MINUTES OF THE PENSION BOARD
Held as an online meeting on Monday 25 March 2024 at 6.00 pm

PRESENT: (in remote attendance): David Ewart (Independent Chair), Councillors Kabir & T.Smith (Employer's Representative), Chris Bala (Pension Scheme Member Representative), Bola George (Member Representative - Unison).

Also Present: (in remote attendance): Chris Batts (Senior Client Relationships Manager LPPA).

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

   Apologies of absence were received from Robert Wheeler (Member Representative – GMB) & Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance & Resources)

2. **Declarations of interests**

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

   No further declarations were made during the meeting.

3. **Minutes of the previous meeting**

   The minutes of the previous meeting held on Monday 24 March 2025 were **AGREED** as an accurate record.

4. **Matters Arising**

   None.

5. **Pensions Administrations Update**

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

   The Board was advised that the update included a review of performance against agreed Service Level Agreements (SLAs) for Q4 2024-25 (1 January 2025 to 31 March 2025) with a brief overview provided on Fund membership, which as of 31 March 25 comprised 6,730 active members, 10,260 deferred members and 7,685 pensioner and dependant members. The Board's attention was drawn to the maturing nature of the age demographic for Fund Members with 56% of working age members over 45 and 49% of the 35-60 age cohort for deferred members being over 50.

In focussing on overall performance during Q4 the Board was advised that performance had remained high overall with 98.6% of all case types being processed meeting contractual SLA targets as detailed in section 3.4.6 of the cover report. The Fund's perception was that the service had stabilised with it noted that none of the case types had fallen below SLA (95%) and Figure 2 in the cover report providing detail on the number of cases that had been processed grouped by category. Members also noted the Case Work Performance table, within section 3.4.8 of the cover report which compared number of cases completed to the number of cases received and was felt to provide a more complete overview of performance.

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

- Members were informed that overall, operational casework performance remained positive for Q3 with a performance average of 98.6% against SLAs with a more detailed outline provided as part of the Case Work Performance table and fluctuations in case work being received over the year as a result of various triggers including regulatory and statutory deadlines during relevant reporting periods and the monthly data return process, new joiners, payment queries and deferrals as well as the focus on migration of Brents Pension Payroll.

- In terms of LPPA contact centre calls performance, the average wait time remained under the target of 4 minutes, with an average wait time over Q4 of 3 minutes 22 seconds which was recognised as being 52 seconds longer than the previous quarter with 69% of the calls received being answered within 4 minutes.

- Progress continued to be made in terms of employer retirement notifications, with enhanced monthly return timeliness and improvements in retirement notification periods. Whilst not currently subject to an SLA, LPPA aim remained to pay retirees within 30 days of their leaving the service. This was in recognition of LPPA's need to provide a seamless transition without gaps, so as to avoid a break between salary and pension payments. To do this, it was noted that the employer notification of staff members retirement was key in making timely payments possible. Additional Voluntary Contributions (AVC's) were also stated to complicate the payments process, often leading to delays.

- In terms of Customer Satisfaction scores, members were reminded that Contact Centre satisfaction now included overall satisfaction scores as well as for the individual call handlers, which was typically higher than the overall score, with scores for Q3 at 92.6% and 78.7% respectively and customer feedback subject to ongoing monitoring to support staff development and training. The Q4 Administration report had also included satisfaction scores for retirements, although it was noted that these scores had been impacted by a majority of those surveyed not having responded with low response rates increasing volatility. Of those who had responded customer satisfaction was 66.7% for actives into retirement and 33.3% for deferred into payment with a key issue highlighted as timing of payments.

- Regarding complaints, members were informed that numbers remained consistent with previous quarters and 10 new cases having been received since the last Board meeting, representing a rate of just over 3 per month. The new cases were split between the complaints categories relating to delays and general service with the breakdown marginally worse than the previous quarter but with numbers gradually falling overall. The Board was also advised of the establishment of an internal complaints board by LPPA designed to undertake deep-dive analyses and identify preventative measures aimed at addressing the root causes of complaints and members also advised of the jurisdiction of the Pensions Ombudsman in relation to internal dispute resolution cases.

- Progress continued to be made in terms of scheme member registrations to the Pension Point online Portal with quality improvements also demonstrated, enabling members to more easily access their payslips and P60s online and the focus on efforts to encourage the greater adoption of digital services by members.

