



# LONDON BOROUGH OF BRENT

## MINUTES OF THE BRENT PENSION FUND SUB COMMITTEE

Held in the Conference Hall, Brent Civic Centre on Tuesday 24<sup>th</sup> of June 2025  
at 6.00 pm

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

Co-opted Member (Non-Voting): Elizabeth Bankole

Also present: Kenneth Taylor & Craig Alexandar (Hymans Robertson), David Ewart (Independent Chair – Brent Pension Board) and Councillor Milli Patel (Deputy Leader & Cabinet Member for Finance & Resources – in attendance as an online participant)

### 1. **Apologies for Absence and clarification of alternate members**

Apologies for absence were received from Councillor Crabb.

### 2. **Declarations of interest**

None declared.

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

**RESOLVED** that the minutes of the previous meeting held on 19 February 2025 be approved as an accurate record of the meeting.

### 4. **Matters arising**

None.

### 5. **Deputations**

Councillor Johnson (as Chair) advised that he had agreed to receive a deputation at the meeting from Sheila Guhadasan representing the Brent & Harrow Palestine Solidarity Campaign (PSC). The Chair welcomed Sheila Guhadasan along with other representatives from the Brent & Harrow PSC who were attending in support. Members were advised that the deputation was seeking an update on the progress with the Council's review of investments under the UN's Principles for Responsible Investment following the presentation of their petition divesting for Palestine at the Full Council meeting in September 2024 and subsequent deputation to the Sub Committee in February 2025.

In addressing the Committee, Sheila Guhadasan began by congratulating Brent Council on their recent decision to twin with Nablus, stating that she was pleased to see Brent receiving their first visitors from Nablus that same week.

In highlighting the ongoing situation in Gaza and the previous call on the Council to consider divesting from companies complicit in Israel's stance against the Palestinians, the Sub Committee was reminded that the original petition submitted in support to the request made by the PSC had attracted over 2000 signatures calling on the Council to recognise what were felt to be their legal and moral responsibilities and join the growing number of Councils, public bodies and institutions divesting for Palestine. Referring to the six divestment calls for action presented as part of the previous deputation, the Sub Committee was advised of the growing support and public commitments being made by other local authorities and companies (including those in the retail sector) towards divestment, with surveys showing that public support for such action also remained high.

In terms of wider action, it was pointed out that the Brent and Harrow PSC had also been working with Trade Unions in support of their divestment campaign, including Brent National Education Union and UNISON as a recognised partner, with the Council also called upon to fully commit to the process including consideration of the investments held in the Local Government Pension Fund. In recognising the move toward pooled funding arrangements with the London CIV the Sub Committee was also urged to ensure the necessary assurances were sought on the ethical criteria of the investment funds operated through the CIV to ensure zero complicity in what were regarded (by the deputation) as the genocidal acts being committed by Israel in relation to their occupation of Gaza and the West Bank. Similarities, in this respect, were drawn to the stance which had previously been taken by the Council in seeking to divest from companies implicit in the apartheid regime in South Africa.

Highlighting that the deputation represented a shared call for ethical divestment by many, including environmental campaigners, Sheila Guhadasan ended by outlining what she felt to be the clear moral and legal basis for the specific actions which had been identified. Having referred to the work being undertaken with Brent National Education Union in support of the divestment campaign, Sheila Guhadasan advised that she had hoped to be joined in making the deputation by Lucy Cox from Brent NEU representing Brent Trades Council with the Sub Committee advised that she had unfortunately been delayed in getting to the meeting and was therefore not able to attend. The support expressed by Trade Unions in support of the PSC divestment campaign as a recognised partners of the Council was, however, once again outlined.

In summing up, Sheila Guhadasan felt it important to recognise the opportunity now available for the Council in seeking to support the divestment campaign in advance of the moved to the pooled LGPS funding arrangements to demonstrate the importance in the way its values relating to equality, diversity, inclusion, justice and community cohesion were being upheld.

Having thanked Sheila Guhadasan for presenting the deputation, Councillor Johnson (as Chair) in highlighting the value placed on the engagement of communities across the borough took the opportunity to acknowledge the significance of the issues brought forward. It was pointed out that a full written response had been provided separately to Brent & Harrow PSC on the issues raised as part of the previous deputation and, recognising the important of the concerns highlighted regarding the Pension Fund's investments, the Chair took the opportunity in responding to the additional comments

made to outline the Fund's current position and ongoing work regarding Brent's approach to responsible investment.

