every year by 2035. Climate adaptation differs from mitigation, where companies work to reduce the risk that the negative impacts will occur in the first place, which remains a central focus of LAPFF's work.

Climate-related impacts will be felt across the entire economy but will affect some sectors more than others. One such area is food systems, whereby the UK government has identified climate change as one of the greatest risks to the long-term stability of global food security.² This means food producers and distributors will experience the impacts of climate change acutely, with the material negative impacts stemming from extreme heat, drought, and water stress. In the context of the UK, Met Office projections³ indicate that warmer, wetter winters and hotter, drier summers will become more frequent, as will extremes like floods and droughts. These all have implications for how food is produced. The extent to which companies need to adapt depends on the specific hazard (its frequency and certainty), their vulnerability to its impacts, and the geographic exposure of their operations. As a result, adaptation strategies demand a

bespoke approach at the industry and company level.

Inside Track is a non-profit organisation that provides a platform for people working within key industries to confidentially share internal insights, with the aim of shaping strategic interventions to support industry change. In April 2025, it published a memo from anonymous food industry executives in which they were voicing concerns about the threat climate change poses to food security.⁴ The memo stressed that yield, security, and predictability of supply will become unreliable due to climate risks such as declining soil health, water scarcity, and global heating. The memo cautioned that the food sector is ill-equipped to deal with the magnitude of these risks and called on investors to lead a pragmatic dialogue with companies, urging them to strengthen supply chain resilience.

Objective: What can LAPFF do to encourage companies to prepare?

The starting point is for investee companies to understand and be clear about what a higher temperature outcome might mean for their business. LAPFF is therefore actively encouraging companies to identify and describe

1 https://reports.weforum.org/docs/WEF_Business_on_the_Edge_2024.pdf

2 <https://lordslibrary.parliament.uk/impact-of-climate-change-and-biodiversity-loss-on-food-security/>

3 <https://weather.metoffice.gov.uk/climate-change/climate-change-in-the-uk>

4 <https://insidetrack.org.uk/foodmemo>

ENGAGEMENTS

climate adaptation issues that are financially material. Such disclosures should include the potential impacts and the actions that the company is taking to reduce the risks. By doing so, companies would be aligning with the IFRS S2 standard.

To further this objective, in Q1 LAPFF held engagement calls with Sainsbury's, Associated British Foods (ABF), Danone, Marks and Spencer (M&S), and Nestlé. This was part of a dialogue facilitated by BNP Paribas. These collaborative engagements sought to encourage companies to identify and describe financially material physical climate-related impacts, and disclose the adaptation measures they are taking to mitigate such risks. LAPFF expects these measures to be company-specific and embedded within a range of 'reasonable outcomes', not just a single 'preferred' scenario. Given the heterogeneity of global climate change, companies should be focused on the regional differences of key sourcing areas and commit to regularly disclosing information that allows investors to monitor progress. LAPFF upholds the expectation that the board must have direct oversight of the execution of climate-adaptation strategies, anchored by a named director to ensure clear accountability.

Achieved Sainsbury's

Sainsbury's disclosed that supply chain resilience is embedded within its commercial strategy; it has and continues to be a high priority for the Board. Sainsbury's identified water stress and scarcity as one of its greatest risks, particularly in Peru and Spain, noting that the four growing areas across Spain face different climate hazards. A key pillar of its adaptation strategy is to prioritise long-term supplier partnerships, whereby the sustained commitment empowers suppliers to invest in localised mitigation and adaptation measures. Sainsbury's aims to enhance traceability across the end-to-end value chain by establishing shorter supply chains. It emphasised its commitment to industry collaboration, particularly in sourcing regions where it cannot operate alone.

ABF

ABF outlined a risk management process

led by the CFO who reports to the Board. The company highlighted how physical climate-related risks are identified and managed within its devolved business units (Retail, Grocery, Sugar, Agriculture and Ingredients), with periodic reporting to central management. ABF noted that some risks may be material at a business level without aggregating to group level materiality. The company acknowledged investor feedback that disclosures could be strengthened through financial quantification of physical risk impacts, beyond qualitative risk ratings.

Danone

In 2025, Danone conducted a multi-layer risk mapping of its supply chains, including the physical risks of climate, land use change, supply concentration and water usage. The study identified the top 15 high-risk commodities and potential yield changes by 2030 and 2050. This exercise was used to guide investment in mitigation. Milk was identified as its top priority, followed by sugar and strawberries. North America, Spain, France, and Mexico were identified as its risk focus areas, noting the UK is not an area of concern as it is relatively small from a sourcing perspective.

In addition, Danone has committed to ensuring that 45% of its supply is sourced from farmers using regenerative agriculture by 2030. It is working to identify where the climate impacts will be most severe and assess whether regenerative practices demonstrate greater resilience relative to conventional farming; one way they are measuring this is by leveraging satellite imagery.

Through its January 2024 Sustainable Sourcing Programme, Danone introduced new contractual commitments for strategic suppliers aligned with SBTi requirements and has since collected 93% of supplier specific emissions factors from its dairy ingredient suppliers, strengthening visibility and accountability across its supply chain.

M&S

The Board of M&S has ultimate oversight of its ESG strategy, reinforced by the board-level ESG committee. The cross-functional ESG Business Forum operationalises delivery across business units, meeting quarterly to track progress, manage risks, and report to the Executive

Committee and the ESG Committee; M&S noted that the most recent meeting explored its supply chains.

In 2025, the company conducted a risk assessment of its top 50 raw materials, including palm oil, cocoa and coffee, to prioritise resilience strategies for those with the highest environmental and social risks. It is committed to funding and scaling innovative projects that address supply chain risks using its annual £1m 'Plan A Accelerator Fund'; current projects include extending the season of British tenderstem broccoli, drone-based crop monitoring, and biochar trials. With regards to milk yields, M&S' milk pool of 40 British farmers embeds resilience by maintaining the highest welfare and environmental standards, supported by a five-year programme that funds the equipment for the real-time monitoring of animal health and wellbeing as well as regenerative farming practices, such as soil health and biodiversity. This data spans 42 metrics, with results interpreted by on-site visits from environmental experts.

M&S emphasised that its long-term partnerships, particularly in Britain, provide assurance for its suppliers to invest in both climate mitigation and adaptation strategies. M&S added that it is collaborating with the UK government to help drive policy changes in this space at the national level.

