Barking & Dagenham

Notice of Meeting

PENSIONS COMMITTEE

Wednesday, 10 July 2024 – 5.30 pm
Council Chamber, Town Hall, Barking

Members: Cllr Manzoor Hussain (Chair), Cllr Rocky Gill (Deputy Chair), Cllr Donna Lumsden, Cllr Giasuddin Miah, Cllr Tony Ramsay, Cllr Summya Sohaib and Cllr Mukhtar Yusuf

Independent Advisor: John Raisin

Observers: Steve Davies and Susan Parkin

Date of publication: 2 July 2024

Fiona Taylor
Chief Executive

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Please note that this meeting will be webcast via the Council's website. Members of the public wishing to attend the meeting in person can sit in the public gallery on the second floor of the Town Hall, which is not covered by the webcast cameras. To view the webcast online, click here and select the relevant meeting (the weblink will be available at least 24-hours before the meeting).

AGENDA

1. **Apologies for Absence**

2. **Declaration of Members' Interests**

   In accordance with the Council's Constitution, Members are asked to declare any interest they may have in any matter which is to be considered at this meeting.

3. **Minutes - To confirm as correct the minutes of the meeting held on 20 March 2024 (Pages 3 - 8)**

4. **Quarterly Monitoring 2023/24 - 1 January to 31 March 2024 (Pages 9 - 38)**

5. **Administration and Governance Report (Pages 39 - 46)**

6. **Independent Advisor - LGPS Update (Pages 47 - 53)**

7. Draft Pension Fund Accounts (Pages 55 - 109)

8. Business Plan 2024-26 (Pages 111 - 119)

9. Any other public items which the Chair decides are urgent

10. To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.

Private Business

The public and press have a legal right to attend Council meetings except where business is confidential or certain other sensitive information is to be discussed. The item below contains commercially confidential information which is exempt under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

11. Strategy Review (Pages 121 - 160)

12. Any other confidential or exempt items which the Chair decides are urgent

Our Vision for Barking and Dagenham

ONE BOROUGH; ONE COMMUNITY; NO-ONE LEFT BEHIND

Our Priorities

- Residents are supported during the current Cost-of-Living Crisis;
- Residents are safe, protected, and supported at their most vulnerable;
- Residents live healthier, happier, independent lives for longer;
- Residents prosper from good education, skills development, and secure employment;
- Residents benefit from inclusive growth and regeneration;
- Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods;
- Residents live in good housing and avoid becoming homeless.

To support the delivery of these priorities, the Council will:

- Work in partnership;
- Engage and facilitate co-production;
- Be evidence-led and data driven;
- Focus on prevention and early intervention;
- Provide value for money;
- Be strengths-based;
- Strengthen risk management and compliance;
- Adopt a “Health in all policies” approach.

Barking & Dagenham

The Council has also established the following three objectives that will underpin its approach to equality, diversity, equity and inclusion:

- Addressing structural inequality: activity aimed at addressing inequalities related to the wider determinants of health and wellbeing, including unemployment, debt, and safety;
- Providing leadership in the community: activity related to community leadership, including faith, cohesion and integration; building awareness within the community throughout programme of equalities events;
- Fair and transparent services: activity aimed at addressing workforce issues related to leadership, recruitment, retention, and staff experience; organisational policies and processes including use of Equality Impact Assessments, commissioning practices and approach to social value.

MINUTES OF
PENSIONS COMMITTEE

Wednesday, 20 March 2024
(7:15 - 8:45 pm)

Members Present: Cllr Moin Quadri (Chair), Cllr Manzoor Hussain (Deputy Chair) and Cllr Rocky Gill

Observers Present: David Walker, Hymans Robertson

Advisors Present: John Raisin

Apologies: Cllr Giasuddin Miah, Cllr Tony Ramsay and Nicholas Jellema

17. Training Session For Members on Private Equity from Patria Investments Ltd

Prior to conducting the formal business of the Pensions Committee, Members received a training session and presentation on Private Equity led by Alistair Watson, Deputy Head of Private Equity and supported by colleagues at Abrdn and Lucas Monterio, Patria Investments.

18. Declaration of Members' Interests

There were no declarations of interest.

19. Minutes (13 December 2023)

The minutes of the meeting held on 13 December 2023 were confirmed as correct.

20. Quarterly Monitoring 2023/24 - 1 October to 31 December 2023

The Investment Fund Manager presented a report on the Fund's performance during the period 1 October to 31 December 2023 (Quarter 4). The Committee also received a verbal update on the unaudited performance of the Fund up to March 2024, an update on the Fund's Investment Strategy and performance, as well as commentary on the market background for the past quarter from the Committee's Independent Advisor, together with input from David Walker, Hymans Robertson (HR) who provided an overview and analysis of the latest market position.

In response to the presentation and specifically in the light of today's inflation figures sitting at 3.4%, and with the likelihood of further sharp falls, particular the light of the reduction in energy prices, HR were asked to speculate about the headline inflation rate over the coming Summer. Reference was also made to the cooling of the property market and specifically in the light of the pandemic, the slump that occurred in the demand for office space with increasing numbers of people working from home, and more recently the talk of permitted development rights for offices to be converted to residential to provide more supply. Consequently, what was the view as to the office environment in the next few years.

Mr Walker responded that the expectation was that inflation would over the period probably reduce a little further towards the Bank of England 2% target, but that due to the labour market and wage rises along with continuing core inflationary pressures particularly in the service sector, there would not be any dramatic movement. In terms of the property market, some of the structural issues seen were beginning to occur prior to Covid, albeit the pandemic accelerated the problem with moves towards online retail and a subsequent reduction in the need for some industrial warehousing. Turning specifically to office space there was still a demand, with a lot of companies reviewing their policies with moves towards staff coming into the office a set number of days a week. The issue was also location dependent with prime areas such as the south and London still seeing a high demand with rental values remaining strong compared to more outlying areas. The other factor is the energy performance of the buildings where those of a high quality can still demand higher rents.

The Investment Fund Manager continued his report on the overall performance of the Fund over the quarter and that of individual Fund Managers over both one year and three years, in addition to which he provided a verbal update as of 19 March 2024, summarised in a paper circulated at the meeting. It was noted that the reference in the paper to the performance of Aberdeen Standard was incorrect and should be disregarded for the purposes of performance.

A number of questions arose from the report which the Investment Fund Manager responded to as follows:

What were the reasons for making a short-term loan of £14.5m to the Council

This was due to the Council's better Treasurer set up for the purposes of maximising investments in the money markets. The current return on that cash investment was around 5.2-5.3%

Were there any significant concerns seeing the underperformance of a number of Fund Managers in the last quarter against the benchmark?

Investment strategies were designed to be diverse and would by their nature always generate under and over performance, hence for investment purposes it was necessary to take the long-term view. That said it was planned to review some of the benchmarks, not to make it easier for Managers to achieve, but to make benchmarks more realistic, given that some have proved particularly challenging during periods of high inflation.

Was it intended to re-evaluate the Investment Strategy seeing it was slightly overweight in favour of equities?

Overall equities tend to outperform all other asset classes and reach the point at which there is either a correction, or they move outside the acceptable range, when then a report comes back to Members to take corrective action.

Given the overall increased value of the Fund and seeing the next planned 3-year Fund Valuation was due in March 2025, what was the view as to the expected Employer Contribution rates for the next three years?

If the Council was under pressure it could be that it would look to reduce the employer rate, however notwithstanding that scenario, the view of officers and Hymans Robertson was it would unlikely reduce (if at all) by too much seeing the significant pension increases over the past two years due to the high levels of inflation which puts more pressure on assets to perform to maintain the Fund's levels which had dipped but more recently bounced back quite strongly.

Were there any concerns as to officers growing indirect relationship with Fund Managers due to the increasing involvement of the London CIV in the selection and monitoring of Investment Managers?

There could be a bigger disconnect with Fund Managers', but it will be a long process seeing we only have a few Funds invested with the London CIV, and therefore officers maintain good working relationships with most Managers.

The Committee **noted**:

(i) The progress on the strategy development within the Pension Fund,

(ii) The daily value movements of the Fund's assets and liabilities outlined in Appendix 1 to the report, and

(iii) The quarterly performance of pension funds collectively and of Fund Managers individually.

21. Administration and Governance Report

The report presented by the Pension Fund Accountant provided an update on the administrative and governance changes that had occurred since the last meeting and the potential impact that the changes may have on the Pension Fund going forward. It set out the Fund's one and three-year cashflow forecast (1 April 2023 - 31 March 2025), an update on the London Collective Investment Vehicle (LCIV) as the Fund moved towards more pooled investments, and a review conducted by Barnett Waddingham, Fund Actuaries on the strain factors on the Fund arising from its members taking unreduced early retirement which was set out as an appendix to the report.

Two questions arose from the report concerning the cash flow status of the Fund and the Augmentation factors connected with early retirements. As both related to the Fund Actuaries report and the Council relied on their professional judgement, a written response would be sought and copied to Members.

The Committee **NOTED** the report.

22. Independent Advisor - LGPS Update

The Committee's Independent Advisor presented his quarterly update on the Local Government Pension Scheme (LGPS) which on this occasion focussed on The Pension Regulator (TPR) proposed General Codes of Practice, in accordance with the provisions of Schedule 4 of the Public Services Pensions Act 2013, and specifically Code of Practice No 14: **Governance and Administration of Public Service Pension Schemes.**

Following a number of consultations, the Code was due to come into force on 27 March 2024.

TPR sought to introduce as far as practical comparable standards across all types of Pension Schemes to make it easier to maintain and update, although not every part of the General Code will apply to all Schemes including the LGPS. The LGPS Advisory Board for England and Wales (SAB) has committed to supporting funds in understanding any new requirements in the Code and where required, will produce new or update existing guidance to assist funds with their responsibilities.

Given that the Code will shortly come into force the advice of the IA was rather than wait for SAB guidance Members should seek to assess this Fund's compliance with those relevant requirements of the TPR General Code, and take those actions detailed in Section 5 of the report as follows:

- To go through the Code in detail to access, as far as it is able, which elements of the Code clearly apply to the LGPS.

- Assess the Fund's current compliance/arrangements against the General Code.

- Produce a plan to make changes or enhancements to ensure necessary compliance.

- Seek to determine which elements of the General Code though not applicable to the LGPS may represent good practice for the Fund and plan to make any consequent changes or enhancements.

- In doing the above the Fund should attend relevant seminars/webinars on the implications of the General Code for LGPS Funds (which may be held prior to 27 March 2024). These may be offered by organisations including SAB and the Actuarial/Investment Consultants who support the LGPS.

- Use, if/as the Fund considers appropriate any tools and/or LGPS specific training relating to the General Code available from the Actuarial/Investment Consultants who support the LGPS.

- Take particular cognisance of any relevant guidance when issued by SAB, and

- Report to both this Committee and the Pension Board on a regular basis on progress towards compliance, and the maintenance of ongoing compliance, with those parts of the Code that are determined to be applicable to the Barking and Dagenham Fund and those which are considered to be good practice.

The Investment Fund Manager informed Members that it was his plan to report to the next meeting on the Council's progress with implementing the Code. A significant amount of work had been done already by officers, and whilst there was still a considerable amount to do, he was confident that we would be in a position to make the necessary changes and enhancements to ensure compliance. To that end he would prepare an action plan setting out progress in implementing the various parts of the Code.

The Committee **noted** the report.

23. Business Plan 2024-2026

The Committee received a report on the progress with the delivery of the 2024-2026 Business Plans actions as set out in Appendix 1.

Training of Members formed a key element of the Plan. The Investment Fund Manager outlined the structured approach to the Member training programme over the three-year life of the Plan. Whilst the training would continue to be provided as part of the meeting cycle, he was conscious that Members would probably need to commit to one or two half day training sessions over the coming year.

The Committee **noted** the report.

24. Private Business

The Committee **resolved** to exclude the public and press for the remainder of the meeting by reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

25. Appointment of Independent Advisor

The Investment Fund Manager introduced a report on the proposed renewal of the contract for the Council's Pension Fund's Independent Advisor (IA), which included a review of the current IA's work during the past year.

The Committee **resolved** to extend the appointment of John Raisin Financial Services Limited as the IA for the Council's Pension Fund for a further one-year period based on the job description set out as Appendix 1 to the report, which would include producing a briefing note for Members based on the agenda for each meeting, and to meet with Members remotely to discuss its content on a day and time to be agreed. It was also agreed that the fee be increased as reported to reflect inflationary pressures over the past 12 months.

It was also noted that the Investment Fund Manager would carry out an in-depth review of the market prior to the Committee reconsidering the appointment of the IA next year.

26. Abrdn Update

Further to Minute 11/12/23 and following the earlier training session which took place before this meeting on private equity conducted by Patria Investments Ltd, the Pension Fund Accountant provided an update on the latest structural changes undergone by Abrdn, Fund Manager which included selling its Private Equity business to Patria.

As a result of this the Fund was required to make changes to its Diversified Alternatives, including a review of its hedge fund investments with Abrdn. Having considered the report, The Committee **RESOLVED** to agree:

i) The acquisition of Abrdn’s Private Equity business by Patria Investments and the subsequent transfer of all the Fund’s Private equity investments, currently managed by Abrdn, to Patria in April 2024,

ii) Transfer of £10m cash transfer from Abrdn to Patria in April 2024,

iii) To amend the target strategic asset allocation from 11% for Diversified Alternatives to 9% for Private Equity and 2% for Hedge Funds, and

iv) The removal of currency hedge from the remaining hedge fund portfolio and the Private Equity portfolio.

PENSIONS COMMITTEE

10 July 2024

Title: Pension Fund Quarterly Monitoring 2023/24 – 1 January to 31 March 2024	
Report of the Managing Director	
Open Report	**For Information**
Wards Affected: None	**Key Decision:** No
Report Author: Jesmine Anwar, Pension Fund Accountant	**Contact Details:** Tel: 020 8227 3763 E-mail: jesmine.anwar@lbbd.gov.uk
Accountable Director: Michael Bate, Interim Director of Financial Services (Deputy S151 Officer)	
Accountable Strategic Leadership Director: Jo Moore, Interim Strategic Director Finance and Investment (S151 Officer)	

Summary

This report provides information for employers, members of London Borough of Barking and Dagenham Pension Fund ("the Fund") and other interested parties on how the Fund has performed during the quarter 1 January to 31 March 2024.

The report updates the Committee on the Fund's investment strategy and its investment performance.

Recommendation(s)

The Pension Committee is recommended to note:

(i) the progress on the strategy development within the Fund;

(ii) the Fund's assets and liabilities daily value movements outlined in the report;

(iv) the quarterly performance of the fund collectively and the performance of the fund managers individually.

Reason(s)

1. Introduction and Background

1.1 This report provides information for employers, members of the LBBD Pension Fund ("the Fund") and other interested parties on how the Fund has performed during the quarter 1 January to 31 March 2024 ("Q1"). The report updates the Committee on the Fund's investment strategy and performance. Appendix 1 provides a definition of terms used in this report. Appendix 2 sets out roles and responsibilities of the parties referred to in this report. A verbal update on the unaudited performance of the Fund for the period to 9 July 2024 will be provided to Members at the Pension Committee.

2. Independent Advisors Market Background (Q1 2024)

World Equity markets experienced another very positive Quarter with the MSCI World Index gaining 9% (in US $ terms) over the January to March 2024 period. Clearly positive influences were continued expectations of interest rate cuts by Central Banks (particularly the US Federal Reserve and European Central Bank), data releases indicating strength in the US economy, positive corporate earnings in the United States (for example from the "mega stock" chipmaker Nvidia), and market positivity about artificial intelligence (as exemplified by Nvidia and Meta Platforms). United States Equities had a very successful Quarter with the S&P 500 advancing by over 10%. After 34 years the Japanese Nikkei 225 Index finally exceeded the record closing high of 38,916 set on 29 December 1989. Indeed, Japanese Equities experienced an exceptional Quarter with the Nikkei 225 advancing by over 20% during the January to March 2024 Quarter to close at 40,369 on 29 March.

In the United States the S&P 500 Index achieved 22 new record closing highs during the Quarter exceeding both the 5,100 and 5,200 level for the first time and closing at a record 5,254 on 28 March 2024. Over the Quarter the Index advanced by over 10%. While there were widespread gains across the S&P 500 Index with approaching three quarters of the stocks in the index gaining over the Quarter the influence of a handful of "mega stocks" was (again) clearly apparent. Four stocks (Nvidia, Microsoft, Meta Platforms and Amazon) which accounted for 18% of the market weight of the S&P 500 Index provided 47% of the Quarterly total return of the index.

US stocks were boosted by positive corporate earnings announcements as well as generally positive economic data – for example in terms of GDP releases from the US Bureau of Economic Analysis, employment/unemployment data, and positive consumer sentiment which according to the respected University of Michigan "surveys of consumers" surged in January 2024 and then held for the remainder of the Quarter at a level around 25% higher than at November 2023. Market positivity regarding artificial intelligence also drove stock markets in the US and beyond higher. For example, on 21 February Nvidia announced better than anticipated earnings and in a statement its Chief Executive Officer Jensen Huang said that "Accelerated computing and generative AI have hit the tipping point. Demand is surging worldwide across companies industries and nations." This resulted in not only the US but also European and Japanese stock markets posting significant immediate gains. Market expectations regarding interest rate reductions also continued to drive financial market positivity with markets anticipating at least three cuts by the Federal Reserve during 2024.

The Core PCE (Personal Consumption Expenditures) Index which is closely observed by the US Federal Reserve when determining monetary policy continued to be clearly above the target of 2% but further reduced, very slightly, from 2.9% in December 2023 to 2.8% in February 2024 as announced by the US Bureau of Economic Analysis (BEA) on 29 March 2024.

At both the meetings of the US Federal Reserve Federal Open Markets Committee (FOMC) held on 30-31 January and 19-20 March the target range for the Federal Funds Rate (the benchmark interest rate) was held at 5.25-5.5%. Projections issued at the end of the March 2024 meeting indicated (as they had after the December 2023 meeting) that FOMC participants anticipated (three) rate cuts totalling 0.75% in 2024.

However, it should be noted that neither the extent nor timing of rate cuts is in any way guaranteed. The US Federal Reserve explicitly stated in both the Press Release issued after the January 2024 and March 2024 FOMC meetings that “In considering any adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent.”

Eurozone shares also advanced strongly in the January to March 2024 Quarter with the MSCI EMU Index gaining over 10% (in Euro terms). As in the United States positive corporate earnings results and expectations of (some) future interest rate reductions (by the European Central Bank and US Federal Reserve) boosted stock markets. The information technology sector was particularly positive based on corporate earnings which also buoyed expectations of future growth.

At its meetings held on 25 January 2024 and 7 March 2024 the Governing Council of the European Central Bank again (as in October and December 2023) kept interest rates “unchanged.” As with the US Federal Reserve the European Bank was clear that changes to interest rates will be driven by data. On 25 January 2024 at the Press Conference following the meeting of the Governing Council the President, Christine Lagarde, stated in response to a question that “One other thing which was very much the consensus around the table was that we had to continue to be data-dependent. So rather than being fixated on any kind of particular calendar, which would be being date-dependent, we reaffirmed our data dependency.” However, markets continued to anticipate interest rate reductions in 2024. Despite carefully nuanced comments, by Christine Lagarde at her 7 March 2024 Press Conference, in response to a question regarding future interest rates her comments including that “we are on this disinflationary process… and we are making good progress towards our inflation target. And we are more confident as a result. But we are not sufficiently confident, and we clearly need more evidence, more data. We know that this data will come in the next few months. We will know a little more in April, but we will know a lot more in June” were taken by some market commentators as a signal of a June 2024 interest rate cut.