- In terms of LPPA Project updates the Board noted the progress being made in relation to the Efficiency and Service Improvement Program (ESIP) following the transition to the new Pension Administration System which members were advised had been focussed on delivering automation and improved self-service capability. This included the automation of processes relating to active and deferred retirement quotes, deferred statements for leavers and refunds and the delivery of online retirement forms, which were due to be rolled out to Funds by the end of Q1 2025. Work also continued on automation of the deferred retirements payment process (following previous automation that was delivered to produce deferred retirement quotes) as the next automation process which would be followed by automation for the payment process for CARE only active retirements. As part of the process, bank validation account name checking was also in testing, to be rolled out in Q1 2025 as an enhanced security and anti-fraud measure with other activity in flight including work to improve the monthly returns process and the member and employer online portals.

  Reference was also made to the work being undertaken in partnership with Civica and Intellica on a data project to improve data quality ahead of Fund valuation and the introduction of the Pensions Dashboard with the creation of test environments now complete and Data Validation checks being used to assess the integrity of member data. The project would include the production of a series of dashboards to provide clear visibility of the integrity and accuracy of the data held to comply with regulatory change and enable the launch of further self-service and automation for members and employers.

  Work also continued in relation to implementation of the Pensions Dashboard will enable individuals to access their pensions information online, securely and all in one place with the connection date for public sector schemes to connect to the Dashboard remaining on schedule for 31 October 2025.

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

- Whilst welcoming the stable nature of the performance update provided, further details were sought on the increase in contact centre call response times and action being taken to address the concerns outlined. In response, Chris Batts reported that the average wait time had increased between Q3 and Q4 due to March and April being the peak seasonal time for help desk calls. LPPA had observed an increase in calls relating to changes to all public service pension schemes that were in the process of being introduction as a result of the McCloud judgment with these impacting on the number of calls being received and subsequent performance. To help address these issues LPPA had increased call centre resources and introduced further training in an attempt to reduce average call and wait times with it highlighted that performance still compared favourably to other call centres, were wait times often averaged between 10-15 minutes. It was also noted that when the previous new pension system was implemented wait times exceeded the 10-minute mark. Data migration and system backlogs clogged availability; however, this had continuously trended down in recent years and officers believed that improvements would continue.

Turning the Board's attention to the final part of the update, John Smith (Pension Manager, Brent Council), then moved on to update members on progress being made in relation to the McCloud remedy with the project currently flagged amber. The Board was advised that LPPA's focus was currently targeted on re-running eligibility flags, preparing retrospective cases and testing the underpin in anticipation of the Annual Benefit Statement deadline of 31 August 2025. The LPPA had not confirmed that UPM's McCloud underpin routines would be fully functional in time for the 31 August 2025 deadline, with members advised this may mean Brent having to inform the Pensions Regulator and its members that it would need to exercise its discretion to delay the implementation for ABS until 31 August 2026. As an update on the concerns highlighted regarding the progress being made by Civica in being able to confirm the release dates for the next milestones towards McCloud compliance, the Board was advised that LPPA continued to provide regular updates measuring progress and monitoring the delivery of the remaining UPM functionality and continued to undertake data cleanse projects to maximise the number of cases that would pass the validation checks with the key being UPM's ability to bulk process retrospective cases. LPPA remained in regular contact with Civica given the route to compliance would depend on Civica agreeing a timetable for implementing the outstanding tranches of software. In noting the update, members welcomed the progress being made to address the concerns identified.

As a final update, the Board was advised that work was progressing well on the transition to the Pension Dashboard, which all public sector schemes were required to connect to by 31 October 2025. LPPA had a dedicated project manager in place with a current focus on systems requirement (including the rules for partial matching of records and the treatment of AVCs) and business readiness, including dealing with new enquiries relating to dashboard. An update was also provided in relation to progress in preparation for the 2025 Fund Triennial Valuation with LPPA due to submit their required data to the actuaries at the end of July 2025. In noting the delay, the Board was advised this had been due to the decision by the LPA to revert to the previous (pre-McCloud) format.