Nestlé

Nestlé defined a climate resilience strategy underpinned by a proprietary risk-mapping tool that identifies where its key ingredients are sourced, the physical climate risks these regions face, and hotspots of high biodiversity. Nestlé is scaling regenerative agricultural practices across its supply chain alongside identifying alternative sourcing regions. Across Côte d'Ivoire and Ghana, two of its key cocoa sourcing regions, Nestlé supports its farmers to implement regenerative agriculture practices, including shade-tree systems and frequent pruning. Malaysia has been pinpointed as a region for future cocoa sourcing, whereby cocoa trees will be planted alongside existing palm oil plantations. Intercropping aims to diversify monoculture plantations, which can enhance crop resilience to weather extremes. Nestlé continues to scale climate-linked insurance across

ENGAGEMENTS



Image: Alamy

commodities including coffee and palm oil, using its long-term sourcing relationships to improve farmers' access to coverage. It noted that this remains challenging in cocoa due to unpredictable and highly variable yields. Nestlé reiterated the importance of a collectively recognised definition for regenerative agriculture, and moving towards consistent reporting frameworks and standardised regulation across the industry.

In Progress: There is growing recognition among both companies and investors that climate change will negatively impact most agricultural activities; this will impose material risks on companies

across the food supply chain.⁵ While financially viable solutions are available, it's often not clear who will fund the required actions. Given this, it is not unreasonable for investors to require that companies clearly set out not just the possible impacts, but also the detailed actions they will be taking, as has been made clear during engagements in Q1.

At the February 2026 Business meeting, LAPFF issued a report entitled 'Climate Adaptation: Food Producers and Distributors', setting out what the Forum and other stewards of capital should be asking investee companies with exposure to the most at risk commodities. The report covered dairy, fresh fruit & vegetables as well as coffee

and chocolate. For those companies exposed to dairy farming, the report recommended a focus on three key areas: herd management, land management, and infrastructure. In the case of fresh fruit and vegetables, this would include a requirement for companies to set out specific actions they are proposing to take, such as plans to shift sourcing away from the most exposed parts of its supplier base.

LAPFF will continue to engage companies exposed to the physical risks of climate change on agriculture, in particular, exploring opportunities for enhanced stewardship while determining any appropriate level of sector or commodity focus over time.

⁵ <https://www.wwf.org.uk/press-release/uk-supermarkets-track-meet-critical-targets>

ENGAGEMENTS



Image: Alamy

South West Water handing out emergency rations of bottled water to anyone affected by the Cryptosporidium outbreak in Torbay

WATER UTILITIES

Issue: LAPFF has maintained longstanding engagement with the water utilities sector regarding pollution from storm overflows and required upgrades to ageing Victorian infrastructure. Building on this foundation, LAPFF is expanding its engagement focus to include the growing risks posed by per- and poly-fluoroalkyl substances (PFAS), or “forever chemicals”, and other environmental contaminants, such as microplastics.

PFAS are synthetic chemicals and environmental contaminants built around strong carbon-fluorine bonds; these are chains of carbon atoms bonded to fluorine, with each compound containing at least one fully fluorinated carbon group. These bonds are among the strongest in organic chemistry, which is why PFAS are often called “forever

chemicals”: they break down extremely slowly and can persist in water, soil, and air for decades or even centuries.

Their chemical stability makes them highly resistant to oil, water, heat, and stains. As a result, PFAS have been widely used in many commercial and household products, including non-stick cookware, water- and stain-repellent fabrics, firefighting foams, certain paints, medical devices, and various types of food packaging.

However, the same durability that makes PFAS useful also makes them a major environmental concern. PFAS, especially short-chain varieties, can travel easily through the environment and accumulate in soil, plants, and animals, ultimately entering the human food chain. They are frequently detected in drinking water supplies around the world. Epidemiological studies have linked PFAS exposure to several health

risks, including adverse reproductive outcomes in women, immune system disruption, and potential carcinogenic effects.

LAPFF also notes the significant regulatory changes underway within the UK water sector via the government’s decision to dismantle Ofwat and transition to a new integrated water regulator, as recommended in the government-commissioned 2025 Independent Water Commission: review of the water sector, the Cunliffe Report⁶, and detailed in the January 2026 DEFRA Water White Paper “A New Vision for Water”⁷. These reforms signal a shift toward more coordinated, system-wide oversight of the sector. In this context, LAPFF’s engagement will encourage companies to demonstrate how they are addressing both legacy pollution challenges and emerging risks, while adapting to the forthcoming regulatory

6 <https://www.gov.uk/government/publications/independent-water-commission-review-of-the-water-sector>

7 https://assets.publishing.service.gov.uk/media/698dd6d5ceeaa48d377f6a73/Defra_Water_White_Paper_2026_print__with_correction_slip_.pdf

ENGAGEMENTS

framework and supporting sector-wide collaboration to deliver a more resilient and sustainable water system.

Achieved: LAPFF met with Pennon's ESG Committee Chair, senior executives, and incoming leadership to discuss progress across environmental performance, preparation for regulatory changes, and governance, particularly in relation to its South West Water operations. The company reported strengthened capability through an expanded ESG function and creation of a dedicated Chief Strategy and Regulatory Affairs role.

Pennon outlined material improvements across its operations, including continued delivery of the 'Upstream Thinking' catchment programme as well as the company's long running, nature-based catchment management programme designed to improve water quality at source by working with farmers, landowners, and environmental partners across the South West. The company also outlined energising two new renewable energy sites as part of its ambition to self-generate 40% of energy consumption by 2030.

On pollution via storm overflows, Pennon confirmed progress, noting 291 overflow improvements have been completed, all bathing-water overflows have been addressed, and the company remains committed to achieving fewer than ten overflows a year by 2040. This progress is welcome, given South West Water has historically recorded some of the highest storm overflow incident rates in England, according to Environment Agency (EA) Event Duration Monitoring (EDM) data (2024-2020)⁸. The 2025 data was released by the EA after the meeting with Pennon in late March 2026. Its latest Incident Reduction Plan is forthcoming, and the company continues to target 4-star EPA ratings, which Pennon confirms is reviewed at every board meeting.

On emerging contaminants, Pennon described active PFAS monitoring in coordination with the Drinking Water Inspector (DWI) and participation in national trials, noting its partnership with the University of Exeter's CREWW to develop PFAS removal methods and

advance microplastics detection and research. The company reiterated its support for the 'polluter pays' principle, cautioning that end-of-pipe solutions alone are unsustainable for bill payers.

Pennon also discussed the 2026 Water White Paper and the sectors transition to a new single regulator, welcoming the sector-wide shift from a water-sector to a water-system approach. It noted active involvement in transition planning and supported the reintroduction of a Chief Engineer to strengthen asset health oversight. The company recognised the importance of improved regional planning and better alignment between regulators and the unique geographic and socio-economic context of the South West.