Reported UK inflation fell over the Quarter. While CPI inflation for December 2023 (reported in January 2024) rose to 4.0%, up from 3.9% in November, and remained at 4.0% for January 2024, the Office for National Statistics reported (on 20 March 2024) that CPI for February was 3.4%. The February CPI was the lowest since September 2021 and slightly lower than market expectations.

The Bank of England Monetary Policy Committee (MPC) maintained Bank Rate (interest rates) at 5.25% at both the meeting ending on 31 January 2024 and the meeting ending on 20 March 2024. There was however no clear direction from the Bank regarding the pace of any future interest rate cuts. UK stocks advanced during the January to March 2024 Quarter, but as in the previous Quarter by less than US and Eurozone stocks. The FTSE All Share Index returned 3.6% over the January to March 2024 period.

Japanese equities had an outstanding Quarter with the Nikkei 225 Index gaining over 20% during the Quarter. Furthermore, the Nikkei 225 finally exceeded its record closing high of 38,916 set over 34 years earlier on 29 December 1989, and then ended the Quarter on 29 March 2024 at 40,369. A number of factors contributed to the success of Japanese equities over the Quarter. Japanese corporate earnings were positive with a weak Yen also contributing to the profits of export orientated companies. The optimism over artificial intelligence boosted companies involved in the semiconductor sector. Additionally, both Japanese and overseas investors have been increasing their exposure to Japanese shares with the former encouraged by a new government subsidised savings scheme and the latter by an improved approach to corporate governance and Japanese economic prospects compared to China.

Japanese inflation which had been 2.6% in December 2023 was 2.2% in January 2024, 2.8% in February and 2.7% in March. This provided further evidence that Japan has genuinely exited its prolonged period of deflation/extremely low inflation with price increases exceeding the Bank of Japan's 2% target since April 2022.

From April 2023 following the appointment of Kazuo Ueda as Governor of the Bank of Japan there had been some, but limited, softening of the Bank of Japan's longstanding and ultra loose monetary policy approach. However, at the meeting of the Policy Board of the Bank of Japan which concluded on 19 March 2024 there was a historic change whereby the policy of negative interest rates (to control the short term rate) and yield curve control (to control longer term rates) were both abandoned. The statement issued after the meeting began with an explanation and justification of this hugely symbolic policy change "… the Policy Board of the Bank of Japan assessed the virtuous cycle between wages and prices, and judged it came in sight that the price stability target of 2 percent would be achieved in a sustainable and stable manner… The Bank considers that the policy framework…with Yield Curve Control and the negative interest rate policy to date have fulfilled their roles. With the price stability target of 2 percent, it will conduct monetary policy as appropriate, guiding the short-term interest rate as a primary policy tool… Given the current outlook for economic activity and prices, the Bank anticipates that accommodative financial conditions will be maintained for the time being." The short term interest rate was increased from minus 0.1% to "at around 0 to 0.1 percent." The Bank had applied short term negative interest rates and yield curve control since 2016 and had not raised (short term) interest rates since 2007.

In monetary policy terms the Bank of Japan's decisions were both historic and hugely symbolic. In particular the Bank finally came to the view that Japan's longstanding battle with deflation and ultra low inflation was ended (for now) and that the target of 2% inflation would be achieved in a sustainable and stable manner. Additionally, the Bank abandoned unconventional instruments (negative short term interest rates and Bond yield control) in favour of short term interest rate policy "as a primary policy tool."

However, the announcement certainly did not signal a significant tightening of Japanese monetary policy as the Bank clearly signalled that rapid interest rate rises should not be anticipated stating that "the Bank anticipates that accommodative financial conditions will be maintained for the time being." After the meeting Governor Kazuo Ueda also clearly indicated that interest rates would not rise rapidly given the need to further consolidate Japanese inflation at the 2% target. Furthermore, although Yield curve control was abandoned the Bank of Japan will continue with its policy of purchasing Japanese Government Bonds with the aim (as stated in "The Summary of Opinions" issued on 28 March 2024) "of avoiding rapid fluctuations in long-term interest rates."

Additionally, this change in approach to monetary policy by the Bank of Japan cannot address the structural issues in Japan including an ageing and declining population, low consumer demand, high public debt, and low economic growth all of which remain and act as a counter to inflation at the Bank of Japan's target of 2%. Therefore, a serious question must surely remain as to the long term sustainability of inflation at the 2% target and consequently a policy of long term moderate interest rate rises and the future long term avoidance of "unconventional" monetary policy instruments.

Asian Markets (excluding Japan) and Emerging Markets advanced but clearly underperformed Developed markets. The MSCI AC Asia (excluding Japan) and the MSCI Emerging Markets indices both gained but by less than 3% (in US$ terms) over the Quarter. Chinese stocks gained but by less than the major regional indices in the context of ongoing concerns regarding the Chinese economy (despite some stimulus measures by the Chinese authorities), and continuing strains in US-Chinese relations. Taiwan, a huge semiconductor manufacturer, however, performed exceptionally well returning over 13% supported by expectations in relation to artificial intelligence and technology companies.

The Quarter was negative for benchmark Government Bonds (US, UK, and Germany) with yields rising (and therefore prices falling) across all of the 2, 10 and 30 year yields. For example, the yield on the 10 year US Treasury rose from 3.88% to 4.20%, that on the 10 year Gilt from 3.54% to 3.93%, and that on the 10 year Bund from 2.02% to 2.30%. Concerns over the future extent/speed of downward inflation, together with the generally cautionary approaches to interest rate reductions expressed by the US Federal Reserve and European Central Bank surely weighed against the Benchmark Government Bonds. Overall Corporate Bonds in the US, UK and Eurozone also experienced a negative Quarter but less so than Government Bonds.

3. Overall Fund Performance

3.1 The Fund's closed Q1 valued at £1,455.20m, an increase of £65.0m from its value of £1,390.20 at 31 December 2023. Cash held by the Fund was £1.99m giving a total Fund value of £1,457.19. The gross value includes a short-term loan to the council of £16.9m. Adjusting for this increases the Q1 value to £1,474.09m, an increase of £68.8m from the 31 December 2023 figure of £1,405.30m.

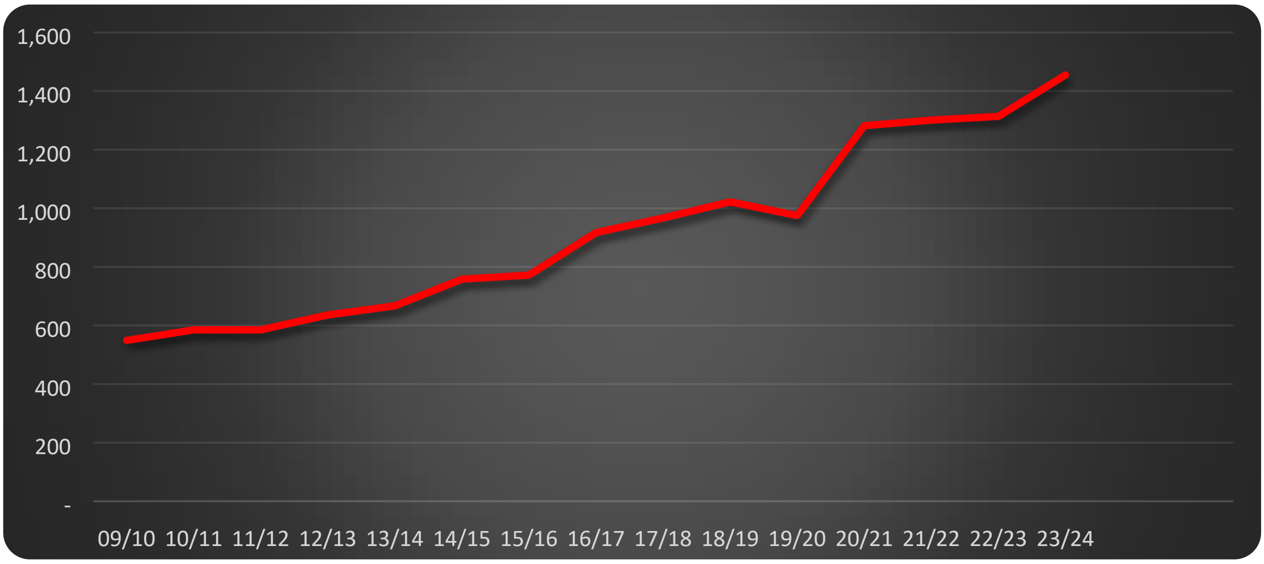
3.2 For Q1 the Fund returned 4.7%, net of fees, underperforming its benchmark of 5.4% by 0.7%. Over one year the Fund underperformed its benchmark by 2.0%, returning 11.4% and underperformed the benchmark by 3.3% over three years, returning 5.1%. The Fund has also underperformed its benchmark over five years by 1.5%, returning 7.5%. Compared to the LGPS universe of Funds, represented below by the PIRC Universe, the Fund has outperformed by 0.4% over one year and underperformed over two years by 0.7%. The Fund's returns are below:

Table1:

Year	2024	2023				2022				One	Two	Three	Five	Ten
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Yr	Yrs	Yrs	Yrs	Yrs
Actual Return	4.7	5.1	(0.5)	2.0	3.1	2.9	(1.2)	(6.3)	(2.8)	11.4	3.6	5.1	7.5	7.9
Benchmark	5.4	4.5	0.6	2.9	3.5	1.6	0.1	(4.0)	(0.6)	13.4	7.0	8.4	9.0	9.0
Difference to Benchmark	(0.7)	0.6	(1.1)	(0.9)	(0.4)	1.3	(1.3)	(2.3)	(2.2)	(2.0)	(3.4)	(3.3)	(1.5)	(1.1)
PIRC Universe	5.6	4.6	0.9	1.9	2.9	1.0	(0.3)	(4.8)	(3.2)	11.0	4.3	5.8	6.7	7.8
Difference to PIRC	(0.9)	0.5	(1.4)	0.1	0.2	1.9	(0.9)	(1.5)	0.4	0.4	(0.7)	(0.7)	0.8	0.1

Fund's Quarterly and Yearly Returns

3.3 The chart below shows the Fund's value since 31 March 2010 to 31 March 2024.

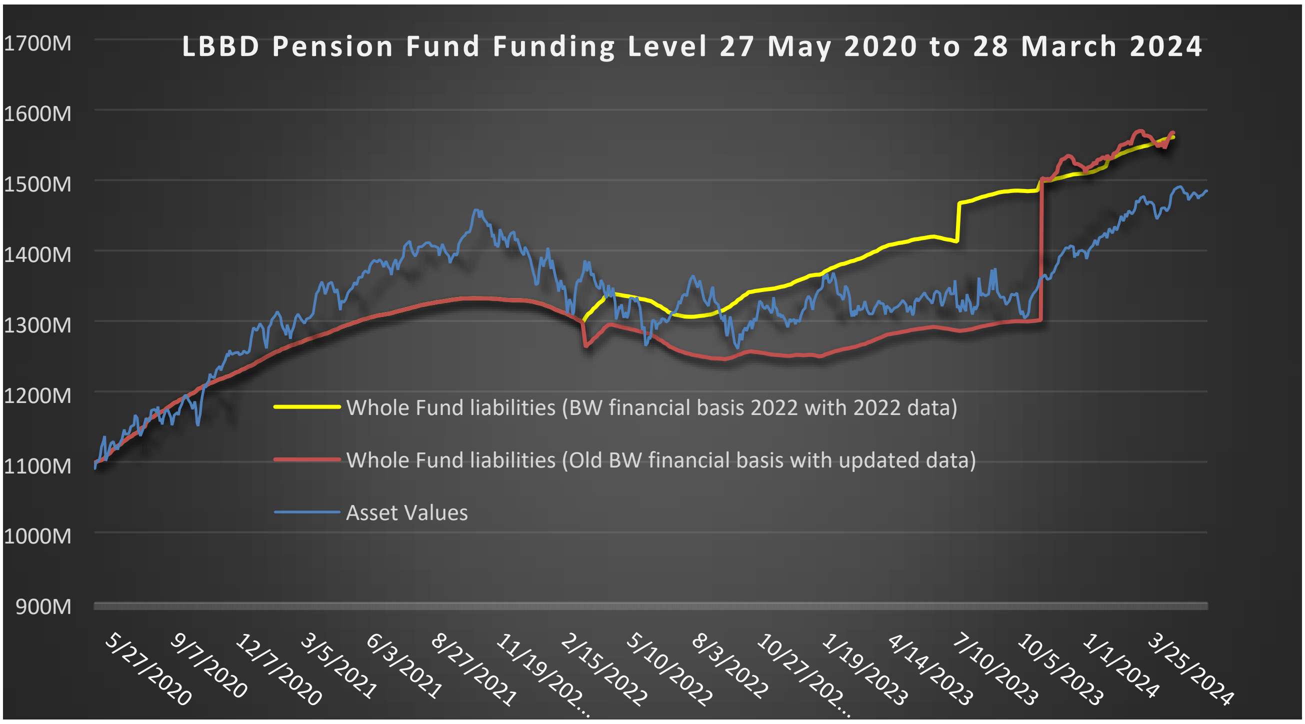


3.4 The fund manager's performance has been scored using a quantitative analysis compared to the benchmark returns, defined below:

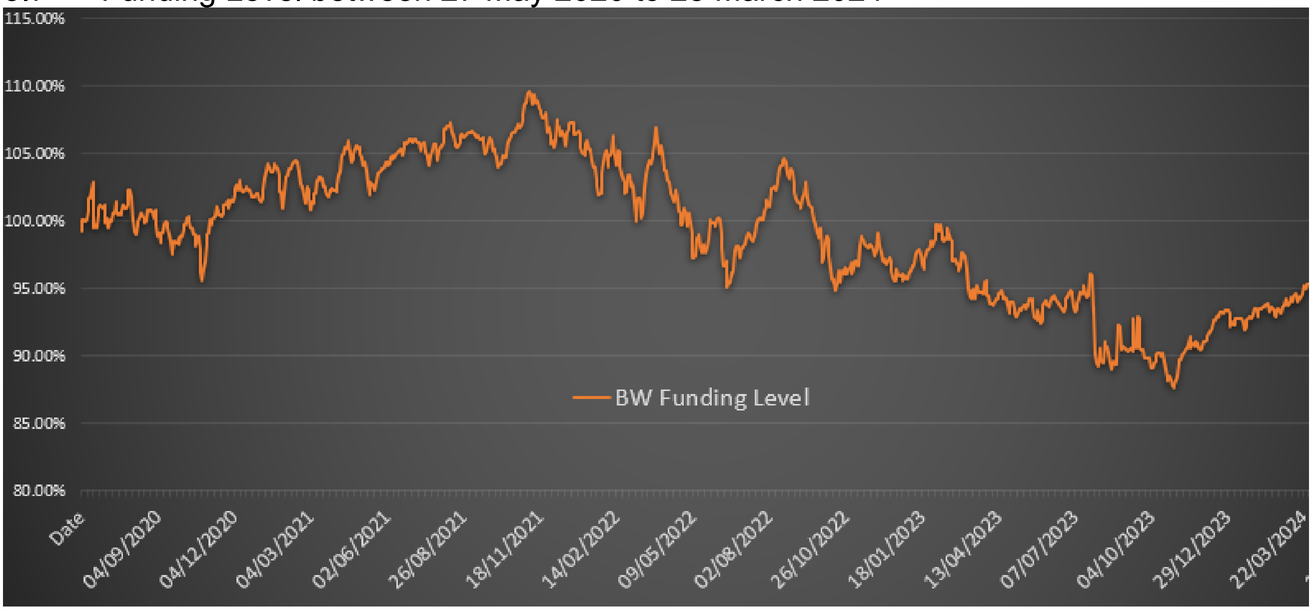
	RED- Fund underperformed by more than 3% against the benchmark
Δ	AMBER- Fund underperformed by less than 3% against the benchmark
O	GREEN- Fund is achieving the benchmark return or better

3.5 The chart below illustrates changes in the market value, the liability value, the Fund's deficit and the funding level from 31 March 2020 to 28 March 2024. The Fund's strategy has been set up to be able to positively respond to increasing yields and therefore the current economic environment supports the strategy, even if the return has been negative. The triennial results will likely change the assumptions used in producing the funding level, although there is the potential for this to improve the position further.

3.6 The chart below shows the Funds funding Level 31 March 2020 to 28 March 2024



3.7 Funding Level between 27 May 2020 to 28 March 2024



3.8 Inflation is currently running higher than anticipated and asset returns since the last valuation are lower than anticipated, both of which have served to reduce general funding levels within the LGPS, all else being equal. Models that are linked to gilt yields will have projected an increase in LGPS funding levels because of a significant increase in gilt yields since the last valuation date, an increase in the real discount rate and a decrease in liabilities. The Fund valuation model is linked to the actual long-term investment strategy of the Fund and changes in gilt yields have not affected the value of the liabilities materially.

3.9 Table 2 – Fund Manager Q1 2024 Performance

Fund Manager	Actual Returns (%)	Benchmark Returns (%)	Variance (%)	Ranking
Abrdn	3.4	2.8	0.6	O
Baillie Gifford	8.7	9.3	(0.6)	Δ
BlackRock	(4.7)	0.5	(5.2)	
Hermes GPE	0.0	1.5	(1.5)	Δ
Kempen	4.1	9.9	(5.8)	
Newton	4.1	2.1	2.0	O
Pyrford	0.5	2.3	(1.8)	Δ
Pimco	0.5	0.0	0.6	O
Insight	2.5	1.0	1.5	O
UBS Bonds	(1.6)	(1.6)	0.0	O
UBS Equities	10.1	10.1	0.0	O

Table 2 highlights the Q1 2024 returns with a number of greens, indicating a number of positive returns. Insight returned 2.5% outperforming the benchmark by 1.5%, reflecting the index linked bond performance. Newton and Pyrford had positive returns of 4.1% and 0.5% respectively with Newton outperforming the benchmark by 2.0% but Pyrford underperforming the benchmark by 1.8%. This investment is meant to provide protection in the current market conditions. Kempen the funds equity manager returned 4.1% underperforming the benchmark by 5.8%. BlackRock's performance was negative returning -4.7% over the quarter underperforming its benchmark by 5.2%.

3.10 **Table 3 – Fund Manager Performance Over One Year**

Fund Manager	Actual Returns (%)	Benchmark Returns (%)	Variance (%)	Ranking
Abrdn	5.8	10.7	(4.9)	
Baillie Gifford	15.5	19.9	(4.4)	
BlackRock	(8.2)	(0.7)	(7.5)	
Hermes GPE	0.4	5.8	(5.4)	
Kempen	11.6	21.0	(9.4)	
Newton	7.8	7.9	(0.1)	Δ
Pyrford	4.7	9.0	(4.3)	
Insight	13.7	4.0	9.7	O
UBS Bonds	0.5	0.4	0.1	O
UBS Equities	23.6	23.6	0.0	O

Over one-year there are even greater variations between managers but more red returns indicating a number of negative returns, with Blackrock providing a negative return of 8.2% and underperforming its benchmark by 7.5%, while Insight provided a positive return of 13.7% outperforming the benchmark by 9.7%. Kempen returned 11.6% underperforming its benchmark of 21.0% by 9.4%.