An update was also provided in relation to re-enrolment, with confirmation provided that Brent had re-enrolled all staff and all staff within maintained schools into a relevant pension scheme on 1 November 2024 with 4,149 of 4,755 employees active members of a public sector pension scheme and 340 out of 606 employees who were not active members not eligible to be re-enrolled. This had also involved 182 employees being re-enrolled in the LGPS, 83 into the Teachers' Pension Scheme and 1 into the National Health Service Pension Scheme with the re-enrolment date being moved forward from February 2025 to November 2024 felt to have worked well. In terms of lessons learnt, the need to commence the communication and engagement process earlier in future had been identified along with a need to refine standard letters and provide clear advice to schools and payroll providers that the next re-enrolment date would be 1 November 2027, which would be non-negotiable.

Following on from the final updates provided, the Chair once again invited questions from Board members, with comments summarised below:

- In response to a query regarding the McCloud deadlines Chris Batts advised that the most recent updated had been provided to the Council on 18th of July 2025. Whilst some guidance was still awaited it was expected that at least 95% of Annual Benefit Statements could be provided. Clarification was also sought on the position relating to any potential deferral, which officers confirmed related to the inclusion of McCloud data within the ABS. Given the relatively small numbers involved any potential delay was not seen to present a significant cause for concern with it confirmed that, at this stage, no discretion in relation to any deferral had been exercised and the matter flagged as a precaution to lay the groundwork to lawfully exercise the discretion, if subsequently needed.

- In response to details being sought on the breakdown of those members identified as ineligible for re enrolment, the Board was advised these included a wide variety of categories, such as those people who had chosen to opt out within the last few years; members working under contracts of three months or less, earning £10,000 per year, already part of schemes outside of those offered by Brent as well as various other tests.

- In noting the update provided on the re enrolment process details were sought on the impact this had on administration of the pension scheme and valuation of the Fund. In response, the Board was advised of the preference to ensure employees were enrolled in the scheme due to it being a strong offer for their wellbeing, an important retention tool and part of the total pension's rewards package. Regarding those choosing to not to enter the scheme the reasons would be varied and were subject to review, although it was noted that their absence had little impact on the scheme and opt outs were encouraged to take the 50/50 scheme wherever possible. In terms of the valuation process changes in staff numbers and their effects on the funding position of the Council had been discussed, given the current constraints on local government funding. The actuary had confirmed small changes in percent either way had little effect on the pension fund. A localised impact could be observable at the specific employer level, but at the fund level member opt outs would need to be significant to have any adverse effect. The re enrolment scheme was noted to serve a positive role by bring those outside of pension schemes back into the fold and bolstering the pension fund and providing individuals with valuable pension benefits.

With no further comments raised the Chair thanked John Smith and Chris Batts (LPPA) for the update and commended the progress outlined and it was **RESOLVED** that the report be noted.

6. **Chair's Annual Report**

David Ewart (as Chair) introduced the Annual Report to the Pension Board, providing an update on the Board's work during 2024-25.

In introducing the report, the Chair highlighted the work of the Board as it related firstly to the review of investment activity and secondly to the performance of the pension administration function with additional roles in relation to risk management and the use of other discretionary powers. In terms of the review of investment activities, it was recognised whilst this had taken up a relatively small part of the Board's work, given the remit of the Pension Fund Sub Committee in this respect, members had continued to receive regular investment updates and been in general agreement with the action being taken by the Sub Committee including the move to the revised asset allocation, socially responsible investment and the steps towards low carbon investment as well as collective engagement on wider environmental, social and governance (ESG) issues in terms of the Fund's investments with members mindful of their duty to effectively scrutinise the investment activity of the fund.

In terms of Pension Administration, the Board had taken the lead in scrutinising the performance of the Fund's pensions administration partner Local Pensions Partnership Administration (LPPA), with the Board continuing to monitor those areas identified as not meeting SLA targets as well as general levels of performance and a focus on some of the most sensitive activity such as dealing with retirement from active membership and death in service, the level of service to Fund members and the quality of data held, although the need to maintain ongoing and continuous improvements had been recognised.

Whilst 2024-25 year had been a busy year and the Board remained aware of the areas for improvement highlighted it was also felt to have been an encouraging year for the Fund, despite the increasing risks and pressures identified, with the funding level continuing to improve and investment returns remaining strong on an absolute basis although slightly underperforming relative to the Fund's benchmark and a slow but general improvement in the performance of the pension administration function (with some areas of challenges remaining).