In Progress: Pennon continues to operate in a challenging risk environment, where climate-driven weather variability and legacy infrastructure pressures are shaping day-to-day performance. Although progress has been made on storm-overflow reductions, progress is lagging, and Pennon remains under heightened public and regulatory scrutiny. A notable example is Channel 4's Dirty Business⁹ which aired in February; a series examining the UK water industry and associated issues. Additionally, shortly after LAPFF's meeting with the company, South West Water pleaded guilty to supplying water unfit for human consumption following the 2024 cryptosporidium outbreak in Brixham - which resulted in more than 140 confirmed cases, several hospitalisations, and a prolonged boil water notice affecting thousands of households - as reported on 4 March 2026 by the BBC¹⁰. This incident underscores ongoing risks around water quality management and the importance of robust internal controls, transparent reporting, and strengthened oversight as the sector transitions towards a new regulatory model.

Pennon also faces a period of leadership transition, with CEO Susan Davy stepping down and incoming CEO Keith Haslett assuming the role in April 2026. The transition will require continued stability and board-level focus

to maintain momentum on long-term environmental targets. LAPFF will monitor how the company manages this leadership change while responding to regulatory expectations, rebuilding public trust, and ensuring that lessons from recent incidents translate into operational improvements.

Valuing Water Finance Initiative

LAPFF is also focused on effective water stewardship as a member of the Valuing Water Finance Initiative (VWFI), a coalition of 108 investors representing US\$18.1 trillion in AUM. The initiative calls on companies to meet the Corporate Expectations for Valuing Water, which provides guidance as to how companies should manage, protect, and value freshwater across their operations and supply chain. LAPFF was co-chair of the Valuing Water Finance Task Force whilst these expectations were developed.

During Q1, LAPFF signed a letter circulated to 56 companies across four water-intensive industries, namely food, beverage, apparel, and high-tech. The letter reinforces investor attention to mitigating water risk and reflects key themes found in Ceres' 2025 VWFI benchmark analysis, which outlined that while companies are aware of water-related risks, significant gaps remain that place value at risk.

The letters encourage each company to identify the most water-dependent and water-impacting areas across its operations and supply chains and to then disclose credible water-related targets along with the actions taken to achieve them.

ARE Protein Transition Platform – Meiji & Nissin

Objective: Asia Research and Engagement's Protein Transition platform is an initiative focused on the contributions of Asia-based food companies to regional and global protein security through expanding the share of sustainable proteins.

8 <https://environment.data.gov.uk/dataset/21e15f12-0df8-4bfc-b763-45226c16a8ac>

9 https://www.channel4.com/programmes/dirty-business?gad_source=1&gad_campaignid=19633109208&gbraid=0AAAAACqZr-DdkkpdPlqGIMMIRPdBYGb3&gclid=Cj0KQCQIAk6rNBhCXARISAN5mQLVfSUopVyHwVoJAge8sl2qga2TXotdhl27Jc9yKdujNEC13MPgKgaAkblEALw_wcB

10 <https://www.bbc.co.uk/news/articles/cvg3599690yo>

ENGAGEMENTS

The initiative looks at a wide range of issues within protein producers, including climate change, animal welfare, deforestation, responsible use of natural capital, fair labour, and responsible use of chemicals. In total, the initiative has set 19 goals for companies to hit by 2030 with a view to a just, human, and climate-safe protein transition.

Achieved: LAPFF participated in calls through the platform for the first time in Q1, meeting Nissin Foods and Meiji HD.

In a meeting with Nissin Foods, key issues covered included deforestation, food waste, animal disease, antibiotic use, and protein diversification. Nissin has implemented 'Satelligence', a Netherlands-based satellite data platform, to monitor deforestation on a weekly basis. The company has also shown a 34.9% reduction in food waste, driven primarily by improved procurement planning and sales forecasting, alongside the recycling of unsold products into animal feed. LAPFF discussed a growing demand for plant-based products and cage-free eggs as business opportunities, although uptake in Japan was described as materially lower than that in the UK and Europe.

In a meeting with Meiji, LAPFF welcomed the company's recent move to participate in the 'In-Setting Consortium', an industry coalition aimed at reducing scope 3 GHG emissions and transitioning the food value chain towards 'nature positive'. While Meiji plans to harness this platform to enhance the traceability of its supply chain, it is yet to set a strategy or timebound targets. It also provided limited detail on why it was unable to provide transparency on certain commodities where a number of its peer companies do, which was stressed as a point of potential improvement for the company. Meiji echoed the sentiment expressed by in Nissin Foods, that Japanese consumers were less concerned by animal welfare or cage-free eggs than other markets.

In Progress: LAPFF will continue to support the platforms core aims of a transition to net zero, which also encourages companies to move towards net positive practices for nature and biodiversity and supports workers in a fair and just transition.

CLIMATE CHANGE MITIGATION

Aviation

Objective: Aviation remains heavily dependent on fossil-based jet fuel, making it a significant source of hard-to-abate emissions and subject to increasingly stringent regulatory requirements across the UK, EU, and international markets.

In Q1, LAPFF met with major European airline groups, including Ryanair, International Consolidated Airlines Group (IAG), Wizz Air, and easyJet, to press for decarbonisation strategies that are credible, measurable, and aligned with a 1.5°C pathway. Across all engagements, LAPFF sought to understand airlines' plans for scaling Sustainable Aviation Fuel (SAF), the extent to which long term SAF targets are being converted into firm supply agreements, and how companies intend to meet emerging SAF mandates that may reshape cost structures and competitive dynamics within the sector.

LAPFF also focused on how each airline is managing material climate-related risks, including regulation, operational impacts, and supply chain, as well as whether governance structures, board-level oversight, and executive incentives are sufficiently robust to support long term climate objectives. Additionally, LAPFF assessed the credibility of airlines' pathways to net-zero, including the roles of new aircraft technology, fleet renewal, operational efficiency, and investment in disruptive technologies such as hydrogen power and synthetic fuels. Given the sectors complex value chain, LAPFF also sought assurance on supplier accountability, Scope 3 emissions transparency, and how companies intend to address gaps or non-compliance among critical suppliers.

Achieved:

Ryanair

LAPFF met with Ryanair's Director of Sustainability and Finance to discuss climate strategy, governance, and regulatory developments. The company clarified recent media coverage surrounding CEO Michael

O'Leary's remarks on Sustainable Aviation Fuel (SAF), noting that while it expects to meet the 2030 first- and second-generation SAF mandates under ReFuelEU, it views the e-SAF sub-mandate as unachievable given current technology readiness and supply constraints. Ryanair confirmed that it has secured MoUs for around 80% of its 12.5% SAF target for 2030 and does not expect this target to shift. The company highlighted systemic challenges in the European SAF market, including high penalties for fuel suppliers and a lack of incentives relative to the US, which can drive feedstocks and producers out of Europe.

Ryanair outlined ongoing investments in SAF innovation through its partnership with Trinity College Dublin, which is supporting certification of 15 feedstocks to broaden future supply. The company also discussed its engagement in policy debates around EU ETS, ReFuelEU, and the "polluter pays" principle, warning that current policies favour long-haul carriers, with higher emissions, over short-haul point-to-point operators.