3.11 **Table 4 – Fund manager performance over three years**

Fund Manager	Actual Returns (%)	Benchmark Returns (%)	Variance (%)	Ranking
Abrdn	8.4	8.0	0.4	O
Baillie Gifford	0.6	10.7	(10.1)	
BlackRock	(1.8)	1.5	(3.3)	
Hermes GPE	7.0	5.9	1.1	O
Kempen	9.3	11.8	(2.5)	Δ
Newton	1.7	5.8	(4.1)	
Pyrford	3.4	13.9	(10.5)	
Insight	4.6	4.0	0.6	O
UBS Bonds	(7.4)	(7.4)	0.0	O
UBS Equities	10.1	10.1	0.0	O

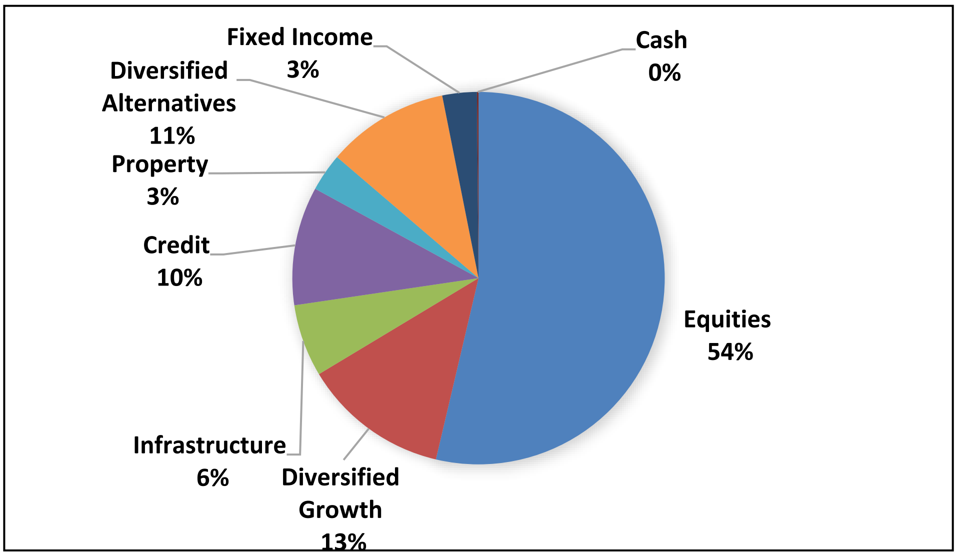
Over three years, returns ranged from (-7.4%) for UBS bonds to 10.1% for UBS Equities. Kempen and Abrdn have provided solid returns, with Kempen providing a return of 9.3% and Abrdn providing 8.4% over three years.

4. Asset Allocations and Benchmark: Table 5 outlines the Fund's asset allocation, asset value & benchmark at 31 March 2024.

4.1 **Table 5: Fund Asset Allocation and Benchmarks at 31 March 2024.**

Fund Manager	Asset (%)	Market Values (£Ms)	Benchmark
Aberdeen Standard	10.6%	154.58	3 Mth LIBOR + 4% per annum
Baillie Gifford	15.8%	230.06	MSCI AC World Index
BlackRock	3.3%	48.05	AREF/ IPD All Balanced
Hermes GPE	6.3%	91.59	Target yield 5.9% per annum
Kempen	15.4%	224.13	MSCI World NDR Index
Newton	5.8%	84.82	One-month LIBOR +4% per annum
Pimco	5.1%	74.27	Bloomberg Global Aggregate Credit
Pyrford	6.9%	100.28	UK RPI +5% per annum
BNY Mellon	5.2%	75.77	3 Mth LIBOR + 4% per annum
UBS Bonds	3.0%	43.58	FTSE UK Gilts All Stocks
UBS Equities	22.5%	327.92	FTSE AW Developed Tracker
LCIV	0.0%	0.15	None
Cash	0.1%	1.99	One-month LIBOR
Fund Value	**100.0%**	**1,457.19**	
ST Loan		16.90	
Net Fund Value		**1,474.09**	

4.2 The percentage split by asset class is graphically shown in the pie chart below.



4.3 The strategy is slightly overweight equities and almost nearer the higher of the range at 53.7%. Cash excludes the pre-payment and short-term borrowing from the council and shows that the Fund is fully invested. The Fund is below the exposure to infrastructure, but this will be reviewed.

The current position, compared to the strategic allocation, is in table 6 below:

Table 6: Strategic Asset Allocation

Asset Class	Current Position	Strategic Allocation Target	Variance	Range
Equities	53.7%	50%	3.7%	*48-53*
Diversified Growth	12.7%	13%	-0.3%	*11-15*
Infrastructure	6.3%	8%	-1.7%	*6-8*
Credit	10.3%	11%	-0.7%	*6-9*
Property	3.3%	4%	-0.7%	*3-5*
Diversified Alternatives	10.6%	11%	-0.4%	*10-12*
Fixed Income	3.0%	3%	0%	*4-5*
Cash	0.1%	0%	0.1%	*0-1*

5. Fund Manager Performance

5.1 Kempen

Kempen	2024	2023				2022			One Year	Three Years	Since Start 6/2/13
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
£224.13m	%	%	%	%	%	%	%	%	%	%	%
Actual Return	4.1	3.8	1.9	1.8	1.7	10.0	(1.6)	(3.1)	11.6	9.3	8.7
Benchmark	9.9	6.7	0.6	3.9	4.8	1.9	2.1	(9.1)	21.0	11.8	12.6
Difference	(5.8)	(2.9)	1.3	(2.1)	(3.1)	8.1	(3.7)	6.0	(9.6)	(2.5)	(4.1)

Reason for appointment

Kempen were appointed as one of the Fund's global equity managers, specialising in investing in less risky, high dividend paying companies which will provide the Fund with significant income. Kempen holds approximately 100 stocks of roughly equal weighting, with the portfolio rebalanced on a quarterly basis. During market rallies Kempen are likely to lag the benchmark.

Performance Review

The strategy underperformed its benchmark by 5.8% for Q1 and has underperformed over one-year by 9.6% and over three years by 2.5%. Kempen has underperformed its benchmark since inception by 4.1% but providing an annualised return of 8.7%. Overall the strategy has provide solid returns over a number of quarters, with a strong outperformance against its benchmark.

Strategy Drivers

INFLATION: Increasing demand and disrupted supply is pushing price levels up and price inflation is proving persistent and above expectation across the board. Shortage in basic resources is having an impact throughout the supply chain, with the Ukraine conflict creating additional shortages in energy and food supply that has a global impact on prices. Rising prices for consumption goods are putting pressure on the purchasing power of consumers. Strong labour markets give workers bargaining power for higher wages. Companies are mentioning a negative impact on their margins due to rising input costs and wages.

MONETARY TIGHTENING: Central banks across the world are moving forward their projected path of monetary tightening. Strong labour markets mean central banks can be aggressive with monetary tightening. Interest rates have increased sharply on the back of tighter monetary policy and elevated inflation. Real interest rates remain low due to the high level of inflation. Higher rates are putting pressure on valuation multiples and companies with high leverage.

RECESSION: Eroding purchasing power of consumers and higher interest rates are slowing down the economy. A wage-price spiral is difficult for central banks to break. Concerns are mounting there may be a recession needed to cool down inflation. If wages manage to keep up with inflation consumer spending should stabilize. Higher input costs and rising wages are a risk to corporate profits. Financial markets appear to already price in a mild recession.

5.2 Baillie Gifford

Baillie Gifford	2024	2023				2022			One Year	Three Years	Since Start 6/2/13
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
£230.06m	%	%	%	%	%	%	%	%	%	%	%
Actual Return	8.7	8.1	(4.4)	3.2	4.6	1.2	1.0	(12.1)	15.5	0.6	12.3
Benchmark	9.3	6.4	0.7	3.4	4.5	2.0	1.5	(8.4)	19.9	10.7	12.2
Difference	(0.6)	1.7	(5.1)	(0.2)	0.1	(0.8)	(0.5)	(3.7)	(4.4)	(10.1)	0.1

Reason for appointment

Baillie Gifford (BG) is a bottom-up, active investor, seeking to invest in companies that will enjoy sustainable competitive advantages in their industries and will grow earnings faster than the market average. BG's investment process aims to produce above average long-term performance by picking the best growth global stocks available by combining the specialised knowledge of BG's investment teams with the experience of their most senior investors. BG holds approx. 90-105 stocks.

In July 2022 the Fund transferred from BG's Global Alpha strategy to the BG Paris Aligned Global Alpha fund (BGPA). The transition was completed between 11 and 14 July. The BGPA Fund aims to outperform the MSCI ACWI Index (in Sterling), by at least 2% per annum over rolling five-year periods. In addition, the Fund commits to having a weighted average greenhouse gas intensity lower than that of the MSCI ACWI EU Paris Aligned Requirements Index. BGPA is consistent with the objectives of the Paris Agreement. The portfolio is a variant of the core Global Alpha strategy. It is managed by the same team and with the same investment philosophy and performance objective. However, there is an additional process to screen out carbon intensive companies that do not or will not play a major role in our energy transition.

Performance Review

For Q1 BG returned 8.7%, underperforming its benchmark by 0.6%. BG's one-year return was 15.5%, underperforming its benchmark by 4.4%. Since initial funding, the strategy has returned 12.3% p.a. outperforming its benchmark by 0.1%.

In Q1 the Sub-fund moderately underperformed, giving back some of the strong gains it made in the previous quarter. Over the previous 12 months performance has generally improved but remained volatile. The performance improvement came on the back of a more favourable market environment for growth stocks, but importantly also due to idiosyncratic, stock specific factors. Encouragingly, positive performance drivers were well diversified with CRH from the 'Capital Allocators' segment, META from the 'Compounders' segment and DoorDash from the 'Disruptors', all featuring in the list of top contributors.

Negative contributors were similarly dispersed with NVDIA ('Disruptors' segment) costing the most as the investment manager retains an underweight to this strongly performing name. The Hong-Kong based insurer AIA ('Compounders' segment) was also a detractor as the company continued to face challenges and slow growth in its local market. Alnylam Pharmaceuticals ('Disruptor' segment), despite its strong revenue growth, and the pet-related products online retailer Chewy, which continued to disappoint, were the two other top detractors from relative performance.

LCIV Summary

This was a moderately negative quarter, and the Sub-fund gave back some of the strong gains it made in the previous quarter. Over the previous 12 months performance has generally improved but remained volatile. As previously noted, we are encouraged by the stabilisation in performance but remain cautious and continue to monitor carefully how the investment manager positions the Sub-fund and enhances the investment process and investment risk management.

Over the quarter the investment manager will be changing the name of the ‘Scouts’ network and will reorganise it. The role of these scouts – representatives from different teams around the Baillie Gifford investment floor – is to share the investment insights developed within their teams that may be relevant to the Global Alpha strategies. The ‘Scouts’ will now be renamed ‘Trusted Advisors’. The investment manager has also decided to change the number and mix of ‘Trusted Advisors’ and make this group more diversified.

The total number is going up from seven to nine and they will be organised into two separate groups (Flexible Growth Advisors and Disruptive Growth Advisors) to improve interactions between them and with the team. In terms of selecting the new group of Advisors, emphasis was placed on cognitive diversity. The team was actively looking for colleagues who “were doing things differently” and “timing things differently”. In the LCIV’s view, the reorganisation of the Scouts/Trusted Advisors network is a positive development as it strengthens the research networks used to uncover new opportunities, encourages greater engagement, and should help the team challenge conviction in, and the sizing, of portfolio positions.

The investment manager recognises that growth can come in many varieties. To capture this diversity in the construction of the portfolio they use three growth profiles (‘Capital Allocators’, ‘Disruptors’, ‘Compounders’) to categorise stocks. Until the end of 2023, there was no explicit target weight for those growth profiles and in practice allocations across them varied significantly. Following a detailed analysis of performance drivers, the team observed that for the period 2020 – 2023 the most impactful driver of performance outcomes was allowing the weighting of the ‘Disruptors’ profile to expand significantly, peaking at almost half of the portfolio.

Towards the end of the first quarter of 2024, the London CIV Public Markets team completed an in-depth review of the Sub-fund. This review was brought forward in light of concerns about performance. The findings were presented to the London CIV Executive Investment Committee (EIC) on the 9th of April and the recommendation to maintain the monitoring status of the Sub-fund at ‘Normal’ was approved.

5.3 UBS Equities

UBS Equities	2024	2023				2022			One Year	Three Years	Since Start 31/08/12
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
£327.92m	%	%	%	%	%	%	%	%	%	%	%
Actual Return	10.1	8.9	(1.6)	6.2	6.7	5.8	(3.1)	(12.9)	23.6	10.1	13.2
Benchmark	10.1	8.9	(1.6)	6.2	6.7	5.8	(3.1)	(12.9)	23.6	10.1	13.3
Difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)

Reason for appointment

UBS are the Fund's passive equity manager, helping reduce risk from underperforming equity managers and providing a cost-effective way of accessing the full range of developed market equity growth.

Performance

The fund returned 10.1% for Q1 and 23.6% over one year. Since funding in August 2012, the strategy has provided an annualised return of 13.2%.

Equities

Following the FTSE quarterly review in March, 16 stocks were added to and 41 stocks were deleted from the index, along with various changes in the shares in issue of the index constituents. Two-way turnover totalled 0.96%. Also, during the quarter but outside of the review, Splunk was deleted from the index following acquisition for cash.

Labor market data in the UK softened somewhat, with the unemployment rate edging up to 3.9 percent in January and employment change unexpected declining by 21,000 for the three months ending January, counting expectations for a small increase. However, pay growth remains robust, with average weekly earnings excluding bonuses edging lower to growth of 6.1 percent year-on-year for the three months ending January.

5.4 UBS Bonds

UBS Bonds	2024	2023				2022			One Year	Three Years	Since Start 5/7/2013
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
£43.58m	%	%	%	%	%	%	%	%	%	%	%
Actual Return	(1.6)	8.1	(0.6)	(5.4)	2.1	1.7	(12.9)	(7.4)	0.5	(7.4)	0.9
Benchmark	(1.6)	8.1	(0.6)	(5.4)	2.1	1.7	(12.9)	(7.4)	0.4	(7.4)	0.8
Difference	0.0	0.0	(0.0)	0.0	0.0	(0.0)	0.0	(0.0)	0.1	0.0	0.1

Reason for appointment

UBS were appointed as the Fund's passive bond manager to allow the Fund to hold a small allocation (4%) of UK fixed income government bonds. There is a link between the bond price and the Fund's liabilities and therefore the reduction in returns will have helped to reduce the Fund's liabilities.

Performance

The fund returned -1.6% for Q1, 0.5% for one year and -7.4% for three-year return. Since inception the strategy has returned 0.9%.

Review

The All Stock Gilt index returned -1.62% in sterling terms over the quarter. In yield terms, 2 year nominal yields rose by 0.20% to 4.24% and 10 year nominal yields rose by 0.45% to 4.08%. The modified duration of the index is 8.63 years. The Bank of England's Monetary Policy Committee increased the policy rate to 5.25%. The UK Debt Management Office held 15 nominal bond auctions during the quarter across a range of maturities.

Inflation data was mixed, as core CPI ran at an annual rate of 4.5 percent in February, a tick lower than expected, while service sector inflation ran a tick hotter than expected at 6.1 percent. The Bank of England kept rates unchanged at its March meeting, but the two officials who had been dissenting and favored more hikes joined the majority decision, with the central bank broadly sending the signal that rate cuts are coming before long. In his budget speech, Chancellor Jeremy Hunt announced some changes to tax policy that will contribute to 265 billion pounds of debt issuance in this fiscal year. Home prices rose, with the Rightmove index up 0.8 percent year-on-year and the monthly increase accelerating to 1.5 percent from 0.9 percent.

5.5 Pimco

Pimco	**2024**	**2023**				**2022**			**One Year**	**Three Years**	**Since Start 18/07/2023**
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
£74.27	**%**	%	%	%	%	%	%	%	**%**	**%**	**%**
Actual Return	**0.5**	7.5	(2.1)						5.9		5.5
Benchmark	**(0.0)**	7.0	(2.0)						5.0		4.5
Difference	**0.5**	0.5	(0.1)						0.9		1.0

Reason for appointment

Pimco were appointed as the increase in bond yields over the past year significantly increased the attractiveness of fixed income assets, including investment grade credit. Although slowing earnings growth may weigh on company debt affordability going forward, high interest coverage levels and lower leverage mean that the funds advisor doesn't anticipate a very high level of defaults and downgrades. The investment was completed in 3 tranches of £20m in July 2023, £25m in August 2023 and £25m in September 2023.

Performance and Investment Update

Pimco returned 0.5% for Q1 against a benchmark of nil and returned 5.5% since inception.

Investment grade credit markets delivered near-neutral returns (-0.01% for the benchmark) in a quarter where positive returns from spread tightening were offset by the rising long-term rates. Against that backdrop, the portfolio's outperformance was primarily driven by strong security selection. Contributions from positive credit selection were broad based and came from a variety of industries. Within financials, bank debt issued in U.S. Dollars performed well. Reverse inquiries (corporates/banks reaching out to the investment manager for issuance) and relative value trades were also a source of positive alpha.

Rising long term interest rates were the main headwind for investment grade credit in Q1 but the Sub-fund's marginal underweight to duration protected against the rise in long term yields. Heading into the quarter, the Sub-fund was positioned to be risk averse, so broader spread tightening should have led to relative underperformance. However, this was balanced by the timely reduction to the underweight in generic credit risk during the quarter. More importantly, the overweight to financials, which outperformed non financials, meant that overall attribution from credit spread remained neutral.

The investment manager has updated their views and reduced the number of rate cuts they expect by the U.S. Federal Reserve Bank (Fed) from 3 to 2 in 2024. As a result, the portfolio's underweight to interest rate risk has increased significantly. This is achieved through running large underweights in the 1-3 and 10+ years maturity credits. Unsurprisingly (given the views above), the overall duration underweight is driven by a material underweight to U.S. duration, whereas in Europe, exposure to interest rate risk is positive.

From an asset allocation perspective, the investment manager deployed capital across asset classes, but particularly to securitized credit and high yield bonds. In the investment manager's opinion both asset classes offer attractive spreads on a risk adjusted basis.

5.6 BlackRock

BlackRock	2024	2023				2022			One Year	Three Years	Since Start 1/1/2013
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
£48.05m	**%**	%	%	%	%	%	%	%	**%**	**%**	**%**
Actual Return	**(4.7)**	(2.4)	(0.7)	(0.4)	0.0	(14.4)	(4.4)	2.9	(8.2)	(1.8)	0.3
Benchmark	**0.5**	(1.2)	(0.4)	0.4	(0.2)	(14.1)	(4.0)	3.9	(0.7)	1.5	3.4
Difference	**(5.2)**	(1.2)	(0.3)	(0.8)	0.2	(0.3)	(0.4)	(1.0)	(7.5)	(3.3)	(3.1)

Reason for appointment: In December 2012, a sizable portion of the Fund's holdings with Rreef were transferred to BlackRock (BR). The transfer to BR provides the Fund with access to a greater, more diversified range of property holdings within the UK. In 2021 the allocation to BlackRock was increased following the closure of the Schroders SIRE fund.

Q1 2024 Performance and Investment Update

BR returned -4.7% for Q1 against a benchmark of 0.5%, returned -8.2% over one year against a benchmark of -0.7%. The Fund's valuers have a highlighted increased volatility and uncertainty in their valuations. This is not a 'material uncertainty clause' as was seen during COVID, however the valuers are relying more on sentiment than transaction evidence. The LDI crisis and associated bond market crash had several impacts on the UK property market.