In concluding the presentation of the Annual Report, the Chair also took the opportunity to thank all the Board members and supporting officers for their efforts and ongoing support, with members also taking the opportunity to formally thank the Chair for this role in conducting and managing the Board meetings.

Following the update provided by the Chair members were invited to raise any comments with the following issues highlighted:

- In raising the ongoing absence of an employer's representative position on the Board, members sought details on progress in filling the position. Sawan Shah (Head of Finance Pensions and Housing Companies) responded that having undertaken an unsuccessful recruitment process at the start of 2025 (given the low level of engagement received) officers were now exploring options to promote better interest in the position in advance of a further recruitment process being undertaken following the school summer holiday period on which members were advised the Board would continue to be updated on progress.

Having thanked the Chair and officers for their work, the Board **RESOLVED** to note and endorse the Annual Report.

7. **Local Government Pension Scheme Update**

John Smith (Pensions Manager, Brent Council) introduced a report from the Corporate Director Finance & Resources that updated the Board on recent developments within the Local Government Pension Scheme (LGPS) regulatory environment along with recent consultations issued which were likely to impact on the Fund.

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

- Consultation on the Local Government Pension Scheme England and Wales; Access and Fairness – In May 2025, the Ministry of Housing, Communities and Local Government (MHCLG) had published its LGPS Access and Fairness consultation (attached as Appendix 1 to the report) which was focussed on promoting equal access to the LGPS scheme in terms of its benefits and fairness. The consultation was due to close on 7 August 2025 and was felt to provide an opportunity for a comprehensive review of existing Pension Regulations. Further detail was provided on the key areas covered within section 3.2 of the report which included:
  - ➢ The proposal is to equalise the survivor pension entitlement of all members, regardless of the sex of the eligible member or their survivor, and to update regulations on survivor benefits and death grants.
  - ➢ The proposal to amend the Benefits Regulations to formally remove the nomination requirement for all deaths that occurred between 1 April 2008 and 31 March 2014.
  - ➢ The proposal to amend the 2013 Regulations to remove reference to an age 75 limit on eligibility for death grant payments, and to amend the 2014 Regulations to disapply the age 75 limit on death grants for individuals to whom the rules of the previous schemes continue to apply and who had died on or after 1 April 2014.
  - ➢ The removal of the requirement to pay death grants to the personal representatives once two years had elapsed after the administrators became aware of the death,
  - ➢ The proposal to align the cost of buying back authorised unpaid leave over 30 days with standard member contribution rates.
  - ➢ The proposal to update the definition of child-related leave to include all periods of additional maternity, adoption and shared parental leave without pay.
  - ➢ The proposal to monitor and report on opt-outs.

- Proposals intended to make the forfeiture process work better and address known issues with current regulations.
- The proposal to extend de-minimis (special type of trivial commutation) payments commutation to pre-2008 leavers.
- The proposal to offer pre-2014 leavers the option to use their additional voluntary contributions (AVCs) to buy additional LGPS pension if they crystallise their AVCs at the same time as their deferred benefits.
- The proposal to remove the five-year limit for refunds.
- The proposal to limit short-term child's pensions under the 1995 and 1997 Regulations (pre-2008 leavers).

Taken overall, whilst noting the aim underpinning the proposed changes in seeking to advance access and fairness it was pointed out that many of the proposals were also necessary to ensure compliance with the law.

- In concluding his update, John Smith drew members' attention to a recent ombudsman decision concerning Mr L. vs the City of Wolverhampton. The case involved the awarding of a Death Grant to a close relative, which was subsequently challenged by their partner. The court's decision concluded that provided all potential beneficiaries acted reasonably and followed the correct procedure, the ombudsman would not be minded to overturn the authority's exercise of discretion.

Following the overview and having commended the quality and comprehensive nature of the update provided, the Chair invited comments from Board members. The key points raised were as follows:

- In noting the technical nature of the proposals contained within the Government consultation being undertaken on the Access and Fairness to the Local Government Pension Scheme details were sought on any potential negative impacts identified in relation to operation of the Pension Scheme or its members. In response confirmation was provided that the changes had been focussed in promoting access and fairness for scheme members. No potentially significant negative impacts were identified, with members advised that the changes were also expected to address unintended and adverse regulatory effects that had operated to the detriment of scheme members.