In recognising the depth of feeling within communities across the borough around what was acknowledged as the ongoing and deeply concerning conflict in the Middle East given the devastating humanitarian consequences, loss of civilian life and suffering Councillor Johnson began by outlining the Council's support in seeking a lasting and peaceful resolution to the conflict, grounded in international law, human dignity, and mutual recognition. In terms of the issues relating to Brent's Pension Fund the opportunity was taken to acknowledge how seriously the Council took the ethical concerns raised recognising the moral dimensions of public investment and the power of responsible financial stewardship.

At the same time, however, the Funds statutory responsibility to its 22,000 members (including current and former teachers, social workers, and council staff who had served the borough for many years) was also highlighted along with the Council's fiduciary duty to invest in the best interests of scheme members and employers. The need to meet these obligations had required the adoption of a diversified approach to investment to ensure long-term financial sustainability with the Fund it was pointed out, in discharging their responsibility, legally bound (as an overriding principle) to manage the investment portfolio in a way that prioritised the financial security of members' pensions which they had been proud to safeguard over many years.

Moving on to focus on the principles of divestment, the Chair felt it important to highlight that the Fund did not invest directly in companies based in Israel or the Occupied Palestinian Territories, nor in arms manufacturers. The investments made were through pooled funds, including passive and tracker funds, and via London CIV (LCIV). Whilst these structures were favoured due to low investment manager costs they would, due to the nature of the investment held, also limit the Fund's ability to divest from specific companies. As had been recognising during the deputation, the Chair also referred to the impact arising from the Government's recent proposals under "LGPS Fit for the Future" which would require a majority of Fund assets to be managed through London CIV by March 2026 under pooled arrangements further reducing the scope for bespoke investment strategies. As such, he advised, no immediate changes in the investment strategy were planned pending suitable options becoming available although an assurance was provided that the Fund remained committed to responsible investment with confirmation provided that all investment managers were signatories to the United Nations Principles for Responsible Investment (UNPRI), which promoted the integration of environmental, social, and governance (ESG) factors into investment decisions. In reminding members and the deputation that the Scheme Advisory Board (SAB) statement published in September 2024 had stated that administering authorities may only consider non-financial factors where there was no significant risk of financial detriment and where there was broad support among scheme members, a commitment was made that the Fund would continue to review its investment strategy in light of evolving guidance, advice and available options.

In recognising that divesting from individual firms would require exiting entire pooled mandates, a step back which it was known the government would not support, the Chair advised that the Council's approach towards responsible and ethical investment

did, however, remain a core priority for the Fund and one that would also be made clear to the LCIV as part of the move towards the new “Fit for Future” arrangements.

Taking account of the context of the above alongside ongoing international conflicts, the Chair recognised the fund faced a difficult balancing act, honouring its fiduciary duties to protect pension benefits, respecting the diverse views of its membership, and considering the ethical concerns raised by residents. As these were not straightforward matters, no simple solutions were seen as available to Brent although he once again assured the deputation of the Councils continued commitment to a process of ongoing engagement. As part of this process, he pointed out the Council would also continue to work collaboratively with other London boroughs, engage with the LCIV, and remain open to exploring responsible investment approaches that reflected the Fund’s financial responsibilities and values.

In once again assuring those in support of the deputation that the points raised both during the meeting and as part of previous representations, would remain part of Brents thinking as national policies and investment options evolved Councillor Johnson concluded by thanking Brent & Harrow PSC for their engagement with the Council, valuing the respectful and constructive way they had sought to highlight their concerns and seek an update on progress.

## **6. Q1 2025 Investment Monitoring report**

The Chair then moved on to deal with the remainder of the agenda and began by inviting Kenneth Taylor (Senior Investment Analyst, Hymans Robertson LLP) to introduce a report, which outlined the performance of the Brent Pension Fund over the first quarter for the 2025 financial year. In addition to the performance update, the Sub Committee was advised the report also included an update focussed around the impact on the Fund’s assets following the US Administration’s “Liberation Day” tariff announcements in April 2025 and outlook for the main asset classes and considerations for the Fund.

In noting the outline provided in relation to market background covering the monitoring period the Sub Committee were 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 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.

As at 31 March 2025, the funding level was estimated to be 131% with the fall in the funding level in Q1 2025 mainly attributable to a decline in asset values driven by

market movements. Members also noted that a formal actuarial valuation was in the process of being carried out (as at 31 March 2025).