Market Conditions

Despite subdued capital markets activity and lower transaction volumes year on-year, there is a sense of stability and cautious optimism returning to the UK real estate market, as wider macroeconomic conditions improve. These are encouraging, positive signals following a challenging 21 months for UK real estate, characterised by low liquidity and an average repricing of 25% from peak to trough, variable across sectors. Accordingly, the market is showing signs of reaching the bottom, and while it's impossible to time it precisely, there exists a highly attractive cyclical entry point to the UK real estate market today.

The office market is not dead, but the divergence between the prime and secondary part of the market will persist. Broadly speaking, sentiment towards the office sector remains weak as it grapples with adapting to remote working habits, increasingly stringent EPC regulation and cyclical headwinds. Transaction volumes in Q1 were just shy of £1billion, which represents a 69% decline versus levels in Q1 last year. However, the office sector should not be disregarded, as it still makes up a large part of the investible universe and in many ways the reversion back to the office post-pandemic has highlighted that there is still a societal demand for office space, in particular best in class, ESG driven stock.

The long-term outlook for the logistics sector remains positive. Throughout 2023, pricing remained relatively stable following steep correction in 2022. In total, the UK prime yields have moved out by circa 160bps since peak. Investors remain uncertain on where pricing is going to settle, hence transaction volumes have remained muted, with Q1 volumes reaching only £1.1billion.

Transactions: The Fund completed the sale of four assets for £99.7m during the quarter. There were no acquisitions completed.

5.7 Hermes

Hermes	2024	2023				2022			One Year	Three Years	Since Start 9/11/2012
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
£91.59m	**%**	%	%	%	%	%	%	%	**%**	**%**	**%**
Actual Return	**0.0**	(0.1)	0.0	0.5	(0.1)	0.8	10.5	(1.0)	0.4	7.0	7.6
Benchmark	**1.5**	1.4	1.4	1.4	1.5	1.4	1.4	1.4	5.8	5.9	5.9
Difference	**(1.5)**	(1.5)	(1.4)	(0.9)	(1.6)	(0.6)	9.1	(2.4)	(5.4)	1.1	1.7

Reason for appointment

Hermes were appointed as the Fund's infrastructure manager to diversify the Fund away from index linked fixed income. The investment is in the Hermes Infrastructure Fund I (HIF I) and has a five-year investment period which ended on 30th April 2020 and a base term of 18 years. In March 2015 Members agreed to increase the Fund's allocation to Hermes to 10%.

Performance

Hermes returned 0.0% in Q1 underperforming the benchmark by 1.5%. Over one year the strategy reported a one-year return of 0.4%, underperforming its benchmark by 5.4%. Since inception the strategy has provided a good, annualised return of 7.6%, outperforming its benchmark by 1.7%.

The deferred disposal proceeds of £32.2m from the previously completed sale of the Innisfree M&G PPP 'A commitments' were received and shared onwards with investors at the end of March 2024. The remaining HIF I Core assets after the completion of the A Shade Greener I & II sale in Q4 2023 are the Innisfree M&G PPP 'B commitments' and the Innisfree PFI Continuation fund. The funds continue to yield, more than covering fund expenses. Our plan remains to liquidate these investments at the optimal time. As the universe of buyers is small and any sale will be subject to supportive market conditions, timing remains uncertain.

The remaining asset in HIF I Value Added is Southern Water. Southern Water remains a stressed business with no near-term prospect for realisation. HIF I will continue to warehouse the investment until the opportunity for sale arises. HIF I Core Net Asset Value increased by 2% in the three months to 31 March 2024 to £54.3m. This was a result of the roll forward impact for the Innisfree funds. HIF I Value Added NAV was flat in the three months to 31 March 2024. There were no returns of capital or contributions in the period for Southern Water.

The FHDIF portfolio has continued to perform robustly in 2024, consistent with the design parameters set for the Fund. All FHDIF investments have either distributed to the fund in 2024 or are forecast to do so in the second half of the year. It returned over £23m to FHDIF investors so far in 2024, in addition to the material return of capital (over £32m) in March 2024 from Hermes Infrastructure Fund I LP, arising from the deferred sale proceeds of a portion of the interest in Innisfree M&G PPP.

The Independent Valuation Committee approved the 31 March 2024 valuations on 1 May with the portfolio NAV at 31 March marginally down compared to 31 December 2023. This was driven by the return of capital from Viridor following the sale of a further 10% in Viridor Energy Limited and unfavourable FX movements as Sterling strengthened against the Euro. Adjusting for the Viridor proceeds and ordinary course distributions, the FHDIF portfolio NAV increased 1% despite the FX swing.

5.8 Abrdn Asset Management

Abrdn	**2024**	**2023**				**2022**			**One**	**Three**	**Since Start**
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	**Year**	**Years**	**15/9/2014**
£154.58	**%**	%	%	%	%	%	%	%	**%**	**%**	**%**
Actual Return	**3.4**	(0.8)	1.7	1.6	3.7	(1.5)	(2.1)	(1.4)	5.8	8.4	6.9
Benchmark	**2.8**	2.7	2.7	2.5	2.4	2.1	1.8	1.6	10.7	8.0	5.7
erence	**0.6**	(3.5)	(1.0)	(0.9)	1.3	(3.6)	(3.9)	(3.0)	(4.9)	0.4	1.2

Reason for appointment

As part of the Fund's diversification from equities, Members agreed to tender for a Diversified Alternatives Mandate. Abrdn Asset Management (ASAM) were appointed to build and maintain a portfolio of Hedge Funds (HF) and Private Equity (PE). All positions held within the portfolio are hedged back to Sterling. Since being appointed ASAM have built a portfolio of HFs and PEs, which offer a balanced return not dependent on traditional asset class returns. In the case of PE, the intention is to be able to extract an illiquidity premium over time. The allocation to PE, co-investments, infrastructure, private debt, and real assets will be opportunistic and subject to being able to access opportunities on appropriate terms.

Performance summary

Three of the hedge fund holdings were positive contributors over the last quarter, led by the multi-strategy macro fund, DE Shaw Oculus which had a very strong start to the year thanks to gains from their equity arbitrage, discretionary macro and systematic futures sub-portfolios. The main Private Equity drivers of performance were Magnesium Capital 1 LP, Too Good To Go and Advent International GPE IX LP. The one year the return of 5.8% underperforms the benchmark return of 10.7% by 4.9%. Since inception the strategy has returned 6.9%, outperforming the benchmark by 1.2%.

ASAM have built a portfolio of hedge funds, private equity funds and co-investments, which can offer a balanced return not wholly dependent on traditional asset class returns. In the case of private equity, the intention is to be able to extract an illiquidity premium over time.

The hedge funds selected for the Portfolio include a blend of:

i) relative value strategies, intended to profit from price dislocations across fixed income and equity markets;
ii) macro strategies, which are intended to benefit significantly from global trends, whether these trends are up or down, across asset classes and geographies; and
iii) tail risk protection which is intended to offer significant returns at times of stress and more muted returns in normal market environments.

Outlook

The manager continues to see a broad opportunity set for discretionary macro managers, which in the near term will continue to be driven by inflation dynamics and tight monetary policy. Macro managers remain closely aligned in their views on the path for interest rates, yet the destination and timing differ. Some discretionary specialists, however, are particularly focused on idiosyncratic country-level opportunities, especially within EM as opposed to the bigger macro picture. Rates-focused managers continue to see pockets of value trading G3 rates as well as emerging markets, where some central banks have already started cutting, potentially starting a new multi-year trading opportunity.

The manager outlook for fixed income relative value strategies remains positive. The manager sees dispersion across fixed income instruments in developed markets, with G7 central banks having notably tightened monetary policy, persistent uncertainty on inflation and economic growth (and thus the future course of monetary policy), reduced liquidity and dealers' ability to warehouse risk, as well as on-going geopolitical tensions.

Abrdn Acquisition

On 20th July, Abrdn announced that it has entered into an agreement to transfer the management of approximately $4 billion in assets under management and 30 employees to HighVista Strategies LLC. Abrdn concluded following a comprehensive business review of its private markets business that the US Private Equity and Venture Capital capabilities (from the acquisition of FLAG Capital Management) would be best developed under a different ownership and management structure.

Abrdn recently announced that it has entered into an agreement to sell its European headquartered private equity business ("abrdn Private Equity") to Patria

Investments (“Patria”), a leading private markets asset management firm. Patria is a Nasdaq-listed, entrepreneurial global partnership with assets under management in excess of $28 billion and over 30 years of experience in direct private equity, infrastructure, real estate and credit. The sale includes all of the European and Global private equity funds and mandates managed or advised by abrdn Private Equity, representing approximately £7.5 billion in total assets. Officers are currently in discussion with Abrdn and the fund’s investment advisor to establish the full impact of this acquisition on the fund and will keep members updated. It The Patria/abrdn transaction formally completed at the end of March 2024.

5.9 Pyrford

Pyrford	2024	2023				2022			One	Three	Since Start
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Year	Years	28/9/2012
£100.28m	%	%	%	%	%	%	%	%	%	%	%
Actual Return	0.5	4.5	1.4	(1.7)	1.4	3.2	(2.4)	(0.8)	4.7	3.4	3.4
Benchmark	2.3	1.3	1.7	3.7	3.1	4.7	3.3	6.3	9.0	13.9	8.7
Difference	(1.8)	3.2	(0.3)	(5.4)	(1.7)	(1.5)	(5.7)	(7.1)	(4.3)	(10.5)	(5.3)

Reason for appointment

Pyrford were appointed as the Fund’s absolute return manager (AR) to diversify from equities. The manager’s benchmark is to RPI, which means that the manager is likely to outperform the benchmark during significant market rallies. AR managers can be compared to equities, which have a similar return target. When compared to equities, absolute return will underperform when markets increase rapidly and tend to outperform equities during periods when markets fall.

Performance

The value of the Sub-fund increased by 0.5% in the first quarter of 2024. Over one year, the Sub-fund has gained 4.7%, whereas the RPI plus 5% benchmark has increased by 16.9%. On an annualised basis, the Sub-fund has returned 3.4% since inception.

The investment manager had increased the duration, or sensitivity to changes in interest rates, of the Sub-fund to 5 years from 3 years early in Q4 2023. This was a profitable decision. Although the investment manager made the right call by bringing duration back down again early in 2024, when yields on government bonds started to move up, the bond sub-portfolio lost money in Q1.

Gilts are the single biggest block of assets in the Sub-fund. This segment declined by about 1% in absolute terms in the first quarter, contributing a loss of about 0.5% at the Sub-fund level, but outperformed the FTSE British Government All Stocks Index by 0.6%. Holdings in government bonds issued by the U.S., Canada and Australia lost 1.3%, about 0.5% less than the proxy index (JP Morgan Global Government Bond ex-UK). At the Sub-fund level, and including currency effects, overseas bonds cost the Sub-fund 0.7% in Q1.

Equities contributed +1.1% to composite performance. The investment manager reduced the allocation to equities in early 2023 and has not reinvested since then. The equity portfolio is tilted to companies which are expected to deliver stable earnings and cash flows, and which are trading at discounts to headline market valuations. The UK (12.3%) and overseas (23.0%) portions of the stock portfolio lagged the FTSE All Share and FTSE All World ex-UK Indices respectively in Q1.

The Sub-fund is built around four pillars: sovereign bonds, equities, currencies and cash. The key drivers of returns are allocations across the four pillars, duration management and sovereign bond selection, and country and stock selection decisions within the equity segment. The asset allocation process is slow moving. Derivatives are used only to manage currency risk.

5.10 Newton

Newton	2024	2023				2022			One Year	Three Years	Since Start 31/8/2012
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
£84.82m	**%**	%	%	%	%	%	%	%	**%**	**%**	**%**
Actual Return	**4.1**	5.2	0.3	(1.8)	(1.3)	3.7	(4.3)	(2.1)	7.8	1.7	3.7
Benchmark	**2.1**	2.0	2.0	1.8	1.7	1.4	1.1	0.9	7.9	5.8	4.8
erence	**2.0**	3.2	(1.7)	(3.6)	(3.0)	2.3	(5.4)	(3.0)	(0.1)	(4.1)	(1.1)

Reason for appointment

Newton was appointed to act as a diversifier from equities. The manager has a fixed benchmark of one-month LIBOR plus 4%. AR managers have a similar return compared to equity but are likely to underperform equity when markets increase rapidly and outperform equity when markets suffer a sharp fall.

Performance

Newton generated a return of 4.1% in Q1, outperforming its benchmark by 2.0%. Over one year the strategy has returned 7.8%, underperforming its benchmark by 0.1%, although the return over three years is 1.7% against a benchmark of 5.8%. Newton's performance since inception is 3.7% per annum.

By and large, performance in the first quarter was a continuation of trends seen in Q4 with the 'Return Seeking' layer driving returns. Within that layer, global equities were the 'star performer' with a well-timed increase in the allocation to stocks of about 5% (circa 4% when accounting for derivatives) and good stock selection. The stabilising layer marginally detracted, mainly due to the cost of protective strategies.

The global equities segment consists of a basket of stocks predominantly in the technology, financials and consumer related sectors. Enthusiasm around artificial intelligence (AI) and the prospect of a soft economic landing in the US helped drive robust stock-market gains over the first quarter of 2024. There was some broadening out of performance to other areas of the stock market but nevertheless the AI dynamic dominated the action. Top performers in the Sub-fund included NVIDIA, Taiwan Semiconductor Manufacturing Company (TSMC), Microsoft and ASML, all beneficiaries of AI optimism. Both Lonza and Eli Lilly also featured among the leaders, the former bouncing back as funding concerns around its biotech business were allayed, and the latter boosted by continued robust growth in its GLP-1 drug franchise to treat obesity. Positive stock performance was enhanced by tactical upside exposure through a combination of futures and options, primarily on the S&P 500 Index.

Elsewhere in the portfolio, alternatives displayed weakness amid softness in the carbon price, which was affected by a depressed gas price owing to a mild winter and weak industrial production in Germany. Renewable infrastructure holdings also detracted owing to narrowing spreads versus nominal bond yields, as well as the need for enhanced regulatory cost disclosure.

The stabilising layer marginally detracted, primarily because of the cost associated with downside protection against a backdrop of rising equity markets. Government bonds were broadly flat, with a positive contribution from physical positions largely offset by bond futures exposure. Gold experienced a strong upswing in the last month of the quarter, favoured for its role as a hedge against the inflationary repercussions of monetary and fiscal largesse, as well as being supported by central bank demand.

5.11 Insight (Mellon Corporation / Standish)

Insight	2024	2023				2022			One Year	Three Years	Since Start 20/8/2013
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
£75.77m	**%**	%	%	%	%	%	%	%	**%**	**%**	**%**
Actual Return	**2.5**	7.6	2.2	1.5	2.8	5.7	(1.3)	(3.8)	13.7	4.6	2.1
Benchmark	**1.0**	1.0	1.0	1.0	1.0	1.0	1.0	1.0	4.0	4.0	4.8
Difference	**1.5**	6.6	1.2	0.5	1.8	4.7	(2.3)	(4.8)	9.7	0.6	(2.7)

Reason for appointment

Insight were appointed to achieve a 6% total return from income and capital growth by investing in a globally diversified multi-sector portfolio of transferable fixed income securities including corporate bonds, agency and governments debt. The return target was later reduced to 4.4%.

Performance

Q1 saw the BNY Mellon Targeted Return Bond Fund outperform its reference benchmark by 1.5%, providing a positive return of 2.5%. Over one year the strategy has returned 13.7% and over three years it has returned 4.6%, with a return of 2.1% since inception.

Credit markets were generally stronger during the quarter as evidence was building that economies, particularly the US, were beginning to improve, and inflation continued to decline. The option adjusted (OAS) spread over governments for the investment grade (IG) Bloomberg US Aggregate (Agg) Corporate Index, which was already reaching low levels by historic standards, declined a further 9bp, to 90bp.

The fund manager remained positioned with a long credit risk position, expecting to see credit spreads continue to narrow as the recession risk and inflation concerns faded paving the way for interest rate cuts. Over the quarter the portfolio credit spread duration has remained at 7.6-7.7 years. Within investment grade credit it continued to favour Euro credit given valuations and expected to see the markets price out some of the recession risk premium which has been present most of 2023. Over the quarter it took a partial profit on this position as it moved in our favour over the period. Although spreads contracted in the high yield market as well, on a risk adjusted basis the market lagged the rally in the investment grade market. Looking back at the historic relationship between high yield and investment grade, the high yield market looks very expensive with very little risk premium priced in for any potentially bad news. For this reason, it remains strategically underweight HY relative to IG. The interest rate positioning of the fund remains short at 2 years. The markets started the year pricing in some very aggressive interest rate cuts which seemed at odds with the improving growth environment. Over the period we purchased government bonds from Panama, Israel, Peru and Mexico

5.12 Currency Hedging

No new currency hedging positions were placed in Q1 2024.

6. Consultation

6.1 Council's Fund monitoring arrangements involve continuous dialogue and consultation between finance staff, external fund managers and external advisers. The Chief Financial Officer and the Fund's Chair have been informed of the approach, data and commentary in this report.

7. Financial Implications

Implications completed by: David Dickinson, Investment Fund Manager

7.1 The Council's Fund is a statutory requirement to provide a defined benefit pension to scheme members. Investment decisions are taken based on a long-term investment strategy. The investment performance has a significant impact on the General Fund. Pensions and other benefits are statutorily calculated and are guaranteed. Any shortfall in the assets of the Fund compared to the potential benefits must be met by an employer's contribution.

7.2 This report updates the Committee on developments within the Investment Strategy and on scheme administration issues and provides an overview of the performance of the Fund during the period.

8. Legal Implications

Implications completed by: Dr. Paul Feild, Senior Governance Solicitor

8.1 The Council operates the Local Government Pension Scheme which provides death and retirement benefits for all eligible employees of the Council and organisations which have admitted body status. There is a legal duty fiduciary to administer such funds soundly according to best principles balancing return on investment against risk and creating risk to call on the general fund in the event of deficits. With the returns of investments in Government Stock (Gilts) being very low they cannot be the primary investment. Therefore, to ensure an ability to meet the liability to pay beneficiaries the Fund is actively managed to seek out the best investments. These investments are carried out by fund managers as set out in the report working with the Council's Officers and Members.

8.2 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 are the primary regulations that set out the investment framework for the Fund. These regulations are themselves amended from time to time. The Regulations are made under sections 1(1) and 3(1) to (4) of, and Schedule 3 to, the

Public Service Pensions Act 2013. They set out the arrangements which apply to the management and investment of funds arising in relation to a Fund maintained under the Local Government Pension Scheme.

9. Other Implications

9.1 **Risk Management** - Investment decisions are taken based on a long-term investment strategy. Investments are diversified over several investment vehicles (equities – UK and overseas, bonds, property, infrastructure, global credit and cash) and Fund Managers to spread risk.

Performance is under constant review, with this focused on how the Fund has performed over the past three months, one year and three years.

Background Papers Used in the Preparation of the Report:

- Northern Trust Quarterly Q1 2024 Report; and
- Fund Manager Q1 2024 Reports.