On governance, Ryanair explained that sustainability oversight sits with the audit committee and that three board sustainability sessions occur annually. LAPFF welcomed the company's transparency on regulatory challenges, SAF progress, and technological limitations while noting the space for continued development of governance structures and long-term decarbonisation planning.

IAG

LAPFF met with IAG's sustainability and investor relations leads to continue dialogue with the company on decarbonisation strategy. IAG provided a detailed overview of its emissions trend, noting that recent increases in reported Scope 3 emissions reflect expanded and more accurate disclosure rather than operational deterioration. The company highlighted early achievement of its 2025 carbon-intensity target of 80g/pkm, attributing this to fleet modernisation, including the retirement of Boeing 747s and the introduction of new neo aircraft, as well as upgrades to ground vehicle fleets now operating on HVO (Hydrotreated Vegetable Oil) fuel or electric power.

IAG outlined significant improvements

ENGAGEMENT



Image: Alamy

in supplier engagement, supported by its partnership with Watershed to standardise Scope 3 methodologies across the Group and focus on high-risk suppliers. The company described strengthened auditing using EcoVadis and SEDEX, with follow up action plans implemented where non-compliance is identified. IAG also noted its work on wildlife-trafficking prevention and local biodiversity assessments, reflecting a broadened sustainability remit beyond decarbonisation.

On policy and regulation, IAG emphasised the growing complexity of global SAF mandates and the need for more coherent frameworks, particularly given the limited production capacity for advanced SAF pathways such as Power-to-Liquid (PtL) and Alcohol-to-Jet (AtJ) in Europe. IAG also raised concerns about future feedstock availability, noting growing jurisdictional competition as countries introduce its own SAF mandates and seek to secure domestic supply. This is particularly relevant for waste-based feedstocks such as used cooking oil, where China is a major global supplier. As China's domestic SAF market

develops, more of that feedstock may be absorbed domestically rather than exported, potentially tightening supply for European producers, increasing price volatility, and making long-term planning more difficult for airlines reliant on imported feedstocks.

Wizz Air

LAPFF met with Wizz Air's sustainability, corporate affairs, and investor relations leads. Wizz Air emphasised the central role of its young, fuel-efficient fleet for its position as one of Europe's lowest-emitting airlines on a per-RPK (Revenue Passenger Kilometres) basis. The company reported continued improvements, with emissions intensity coming in at c.52.2 grams of CO₂ per passenger kilometre and reiterated its target of operating a 100% neo fleet by 2028.

Wizz Air described proactive steps to secure SAF supply well ahead of increasing EU mandates, including equity investments in UK-based Firefly, producing SAF from human waste, and US-based CleanJoule. These investments aim to diversify feedstocks and overcome

geographic supply limitations across Wizz Air's dispersed airport network, which was also a challenge raised in discussions with easyJet. Wizz Air confirmed its aspiration to reach a 10% SAF blend by 2030 and noted that while SAF availability remains the largest barrier to progression, it is still mapping pathways to move beyond the 10% blend. The company noted SAF uptake is driven primarily by mandate compliance rather than customer demand, with trial flights demonstrating limited consumer willingness to pay a premium.

On governance and reporting, Wizz Air reiterated that Scope 1 emissions remain its primary focus, with Scope 2 targets expected this year and Scope 3 targets planned over a longer timeframe. LAPFF highlighted reputational risks associated with delayed Scope 3 commitments and encouraged the company to consider a future 'Say On Climate' vote. Wizz Air also raised concerns about fragmented regulatory frameworks, infrastructure constraints for SAF distribution, and the need for coordinated European investment to scale next generation SAF.

ENGAGEMENT

easyJet

LAPFF met with easyJet's Director of Sustainability and investor relations representatives at the airline's Luton headquarters to discuss the company's decarbonisation strategy and governance approach. easyJet presented its "Reduce, Replace, Remove" framework, which translates into a 75% reduction in emissions intensity by 2050, with a 35% interim reduction target by 2035. The airline highlighted operational efficiency improvements, such as retrofitting sharklets, use of lighter-weight materials like paint, single-engine taxiing, APU switch-off procedures, and deployment of the IRIS air-traffic management system, as well as progress in fleet renewal with the more efficient A320neo and A321neo aircraft.

On SAF, easyJet noted, like Wizz Air, the challenges associated with smaller airlines operating across multiple bases, unlike larger hub-based carriers. This was said to limit its ability to secure SAF at scale at any single airport. The airline currently relies on MoUs and is exploring tripartite agreements between producers, fuel suppliers, and airports to bridge the gap between long term offtake needs and its annual procurement cycle. It highlighted that SAF suppliers require long-term commitments to attract investment, while logistical and supply chain constraints continue to hinder scale up.

easyJet also discussed its longer-term interest in hydrogen propulsion aviation, expressing cautious optimism for post-2035 potential of this technology. However, the airline did acknowledge manufacturer (e.g. Airbus) delays and technological hurdles. On governance, LAPFF noted the absence of a designated sustainability director on the board, in response easyJet pointed to regular board sessions on sustainability, dedicated ESG and SAF steering committees, and sustainability-linked remuneration.

In Progress: Across the aviation sector, LAPFF observes that while all four engaged airlines are making progress on fleet modernisation, operational efficiencies, and early stage SAF procurement, significant challenges remain in translating long-term decarbonisation ambitions into fully deliverable pathways. A recurring theme across engagements was the structural

fragility of the SAF market, marked by limited supply, regional imbalances, and growing jurisdictional competition. The extent to which airlines are dependent on policy coherence, feedstock availability, and accelerated investment in advanced pathways such as PtL and ATJ to meet future mandates were also flagged as structural issues. Smaller, multi-base carriers like Wizz Air, easyJet and Ryanair face logistical disadvantages in accessing SAF at scale, while even the larger hub-based carriers within IAG highlighted ongoing cost pressures, constrained infrastructure, and the need for clearer long-term regulatory signals to support supply chain development.

LAPFF further notes that although airlines are, broadly speaking, strengthening aspects of governance, emissions reporting, and supplier engagement, gaps remain in board-level sustainability oversight. The Forum will continue to monitor how companies address these structural barriers, improve governance arrangements, and strengthen transparency around Scope 3 emissions. LAPFF will also assess how airlines balance emerging technologies such as hydrogen and synthetic fuels with credible near-term decarbonisation action. Additionally, the Forum will maintain scrutiny of whether corporate transition strategies remain aligned with a 1.5°C pathway as airlines respond to evolving mandates, cost pressures, and the sector-wide need for coordinated investment in next-generation SAF.