Moving on to consider performance relating to Fund Managers, members were advised that the portfolio had delivered a return of -1.6% over the first quarter of 2025 to 31 March, underperforming its benchmark by 0.1%. 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. As a result, US equities had 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.

In terms of specific Funds, the Capital Dynamics infrastructure mandate had posted negative returns; however, members were reminded this allocation was now in run down and represented a small portion of the Fund. Credit markets continued to perform well resulting in positive performance from the LCIV MAC fund. Over the period, the bond market had also experienced volatility, resulting in gilt yields increasing over the period. This has resulted in the BlackRock gilts mandate falling in value, since gilt yields had risen compared to end of Q4 levels.

Details were also provided on each mandate's contribution to the Fund's absolute performance over first quarter 2025, according to their allocation (including supporting details within the exempt appendix which had been provided for members of the Sub Committee). Positive contributions to performance over the period had been registered from the LGIM UK Equity fund, the LCIV Baillie Gifford and Ruffer Multi-Asset funds, as well as from the Infrastructure and Real Estate allocations. The primary detractor to performance had been the LGIM Global Equity fund, which represented approximately 41% of the Fund's total assets. Although the Capital Dynamics Infrastructure Fund also posted negative returns, its allocation was less than 1% of the portfolio and, therefore, had a negligible impact on overall performance.

Kenneth Taylor then proceeded to introduce the second section of the report, outlining and covering events transpiring from April 2<sup>nd</sup> onwards in relation to the imposition of US Tariffs on global markets and Fund assets.

The use of tariffs as an economic management tool was explained to the Committee, alongside the US administration's attempts to use them to boost demand for American goods and services whilst cutting foreign competition with the range of tariffs implemented far wider than initially predicted.

The results of the announcement were swift, with equity markets falling by 10-15%. As a result of subsequent economic pressure, however, a number of tariff policies had been scaled back leading to market recovery by the end of April. The Sub Committee was 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. Whilst asset values at the start of April had experienced a large swing (£20m) members were assured that these had now largely been recovered and without further US intervention were expected to achieve a healthy recovery. Summary asset class outlooks were provided in relation to Sovereign bonds, credit, equity and currency with the specific impact on the Fund identified in relation to equity, income and protection assets and market performance updates noted in relation to the position on equities, sovereign bonds, credit spreads, commodities.

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

- In response to concerns being raised as to whether uncertainty in the US constituted sufficient grounds for divestment from that market, Kenneth Taylor observed that US investment would need to remain a fundamental component of the fund's portfolio. Nevertheless, he emphasised that the unprecedented instability characterising the current environment rendered diversification more critical than in any previous year. This position was predicated on the substantial potential returns and growth prospects offered by the US market, which were deemed too significant to disregard and essential to the Fund's objectives. Kenneth Taylor further noted that several factors contributed to the unpredictability of the US investment landscape. These included the diversification occurring within technology sectors, competitive pricing strategies employed by Chinese firms and rapid development of more cost-effective alternatives to American artificial intelligence software. Such dynamics presented opportunities for investment in alternative markets, particularly given the increasing regulatory scrutiny facing American technology companies and the apparent relocation of infrastructure projects beyond US borders. Kenneth Taylor suggested that the trend of corporations seeking to establish operations overseas created enhanced investment opportunities outside the United States.
- Views were sought on the potential for further fiscal change to be introduced by the US during the remainder of the current US Administration tenure. In response, members were advised of the need to recognise the distinction between the approach adopted by current and previous US Administrations and volatility in terms of future policy measures. The role of the bond market in driving some of the change in approach, following initial introduction of the tariffs, was however noted which it was felt could serve a similar function in signalling to the US government when policy measures exceed acceptable parameters.
- In addressing member concerns regarding the ongoing impact of wider geopolitical tensions on global markets, officers advised that whilst not able to provide accurate predictions of outcomes, the Fund had been impacted by fluctuations, for example, in oil prices attributable to supply chain challenges, which it was pointed out supported the approach to maintaining a diversified investment portfolio. It was also recognised that as the Fund progressively

transitioned towards low-carbon investment strategies, the dependency on oil-related revenues would also be expected to diminish over time.

With no further issues raised, the Chair thanked Kenneth Taylor (Hymans Robertson LLP) for the update and the Sub Committee (having noted the Fund Manager Performance updated included within the exempt appendix of the report) **RESOLVED** to note the report recognising and supporting the prudent approach adopted towards ongoing diversification within the investment strategy.