List of appendices:

Appendix 1 - Definitions
Appendix 2 - Roles and Responsibilities

APPENDIX 1

A Definitions

A.1 Scheduled bodies

Scheduled bodies have an automatic right, and requirement, to be an employer in the LGPS that covers their geographical area. Therefore, scheduled bodies do not need to sign an admission agreement. Scheduled bodies are defined in the LGPS Regulations 2013 in Schedule 2 Part 1. Common examples of scheduled bodies are Unitary Authorities, Police and Fire Authorities and Academies.

A.2 Admitted bodies

Admitted Bodies either become members of the LGPS as a result of a TUPE transfer or following an application to the Fund to become an employer in the scheme. In both cases, their admission is subject to the body meeting the eligibility criteria and an admission agreement being signed by all relevant parties.

A.3 Schedule of Admitted and Scheduled bodies

A list of scheduled and Admitted Bodies is provided below

Scheduled bodies	LBBD
	Barking College Dorothy Barely Academy Eastbury Academy Elutec Goresbrook Free School Greatfields Free School James Campbell Primary Partnerships Learning Pathways Riverside Bridge Riverside Free School Riverside School St Joseph's Barking St Joseph's Dagenham St Margarets St Theresa's St Vincents Sydney Russell Thames View Infants Academy Thames View Junior Academy University of East London Warren Academy
Admitted Bodies	
	Aspens BD Corporate Cleaning BD Schools Improvement Partnership BD Together Be First BD Trading Partner Lewis and Graves Pantry Cleaning

	Schools Offices Services Ltd Sports Leisure Management The Broadway Theatre Town and Country Cleaners

B Roles & Responsibilities

B.1 Administering Authority

The London Borough of Barking and Dagenham is, by virtue of Regulation 53 and Part 1 of Schedule 3 of the Local Government Pension Scheme Regulations 2013 the “Administering Authority” for the Local Government Pension Scheme within the geographic area of the London Borough of Barking and Dagenham. In its role as Administrating Authority (also known as Scheme Manager) the Council is responsible for *“managing and administering the Scheme.”*

It is normal practice within the Local Government Pension Scheme (LGPS) for the role of the Administering Authority to be exercised by a Pensions Committee. In the case of the London Borough of Barking and Dagenham the Council has delegated the exercise of its role as Administering Authority to the Pensions Committee.

Under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (As amended), Pensions is not an Executive Function. Therefore, the Cabinet cannot make decisions in respect of a LGPS Pension Fund. The committee responsible for the Pension Fund must report to the Council and cannot be subject to the Cabinet.

B.2 Pensions Committee

Under the Constitution of the London Borough of Barking and Dagenham (May 2018) the Pensions Committee exercises *“on behalf of the Council all the powers and duties of the Council in relation to its functions as Administering Authority of the London Borough of Barking and Dagenham Pension Fund.”*

The voting membership of the Pensions Committee is seven Councillors. The Committee may also appoint representatives of interested parties (Trade Unions, Admitted Bodies, pensioners etc) as non-voting members.

Responsibilities

As already stated the Pensions Committee exercises all the powers and duties of the Council in relation to the Local Government Pension Scheme (LGPS). As detailed in the Council’s Constitution this includes:

(i) To approve all policy statements required or prepared under the LGPS Regulations;

(ii) To be responsible for the overall investment policy, strategy and operation of the Fund and its overall performance, including taking into account the profile of Fund liabilities;

(iii) To appoint and terminate the appointments of the Fund Actuary, Custodian, professional advisors to, and external managers of, the Fund and agree the basis of their remuneration;

(iv) To monitor and review the performance of the Fund’s investments including receiving a quarterly report from the Chief Operating Officer;

(v) To receive actuarial valuations of the Fund;

(vi) To monitor the LGPS Regulations, Codes of Practice or guidance issued by the Pensions Regulator and the National Scheme Advisory Board as they apply to pension benefits and the payment of pensions and their day to day administration and to be responsible for any policy decisions relating to the administration of the scheme;

(vii) Selection, appointment and termination of external Additional Voluntary Contribution (AVC) providers and reviewing performance;

(viii) To consider any recommendations made or views expressed by the London Borough of Barking and Dagenham Pension Board.

Individual members of the Pensions Committee have a responsibility to obtain a high level of knowledge and skills in relation to their broad ranging responsibilities in respect of the Local Government Pension Scheme. Therefore, ongoing training is essential.

In 2010/2011 CIPFA produced a Pensions Finance, Knowledge & Skills Framework and a Code of Practice on Public Sector Pensions Finance Knowledge and Skills. The Barking and Dagenham Pension Fund subsequently adopted the recommendations of the CIPFA Code of Practice and accepted the need for competencies by both Members and Officers in the six technical areas of knowledge and skills as then set out by CIPFA:

- Pensions legislative and governance context
- Pensions accounting and auditing standards
- Financial services procurement and relationship management
- Investment performance and risk management
- Financial markets and product knowledge (including Investment Strategy)
- Actuarial methods, standards and practices

As a result of changes to the Local Government Pension Scheme and CIPFA guidance since 2014 it is also necessary for members of the Pensions Committee to have clear knowledge and understanding of:

- Pensions Administration (including the role of The Pensions Regulator)

B.3 Fund Administrator

The Chief Operating Officer is responsible as the Fund Administrator for:

- Acting as principal advisor to the Fund
- Ensuring compliance with Legislation, Regulation and Statutory Guidance including advising in respect of the various policy documents and statements required under the LGPS Regulations
- Ensuring effective governance and audit arrangements

On a day to day basis the management and co-ordination of all Pension Fund activity is led by the Investment Fund Manager.

B.4 Fund Actuary

The appointment of a Fund Actuary required in order to comply with Regulations 62 and 64 of the LGPS Regulations 2013.

The Fund Actuary is a completely independent and appropriately qualified adviser who carries out statutorily required Fund Actuarial Valuations and other valuations as required and who will also provide general actuarial advice. The work of the Actuary includes (but is not limited to):

- Undertaking an Actuarial Valuation of the Fund every three years. The next Valuation will be as at 31 March 2025 and the Actuary must complete his report by March 2026. The results of this Valuation will result in the setting of the Employer Contribution Rates for the three years 2026-2027, 2027-2028 and 2028-2029

- Undertaking more limited Valuations in respect of New Employers, Exiting Employers, Bulk Transfers and for Accounting purposes

B.5 Investment Advisor

The Investment Advisor (otherwise known as the Investment Consultant) is completely independent of the Fund and provides advice in respect of investment matters. This includes:

- The Fund's Investment Strategy Statement including its asset allocation

- The selection of investment managers

- Monitoring and reviewing Investment Managers' performance

B.6 The Independent Advisor

The Independent Advisor who is also completely independent of the Fund provides governance and investment challenge and input together with training across the activities and responsibilities of the Fund.

B.7 Investment Managers

External Investment Managers manage the Funds investments on behalf of the Pensions Committee.

The Investment Managers' responsibilities include

- Investment of Pension Fund assets in compliance with legislation, the Fund's Investment Strategy Statement and the Investment Management Agreement between the Pension Fund and the Investment manager

- The selection of investments

- Providing regular reports on performance to the Fund Officers

- Attending the Pensions Committee if requested

As a result of the Government's Investment Pooling initiative the relationship between Investment Managers and the London Borough of Barking and Dagenham Pension Fund will, over an extended period of time, become an indirect relationship due to the increasing involvement of the London Collective Investment Vehicle (London CIV) in the selection and monitoring of Investment Managers.

B.8 Employers

The Employers within the London Borough of Barking and Dagenham Pension Fund are listed at Appendix 2.

Employers have a wide range of responsibilities which include

- Automatically enrolling eligible Employees in the LGPS
- Providing timely and accurate data to the Administering Authority in respect of individual members including joiners, leavers, pay details etc
- Deducting contributions from Employees pay correctly
- Paying to the Administering Authority both Employers and Employees contributions by the due date
- Determining their Discretions policy in accordance with the LGPS Regulations
- Operating Stage 1 of the Internal Dispute Resolution Procedure
- Communicating, as appropriate, with both Scheme Members and the London Borough of Barking and Dagenham Pensions Team

In undertaking their responsibilities Employers should have regard to any documentation issued by the London Borough of Barking and Dagenham in its role as Administering Authority including any Pension Administration Strategy issued in accordance with the LGPS Regulations.

Employers should also be aware of the requirements placed upon them as detailed in the Pension Regulator's Code of Practice No 14 *"Governance and Administration of Public Service Pension Schemes."*

PENSIONS COMMITTEE

10 July 2024

Title: Administration and Governance Report	
Report of the Chief Operating Officer	
Public Report	**For Information**
Wards Affected: None	**Key Decision:** No
Report Author: Jesmine Anwar, Pension Fund Accountant	**Contact Details:** Tel: 020 8227 3763 E-mail: jesmine.anwar@lbbd.gov.uk
Accountable Director: Michael Bate, Interim Director of Financial Services (Deputy S151 Officer)	
Accountable Strategic Leadership Director: Jo Moore, Interim Strategic Director Finance and Investment (S151 Officer)	
Summary This report provides Members with an update on any administration and governance changes that have occurred and the potential impact that these changes may have on the Pension Fund. The report also provides an update on the Fund's one year and three-year cashflow forecast and on the London Collective Investment Vehicle (LCIV) as the Fund moves towards more pooled investments.	
Recommendations The Committee is recommended to note: i. Pension Fund Budget 1 April 2024 to 31 March 2027; ii. that the Fund is cash flow positive; iii. London CIV update; iv. Efficiencies in LGPS	

1. Introduction

1.1 It is best practice for Members to receive regular administration data and governance updates. This report covers three main areas including:

i. Pension Fund Budget 1 April 2024 to 31 March 2027;
ii. Cashflow to 31 March 2024;
iii. London CIV update;
iv. Efficiencies in LGPS.

2. Pension Fund Budget 1 April 2024 to 31 March 2027

2.1 Table 1 provides Members with the Fund's three-year budget to 31 March 2027.

Table 1: Pension Fund Budget 1 April 2024 to 31 March 2027

	2024/25	2025/26	2026/27
Income	**£000s**	**£000s**	**£000s**
Council	10,041	10,242	10,447
Admitted bodies	425	434	442
Scheduled bodies	2,285	2,330	2,377
Total contributions from members	**12,751**	**13,006**	**13,266**
Council - Normal	32,441	33,090	33,751
Admitted bodies - Normal	1,799	1,835	1,872
Scheduled bodies - Normal	8,633	8,806	8,982
Pension Strain	500	250	250
Total contributions from employers	**43,373**	**43,981**	**44,855**
Total Contributions	56,125	56,987	58,122
Individual Transfers	5,000	5,000	5,000
Total Income Before Investments	**61,125**	**61,987**	**63,122**
Expenses			
Pensions			
Council	-35,894	-36,612	-37,345
Admitted Bodies	-395	-403	-411
Scheduled Bodies	-8,201	-8,365	-8,533
Total	**-44,491**	**-45,381**	**-46,288**
Lump sums			
Council	-4,742	-4,856	-4,974
Admitted Bodies	-388	-396	-404
Scheduled Bodies	-1,521	-1,551	-1,582
Total	**-6,651**	**-6,804**	**-6,960**
Death grants	- 1,000	- 1,000	- 1,000
Payments to and on account of leavers	- 5,000	- 5,000	- 5,000
Total Expense	**-57,142**	**- 58,185**	**-59,248**
Net Income / (Expenditure) Excl Investments and Management Costs	**3,983**	**3,802**	**3,874**
Total Management Costs (cash)	**- 1,887**	**- 1,958**	**- 2,032**
Net Income / (Expenditure) Excluding Investments	**2,096**	**1,844**	**1,842**
Investment Income			
BlackRock	2,472	2,546	2,623
Hermes	515	530	546
Total	**2,987**	**3,077**	**3,169**
Net Income / (Expenditure) - cash	**5,083**	**4,921**	**5,011**

2.2 The three-year budget has fairly stable member numbers. A forecast 6.7% increase in pensions in 2024/25 due to the current high level of inflation has risen the total expenses forecasted. There is a forecasted average salary increase of 4.0%, and the council employer contribution will remain at 22% so overall higher contribution income forecasted. Pension Strain is forecasted to increase in 2024/25 as a result of the council's savings programme due to central government funding cuts then this forecasted to fall in the following years.

2.3 Transfer values in and out of the Pension Fund are forecasted to be the same amount but these can fluctuate as its dependent on the number of members who leave and join the organisation.

2.4 Excluding investments, the fund is expected to be cashflow positive for the next 3 years. There is investment income expected from two investments managers of approximately £3m per annum. Overall, the Fund is expected to be cashflow positive, after investment income, for the next 3 years.

3. Cash flow to 31 March 2024

3.1 Table 2 below provides Members with the Fund's Cash flow to 31 March 2024.

Table 2: Actual Pension Fund Cash Flow to 31 March 2024

	2023/24 Budget £000's	2023/24 Actuals £000's	Over / Under £000's
Contributions			
Employee Contributions			
Council	9,500	9,650	150
Admitted bodies	450	410	-40
Scheduled bodies	2,000	2,200	200
Employer Contributions			
Council	30,000	31,000	1,000
Admitted bodies	1,800	1,700	-100
Scheduled bodies	7,700	8,000	300
Pension Strain	500	500	177
Transfers In	3,000	6,200	3,200
Total Member Income	**54,950**	**59,660**	**4,887**
Expenditure			
Pensions	-42,100	-41,700	400
Lump Sums and Death Grants	-7,500	-8,000	-500
Payments to and on account of leavers	-4,500	-5,700	-1,200
Administrative expenses	-800	-800	0
Total Expenditure on members	**-54,900**	**-56,200**	**-1,300**
Net additions for dealings with members	**50**	**3,460**	**3,587**
Returns on Investments			
Investment Income	15,000	27,000	12,000
Profit (losses)	35,000	120,000	85,000
Investment management expenses	-4,500	-4,900	-400
Net returns on investments	**45,500**	**45,500**	**0**
Net increase (decrease) in the net assets	**45,550**	**48,960**	**3,587**
Asset Values	**1,406,180**	**1,406,180**	
Liabilities	**1,305,583**	**1,305,583**	
Funding Level	**107.71%**	**107.71%**	

4. London Collective Investment Vehicle (LCIV) Update

4.1 LCIV is the first fully authorised investment management company set up by Local Government. It is the LGPS pool for London to enable Local Authorities to achieve their pooling requirements. Below are the investments the Fund currently has with CIV.

	31/12/2023	Market Move	31/03/2024
Active Investments	£	£	£
LCIV Global Alpha Growth Fund	211,576,766	18,479,689	230,056,455
LCIV Global Total Return Fund	99,795,770	486,217	100,281,987
LCIV Real Return Fund	81,489,919	3,332,412	84,822,331
LCIV Global Bond Fund	73,869,571	399,429	74,269,000
Total	466,732,026	22,697,747	489,429,773

4.2 Update from the London CIV

Pooling Position As of the 31 March 2024, the total assets deemed pooled by Partner Funds stood at £31.6 billion, of which £17.1 billion are in funds managed by London CIV. Assets under management via the London CIV Authorised Contractual Scheme stood at £15.6 billion, and assets invested in private market funds stood at £1.5 billion, with £3 billion in total commitments. The aggregate value of 'pooled' passive assets held by Legal and General Investment Management and Blackrock was £14.5 billion, with £10.5 billion managed by LGIM and £4 billion managed by BlackRock.

5. Efficiencies in LGPS

5.1 The Department of Levelling Up, Housing and Communities has requested for productivity plans to be developed by each local authority as announced at the local government finance settlement. This would cover service transformation, better use of technology and data reduction of wasteful spend as well as views on barriers which government could remove.

5.2 A response will be provided by the fund and a review of listed invested will be carried out by Hymans for the September 2024 committee.

5.3 The request is provided as an appendix to this report for members to note.

6. Financial Implications

Implications completed by: David Dickinson, Investment Fund Manager

6.1 The Pension Fund is a statutory requirement to provide a defined benefit pension to scheme members. The management of the administration of benefits the Fund is supported and monitored by the Pension Board.

7. Legal Implications

Implications completed by: Dr. Paul Feild Senior Governance Solicitor

7.1 The Council operates the Local Government Pension Scheme which provides death and retirement benefits for all eligible employees of the Council and organisations which have admitted body status. There is a legal duty fiduciary to administer such funds soundly according to best principles balancing return on investment against risk and creating risk to call on the general fund in the event of deficits. With the returns of investments in Government Stock (Gilts) being very low they cannot be the primary investment. Therefore, to ensure an ability to meet the liability to pay beneficiaries the pension fund is actively managed to seek out the best investments. These investments are carried out by fund managers as set out in the report working with the Council's Officers and Members.

8. Consultation

8.1 Council's Pension Fund governance arrangements involve continuous dialogue and consultation between finance staff and external advisers. The Finance Director and the Fund's Chair have been informed of the commentary in this report.

Background Papers Used in the Preparation of the Report:

None

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APPENDIX 1

Department for Levelling Up, Housing & Communities

Simon Hoare MP
Minister for Local Government
2 Marsham Street
London
SW1P 4DF

Chief Executives and Section 151 Officers of
Administering Authorities in England

By email

15 May 2024

Dear Colleagues,

Efficiencies in local government and the management of Local Government Pension Scheme (LGPS) funds

I wrote to all chief executives on 16 April setting out my expectations for the productivity plans to be developed by each authority as announced at the local government finance settlement. In this, I asked for plans covering service transformation, better use of technology and data and reduction of wasteful spend as well as views on barriers which government could remove (letter at annex A).

I am now writing to you to ask you to set out your approach to efficiencies in the management, governance and administration of your LGPS fund and asset pool in a separate letter. I am interested in what is happening across local government to deliver efficiencies in the management of the £359 billion of pension assets you hold, and in your administration of pension benefits for the 6.6 million members.

Since taking on ministerial responsibility for the LGPS I have been grateful for the generous engagement I have received, and I have been struck by the generally strong financial position of the scheme, as well as the strong commitment to serving scheme members. However, it is clear that there is also a need for improvements, including to meet the expectations set out on asset pooling and investments set out at the Autumn Statement. More efficiencies in fund administration and management should also be achieved: across the scheme in 2022-3 investment management costs were £1.7 billion and £280 million on administration and governance.

Your response should consider the following themes on pensions.

1. **How your fund will complete the process of pension asset pooling to deliver the benefits of scale.**

- What proportion of assets have been pooled in your chosen LGPS asset pool? Is your fund on track to pool all listed assets by March 2025, and if not, what are the barriers to this?
- Is there scope for minimising waste and duplication by making use of your LGPS asset pool's services and expertise in reporting and development of the pensions investment strategy ? What is your expenditure on pensions investment consultancy ?
- Does your LGPS asset pool have an effective, modern governance structure in place, which is able to deliver timely decisions and ensure proper oversight ? If not, what steps are you taking to make your pool's governance more effective?

2. **How you ensure your LGPS fund is efficiently run, including consideration of governance and the benefits of greater scale.**

- Does your LGPS fund have effective and skilled governance in place, which is able to hold officers, service providers and the pool to account on performance and efficiency?
- Would you be likely to achieve long-term savings and efficiencies if your LGPS fund became part of a larger fund through merger or creation of a larger pensions authority?

As set out in my previous letter I do not wish to impose excessive burdens. I expect your letter to be no more than two pages in length. Your plans must be returned by 19 July 2024, by email to lgpensions@levellingup.gov.uk. We will review your responses and consider the issues emerging and the implications for future national policy.

I look forward to working with you to deliver the best outcomes.

With every good wish.