- Having received assurance regarding the impacts of the proposed changes, members enquired which changes might be implemented into active pension schemes and when this would occur. Officers responded positively, anticipating that most, if not all, would be introduced. This expectation was based on the fact that the regulatory changes had already been widely implemented throughout many public sector and similar pension schemes. Members were advised that officers would be responding to the consultation and would also advocate for similar actions to be taken more frequently in future. In terms of timescales for implementation, these were identified as more difficult to predict as they were dependent on the outcome of the consultation process and with the Ministry of Housing, Communities & Local Government (MHCLG) having ultimate authority over when changes would be implemented.

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

8. **Risk Register**

George Patsalides (Finance analyst, Brent Pension Fund) introduced a report from the Corporate Director Finance & Resources, presenting the updated Risk Register for the Brent Pension Fund Administration Service. In considering the report, members noted the updated Risk Strategy (attached as Appendix 2 to the report) and key changes made to the Risk Register (attached as Appendix 1 to the report) since the previous update which included:

- Item 1.1 Business Continuity – the update of supporting commentary.
- Item 2.3 Cyber Security – the update of likelihood and risk score along with supporting commentary.
- Item 3.2 Record Keeping – the update of the supporting commentary to reflect recent data cleanse activity.
- Item 3.5 Pensions Payroll Migration – the update of supporting commentary to reflect recent activity which had also led to a change in the likelihood and risk score following the successful transfer of the payroll service.
- Item 3.6 Re-enrolment – the update of likelihood score and supporting commentary.
- Item 4.2 Annual Benefit Statements – the update to the risk area and supporting commentary.
- Item 4.52 Admission agreements – the update of supporting commentary.
- Item 5.4 Governance – the update of supporting commentary and controls.
- Item 5.6 Data Protection breaches – the update of supporting commentary.
- Item 6.2 Geographical and economic risk in relation to investments – risk outline and commentary updated.
- Item 6.11 Ability of Fund's Assets to meet Long Term Liabilities – the update of supporting commentary.
- Item 6.3 Impact of McCloud judgement on Long Term Liabilities – the update of supporting commentary.
- Item 6.5 Annual Audit - the update of supporting commentary.

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

- Details were sought on the risk considerations identified in relation to the outcome of the Governments "Fit for Future" consultation in relation to the implementation of pooled funding arrangements for the Fund and local investment requirements. Whilst acknowledging the inherent risk identified members were advised the main purpose of the proposed changes had been to make the LGPS more streamlined and efficient with the Government seeing the potential benefits as outweighing potential risks in the intermediate term. As further assurance, Sawan Shah (Head of Finance Pensions and Housing

Companies) felt it important to recognise that under the arrangements the Funds strategic investment strategy would remain under the control of Brent's Fund. Once asset allocation, such as equities, bonds, property, cash or infrastructure, had been decided the new regional pools would manage the execution of this investment on Brents behalf, receiving oversight from the Pension Board and Brent Pension Fund Sub-committee.

- Referring to the update on recent data cleanse activity under item 3.2 Record Keeping within the Risk Register details were sought on progress with the data cleanse process in advance of the Fund valuation and post payroll migration. In response, the Board was advised that areas critical to the successful migration had been focused upon and completed with the focus now on the post migration process. Work was currently ongoing between Brent and LPPA to deep dive the remaining data clearings, with officers stating that data cleansing was a perpetual task for upholding good governance. Chris Batts advised the Board that data cleansing was a business as usual (BAU) activity at LPPA with an assurance also provided on the activity in support of the valuation process and delivery of the pension's dashboard.

- Further assurance was sought regarding the level of assessed risk in terms of the impact from the increasing automation of processes involving scheme members from an anti-fraud perspective. In response, the Board was advised this was an issue that remained under ongoing review with the management and prevention of fraud also a high priority in terms of The Pension Regulator. This involved a range of measures and checks having been established to test assurance and prevent fraud in terms of managing scheme member details and ensuring the accuracy of payments and as such it was felt the risk had been appropriately reflected within the register.

  Details were also sought on the way in which the age profile and demographic profile of scheme members would also be monitored given the increasing automation of systems. In response, confirmation was provided on the level of nature of checks being conducted to verify details matched member profiles in order to avoid any issues in terms of payments. These include specific checks relating to overseas members and also the matching of data through the National Fraud Initiative.

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

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

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

George Patsalides (Finance Analyst, Brent Pension Fund) introduced the report, which provided an update on the provision of the Local Government Pensions Scheme (LGPS) online pensions learning facility.