## 7. **LGPS ‘Fit for the future’ Consultation outcome**

Sawan Shah (Head of Finance Pensions and Housing Companies) introduced a report from the Corporate Director Finance & Resources, outlining the outcome of the Government’s Fit for the Future consultation.

In presenting the report, the Sub Committee 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 with the key areas of focus identified as follows:

- In terms of pooling arrangements, the London CIV had been set up 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.

In relation to concerns regarding the accommodation of Fund specific requirements on responsible investment, the Government had stated that, to achieve scale, pools would not be expected to create a range of bespoke solutions to fit each fund’s ESG and RI requirements. Instead, funds would be expected to work together to reach a common approach although it had been acknowledged this may not always be possible, in which case more than one option could be offered. 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 some 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. Administering Authorities would be required to disclose information relating to their local investments, including their target range and their impact, in their annual report. However, to simplify reporting and to avoid duplication, a key change in reporting requirements would be that pools would now be required to report annually on total local investments made on behalf of their administering authorities as well as their impact, although the metrics by which local impact was assessed had not been prescribed by the Government and would be decided locally between funds and their pools.

- 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 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.



Members noted and welcomed the additional briefing provided by Hymans Robertson as the Funds investment advisors on the consultation outcome, attached as Appendix 1 to the report with the Chair then inviting members to raise any comments, as 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 the basis of the decision by the government was still awaited with concern expressed by members at the apparent lack of transparency given the impact on those Funds directly impacted.
- Responding to questions on the benefits associated with the new pooling arrangements, members were advised these reflected continuation of the approach already adopted by Brent through the creation of established funding pools. Without these pools, Brent would not have easy access to larger investment funds. This would result in Brent needing to pay higher costs leading their own tender processes, holding a smaller voice in sector discussions due to only being a small percentage of any investment fund. Regional pools were able to provide benefits of larger scale, greater access to investments, better investment advice and lower investment management fees. In addition, it was also expected that the London CIV's internal investment and management capabilities would be expanded providing further economies of scale as well as being beneficial to collective fund growth.
- Discussing the next phase of the scheme, officers stated that the London CIV was now engaging with all Funds in seeking to develop their transition plans. Brent was stated to be in an advanced position, due to the level of investment assets already held under pooled management. Looking to the future, Brent's Pension Fund was likely to have three options available to it, firstly when a commonality of mandate between pools was present existing mandates could be transferred into the pooled one. Second, LCIV could create new funds to facilitate the ones already holding Brent's investments. Thirdly, the option to create a new layer of oversight in pre-existing funds were available.
- Following on, members queried if officers believed returns could be compromised or decreased following adoption of the new pooling arrangements. Recognising the concerns raised (and additional focus on local investment) these had been acknowledged with the aim being, as part of any transition, to ensure pools remained focussed on increasing returns. As such, Brent would now be expected to scrutinise the choices made by LCIV in implementing investment strategy. Kenneth Taylor (Hymans Robertson) related this model to the UK housing fund already established by London CIV.
- In noting the scale of change in terms of the current Fund investment strategy, given the dependency moving forward on performance of the London CIV members recognised the enhanced level of oversight required by the Pension Fund Sub-committee in monitoring LCIV's performance given the more limited control over investment decisions under the pooled funds with the level of work required to deliver a successful transition also acknowledged.

With no further queries raised, the Chair thanked Hymans Robertson and the Finance Team for the update and the Sub Committee **RESOLVED** to note the report and ongoing need to ensure progress in relation to the transition arrangements were kept under review.

## 8. **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 31<sup>st</sup> March 2025.

In presenting the report members were advised that while the statutory deadline for publication of the draft accounts had been 30 June 2025, the Pension Fund accounts were now expected to be published by 18 July 2025. This revised timeline reflected delays arising from matters identified during the audit of the Council's core financial statements. Although these matters were not directly related to the Pension Fund, they had a consequential impact on the timing of the accounts publication although this was not expected to affect the timing of the Pension Fund audit, which had been scheduled to commence in July.

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, the following main issues were highlighted for members:

- 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.
- Total contributions received from employers and employees had been £73m for the year, an increase on the previous year's £69m.
- Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, were £60m, an increase on the previous year's £52m.
- As in 2023/24, the pension fund remained 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 preparation of the Pension Fund Annual Report which was due to be presented to the Sub Committee at the next meeting.

Following the update, the Chair invited members to raise any comments with the issues summarised below:

- Details were sought as to whether the audit process was expected to include any hot review, which officers confirmed was not anticipated during the current audit

process and an assurance provided in relation to the availability and provision of supporting information in response to external audit activity in order to ensure the review could be progressed within required timescales.