SAY ON CLIMATE

Say on Climate – Schrodgers and Land Securities

Objective: LAPFF and CCLA lead an investor campaign calling on FTSE 100 companies to provide shareholders with a regular vote on their climate risk and resilience strategies. LAPFF's view is that companies should give shareholders a say at least once every three years, in line with guidance from the Transition Plan Taskforce (TPT), now under the ISSB.

LAPFF's view is that climate change is a systemic financial risk, and companies should demonstrate credible

decarbonisations plans. A dedicated shareholder vote improves accountability, transparency, and investor confidence in how companies plan to navigate climate transition.

Achieved: LAPFF met with Schrodgers and Land Securities Group in Q1 to request the companies consider including a management resolution setting out their respective transition plans

LAPFF built on an engagement with Schrodgers in Q4 2025, in which the company provided further detail regarding its climate stewardship, including voting and engagement activity. The company outlined its established expectations of investee companies, including the adoption of material Scope 1, 2 and 3 emissions targets, net-zero commitments, credible transition plans, and ongoing disclosure, noting that these expectations have remained broadly consistent and are reviewed annually. LAPFF queried the effectiveness of engagement with Schrodgers' highest-emitting and hard-to-abate companies.

Schrodgers outlined its approach to climate stewardship, describing voting and engagement as a continuum, and at the core of its efforts on managing climate risk whilst maximising opportunities. The company reiterated its long-standing expectations of investee companies, including the setting of material Scope 1, 2 and 3 targets, net-zero commitments, credible transition plans and ongoing disclosure, noting that these expectations have remained consistent and are reviewed annually.

Discussion focused on the credibility of transition plans among the highest-emitting and hard-to-abate companies, with Schrodgers noting an increased focus on a narrower group of issuers where delivery against 2030 targets was becoming more challenging. Schrodgers reflected on its approach to 'Say on Climate', explaining that it is not fundamentally opposed to management resolutions as a vehicle to engage on issuers approach to transition but prefers targeted engagement and existing voting tools, including voting against management where concerns persist. The discussion also covered broader shareholder rights and governance considerations, including the role of regulatory frameworks in supporting

ENGAGEMENT



Image: Alamy

investor accountability.

LandSec undertakes large-scale development and regeneration projects and launched a dedicated £135 million Net Zero Transition Investment Plan in 2021 to support decarbonisation initiatives through to 2030, forming a key component of the company's transition strategy. LAPFF sought further detail on capital allocation under the plan, including the effectiveness of investments to date and how capital will be deployed through to 2030 to ensure the company meets its targets. LAPFF also asked about the company's approach to addressing harder-to-abate embodied emissions associated with development activity, and whether LandSec would consider

submitting a 'Say on Climate' resolution to its 2026 AGM.

Schroders and LandSec indicated that they would keep market sentiment around climate transition plans under review but confirmed that there are currently no plans to include such a resolution on the agenda of upcoming AGMs.

In Progress: LAPFF will continue to approach shareholder oversight of climate transition plans as an ongoing governance issue. Throughout 2026, the Forum will track the introduction, withdrawal, and framing of climate-related resolutions at company AGMs and maintain engagement and, where appropriate, escalation.

SOCIAL FACTORS

Zero-hours contracts & employment rights act

Objective: Building on LAPFF's ongoing focus on workforce standards and modern slavery risk, engagements were held with InterContinental Hotels Group (IHG) and Mitie Group (Mitie) to assess preparedness for forthcoming changes under the UK Employment Rights Act (ERA), including rights to request guaranteed hours, reforms affecting agency labour, and wider provisions such as Day 1 unfair dismissal rights.

Across both engagements, LAPFF sought to understand: (i) how companies are adapting operational models historically reliant on flexible labour; (ii) how risks associated with zero-hours contracts (ZHCs) and agency workers are being managed, particularly in higher-risk sectors; (iii) the implications for recruitment, probation and performance management processes; and (iv) how oversight and transparency – including in relation to migrant and agency workers – can be strengthened within complex operating models (e.g. franchise or client site structures).

Achieved:

InterContinental Hotels Group (IHG)

Engagement with IHG clarified the distinction between directly managed and franchised operations. IHG confirmed that it does not operate zero-hours contracts within the parts of the business it directly controls. Where newly onboarded hotels have ZHCs in place, these may remain temporarily during integration but are typically phased out. Within the franchised estate, employment models remain under franchisee control, though IHG said they could raise ZHC practices in discussion with owners.

On the ERA reforms effective from 1 April, IHG acknowledged that provisions relating to guaranteed hours and agency workers may have operational implications, particularly in hospitality contexts characterised by fluctuating demand (e.g. large events or banqueting). While recognising the reputational sensitivities surrounding ZHCs, the company noted that some workers value

ENGAGEMENT

flexibility that ZHC provide. The company is engaging with labour providers to assess how legislative changes may affect agency staffing models and indicated an intention to create greater permanency in roles where feasible.

LAPFF noted there is an increased risk of reputational damage within the franchise model should individual franchisees fail to respond adequately to new legislative requirements. IHG acknowledged this inherent exposure and outlined mitigation mechanisms, including contractual obligations requiring compliance with applicable laws; engagement through Owners Association and regional People Committees; legislative briefings via UK-specific HR forums; and a confidential, multilingual whistleblowing channel covering employment and supply chain concerns.

On disclosure, IHG noted that its granular employment data across the franchised estate is not centrally collected and therefore not reported in corporate disclosures. It is noted that IHG provided the same explanation when LAPFF met with the company in 2024. Within the managed and corporate estate, workforce metrics (including agency usage) are monitored through optimisation processes and employee voice surveys. IHG acknowledged that agency and migrant workers represent heightened risk groups and confirmed that its forthcoming modern slavery statement will provide enhanced detail on identified issues and remediation actions.

Mitie Group

The engagement with Mitie focused on operational preparedness and practical implications of the ERA. Since the previous meeting in September 2024, Mitie described the legislative landscape as having evolved, with some proposals amended or removed, including the removal of the unfair dismissal compensation cap. The company characterised its overall position as “no better and no worse,” but with greater clarity on likely impacts.

Mitie indicated that guaranteed hours provisions may be more manageable than initially anticipated, noting that it often has more available hours than employees

seek, resulting in a balancing exercise to fill gaps. However, concerns were raised about being required to offer guaranteed hours to individuals who may prefer flexible arrangements, potentially creating administrative and operational burdens.

The company was among a limited number of firms to publicly sign an open letter to senior government ministers expressing concerns that certain provisions could have unintended consequences. Mitie reported engagement with members of the House of Lords and noted particular concern regarding Day 1 unfair dismissal rights, which it suggested could result in more conservative and bureaucratic hiring processes.