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

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

Having thanked officers for the update, the Board **RESOLVED** to note the report and support the continued learning programme as outlined within the training timetable.

Before moving on to the remaining items on the agenda the Chair reminded Board members that agenda items 10, 11 and 12, 13. 14 & 18 were reports referred to the Pension Board for information following their consideration at the Brent Pension Fund Sub Committee on 24 June 2025.

10. **Q1 2025 Investment Monitoring report**

Sawan Shah (Head of Finance, Brent Council) introduced the Brent Pension Fund Investment Q1 2025 Investment Monitoring Update. In terms of key highlights the Board was advised in relation to total Fund performance that the Fund had posted a negative return over the quarter, ending the period with a valuation of £1,310.1m, down from £1,335.8m at the end of Q4 2024. The Fund's passive global equity mandates were identified as the main contributors to negative absolute returns over the quarter. UK government bonds had also detracted, as rising gilt yields led to a fall in their value. In contrast, UK equities had delivered positive returns during the period. On a relative basis the Fund had underperformed its benchmark by 0.1%. The Fund was also behind its composite benchmark over the past 12 months and over 3 years with members noting the current target and asset allocations exposure on an interim and long-term basis across growth, income/diversification and protection plus cash and reflecting the Funds Investment and diversification Strategy. Cash held by the Fund had had decreased slightly over the period to £63.6m. Whilst US tariffs on imports had led to material falls in equity valuations during April it was noted markets had since largely recovered.

The Monitoring Update also included details on the Fund's Asset Allocation, which it was noted remained broadly in line with the overall Investment Strategy with the funding level estimated to be 131% in advance of the current 2025 valuation being completed.

Performance relating to Fund Managers was also outlined, with members advised that the portfolio had delivered a return of -1.6% over the first quarter of 2025 to 31 March, underperforming its benchmark by 0.2%. While performance over the past 12 months and 3-year periods remains strong on an absolute basis, returns had continued to lag the benchmark over both timeframes. After a period of strong gains, global equities had posted negative returns in Q1 2025 with UK equities the only growth asset class to have delivered a positive return during the quarter. In contrast, emerging market funds had declined and underperformed their respective benchmark. It was noted that the decline in global equities had been driven by renewed tariff-related uncertainty, which had weighed on investor sentiment. As a result, market participants had rotated out of high-valuation US technology stocks in favour of lower-valued names, leading value stocks to outperform growth with US equities having experienced their weakest quarterly performance since 2022, contributing significantly to the broader market decline. Members were advised the property and infrastructure markets had also delivered mixed performance over the period. Property allocations had performed well on an absolute basis, while infrastructure performance had been more varied.

The Board was advised that update provided for the Sub Committee had also included an update on events following the 31st of March 2025 and imposition of US Tariffs in relation to the impact on global equity markets. Whilst the immediate impact had been swift, with equity markets falling by 10-15% the market had subsequently recovered with the Sub Committee being advised of the position relating to the impact on Fund Manager valuations and provided with a summary of the outlook in relation to growth and inflation.

Having thanked Sawan Shah for the update and noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 24 June 2025, the Board **RESOLVED** to note the Q1 2025 Investment Monitoring Update without further comment.

11. **LGPS 'Fit for the future' Consultation Outcome**

Sawan Shah (Head of Finance, Brent Council) introduced a report from the Corporate Director Finance & Resources, outlining the outcome of the Government's Fit for the Future consultation.

The Board was advised that in July 2024, the Chancellor had launched the UK Pensions Investment Review, which included proposals to improve the scale and efficiency of the UK's defined contribution (DC) pension schemes and the LGPS. In November 2024, the Government had published its Fit for the Future consultation which included proposals in three key areas of the LGPS, namely to reform asset pooling, boosting investment in local areas of the UK, and strengthening the governance of administering authorities and LGPS pools. Following this, the Government had published its final report on the UK Pensions Investment Review and its response to the Fit for the Future consultation and confirmed the decision to move ahead with the core proposals, setting out the final policy measures on pooling, local investment and fund governance.