Yours,

Simon Hoare

SIMON HOARE MP
Minister for Local Government

PENSIONS COMMITTEE

10 July 2024

Title: Independent Advisors LGPS Update	
Report of the Chief Financial Officer	
Public Report	**For Information**
Wards Affected: None	**Key Decision:** No
Report Author: Jesmine Anwar, Pension Fund Accountant	**Contact Details:** Tel: 020 8227 3763 E-mail: jesmine.anwar@lbbd.gov.uk
Accountable Director: Michael Bate, Interim Director of Financial Services (Deputy S151 Officer)	
Accountable Strategic Leadership Director: Jo Moore, Interim Strategic Director Finance and Investment (S151 Officer)	

Summary

This report provides Members with the Independent Advisor's quarterly Local Government Pension Scheme update.

Recommendations

The Committee is recommended to note:

- Investment Consultation and Consultation Outcome 2023
- Climate Change Reporting – still awaiting Regulations.
- Annual Pension Fund Report – Updated Guidance
- LGPS Accounts and Audit

1. Introduction

1.1 This paper by John Raisin informs and updates the Committee in respect of a number of important issues relating to the LGPS at a national level. The issues covered in this paper are as follows:

- Investment Consultation and Consultation Outcome 2023

- Climate Change Reporting – still awaiting Regulations.

- Annual Pension Fund Report – Updated Guidance

- LGPS Accounts and Audit

2. Investment Consultation and Consultation Outcome 2023

2.1 The LGPS Update to the December 2023 Pensions Committee included a commentary on both the Consultation of July 2023 “Local Government Pension Scheme (England and Wales): Next steps on Investments” and the Consultation outcome issued by the Government on 22 November 2023 which stated how the Government intended to proceed. The Consultation outcome response may be accessed at Local Government Pension Scheme (England and Wales): Next steps on investments - government response - GOV.UK (www.gov.uk)

2.2 In order, however, for the changes to the LGPS covered in the Consultation outcome to come into effect it is necessary for appropriate changes to be made to the LGPS Regulations and/or new Statutory Guidance to be issued. As at the time the General Election was called, however, no such Regulations or Statutory Guidance had been issued in respect of the following issues covered in the Consultation outcome - Investment Pooling (very clearly the principal issue within the Consultation), a statutory requirement for Pensions Committee Members to undertake Training, Levelling Up, Private Equity, objectives for Investment Consultants, and to correct the definition of investment in the 2016 Investment Regulations. Therefore, most of the proposals, including the most important ones relating to the further development and implementation of Pooling have not (yet) come into effect.

2.3 In respect of the proposals relating to reporting on Investment Performance and on Pooling activity/outcomes these have, however, been implemented through the new Statutory Guidance on the Pension Fund Annual Report of March 2024 which is covered in more detail in Section 3 of this LGPS Update.

3. Climate Risk Reporting – still awaiting Regulations.

3.1 On 1 September 2022, the Government issued a Consultation on the “Governance and reporting of climate change risks.” In the March 2023 LGPS Update it was reported that it was anticipated that Regulations to introduce Climate Risk reporting into the LGPS would be issued retrospectively, after 1 April 2023, but would apply from 1 April 2023. No such Regulations were, however, issued in April 2023.

3.2 In the June 2023 LGPS Update it was reported that on 23 May 2023 the Scheme Advisory Board stated on its website that the implementation of Climate Risk reporting in the LGPS – “is now expected to commence from 1 April 2024, with first reports due in late 2025.”

3.3 As at the date when the General Election was called (22 May 2024) no proposed Regulations had been issued to implement Climate Risk reporting. Consequently, there must be a clear question as to whether the implementation of mandatory and consistent Climate Risk reporting by the LGPS will actually commence (retrospectively) from 1 April 2024 with the first reports due in late 2025.

4. Annual Pension Fund Report – Updated Guidance

4.1 On 28 March 2024 updated Statutory Guidance in respect of the preparation of LGPS Fund Annual Reports was issued to replace the previous guidance issued by CIPFA in March 2019. The new Guidance is called "Preparing the Pension Fund Annual Report, Guidance for Local Government Pension Scheme Funds, April 2024."

4.2 This guidance is the first publication to have been reviewed and jointly approved by the Compliance and Reporting Committee (CRC) of the LGPS Scheme Advisory Board (SAB), the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Department for Levelling Up, Housing and Communities (DLUHC). Previously the (now disbanded) CIPFA Pensions Panel was, for many years, responsible for the preparation of Annual Report Guidance.

4.3 Paragraph 10 of the new Guidance of 2024 confirms that it has the status in England and Wales of "statutory guidance." Therefore, in accordance with Regulation 57(3) of the LGPS Regulations 2013 "In preparing and publishing the pension fund annual report" each Administering Authority (in this case the London Borough of Barking and Dagenham) "must have regard" to this Guidance. Paragraph 2 of the new Guidance states "This guidance applies to 2023/24 annual reports and later years."

4.4 However, Paragraph 2 of the new Statutory Guidance goes on to state "For annual reports covering 2023/24, funds should use their best endeavours to comply fully with this guidance, but exercise judgement where, because of changes to the previous content, to do so would require disproportionate effort or cost. Where significant variation from this guidance is considered appropriate, funds should provide an explanation." A reason for this approach is provided in the report "ANNUAL REPORT GUIDANCE" to the 12 February 2024 meeting of the Scheme Advisory Board Compliance and Reporting Committee (CRC) which states at paragraph 7 that "…it is acknowledged that it may be a challenge for funds to report on all the new requirements for the 2023/24 reporting year, as changes to the recording and reporting of data may take time to implement."

4.5 Also even where an aspect of the General Code does not actually "apply" to LGPS Funds, as is the case in relation to establishing and operating an effective system of governance (ESOG) – see pages 68 to 71, or the Own risk assessment (ORA) pages 61 to 64, there are principles and practices which in reality could, or in some cases should, be adopted by the LGPS.

4.6 This new Statutory Guidance clearly and very significantly increases the reporting requirements for LGPS Funds relating to Investments as is clear from a comparison of the contents of the 2019 Statutory Guidance with the 2024 Statutory Guidance. Paragraph 30 of the new Statutory Guidance implements as a “must” the reporting of “Investment performance net of fees” for “each fund manager or asset class” together with “an appropriate benchmark chosen by the authority…” which implements the proposal regarding reporting returns in the Consultation outcome of 22 November 2023. Paragraphs 35 to 41 set out a broad range of reporting requirements relating to Pooling which implement the proposal in the Consultation outcome to “require greater clarity on the progress of pooling…” Therefore, the requirements of the 2024 Annual Report Guidance will further highlight the extent of Investment Pooling both by each individual LGPS Fund, and across the LGPS in England and Wales as a whole.

4.7 Paragraph 42 of the 2024 Statutory Guidance introduces a new requirement whereby “The annual report must also include data…to provide additional information on investment in the UK…” This reflects the Government’s interest in Pension Fund investment in the UK.

4.8 The 2024 Statutory Guidance (paragraph 31) enhances the reporting of environmental, social and governance (ESG) activity as it states that LGPS Funds ***“should ”*** provide details of ESG activities. In contrast the 2019 Statutory Guidance merely stated that LGPS Funds ***“may** also wish to provide details”* of any ESG activities.

4.9 The new Statutory Guidance also clearly and very significantly increases the reporting requirements for LGPS Funds relating to **Administration** as is clear from a comparison of the contents of the 2019 Statutory Guidance with the 2024 Statutory Guidance. In particular the new Guidance at Paragraph 55 states that *“Pension Funds **must** report on the outcomes of administration KPIs set out in Annex 1 and **should** provide an appropriate commentary such that readers can understand and put the data into context”*

4.10 The KPIs at Annex 1 (which is called Annex A elsewhere in the 2024 Guidance) are extensive and cover Casework, Communication and Engagement, Resources, and Data Quality. To seek to facilitate consistency of KPI reporting across LGPS Funds Definitions and Guidance Notes have also been provided.

4.11 Doubtlessly to reflect the delays that have been encountered in recent years by some LGPS Funds in obtaining an **External Audit Opinion** a commentary has been added to address this situation. Paragraph 67 states “*Where the audit opinion has not been issued on or before 1st December, the pension fund administering authority is still under a statutory obligation to publish the annual report by the due date. Funds in this position must publish the annual report without an audit opinion making it clear that this is the case and then re-publish the report when the audit opinion is finally issued.”*

4.12 Overall, there can be no doubt that the new Guidance ***“Preparing the Pension Fund Annual Report, Guidance for Local Government Pension Scheme Funds, April 2024”*** places further demands and resourcing requirements on LGPS Funds across their Investment, Administration, and Accounting functions.

5. LGPS Accounts and Audit

5.1 Regulation 53(1) of the LGPS Regulations 2013 (as Amended) requires Administering Authorities (including the London Borough of Barking and Dagenham) to "maintain a pension fund…" The LGPS Update to the March 2023 Pensions Committee meeting included a briefing on Pension Fund Accounts.

5.2 This stated that in August 2022 the Chair of the Scheme Advisory Board (SAB) had written to the Minister responsible for the LGPS to urge that the Government separate the Pension Fund Annual Accounts in England from those of their Administering Authority as had already happened in both Scotland and Wales. A principal reason for this was to avoid any delays to the publication of the Pension Fund Accounts arising from delays relating solely to the main Accounts of a Council.

5.3 Consequently, in February 2023 the Minister sent a response stating that DLUHC was actively considering the SAB recommendation to completely separate the Pension Fund Annual Accounts of English LGPS Funds. As at March 2024 there had however been no progress in respect of the separating of Pension Fund Accounts from those of their Administering Authority.

5.4 On 6 March 2024 SAB again raised this issue by issuing a formal response to the DLUHC Consultation "Addressing the local audit backlog in England." This Consultation which was issued on 8th February 2024 and closed on 7 March 2024 was concerned with clearing the backlog in the publication of audited accounts of major local bodies in England which in the words of the Consultation "has grown to an unacceptable level." In its response SAB included the following:

- "…The consistent delays in the completion of the audit of the administering authority's main accounts has had the effect of delaying the issuing of an audit opinion on the pension fund annual accounts."

- "…so long as pension fund accounts remain part of the main local authority accounts, problems unrelated to the issuing of audit opinions on the pension fund will continue to impact on the timely publication of finalised pension fund accounts, along with the pension fund audit opinion."

5.5 "All LGPS pension funds are multi-employer schemes, with a typical single fund having over 200 different employers participating in the LGPS. Over 18,000 separate employers participate in the LGPS, and an increasing feature of the scheme is the extent to which almost two thirds of these employing bodies are commercial companies, not for-profit entities and academy schools/Multi-academy trusts, rather than local authorities. These employing bodies are subject to a wide range of different financial reporting frameworks which all require that LGPS pension liabilities should be recognized."

5.6 Where the pension fund audit has not been signed off simply due to the delay in clearing the administering authority's audit, then the auditor of the scheme employers' accounts will need to do additional work to gain assurance that the pension liability figures that have been provided by the pension fund to the employer can be relied on. Any uncertainty over the value of the pension liabilities may be material to a scheme employer, depending on a range of factors particular to that employer. This is avoidable and unnecessary additional cost for the employer as well as being a significant additional administrative burden for the pension fund in responding to queries and requests for information from the scheme employer's auditor."

5.7 "Partly because of this ongoing problem, the Board wrote over a year ago to the then Minister to recommend the separation of the pension fund annual accounts in England from the administering authorities' own accounts, as is already the case for the LGPS in Scotland and Wales."

5.8 "We understand that the Minister has agreed in principle to the separation of pension fund accounts and has asked officials to find a suitable legislative vehicle to achieve this. It is a well understood problem and the solution for the LGPS is clear – we are just waiting for it to be delivered."

5.9 One proposal in the Consultation DLUHC Consultation "Addressing the local audit backlog in England." that should be of major concern to LGPS Funds, (unless the Government does agree to the separation of Pension Fund Accounts prior to 30 September 2024) is that it proposes that Authorities "… ensure that … by 30 September 2024 they have published audited accounts for financial years 2015/2016 to 2022/2023. At Question 12 of the Consultation, it is stated that the proposal that all accounts for all financial years up to and including 2022-2023 be published by 30 September 2024 in the view of the Government "will result in modified or disclaimed opinions" (to some Councils' Accounts).

5.10 A disclaimed audit opinion (where the External Auditor does not express an opinion on the financial statements because they have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion) would be still mean that Scheme Employers could not rely on the Pension Fund Accounts even if the disclaimed audit opinion related wholly to issues in other parts of the Administering Authorities' overall Accounts. This was made clear in the SAB response to Question 12 of the Consultation which stated "The Board believes that if there were to be wide-spread use of disclaimed audit opinions then this would not resolve the problem for LGPS scheme employers in England. This is because the scheme employer auditors would still not have an audit report they can place assurance on and not avoid having to do further work to validate pension liability estimates provided to them. The best way to deal with this problem and achieve timely completion of pension fund audit is to separate them from the audit of the administering authority, as has been done successfully in Wales and Scotland."

5.11 In conclusion, there can be no doubt that until the Accounts of LGPS Funds in England are separated entirely from those of their Administering Authority there is an ongoing risk that there may be delays and additional work and expenditure for both LGPS Funds and LGPS Employers because of issues with the Administering Authority main Accounts.

5.12 As at the time that the General Election was called (22 May 2024) DLUHC had made no announcement regarding the separation of Pension Fund Accounts from those of their Administering Authority.

6. Financial Implications

Implications completed by: David Dickinson, Investment Fund Manager

6.1 The Pension Fund is a statutory requirement to provide a defined benefit pension to scheme members. The management of the administration of benefits the Fund is supported and monitored by the Pension Board.

7. Legal Implications

Implications completed by: Dr Paul Feild Senior Governance Solicitor

7.1 The Council operates the Local Government Pension Scheme which provides death and retirement benefits for all eligible employees of the Council and organisations which have admitted body status. There is a legal duty fiduciary to administer such funds soundly according to best principles balancing return on investment against risk and creating risk to call on the general fund in the event of deficits. With the returns of investments in Government Stock (Gilts) being very low they cannot be the primary investment. Therefore, to ensure an ability to meet the liability to pay beneficiaries the pension fund is actively managed to seek out the best investments. These investments are carried out by fund managers as set out in the report working with the Council's Officers and Members.

8. Consultation

8.1 The Council's Pension Fund governance arrangements involve continuous dialogue and consultation between finance staff and external advisers. The deputy S151 and the Fund's Chair have been informed of the commentary in this report.

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PENSIONS COMMITTEE

10 July 2024

Title: Draft Pension Fund Accounts 2023/24	
Report of the Chief Operating Officer	
Public Report	**For Information**
Wards Affected: None	**Key Decision:** No
Report Author: Jesmine Anwar, Pension Fund Accountant	**Contact Details:** Tel: 020 8227 3763 E-mail: Jesmine.Anwar@lbbd.gov.uk
Accountable Director: Jo Moore, Interim Strategic Director Finance and Investment (S151 Officer)	
Accountable Strategic Leadership Director: Fiona Taylor, Chief Executive.	
Summary: This report presents the Pension Committee with the Draft Pension Fund Accounts for 2023/24.	
Recommendations The Committee is asked to consider and note the Draft Pension Fund Accounts for 2023/24.	

1 Introduction

1.1 This report introduces the draft annual accounts of the London Borough of Barking and Dagenham Pension Fund for the year ended 31 March 2024, which are included as appendix 1.

1.2 The Pension Fund Accounts sets out the financial position of the Pension Fund as at 31 March 2024 and as such acts as the basis for understanding the financial well-being of the Pension Fund. It also enables Members to manage and monitor the Scheme effectively and be able to take decisions understanding the financial implication of those decisions.

1.3 The draft annual accounts are due to be finalised once audit commences.

2 Key Highlights

2.1 2023/24 had a positive return for the year due to improvements in the macroeconomy following the downturn. With inflation and interest rates on a downward trajectory, this has impacted the performance of the fund's investments. The overall investment return for the fund over the year, net of fund manager fees and custodian costs was 11.4%, which was 2.0% lower than the benchmark of 13.4%. Over three years the Fund's annualised return was 5.1%, which is 3.3% below the Fund's benchmark return of 8.4%.

2.2 Over one-year Blackrock provided a negative return of 8.2% and underperformed its benchmark by 7.5%. While, Baillie Gifford, Newton, Abrdn, UBS, Hermes and Insight provided positive returns.

2.3 Four employers including Caterlink and Aspens 2 exited the Fund in 2023/24. During the year, the total number of active employers within the Fund was 36.

2.4 The Fund increased in value by £151.5m from £1,314.5m as at 31 March 2023 to £1,466.0m as at 31 March 2024.

2.5 Audit fees for the year increased to £75.3k for the year.

3. Audit Plan

3.1 The Pension Fund's auditors Grant Thornton have produced an indicative Audit Plan which officers have reviewed. The plan provides an overview of the planned scope and timing of the statutory audit of the fund and highlights key matters and risks identified in LGPS accounts overall.

3.2 The audit plan for 2023/24 is included as an appendix to this report for members to note.

4 Recommendation

4.1 The Committee members are recommended to note the Pension Fund Accounts for 2023/24.

4.2 The Committee members are recommended to note the Pension Funds Audit Plan for 23/24.

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APPENDIX 1

London Borough of Barking & Dagenham

Draft Pension Fund Accounts

for the year ended

31 March 2024

London Borough of Barking and Dagenham
Pension Fund Account

	Note	2022/23 £000	2023/24 £000
Dealings with members, employers and others directly involved in the scheme			
Contributions	**8**	51,706	**54,031**
Transfers in from other pension funds	**9**	2,681	**6,216**
		54,387	**60,247**
Benefits	**10**	(43,926)	**(49,762)**
Payments to and on account of leavers	**11**	(7,633)	**(5,998)**
		(51,559)	**(55,760)**
Net additions from dealings with members		2,828	**4,487**
Management expenses	**12**	(6,578)	**(5,828)**
Net Additions/(Withdrawals) including Fund Management Expenses		(3,751)	**(1,341)**
Returns on Investments			
Investment Income	**13**	26,080	**31,683**
Profit (losses) on disposal of investments and changes in the market value of investments	**14**	(46,683)	**121,232**
Net returns on investments		(20,603)	**152,915**
Net increase in the net assets available for benefits during the year		(24,354)	**151,574**

Net Assets Statement as at 31 March 2024

The accounts summarise the transactions and net assets of the Fund. They do not take account of liabilities to pay pensions and other benefits in the future.

	Note	2022/23 £000	2023/24 £000
Investment Assets	**16**	1,333,527	**1,446,952**
Investment Liabilities	**16**		
Current Assets	**17**	1,191	**20,579**
Current Liabilities	**17**	(20,065)	**(1,304)**
Net asset of the fund available to fund benefits at the end of the reporting period		1,314,653	**1,466,228**

Notes to the Pension Fund Accounts for the year ended 31 March 2024

1. Introduction

The Barking and Dagenham Pension Fund ("the Fund") is part of the Local Government Pension Scheme ("LGPS") and is administered by the London Borough of Barking and Dagenham ("LBBD"). The Council is the reporting entity for this Fund. The Fund is governed by the Public Service Pensions Act 2013 and the following secondary legislation:

i. The LGPS Regulations 2013 (as amended)
ii. The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) and
iii. The LGPS (Management and Investment of Funds) Regulations 2016.