- In response to a specific query, further clarification was provided on the net return and liabilities figures identified in the draft Statement of Accounts with details also provided on the impact of the triennial valuation process on the overall Pension Fund assessment as it primarily related to the Funds cash flow position. Members were advised that valuations were dependent upon the assets held within the fund's investment portfolio.

With no further issues raised and in thanking the Finance team for their work regarding the funds management, the Committee **RESOLVED** to note the Draft Brent Pension Fund Year End Accounts 2024-25.

## 9. Local Authority Pension Fund Forum (LAPFF) Engagement Report

George Patsalides (Finance Analyst, Brent Council) introduced a report from the Corporate Director Finance & Resources which detailed the Local Authority Pension Fund Forum (LAPFF) Engagement Update.

In presenting the update, members were advised that the LAPFF had been established to promote the highest standards of corporate governance in order to protect the long-term value of local authority pension funds and engage directly with companies in which investments were held in order to affect change, understand views on company behaviour and risks with engagement being member led and designed to advance corporate responsibility and responsible investment on the basis of collaboration strengthening the voice of Pension Funds.

In noting the summary of key engagement work undertaken by the LAPFF during Q2 2025 (as detailed in Appendix 1 of the report) the key areas of activity were highlighted in relation to Water Stewardship, the progress of banks in transitioning to net zero in relation to the financing of Fossil Fuels along with updates on efforts to engage with UK boards on corporate governance.

Having noted the viability and advantages available through the sustained collective effort and pressure that could be applied through the LAPFF, rather than by single Pension Funds acting individually, the Chair thanked George Patsalides for presentation of the report, and then invited members to raise any questions or comments, with queries and responses summarised below:

- In considering the remit of the LAPFF, their ability to keep investment within the local area was questioned by members. George Patsalides responded reminding members of the LGPS Fit for the Future proposals focused on local and UK based investment. As such, LAPFF was set to fulfil the role of holding these companies to account in their operations with the update provided in Appendix 1 of the report outlining how the LAPFF sought to enforce ESG principles, good governance and ethical practice from the partners they were engaged with.

With no further questions or comments, the Sub Committee thanked officers for the update and **RESOLVED** to note the report.

#### 10. **Training Update – Members Learning and Development**

George Patsalides (Finance Analyst, Brent Council) introduced the report from the Corporate Director Finance & Resources, which provided an update on the provision of the LGPS online learning facility and informed committee members of recent training developments.

In introducing the update, members were reminded of the new measures included within the Fit for the Future proposals designed to enhance governance, including a focus on the training of members involved in overall strategic direction of local authority pension funds. This included the requirement for Pension Committee members to have the appropriate level of knowledge and understanding for their roles, with the requirements for Pension Committee and Local Pension Board members to be aligned in order to ensure they possessed the necessary knowledge and skills to effectively fulfil their roles.

In working towards this the Fund had subscribed to the LGPS Online Learning Academy (LOLA) as an online platform designed to support the training needs of Pension Committee and Board members with a training plan (attached as Appendix 3 of the report) detailing progress in completion of the required training modules within the agreed timeframe. Members noted the training plan had been adapted to accommodate new members to the Committee whilst also allowing existing members additional time to complete the required training programme, with the current focus on those needing to complete the required sections reflected within the current learning plan and members urged to ensure they had completed any outstanding modules.

In noting the update provided on progress being made by members against the current training plan and in line with the Training Strategy, the Sub Committee was reminded of the importance in ensuring consistent engagement and progress in completion of the required modules in order to ensure members possessed the necessary knowledge and skills in relation to their role on the Sub Committee and in overseeing the Pension Fund.

With no further questions or comments, the Chair thanked George Patsalides for his work in delivering the training plan and the Committee **RESOLVED** to note the plan and continue delivery of the learning programme as outlined in the training timetable.

#### 11. **2025 Triennial and Actuarial Assumptions**

Sawan Shah (Head of Finance) introduced a report from the Corporate Director Finance and Resources updating the committee on the 2025 Triennial Valuation.

In presenting the report the Sub Committee was advised of the process, undertaken every three years, in terms of a formal valuation of the whole Fund. The purpose of the valuation was to compare actual experience against assumptions made at the last valuation; value the assets and liabilities of each individual employer and the pension fund as a whole using data from the Fund's administration system and financial

records; set employer contribution rates, including for the Council, for the next 3 years (1 April 2026 to 31 March 2029); 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.