In terms of the key areas highlighted for the Sub Committee the Board were advised these had related to:

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

  Funds would continue to set their individual investment strategy, with implementation being delegated to their respective pools. To facilitate this, members were advised pools would be required to develop in-house investment management and advisory capabilities, with a view to establishing themselves as investment managers (and therefore be authorised and regulated by the FCA). Despite opposition to the proposals, it had been agreed that pools would therefore be mandated to provide partner funds with principal advice on their investment strategies and whilst Fund's would be able to procure advice from other sources, it was expected this would only be under exceptional circumstances. Whilst the Government had originally proposed that all listed assets should be transferred to pooled vehicles by March 2026, with remaining legacy illiquid assets included, this had now been relaxed with the Government having stated that not all assets would need to be invested through a pool's own funds (reflecting concern that it would not always make financial sense to transfer passive assets into a pool) but with the preference and default position remaining investment through a pool's own funds.

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

  Under these proposals, funds would be required to set a target allocation for local investment, outlined within their investment strategy. No statutory minimum had been prescribed for capital allocation; however, funds would be required to work with local authorities and regional stakeholders to ensure collaboration with local growth plans and prioritise opportunities which had the greatest impact. No specific targets for this local investment had been mandated by the government, meaning that funds could set the figure according to their needs, which would then be implemented through the pool. London CIV were stated to be working closely in order to scale up capacity to accommodate these new procedures, with officers expecting this to fall beyond the 12–18-month timeframe.

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

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

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

- In response to further details being sought on the reasons for the ACCESS and Brunel Regional Pools having been unsuccessful in their acceptance under the new LGPS pooling new arrangements, officers advised that limited feedback was available on the basis of the decision by the government with the concerns expressed by the Sub Committee at the apparent lack of transparency given the impact on those Funds directly impacted shared by the Board.

- Following on from this, members asked if the Brent Pension Fund would now be reliant on LCIV for investment advice. In response, the Board was advised this had been expressed as a concern by Funds in response to the consultation given the potential conflict of interest that may arise from such an arrangement. In response, the Government had now provided an opt-out enabling Funds to commission external advice in certain scenarios.

- Seeking further assurance, members of the Board sought details on any potential areas of concern arising from the proposals. In response, the key issue highlighted remained the capacity of the bodies providing the pooling arrangements to take on board the changes along with the timescale for delivery. It was noted that a positive factor remained that the pools had been clear with the Government that changes could not happen within 12 months given the need to develop and build the additional capacity and advisory capabilities that would be required. Whilst some already provided mechanisms for local investment, the changes would require more specific targets, and due diligence checks to help manage them. This aspect alone was seen to be a big undertaking, with the main challenge noted to be the shift from investment activity at the local Fund level to implementation at the pool level.

- Assurance was also sought by the Board regarding Brent's preparedness for the upcoming transition. In response, the Board was advised that Brent was in a positive position to implement the changes, given the level of assets already investment through pooled arrangements with the London CIV and the transition plan already subject to development with LCIV. An Investment Management Agreement (IMA) was being coordinated, with Brent cashflow positive and an external audit provided by Grant Thornton progressing well.

With no further comments raised and in noting the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 24 June 2025, the Board **RESOLVED** to note the report and ongoing need to ensure progress in relation to the transition arrangements were kept under review.

12. **Brent Pension Fund Draft Annual Accounts 2024/25**

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

In noting the indicative draft audit plan for the 2024/25 accounts, as detailed within Appendix 2 of the report and draft Pension Fund Annual Accounts for the year ended 31 March 2025, as detailed in Appendix 1 of the report members were advised that during 2024-25, the value of the Pension Fund's investments had increased to £1,310m (2023/24 £1,259m) with the Fund's passive global equity exposure identified as the main driver of positive returns, along with its allocation to UK equities. The main detractor from performance was the Fund's government bond exposure, which had fallen in value as gilt yields rose over the period with the Fund remaining in a positive cash-flow position because its contributions exceed its outgoings to members.

In terms of the next steps for the year-end accounts, members were advised that work had now commenced on the external audit process with no unforeseen issues having been identified, to date, in relation to the Pension Fund and work underway to prepare the Pension Fund Annual Report in advance of the Boards scheduled meeting in November 25.

Officers were commended for their work to complete the draft accounts and in noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 24 June 2024 the Board **RESOLVED** to note the Draft Pension Find Statement of Accounts and Audit Plan 2024-25.