The Fund is operated as a funded, defined benefit scheme which provides for the payment of benefits to former employees of LBBD and those bodies admitted to the Fund, referred to as "members". The benefits include not only retirement pensions, but also widow's pensions, death grants and lump sum payments in certain circumstances. The Fund is financed by contributions from members, employers and from interest and dividends on the Fund's investments.

The objective of the financial statements is to provide information about the fund's financial position and performance and show the results of the Council's stewardship in managing the resources entrusted to it and for the assets at the period end.

The Fund is overseen by the Fund's Pension Committee, which is a Committee of LBBD. 2023/24 had a positive return for the year due to improvements in the macroeconomy following the downturn. With inflation and interest rates on a downward trajectory, this has impacted the performance of the fund's investments. The overall investment return for the fund over the year, net of fund manager fees and custodian costs was 11.4%, which was 2.0% lower than the benchmark of 13.4%. Over three years the Fund's annualised return was 5.1%, which is 3.3% below the Fund's benchmark return of 8.4%. Over one-year Blackrock provided a negative return of 8.2% and underperformed its benchmark by 7.5%. While, Baillie Gifford, Newton, Abrdn, UBS, Hermes and Insight provided positive returns.

Four employers including Caterlink and Aspens 2 exited the Fund in 2023/24. During the year, the total number of active employers within the Fund was 36.

2. Format of the Pension Fund Statement of Accounts

The day-to-day administration of the Fund and the operation of the management arrangements and investment portfolio are delegated to the Chief Operating Officer.

The following description of the Fund is a summary only. For more details, reference should be made to the Fund's Annual Report for 2023/24, which can be obtained from the Council's website: http://www.lbbdpensionfund.org.

The statutory powers that underpin the scheme are the Superannuation Act 1972 and the Local Government Pension Scheme (LGPS) regulations, which can be found at: www.legislation.gov.uk.

Membership

All local government employees (except casual employees and teachers) are automatically enrolled into the Scheme. However, membership of the LGPS is voluntary and employees are free to choose whether to opt out, remain in the Scheme or make their own personal arrangements outside the Scheme. Organisations participating in the Fund include:

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

A list of the Fund's scheduled and admitted employers are provided below. Not Active employers do not have any current members but have either deferred or pensioners. The obligations and assets for these employers have been absorbed by the Council.

Scheduled Bodies	Admitted Bodies
LBBD	Aspens
Barking College	BD Corporate Cleaning
Dorothy Barley Academy	BD Schools Improvement Partnership
Eastbury Academy	BD Together
Elutec	Be First
Goresbrook Free School	BD Trading Partnerships
Greatfields Free School	BD Management Services
James Campbell Primary	Lewis and Graves
Partnerships Learning	Schools Offices Services Ltd
Pathways	Sports Leisure Management
Riverside Bridge	The Broadway Theatre
Riverside Free School	Town and Country Cleaners
Riverside School	
St Margarets	
St Joseph's Dagenham	
St Joseph's Barking	
St Theresa's Dagenham	
St Vincents	
Sydney Russell Academy	
Thames View Infants Academy	
Thames View Junior Academy	
University of East London	
Warren Academy	
Not Active	**Not Active**
Aspens 2	Abbeyfield Barking Society
Caterlink	Age UK
Caterlink 2	B&D Citizen's Advice Bureau
Caterlink 3	Cleantech
Caterlink 4	Council for Voluntary Service
Magistrates Court	Disablement Assoc. of B&D
May Gurney	East London E-Learning
Pantry Cleaning	London Riverside
RM Education	Laing O'Rourke

A breakdown of the Fund's members by employer type and by member type is included in the table below:

	2022/23	2023/24
Number of Employers with active members	**40**	**36**
Number of Employees in scheme		
London Borough of Barking and Dagenham		
Active members	4,593	**4,718**
Pensioners	4,962	**5,080**
Deferred pensioners	5,188	**5,186**
Undecided and other members	153	**100**
	14,896	**15,084**
Admitted and Scheduled Bodies		
Active members	1,411	**1,423**
Pensioners	1,430	**1,471**
Deferred pensioners	1,835	**1,854**
Undecided and other members	60	**30**
	4,736	**4,778**

a) Benefits

Pension benefits under the LGPS are based on final pensionable pay and length of pensionable service as summarised below:

	Service pre-1 April 2008	Service post 31 March 2008
Pension:	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump sum:	Automatic lump sum of 3 x salary. In addition part of annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum, part of the annual pension can be exchanged for a one-off tax- free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

The benefits payable in respect of service from 1 April 2014 are based on career average devalued earnings and the number of years of eligible service. The accrual rate is 1/49 and the benefits are index-linked to keep pace with inflation. From 1 April 2011, the method of indexation changed from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI).

3. Basis of preparation

The accounts summarise the transactions and net assets for the Fund's transactions for the 2023/24 financial year and its position as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom 2023/24. The financial statements do not reflect any liabilities to pay pension or other benefits occurring after 31 March 2024. Such items are reported separately in the Actuary's Report provided in Note 20 to the Fund's accounts.

The accounts have been prepared on an accruals basis (that is income and expenditure are recognised as earned or incurred, not as received and paid) except in the case of transfer values which are included in the accounts on a cash basis. The Pension Fund Accounts have been prepared on a going concern basis.

3.1 Contributions (see Note 8)

Primary contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate.

Secondary contributions are accounted for on the due dates on which they are due under the schedule of contributions set by the actuary or on receipt if earlier than the due date.

Employer's augmentation and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid is classed as a current financial asset.

3.2 Transfers to and from other schemes (see Note 9)

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. Transfer Values to/from other funds, for individuals, are included in the accounts based on the actual amounts received and paid in the year.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

3.3 Investment income (see Note 13)

i) Interest income - Interest income is recognised in the Fund account as it accrues. Interest from financial assets that are not carried at fair value through profit and loss, i.e. loans and receivables, are calculated using the effective interest basis.

ii) Dividend income - Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iii) Movement in the net market value of investments - Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/loss during the year.

3.4 Net Assets Statement at market value is produced on the following basis (see note 14)

i) Quoted investments are valued at bid price at the close of business on 31 March 2024;

ii) Unquoted investments are based on market value by the fund managers at year end in accordance with accepted guidelines;

iii) Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax;

iv) Investments held in foreign currencies have been valued in sterling at the closing rate ruling on 31 March 2024. All foreign currency transactions are translated into sterling at exchange rates ruling at the closing rate of exchange; and

v) Limited partnerships are valued at fair value on the net asset value ascertained from periodic valuations provided by those controlling the partnership.

3.5 Management expenses (see note 12)

Administration Expenses

All administration expenses are accounted for on an accrual basis. Staff costs associated with the Fund are charged to the Fund, with management, accommodation and other overheads apportioned in accordance with LBBD's policy.

Investment management expenses

All investment management expenses are accounted for on an accrual basis.

External manager fees, including custodian fees, are agreed in the respective mandates governing their appointments, which are broadly based on the market value of the Fund's investments under their management. Therefore, investment management fees increase / decrease as the value of these investments change.

The Fund does not include a performance related fees element in any of their contracts. Where it has not been possible to confirm the investment management fee owed by the balance sheet date, an estimate based on the market value has been used.

Most the Fund's holdings are invested in pooled funds which include investment management expenses, including actuarial, trading costs and fund manager fees, within the pricing mechanism.

3.6 Taxation

The Fund is a registered public-sector service scheme under section 1(1) of schedule 36 of the Finance act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceed of investments sold.

Taxation agreements exist between Britain and other countries whereby all or a proportion of the tax deducted locally from investment income may be reclaimed. Non-recoverable deductions are classified as withholding tax.

Value Added Tax is recoverable on all Fund activities by the administering authority.

3.7 Foreign currency transactions

Dividends, interest, purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts.

3.8 Cash and cash equivalents

Cash comprises cash in-hand and on-demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

3.9 Present Value of Liabilities

These accounts do not include the Fund's liabilities to pay pensions and other benefits, in the future, to all the present contributors to the Fund. These liabilities are taken account of in the periodic actuarial valuations of the Fund and are reflected in the levels of employers' contributions determined at these valuations.

3.10 Actuarial present value of promised retirement benefits (see note 20)

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the Scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement

3.11 Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Fund's Balance Sheet but are disclosed as a note to the accounts. They arise as a result of past events but are only confirmed by the occurrence of one or more uncertain future events which are not entirely within the Fund's control.

Contingent liabilities arise from a present obligation arising from past events but only where it is not probable that a transfer of economic benefits will be required to settle the obligation or where the amount of the obligation cannot be measured with sufficient reliability.

4. Critical Judgements in applying accounting policies

In applying the accounting policies set out in Note 3, the Fund has had to make certain judgements about complex transactions or those involving uncertainty about future events.

A critical judgement made within the accounts is for the Pension Fund liability, which is calculated every three years by the appointed Actuary and is included in Note 20 but is not included in the net asset statement. The methodology used is in line with accepted guidelines. Assumptions underpinning the valuations are agreed with the Actuary and are summarised in Note 20. This estimate is subject to significant variances based on changes to the underlying assumptions.

Unquoted investments

Determining the fair value of unquoted investments (unquoted equity investments and hedge fund or funds) can be subjective. They are inherently based on forward-looking estimates and judgements involving many factors including the impact of market volatility following the COVID-19 outbreak and the Russian invasion of Ukraine. Unquoted investments are valued by the investment managers. The total financial instruments held by the Fund at **Level 3 were £273.8m.**

5. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Fund about the future or that are otherwise uncertain. Estimates are made taking into consideration historical experience, current trends and other relevant factors. However, as balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. There were no items in the Statement of Accounts 2023/24 for which there is a significant risk of material adjustment in the forthcoming financial years.

All investments are measured at fair value and by necessity, unquoted investments involve a degree of estimation. Notes 14 and 21 provide information about valuation methodology and the assumptions made in deriving the estimates.

6. Additional Voluntary Contributions (AVC)

Additional Voluntary Contributions (AVCs) administered by the Prudential were made by LBBD employees during the year. In accordance with Regulation 4(2) (b) of the Pension Scheme (Management and Investment of Funds) Regulations 2009 the contributions paid and the assets of these investments are not included in the Pension Fund Accounts.

AVCs were valued by Prudential at a market value of **£3.2m** (2022/23 £3.3m).

7. Recharges from the General Fund

The LGPS (Management and Investment of Funds) Regulations 2016 permit the Council to charge administration costs to the Fund. A proportion of the relevant Council costs have been charged to the Fund on the basis of actual time spent on Pension Fund business. Costs incurred in the administration and the oversight and governance of the Fund are included in Note 12.

8. Contributions

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2007, ranging from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employee contributions are matched by employer contributions, which are set based on triennial actuarial funding valuations.

Currently employer contribution rates range from 18.2% to 34.4%.

Pension strain contributions are accounted for in the period in which the liability arises. Any amounts due in year but unpaid will be classed as a current financial asset.

The Council uses a mechanism to stabilise the contribution rates. This was agreed following the actuary, Barnett Waddingham, completing a stochastic modelling of the long-term funding position. Eligibility for stabilisation is dependent on reasonable consistency in an employer's membership profile. The primary contribution rate for the financial year ending 31 March 2024 was 21.2%.

Contributions shown in the revenue statement may be categorised as follows:

Contributions	2022/23	2023/24
Members normal contributions	**£000**	**£000**
Council	9,173	**9,727**
Admitted bodies	475	**409**
Scheduled bodies	2,002	**2,206**
Total contributions from members	11,650	**12,342**
Employers contributions		
Council - Normal	24,335	**30,307**
Council - Deficit Recovery	6,084	**1,144**
Admitted bodies - Normal	1,863	**1,706**
Admitted bodies- Deficit Recovery	96	**24**
Scheduled bodies - Normal	5,993	**6,890**
Scheduled bodies- Deficit Recovery	1,646	**1,441**
Pension Strain	39	**177**
Total contributions from employers	40,055	**41,689**
Total Contributions	51,706	**54,031**

9. Transfers in from other pension funds

	2022/23 £000	2023/24 £000
Individual Transfers	2,681	**6,216**
	2,681	**6,216**

10. Benefits

Benefits payable and refunds of contributions have been brought into the accounts based on all valid claims approved during the year.

	2022/23				**2023/24**			
	Council £000	Admitted Bodies £000	Scheduled Bodies £000	Total £000	**Council £000**	**Admitted Bodies £000**	**Scheduled Bodies £000**	**Total £000**
Pensions	30,508	259	7,091	37,858	**33,640**	**370**	**7,686**	**41,697**
Lump sums	4,007	188	1,005	5,200	**5,381**	**364**	**1,425**	**7,170**
Death grants	667	45	156	868	**811**	**14**	**69**	**895**
	35,182	491	8,253	43,926	**39,833**	**749**	**9,180**	**49,762**

11. Payments to and on account of leavers

	2022/23 £000	**2023/24 £000**
Individual Transfers	7,235	**5,739**
Refunds	398	**259**
	7,633	**5,998**

12. Management Expenses

	2022/23 £000	**2023/24 £000**
Administration and Processing	767	**794**
Management Fees	4,182	**4,769**
Custody Fees	56	**33**
Oversight and Governance Fees	214	**190**
Other Costs	1,359	**42**
	6,578	**5,828**

13. Investment Income

	2022/23	**2023/24**
	£000	**£000**
Fixed Interest Securities	427	**453**
Equity Dividends	22,223	**27,179**
Pooled Property Income	2,104	**2,337**
Interest - Manager's Cash	1,309	**1,313**
Interest - LBBD balance	9	**396**
Other Income	8	**5**
	26,080	**31,683**

14. Investments: The movement in the opening and closing value of investments during the year, together with related direct transaction costs were as follows:

	Value 31/03/2023 £000	**Purchases £000**	**Sales £000**	**Change in Fair Value £000**	**Cash Movement £000**	**Value 31/03/2024 £000**
Pooled Unit Trusts	**1,021,645**	**102,574**	**(90,000)**	**126,613**		**1,160,832**
Property Unit Trusts	**50,088**	**3,845**		**(6,082)**		**47,851**
Pooled Alternatives	**128,321**	**31,249**	**(21,838)**	**4,394**		**142,126**
Infrastructure	**96,926**			**(7,874)**	**(2,478)**	**86,574**
Other Investments	**150**					**150**
Derivative Contracts	**821**	**1,264**	**(5,932)**	**3,847**		
Futures						
Cash Deposits						
Custodian	**13,572**	**(6,916)**	**2,800**	**(61)**	**(1,970)**	**7,425**
In-House	**21,659**				**(19,667)**	**1,992**
Short-Term Loan	**(19,000)**				**35,900**	**16,900**
Pending Trade Sales	**344**	**1,794**		**10**		**2,148**
Other Investments	**9**					**9**
Total	**1,314,535**	**133,810**	**(114,970)**	**120,847**	**11,784**	**1,466,007**

	Value 31/03/2022 £000	Purchases £000	Sales £000	Change in Fair Value £000	Cash Movement £000	Value 31/03/2023 £000
Pooled Unit Trusts	1,070,285	38,712	(57,849)	(29,503)		1,021,645
Property Unit Trusts	62,413	1,685	(3,049)	(10,962)		50,088
Pooled Alternatives	128,840	33,274	(39,704)	5,911		128,321
Infrastructure	104,150	(3,173)		(4,050)		96,926
Other Investments	150					150
Derivative Contracts						
Futures	(505)	20,194	(10,856)	(8,011)		821
Cash Deposits						
Custodian	13,699	(56)	4,859	3	(4,933)	13,572
In-House	113				21,545	21,659
Short Term Loan	(24,150)				5,150	(19,000)
Pending Trade Sales	3,527		(3,166)	(17)		344
Other Investments	9					9
Total	1,358,531	90,636	(109,765)	(46,629)	21,763	1,314,535

The change in fair value of investments during the year comprises all increases and decreases in the value of investments held at any time during the year, including profits and losses realised on sales of investment and changes in the sterling value of assets caused by changes in exchange rates. In the case of pooled investment vehicles changes in market value also includes income, net of withholding tax, which is reinvested in the Fund.

The cost of purchases and the sales proceeds are inclusive of transaction costs, such as broker fees and taxes. In addition to transaction costs, indirect costs are incurred through the bid offer spread on investments within pooled investment vehicles. The amount of indirect cost is not separately provided to the Fund. The Fund employs specialist investment managers with mandates corresponding to the principal asset classes. A list of the Fund's Fund Manager, their mandate and the asset type are outlined in the table below:

Investment Manager	Mandate	Asset Type
Abrdn Asset Management	Active	Diversified Alternatives
Insight	Active	Global Credit
London CIV: Baillie Gifford	Active	Global Equity (Pooled)
London CIV: Pyrford	Active	Absolute Return
London CIV: Newton	Active	Absolute Return
London CIV: Pimco	Active	Global Credit
London CIV: Other	Passive	None
BlackRock	Active	Property Investments (UK)
Hermes	Active	Infrastructure (LLP)
Kempen	Active	Global Equity (Pooled)
Prudential/M&G	Active	Alternatives - UK Companies Financing
RREEF	Active	Property Investments (UK)
Schroders	Active	Property Investments (UK Fund of Funds)
UBS	Passive	Global Equity (Pooled)
UBS	Passive	All Share Fixed Income (Pooled)

The value of the Fund, by manager, as at 31 March 2024 was as follows:

Fund by Investment Manager	2022/23		2023/24	
	£'000	%	**£'000**	**%**
Abrdn Asset Management	129,142	9.8%	**142,127**	**9.7%**
BlackRock	50,088	3.8%	**47,850**	**3.3%**
Hermes	96,926	7.4%	**86,574**	**5.9%**
Kempen	218,687	16.6%	**224,133**	**15.3%**
Other Cash Balances	35,231	2.7%	**9,417**	**0.6%**
Short Term Investment	(19,000)	-1.4%	**16,900**	**1.2%**
Insight	67,849	5.2%	**75,771**	**5.2%**
UBS Passive Bonds	30,818	2.3%	**43,575**	**3.0%**
UBS Passive Equity	261,854	19.9%	**327,923**	**22.4%**
London CIV Cash	150	0.0%	**150**	**0.0%**
London CIV	442,437	33.7%	**415,161**	**28.3%**
London CIV - Pimco	-	-	**74,269**	
Pending Trade Sales	344	0.0%	**2,148**	**0.1%**
Other Investments – Tax Recoverable	9	0.0%	**9**	**0.0%**
Total	1,314,536	100.0%	**1,466,007**	**100.0%**
Current Assets	1,191	0.1%	**1,531**	**0.1%**
Current Liabilities	(1,065)	-0.1%	**(1,304)**	**-0.1%**

15. Cash

The cash balance held at 31 March 2024 is made up as follows:

Cash balances held by Investment Managers	2022/23 £000	**2023/24 £000**
Aberdeen Asset Management	13,572	**7,425**
BlackRock	-	**1**
In-house Cash	21,659	**1,991**
Total Cash	35,231	**9,417**

16. Securities

Investment Assets	2022/23 £000's	**2023/24 £000's**
Pooled funds - UK		
UK fixed Income Unit Trust	30,818	**43,575**
UK Equity Unit Trust	262,004	**328,073**
UK Absolute Return	442,437	**415,161**
Pooled funds - Overseas		
Overseas Fixed Income Unit Trust	67,849	**150,040**
Overseas Equity Unit Trust	220,727	**226,850**
Overseas Property Unit Trust	50,088	**47,850**
Other Investment - Infrastructure	96,926	**86,574**
Other Investment - Private Equity	89,808	**107,474**
Other Investment - Hedge Funds	36,473	**31,941**
Other Investment – Tax Recoverable	9	**9**
Cash	35,231	**9,417**
Pending Trade Sales	344	**2,148**
Futures		
Total Investment Assets	1,332,715	**1,449,112**
Investment Liabilities		
Futures	821	**-**
Total Investment Liabilities	821	**-**
Current Assets: Debtors	1,191	**18,431**
Current Liabilities: Creditors	(20,065)	**(1,304)**
Total Net Assets	1,314,662	**1,466,239**

17. Debtors and Creditors

The following amounts were debtors or creditors for the Fund at 31 March 2024:

	2022/23 £000	**2023/24 £000**
Debtors		
Other Investment Balances		
Pending Trade Sales	353	**2,148**
Current Assets		
Other local authorities	633	**898**
Other entities and individuals	559	**633**
Total Current Assets	1,192	**1,531**
Short Term Loan	-	**16,900**
Total Debtors	1,545	**20,579**
Current Liabilities		
Other local authorities	203	**51**
Other entities and individuals	862	**1,253**
Short Term Loan from LBBD	19,000	
Total Current Liabilities	20,065	**1,304**
Total Creditors	20,065	**1,304**

18. Holdings

All holdings within the Fund at 31 March 2024 were in pooled funds or Limited Liability Partnerships (LLP), with no direct holdings over 5% of the net assets of the scheme. At 31 March 2024 the following pooled funds and LLPs were over 5% of the scheme's net assets:

Security	Market Value as at 31 March 2024	% of Total Fund
	£000	%
Insight	75,771	5.2%
UBS Passive Equity	327,923	22.4%
Kempen	224,133	15.3%
London CIV – Pyrford/Newton	415,161	28.3%
Hermes	86,574	5.9%

19. Investment Strategy Statement

An Investment Strategy Statement was agreed by the Council's Investment Committee on 16 December 2020 and is updated periodically to reflect changes made in Investment Management arrangements. The nature and extent of risk arising from financial instruments and how the Fund manages those risks is included in the Investment Strategy Statement. Copies can be obtained from the Council's Pension website: http://www.lbbdpensionfund.org

20. Actuarial position

Actuarial assumptions

The 2022 triennial review of the Fund took place as at 31 March 2022 and the salient features of that review were as follows:

- The funding target is to achieve a funding level of at least 100% over a specific period;
- Deficit recovery period remained 14 years in 2022;
- The key financial assumptions adopted at this valuation are:
  - Future levels of price inflation are based on the Consumer Price Index (CPI);
  - The resulting discount rate of 4.3% (4.0% as at 31 March 2019).
- Market value of the scheme's assets at the date of the valuation were £1,317 million;
- The past service liabilities at the rate of the valuation were £1,306 Million;
- The resulting funding level was 101% (90% as at 31 March 2019); and
- The use of an appropriate asset outperformance assumption is based on available evidence and is a measure of the degree of prudence assumed in the funding strategy.