Craig Alexander (Hymans Robertson Partner and Fund Actuary) was then introduced to the Sub Committee who provided a presentation on the key inputs and assumptions identified as the basis for undertaking the 2025 valuation, as 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. The following key areas were highlighted by Craig Alexander (Hymans Robertson) in presenting the assumptions to the Sub Committee:

- The background to the valuation assumptions, with the key focus on the discount rate (used to value liabilities to be paid out in the future); Future investment returns (the rate of return the Fund's assets were assumed to achieve in the future); Future price inflation (CPI); Salary expectations; how long pensions would be paid for (longevity) and other demographic assumptions.
- The funding progression and general market insights since the previous valuation in 2022, which had seen an improvement in the whole fund position.
- An outline of the key financial assumptions, which included considerations in relation to:
  - 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 be prudent, 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 summary of the proposed key assumptions being recommended for adoption in relation to the 2025 valuation process as compared to the 2022 valuation along with the additional detail provided within the full advice report attached as 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 Sub Committee 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 members to raise any questions or comments, with the issues highlighted summarised below:

- In response to a question regarding the differences between LGPS average life expectancy and the national average, Craig Alexander (Hymans Robertson – Partner & Fund Actuary) provided further clarification highlighting the principal distinction in the national average not accounting for every individual as being in, or having been in, employment, whereas the LGPS tended to estimate marginally higher life expectancy overall. The LGPS data was also adjusted to reflect more specifically the demographic characteristics of the areas under its coverage. Craig Alexander subsequently confirmed that longer life expectancy increased the financial contributions required within a scheme with reference made to the example provided during the presentation in relation to application of the longevity assumption model in Glasgow.

Members welcomed the report and, with no further issues raised, the Chair thanked Craig Alexander (as Fund Actuary - Hymans Robertson) for his presentation and update provided. Consequently, the Sub-Committee **RESOLVED**, having noted the additional detail provided within the exempt appendix of the report, to:

- (1) Note the update on the 2025 valuation.
- (2) Note and agree the key assumptions for the 2025 valuation as summarised in Appendix 1 and detailed in full in Appendix 2 (classified as containing exempt information) within the report.

## 12. Minutes of the Pension Board

The Chair then welcomed David Ewart (as Independent Chair of the Pension Board) to the meeting in order to provide an overview of the issues considered at the most recent Board held on 24 March 2025, as set out in the draft minutes from the meeting.

As a starting point, David Ewart took the opportunity to remind members of the function and structure of the Pension Board, which he advised was a statutory body established to review the performance of the Pension Fund and was made up of an equal number of employer and member representatives. In comparison, the Pension Fund Sub-Committee's role focused on the investment and management of the Fund, although in practice the two bodies within Brent worked closely together and shared similar views in overseeing governance of the Pension Fund.

In outlining specific issues considered at the Board's last meeting, members were advised of the ongoing monitoring of performance relating to administration of the Pension Fund for scheme members (including an ongoing focus on data quality and migration of the pension payroll system over to LPPA) as well as the updated Risk Register for the Brent Pension Fund Administration Service, which it was felt also provided a useful point of reference for the Sub Committee in relation to the management of existing and emerging risks.

The Chair thanked David Ewart for the update provided, and with no further issues raised, it was **RESOLVED** to note the minutes from the Pension Board held on 24 March 2025.

13. **Any other urgent business**

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

14. **Exclusion of the Press and Public**

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

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

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

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

15. **London CIV update**

The Board received and **RESOLVED** to note a report that provided an update on recent developments regarding Brent Pension Fund investments held within the London CIV (LCIV).

Issues highlighted arising from the update included:

- The value of assets invested directly through the LCIV.
- The progress with engagement on the Pension Investment Review
- The launch of the London CIV in-house strategy and advisory service, which included cash flow forecasting, climate analytics and triennial valuation support along with progress on the continued the process of negotiating fee savings with fund managers.

- The progress in development of a dedicated UK residential property fund by London CIV with the purpose of increasing the supply of good quality, affordable housing in the UK and a focus on three strategies within the residential housing sector: general needs affordable and social housing, traditional supported housing and, specialist housing.
- The update on the LCIV Fund Manager Monitoring Framework and progress in the development and launch of new Funds, with members keen to ensure a focus (in recognising the Funds fiduciary duty) in maintaining a broad and diversified approach toward the Fund's Investment Strategy.

The meeting closed at 8:15pm

COUNCILLOR R JOHNSON  
Chair