On probation and performance management, Mitie confirmed a standard three-month probation period (extendable), operating within a six-month qualifying period before ERA protections apply. Approximately 630 employees are currently categorised within the lowest performance bracket (out of a workforce of c.72,000), and the company acknowledged that performance management practices may require strengthening. Work is underway to improve clarity and consistency in this area.

Agency labour was described as forming a small proportion of the workforce, though flexible demand remains critical in certain areas (e.g. airport security and surge capacity roles). Around 25% of Mitie’s workforce are trade union members. The company anticipates that expanded trade union access rights may represent one of the more significant practical changes, particularly where staff operate on client-owned sites.

Mitie further noted it is monitoring potential future reforms, including sector-wide collective bargaining proposals, which may evolve significantly over the coming year.

In Progress: Across both engagements, several themes remain under active scrutiny. LAPFF will continue to assess how companies operationalise guaranteed hours provisions in practice, particularly where employee preference for flexibility may diverge from statutory entitlements. Further engagement will

examine how recruitment, probation and early-stage performance management processes are being adapted in response to ERA reforms, including the removal of the compensation cap and changes to unfair dismissal rights.

For IHG, continued dialogue will focus on transparency and assurance mechanisms within the franchised estate, including oversight of agency and migrant worker experiences and thresholds for agency reliance. For Mitie, follow up will explore data on probation outcomes, performance management effectiveness, and the scale and oversight of migrant labour within both direct operations and supply chains.

More broadly, LAPFF will monitor how legislative reform interacts with business models reliant on flexible labour, and whether companies can demonstrate that workforce flexibility is being balanced with strengthened protections, effective risk mitigation, and credible disclosure.

CONFLICT-AFFECTED AND HIGH-RISK AREAS (CAHRAS)

Objective: With conflicts increasing globally, having seen a rise from 147,000 in 2023, to over 200,000 in both 2024 and 2025¹¹, companies face heightened operational, reputational, legal, regulatory and financial risks where conflict dynamics intersect with actual or potential adverse impacts on people¹². Against this backdrop, LAPFF expects companies with exposure to CAHRAs to demonstrate and explain how they identify, prevent, mitigate and accounts for these risks, including where heightened human rights due diligence (hHRDD) is applied, in line best practice principals set out by international standards such as the United Nations Guiding Principles on Business and Human Rights, amongst others.

LAPFF considers that companies should have policies, governance arrangements and due diligence

¹¹ <https://acleddata.com/series/acledd-conflict-index>

¹² <https://publications.schroders.com/view/3335662/>

ENGAGEMENT

processes that explicitly address CAHRAs. This should include an assessment of human rights impacts, conflict impacts, and the cross section where conflict and human rights impacts intersect, which can only be done by applying the principles of hHRDD.

Achieved: LAPFF wrote to 31 companies considered to have operations, or business activities linked to the Occupied Palestinian Territories. The letter contains a 12-question survey, requesting information on companies’ policies, policy and governance, identification of risks, action and hHRDD, and transparency.

As of 31 March 2026, 12 companies had responded, or stated their intent to respond in due course. Responses for which are currently under review.

This outreach prompted further engagement with Motorola Solutions. The discussion focused on the company’s oversight mechanisms, its approach to new business, and the processes it uses to assess risks within its existing client base.

Motorola shared examples of withdrawing from certain regions ahead of formal sanctions, such as its exit from Russia, and instances where it had sought advice from external human rights experts in particularly challenging jurisdictions. While these

examples were helpful, the company’s broader disclosures on how it manages high-risk transactions remain limited. It is still unclear how Motorola consistently applies heightened human rights due diligence across its business, or whether it fully evaluates how its commercial decisions may influence conflict dynamics.

In Progress: LAPFF is currently reviewing responses to the questionnaire, which will be presented to members in due course. Escalation will be considered based on responses and non-responses, through either voting alerts or at company AGMs.

Electric Vehicles – General Motors

Objective: LAPFF engages automotive manufacturers to assess how they are managing the human rights and supply chain risks associated with a transition to electric vehicles. In particular, engagements focus on critical mineral sourcing, supply chain traceability, and the extent to which companies apply robust human rights due diligence in regions where risks are more present, and supply chains more opaque. LAPFF seeks greater clarity on governance,

oversight, and implementation, including how risks linked to battery production and raw material extraction are identified, mitigated, and remediated, and whether disclosure is sufficient to demonstrate that electrification plans are being delivered responsibly.

Achieved: LAPFF has been engaging General Motors (GM) on these issues since 2022. In a notable move, the company did not publish a standalone sustainability report in its most recent reporting period.

Whilst a more fragmented approach to reporting has been taken by GM, it has made notable progress in mapping its supply chain, providing better visibility throughout its supply chains. It has also been consulting NGOs and other civil society organisations to better understand how to address both systemic and localised human rights issues, designed to complement a series of other tools that GM is using such as social auditing, capacity building, and training with suppliers.

In Progress: LAPFF will continue to expand its engagement across automotive manufacturers and relevant value chain actors to assess how human rights risks associated with electric vehicle production are being identified and managed.



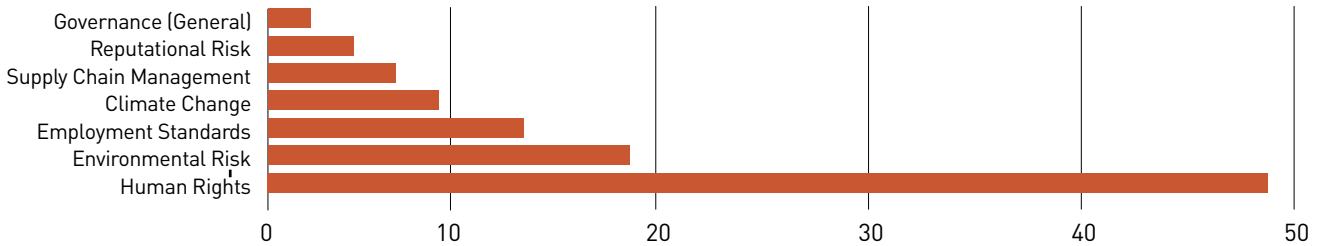
COMPANY PROGRESS REPORT

The table below represents data taken from 'Meetings', 'AGMs' and 'Received Correspondence' only. LAPFF engaged 65 companies engaged over the quarter

