

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

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

1.0 Executive Summary

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

2.0 Recommendation(s)

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

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

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

3.2 Introduction

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

3.3 Summary

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

3.4 Overview of Investment Activities

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

3.5 Overview of the fund's administrative functions.

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

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

3.6 Risk Management and Other Areas

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

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

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

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

3.7 Training

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

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

3.8 Conclusion

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

3.8.2 The year has generally been an encouraging one with:

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

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

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

4.0 Stakeholder and ward member consultation and engagement

4.1 Not applicable.

5.0 Financial Considerations

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

6.0 Legal Considerations

6.1 Not applicable.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 Not applicable.

8.0 Climate Change and Environmental Considerations

8.1 Not applicable.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 Not applicable.

10.0 Communication Considerations

10.1 Not applicable.

Report sign off:

David Ewart

Independent Chair of the Pension Board