13. **Local Authority Pension Fund Forum (LAPFF) Engagement Report**

The Board received a report providing an update on the engagement activity undertaken by the Local Authority Pension Fund Forum (LAPFF) on behalf of the Fund, as detailed with the Q2 LAPFF Engagement Report included as Appendix 1 to the cover report.

In noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 24 June 2025 the Board **RESOLVED** to note the report and update on LAPFF engagement activity.

14. **2025 Triennial and Actuarial Assumptions**

Sawan Shah (Head of Finance, Brent Council) introduced a report from the Corporate Director Finance & Resources, which provided an update on the 2025 Triennial Valuation.

In providing a brief overview of the report, the Board was advised that a formal valuation of the whole Fund was undertaken every three years with the purpose being to compare actual experience against assumptions made at the last valuation; value the assets and liabilities of each individual employer and the pension fund as a whole using data from the Fund's administration system and financial records; set employer contribution rates, including for the Council, for the next 3 years (1 April 2026 to 31 March 2029); review the Funding Strategy Statement (FSS) and also perform a health check on the Fund's solvency. Members were reminded that the previous valuation had taken place in March 2022 with the current valuation process to be carried out as at 31 March 2025 and the results being reported to the administering authority within twelve months of the valuation date.

Members were advised that the Pension Fund Sub Committee, when considering the report had been provided with a detailed presentation by Craig Alexander (Hymans Robertson Partner and Fund Actuary) on the key inputs and assumptions identified as the basis for undertaking the 2025 valuation, as had been set out in Appendix 1 of the report. Members were advised that the assumptions had been designed to reflect both current market conditions and long-term expectations as well as being benchmarked against industry standards and LGPS-wide trends to ensure consistency and prudence with an outline of the key assumptions as follows:

- the level of prudence & Future Investment Returns (Discount Rate) leading to the recommended increase in prudence level from 73% to 80% for the 2025 valuation. In general, it was stated that Pension Funds were expected to use as much prudence as possible, with most funds currently moving to minimum targets of 70%-80% or above. This was even more so the case following the recent global developments and whilst the decision was noted to be subjective to individual cases, an established process was expected to be put into place for the purposes of good governance.

- Benefit & Salary Increases leading to the recommendation that the same approach be adopted for the 2025 valuation as in 2022, reflecting the current inflationary environment.

- the recommended continue use of the tailored Club Vita assumptions in terms of longevity and adoption of the overall Club Vita LGPS future improvement assumption with other demographic considerations and assumptions based on analysis of the Fund's actual membership experience. An example was provided in relation to operation of the longevity assumption with figures updated annually.

The Board was advised that a summary of the key assumptions recommended for adoption in relation to the 2025 valuation process as compared to the 2022 valuation along had been provided within Appendix 2 to the main report, which it was noted had been classified as exempt and contained further background on the basis on which the assumptions had been developed.

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

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

- In seeking assurance, the Board sought details on the increase in the Fund level discount rate which it was noted had risen from 4.3% to 6%. Risk free rate of returns were identified as the reason for this change with members advised that the Actuary regarded this figure as the minimum rate obtainable on the Fund investments. With Brent having moved from a low-interest rate environment to a high-interest-rate environment, as well as UK government bonds being set at a much higher level than in 2022 the Actuary had identified the figure based on the risk free rate of return and consideration of Brent's additional investment assets, such as private equity along with prudence level identified in relation to the valuation process.

In welcoming the enhanced prudence level identified and noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 24 June 2025, the Board **RESOLVED** to note the update on the 2025 valuation and endorse the key assumptions for the 2025 valuation which had been approved by the Sub Committee as summarised in Appendix 1 and detailed in full in Appendix 2 (classified as containing exempt information) within the report.

15. **Any other urgent business**

None.

16. **Dates of Future Meetings**

NOTED the dates of the remaining Pension Board meetings for the 2025-26 Municipal Year, as follows:

- Thursday 6 November 2025 at 6:00pm
- Monday 23 March 2026 at 6:00pm

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

At this stage in the proceedings, the Pension Board was asked to consider whether they wished to exclude the press and public for consideration in the final report on the agenda. Given that the following item had been submitted for information and could be considered without the need to disclose any information classified as exempt, it was **RESOLVED** not to exclude the press and public from the remainder of the meeting.

The meeting then continued in open session.

18. **London CIV update**

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

Meeting closed at 7.58pm

David Ewart
Independent Chair