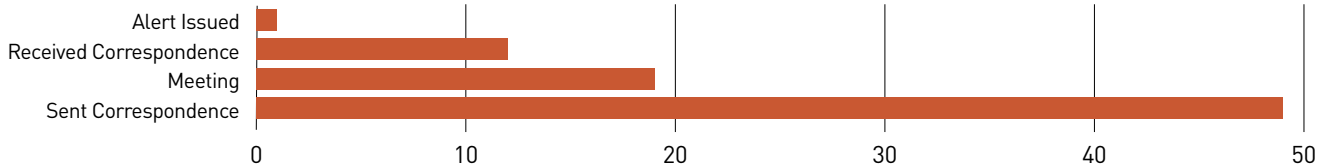
Company/Index	Activity	Topic	Outcome
ABB LTD	Received Correspondence	Human Rights	No Improvement
AMAZON.COM INC.	Received Correspondence	Human Rights	No Improvement
AP MOLLER - MAERSK AS	Received Correspondence	Human Rights	No Improvement
ASSOCIATED BRITISH FOODS PLC	Meeting	Environmental Risk	Dialogue
ATLAS COPCO AB	Received Correspondence	Human Rights	No Improvement
BOOKING HOLDINGS INC.	Received Correspondence	Human Rights	Moderate Improvement
CHIPOTLE MEXICAN GRILL INC	Meeting	Environmental Risk	Small Improvement
CNH INDUSTRIAL NV	Received Correspondence	Human Rights	No Improvement
DANONE	Meeting	Environmental Risk	Dialogue
EASYJET PLC	Meeting	Climate Change	Dialogue
EXPEDIA GROUP INC	Received Correspondence	Human Rights	No Improvement
GENERAL MOTORS COMPANY	Meeting	Human Rights	Dialogue
INTERCONTINENTAL HOTELS GROUP PLC	Meeting	Employment Standards	Dialogue
INTERNATIONAL CONSOLIDATED AIRLINES GROUP SA	Meeting	Climate Change	Dialogue
J SAINSBURY PLC	Meeting	Environmental Risk	Dialogue
LAND SECURITIES GROUP PLC	Meeting	Climate Change	Small Improvement
MARKS & SPENCER GROUP PLC	Meeting	Environmental Risk	Moderate Improvement
MEIJI HOLDINGS CO LTD	Meeting	Environmental Risk	Small Improvement
MICROSOFT CORPORATION	Received Correspondence	Human Rights	No Improvement
MITIE GROUP PLC	Meeting	Employment Standards	Small Improvement
MOTOROLA SOLUTIONS INC.	Meeting	Human Rights	Small Improvement
NESTLE SA	Meeting	Environmental Risk	Dialogue
NISSIN FOOD HLDGS CO LTD	Meeting	Environmental Risk	Dialogue
PENNON GROUP PLC	Meeting	Environmental Risk	Dialogue
PRADA SPA	Received Correspondence	Human Rights	Dialogue
RYANAIR HOLDINGS PLC	Meeting	Climate Change	Dialogue
SCHRODERS PLC	Meeting	Climate Change	Satisfactory Response
SIEMENS AG	Received Correspondence	Human Rights	Moderate Improvement
STARBUCKS CORPORATION	Alert Issued	Employment Standards	
VOLVO AB	Received Correspondence	Human Rights	Small Improvement
WIZZ AIR HOLDINGS PLC	Meeting	Climate Change	Dialogue

ENGAGEMENT DATA

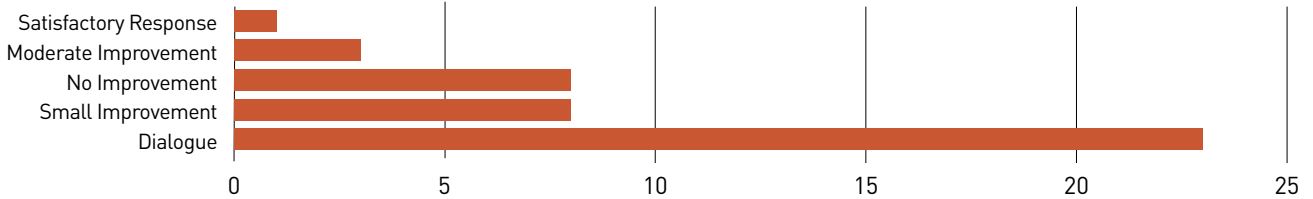
ENGAGEMENT TOPICS



ACTIVITY

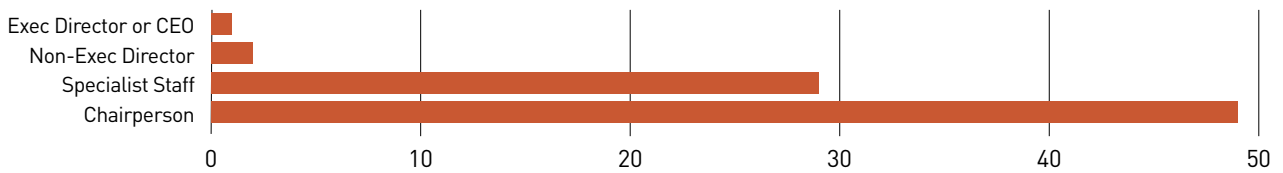


ENGAGEMENT OUTCOMES*

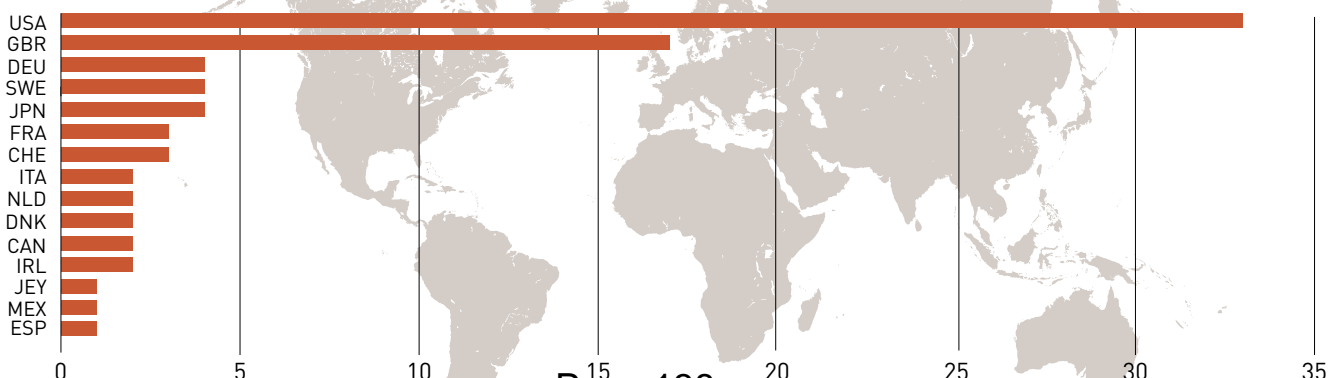


*Outcomes data is taken from 'Meetings', 'AGMs' and 'Received Correspondence' only

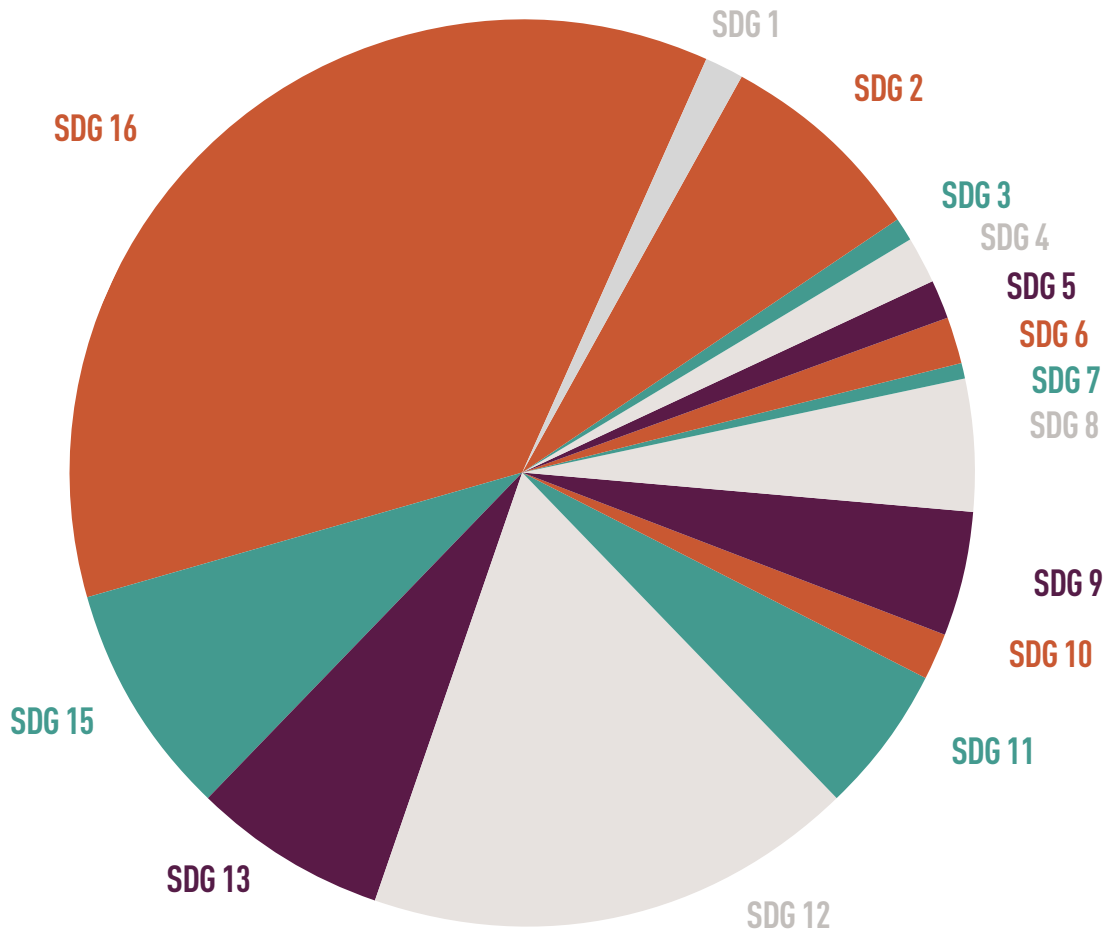
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	2
SDG 2: Zero Hunger	10
SDG 3: Good Health and Well-Being	1
SDG 4: Quality Education	2
SDG 5: Gender Equality	2
SDG 6: Clean Water and Sanitation	2
SDG 7: Affordable and Clean Energy	1
SDG 8: Decent Work and Economic Growth	6
SDG 9: Industry, Innovation, and Infrastructure	6
SDG 10: Reduced Inequalities	2
SDG 11: Sustainable Cities and Communities	7
SDG12: Responsible Production and Consumption	23
SDG 13: Climate Action	9
SDG 14: Life Below Water	0
SDG 15: Life on Land	11
SDG 16: Peace, Justice, and Strong Institutions	47
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	Hackney Pension Fund	Shropshire Pension Fund
Barking and Dagenham Pension Fund	Hammersmith and Fulham Pension Fund	Somerset Pension Fund
Barnet Pension Fund	Haringey Pension Fund	South Yorkshire Pension Authority
Bedfordshire Pension Fund	Harrow Pension Fund	Southwark Pension Fund
Berkshire Pension Fund	Havering Pension Fund	Staffordshire Pension Fund
Bexley (London Borough of)	Hertfordshire Pension Fund	Strathclyde Pension Fund
Brent (London Borough of)	Hillingdon Pension Fund	Suffolk Pension Fund
Cambridgeshire Pension Fund	Hounslow Pension Fund	Surrey Pension Fund
Camden Pension Fund	Isle of Wight Pension Fund	Sutton Pension Fund
Cardiff & Glamorgan Pension Fund	Islington Pension Fund	Swansea Pension Fund
Cheshire Pension Fund	Kensington and Chelsea (Royal Borough of)	Teesside Pension Fund
City of London Corporation Pension Fund	Kent Pension Fund	Tower Hamlets Pension Fund
Clwyd Pension Fund (Flintshire CC)	Kingston upon Thames Pension Fund	Tyne and Wear Pension Fund
Cornwall Pension Fund	Lambeth Pension Fund	Waltham Forest Pension Fund
Croydon Pension Fund	Lancashire County Pension Fund	Wandsworth Borough Council Pension Fund
Cumbria Pension Fund	Leicestershire Pension Fund	Warwickshire Pension Fund
Derbyshire Pension Fund	Lewisham Pension Fund	West Midlands Pension Fund
Devon Pension Fund	Lincolnshire Pension Fund	West Yorkshire Pension Fund
Dorset Pension Fund	London Pension Fund Authority	Westminster Pension Fund
Durham Pension Fund	Lothian Pension Fund	Wiltshire Pension Fund
Dyfed Pension Fund	Merseyside Pension Fund	Worcestershire Pension Fund
Ealing Pension Fund	Merton Pension Fund	
East Riding Pension Fund	Newham Pension Fund	Pool Company Members
East Sussex Pension Fund	Norfolk Pension Fund	ACCESS Pool
Enfield Pension Fund	North East Scotland Pension Fund	Border to Coast Pensions Partnership
Environment Agency Pension Fund	North Yorkshire Pension Fund	LGPS Central
Essex Pension Fund	Northamptonshire Pension Fund	Local Pensions Partnership
Falkirk Pension Fund	Nottinghamshire Pension Fund	London CIV
Gloucestershire Pension Fund	Oxfordshire Pension Fund	Northern LGPS
Greater Gwent Pension Fund	Powys Pension Fund	Wales Pension Partnership
Greater Manchester Pension Fund	Redbridge Pension Fund	
Greenwich Pension Fund	Rhondda Cynon Taf Pension Fund	
Gwynedd Pension Fund	Scottish Borders Pension Fund	

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