The valuation has made assumptions about member longevity and has used the following average future life expectancies for pensioners aged 65 at the valuation date:

Longevity Assumptions	2019	2019	**2022**	**2022**
at 31 March	Male	Female	**Male**	**Female**
Ave. future life expectancy (in years for a pensioner)	21.3	23.4	**20.8**	**23.5**
Ave. future life expectancy (in years) at age 65 for non -pensioner assumed to be aged 45 at valuation date	22.3	24.9	**22.1**	**25.0**

Some of the key financial assumptions adopted by the actuary for the valuation of members' benefits at the 2022 valuation are set out below:

Assumptions	2022 valuation	2019 valuation
Financial assumptions (p.a.)		
CPI inflation	2.9%	2.3%
Salary increases	3.9%	3.0%
Discount rate	4.3%	4.0%

Present value of funded obligation

The actuarial value of promised retirement benefits at the accounting date, calculated in line with International Accounting Standard 19 Employee Benefits (IAS 19) assumptions, is estimated to be **£1,345m** as at 31 March 2024. This figure is used for statutory accounting purposes by the Pension Fund and complies with the requirements of IAS 26 Accounting and Reporting by Retirement Benefit Plans. The assumptions underlying the figure are as per the IAS 19 assumptions above.

The figure is prepared for the purposes of IAS 26 and has no validity in other circumstances. It is not relevant for calculations undertaken for funding purposes and setting contributions payable to the Fund, which is carried out on a triennial basis.

The LGPS benefit structure is currently under review following the Government's loss of the right to appeal the McCloud and other similar court cases. Additional prudence has built into funding plans to allow for the McCloud ruling so the gross pension liability of £1,345m takes this into account.

As a result of the Government's introduction of a single-tier state pension (STP), there is currently uncertainty around who funds certain elements of increases on Guaranteed Minimum Pensions (GMP) for members reaching State Pension Age after 6 April 2016. As part of the introduction of STP, the Government confirmed that public service pension schemes, including the LGPS, will be responsible for funding all increases on GMP as an 'interim solution' so this has been factored into the liabilities.

Total contribution rate

The table below shows the minimum total contribution rates, expressed as a percentage of pensionable pay, which was applied to the 2023/24 accounting period:

Scheduled Bodies	Rate %	Admitted Bodies	Rate %
Barking College	21.4	Aspens	29.5
Dorothy Barely Academy	19.8	Aspens 2	27.6
Eastbury Academy	20.1	BD Corporate Cleaning	27.8
Elutec	20.8	BD Schools Improvement P'ship	27.7
Goresbrook Free School	18.2	BD Together	27.8
Greatfields Free School	19.0	BD Management Services	27.8
James Cambell Academy	22.2	BD Trading Partnership	27.8
LBBD	22.0	Be First	27.0
Partnership Learning	20.1	Cleantech	27.8
Pathways	20.7	Caterlink	32.0
Riverside Bridge	19.9	Caterlink 2	24.4
Riverside Free School	20.2	Caterlink 3	27.1
Riverside Primary School	20.4	Lewis and Graves	33.5
St Joseph's Dagenham	24.0	Schools Offices Services Ltd	24.9
St Joseph's Barking	22.6	Sports Leisure Management	21.0
St Margarets Academy	20.8	The Broadway Theatre	27.5
St Theresa's Dagenham	26.7	Town and Country Cleaners	25.7
Sydney Russell	20.1		
Thames View Infants Acad.	20.6		
Thames View Junior Acad.	20.7		
University of East London	34.4		
Warren Academy	20.1		

The financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

Funding level and position

The table below shows the detailed funding level for the 2022 valuation:

Employer contribution rates	As at 31 March	
	2019	**2022**
Primary Rate (net Employer Future Service Cost)	19.8%	**21.2%**
Secondary Rate (Past Service Adjustment – 14-year spread)	3.0%	**0.8%**
Total Contribution Rate	22.8%	**22%**

An allowance has been made for administration expenses which is included in the derivation of the discount rate. It is assumed that the admin expenses will be 0.1% of assets. The employee average contribution rate is 6.8% of pay. The table below shows the funding position as at 31 March 2022.

Past Service Funding Position at 31 March **Past Service Liabilities**	As at 31 March 2019 £m	**As at 31 March 2022** **£m**
Employees	(323)	**(420)**
Deferred Pensioners	(287)	**(315)**
Pensioners	(531)	**(571)**
	(1,141)	**(1,306)**
Market Value of Assets	1,022	**1,317**
Funding Deficit	(119)	**11**
Funding Level	90%	**101%**

21. Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values. There were no transfers between levels during 2023/24.

Level 1
Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Listed investments are shown as bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange. The total financial instruments held by the Fund at **Level 1 were £1,173.1m**

Level 2
Financial instruments at Level 2 are those where quoted market prices are not available, for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques use inputs that are based significantly on observable market data. Pending trade sales from the funds pooled alternative manager has been classified as Level 2. The total financial instruments held by the fund at **Level 2 was £2.1m.**

Level 3
Financial instruments at Level 3 are those where at least one input could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity investments and hedge fund or funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. The Fund's infrastructure manager has been classified as level 3 as valuations are based on a variety of assumptions and the assets held do not have a readily identifiable market.

The values of the investment in infrastructure is based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value. The total financial instruments held by the Fund at **Level 3 were £273.8m.**

Asset Valuation Hierarchy and Basis of Valuation

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs
Fixed Income Unit Trusts	Level 1	Published bid market price ruling on the final day of the accounting period	Not required
Equity Unit Trust	Level 1	Market value based on current yields	Not required
Absolute Return Funds	Level 1	Closing bid value on published exchanges	Not required
Property Unit Trust	Level 3	Closing single price where single price published	NAV-based pricing set on a forward pricing basis
Other Investment - Infrastructure	Level 3	Enterprise value (EV) / Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA) as their valuation methodology, using a basket of public and transaction comparables.	EV / EBITDA
Other Investment - Private Equity	Level 3	EV / EBITDA as their valuation methodology, using a basket of public and transaction comparables.	EV / EBITDA
Other Investment - Hedge Funds	Level 3	Underlying assets publicly traded securities (equities, bonds) where pricing is readily available from providers i.e. Bloomberg or Reuters.	Valuations affected by any changes to value of the financial instrument being hedged against.

Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024.

Description of asset	Assessed valuation range	Value at 31 March 2024	Value on Increase	Value on Decrease
	%	£000s	£000s	£000s
Property Unit Trust	10	47,850	52,635	43,065
Other Investment - Infrastructure	15	86,574	99,560	73,588
Other Investment - Private Equity	15	107,474	123,595	91,353
Other Investment - Hedge Funds	15	31,941	36,732	27,150
		273,839	312,522	235,156

The potential movement of 10% for Property Unit Trusts represents a combination of the following factors, which could all move independently in different directions:

— Rental increases +/- 4%
— Vacancy levels +/- 2%
— Market prices +/- 3%
— Discount rates +/-1%

All movements in the assessed valuation range derive from changes in the underlying profitability of component companies, the range in the potential movement of 15% is caused by how this profitability is measured since different methods (listed in the first table of Note 21 above) produce different price results.

22. Events after the Reporting Period

None

23. Related parties

The Fund is a related party of the Council as the following transactions are controlled by the Council. Pension administration and investment management costs of **£539.6k** (2022/23: £651.5k) are charged by the Council.

24. Contingent Asset and liabilities

As at 31 March 2024 there were no contingent assets or liabilities.

25. Compensation of key management personnel

Compensation of key management personnel, including members of the Pension Committee, the Managing Director, the Director of Finance, the Investment Fund Manager, Pension Fund Accountant and Senior Treasury Accountant, charged to the Fund are provided below:

	2022/23 £000	**2023/24 £000**
Short Term employee benefits	135.6	**125.1**
Total	135.6	**125.1**

26. Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities (excluding cash) by category and net assets statement heading. No financial assets were reclassified during the accounting period. The authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Financial assets	Designated as fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost	**Designated as fair value through profit and loss**	**Loans and receivables**	**Financial liabilities at amortised cost**
		2022/23			**2023/24**	
	£000	£000	£000	**£000**	**£000**	**£000**
Pooled Fixed Income Unit Trusts	98,667			**193,615**		
Equities	482,731			**554,923**		
Property Unit Trusts	50,088			**47,850**		
Cash		35,231			**9,417**	
Other investments	666,475			**641,158**		
Pending Trade Sales		344			**2,148**	
Total Financial Assets	1,297,961	35,575		**1,437,546**	**11,565**	
Financial Assets - Debtors			1,203			**18,431**
Financial liabilities - Creditors			(20,065)			**(1,304)**
Total Net Assets	1,297,961	35,575	(18,862)	**1,437,546**	**11,565**	**17,127**

27. Nature and extent of risks arising from Financial Instruments.

The Fund activities expose it to a variety of financial risks, including:

- **Market risk** – the possibility that financial loss might arise from the Fund's as a result of changes in such measures as interest rates or stock market movements;
- **Interest rate risk** – the risk that interest rates may rise/fall above expectations;
- **Credit risk** - the risk that other parties may fail to pay amounts due;
- **Liquidity risk** – the risk that the Fund may not have funds available to meets its commitments to make payment; and
- **Refinancing risk** – the risk that the Fund might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level.

In addition, the fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Council manages these investment risks as part of its overall pension Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Fund's Committee. Risk management policies have been established to identify and analyse the risks faced by the Council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

Risk and risk management

Market risk

Market risk is the risk of loss from fluctuations in equity prices, from interest and foreign exchange rates and from credit spreads. The Fund is exposed to market risk predominantly from its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis. The Fund manages these risks in two ways:

- Fund's exposure to market risk monitored by reviewing the Fund's asset allocation.
- Specific risk exposure limited by applying maximum exposure to individual investment.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.
The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a

risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the Fund investment strategy.

Other price risk - sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. Risk assets such as equities will display greater potential volatility than bonds as an example, so the overall outcome depends largely on Funds' asset allocations.

The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the latest three years. This can then be applied to the period end asset mix. The Council has determined that the following movements in market price risk are reasonably possible for the 2023/24 reporting period.

Asset Class	**One Year Expected Volatility (%)**	**Asset Class**	**One Year Expected Volatility (%)**
Global Pooled Inc UK	12.1	Alternatives	6.6
Total Bonds	6.6	Cash	1.0
Property	7.9		

The sum of the monetary impact for each asset class will equal the total Fund impact as no allowance has been made for diversification of the one-year standard deviation for a single currency. Had the market price of the Fund investments increased or decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is shown below):

Asset Type	**Value as at 31 March 2024 £000**	**% Change**	**Value on Increase £000**	**Value on Decrease £000**
Pooled Fixed Interest Securities	**193,615**	**6.6**	**206,394**	**180,836**
Pooled Equity Investments	**554,923**	**12.1**	**622,069**	**487,777**
Pooled Property	**47,850**	**7.9**	**51,630**	**44,070**
Pooled Absolute Return	**415,161**	**6.6**	**442,561**	**387,760**
Infrastructure	**86,574**	**6.6**	**92,288**	**80,860**
Other Investments	**141,571**	**6.6**	**150,915**	**132,228**
Cash	**9,417**	**1.0**	**9,511**	**9,323**
Total	**1,449,111**		**1,575,368**	**1,322,854**

Asset Type	Value as at 31 March 2023 £000	% Change	Value on Increase £000	Value on Decrease £000
Pooled Fixed Interest Securities	98,667	5.7	104,291	93,043
Pooled Equity Investments	482,731	13.9	549,831	415,632
Pooled Property	50,088	7.5	53,845	46,331
Pooled Absolute Return	442,437	6.8	472,523	412,352
Infrastructure	96,926	6.8	103,517	90,335
Other Investments	127,455	6.8	136,122	118,788
Cash	35,231	1.8	35,865	34,597
Total	1,333,535		1,455,994	1,211,078

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is monitored by the Council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest movements as at 31 March 2023 and 31 March 2024 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

Asset type	As at 31 March 2023 £000	**As at 31 March 2024 £000**
Cash and cash equivalent	35,231	**9,417**
Fixed interest securities	98,667	**193,615**
Total	133,898	**203,032**

Interest rate risk sensitivity analysis

The Council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. A 100-basis point (BPS) movement in interest rates in consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

The Fund's investment advisor has advised that long-term average rates are expected to move less than 100 BPS from one year to the next and experience suggests that such movements are likely. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS change in interest rates:

Asset type	**Carrying amount as at 31 March 2024**	**Change in year in the net assets available to pay benefits**	
		+100 BPS	**-100 BPS**
	£000	**£000**	**£000**
Cash and cash equivalent	9,417	94	(94)
Fixed interest securities	193,615	1,936	(1,936)
Total	203,032	2,030	(2,030)

Asset type	Carrying amount as at 31 March 2023	Change in year in the net assets available to pay benefits	
		+100 BPS	-100 BPS
Cash and cash equivalent	35,231	352	(352)
Fixed interest securities	98,667	987	(987)
Total	133,898	1,339	(1,339)

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (sterling). The Fund holds both monetary and non-monetary assets denominated in currencies other than sterling.

The Fund's currency rate risk is routinely monitored by the Council and its investment advisors in accordance with Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Fund has adequate cash resources to meet its commitments. This will particularly be the case for cash from the cash flow matching mandates from the main investment strategy to meet the pensioner payroll costs; and also cash to meet investment commitments.

The Pension Committee Members are aware of the cash flow pressures that are affecting the Fund. These include the potential for a reduction in Fund current members from the significant savings the LBBD needs to make in the coming years and from an increase in pension payments due to increased pensioner numbers and as a result of the pricing index exceeding salary increases. Members receive a quarterly report on the Fund's cash flow and have agreed to utilise distributions from property and infrastructure to fund future investments and to cover any cash flow shortfalls.

Where there is a long-term shortfall in net income into the Fund, investment income will be used to cover the shortfall. All financial liabilities at 31 March 2024 are due within one year.

Refinancing risk

The key risk is that the Council will be bound to replenish a significant proportion of the Fund's financial instruments at a time of unfavourable interest rates. The Council does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

The Fund's internally managed cash is invested by the Council's treasury team. Deposits are not made with banks and financial institutions unless they meet the council's credit criteria. The council has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. In addition, the council invests an agreed percentage of its funds in the money markets to provide diversification. Money market funds chosen all have AAA rating from a leading ratings agency.

28. London Borough of Barking and Dagenham (LBBD)

The Fund is administered by LBBD. Consequently, there is a strong relationship between the Council and the Fund.

The Council incurred administration and investment management costs of **£539.6k** (2022/23 £651.5k) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Fund and contributed **£31.5m** to the Fund in 2023/24 (2022/23 £30.4m). All monies owing to and due from the Fund were paid in year.

London Borough of Barking and Dagenham Pension Fund indicative audit plan*

Year ending 31 March 2024

July 2024

**As a result of the gap in available financial statements, we may revisit some of our risk assessment in light of new information obtained as part of the audit process.*

The work on backstop arrangements is also TBC, and therefore the scale and scope of work required on opening balances is not yet known.

For this reason, our audit plan is indicative, and a finalised plan will be confirmed in due course.

Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Key matters

National context

The national and international economic context continues to present challenges for pension funds. Inflationary pressures at home and abroad and wider geo-political issues mean there is volatility in global markets with a consequential impact on the investments held by pension funds.

Triennial valuations for local government pension funds have been published. These valuations, which are as at 31 March 2022, provide updated information regarding the funding position of local government pension funds and set employer contribution rates for the period 2023/24 – 2025/26. For Barking & Dagenham Pension Fund, the valuation was undertaken by Barnet Waddingham, and showed that the Fund had assets sufficient to cover 101% of the accrued liabilities as at 31 March 2022, which increased from 90% at the 2019 valuation.

In November 2023, the Department for Levelling Up, Housing and Communities (DLUHC) published the outcome of their consultation on local government pension scheme investments. The government will now implement proposals which include revised investment strategy statement guidance that funds should transfer all assets to their pool by 31 March 2025, regulation to require funds to set a plan to invest up to 5% of assets in levelling up the UK and revised investment strategy statement guidance to require funds to consider investments to meet the government's ambition of a 10 % allocation to private equity. The Chancellor has also outlined plans that local government pension funds will be invested in pools of £200bn or more by 2040.

DLUHC have also consulted on proposals to require local government pension scheme administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). It has been confirmed that TCFD reporting requirements in the LGPS will not be mandated for the 2023/24 financial year with the earliest starting point being the 2024/25 financial year but this is likely to require regulations to be in place by December 2024.

In April 2024 DLUHC, in association with the Scheme Advisory Board and CIPFA, published updated guidance on preparing the pension fund Annual Report. This guidance applies to 2023/24 annual reports and later years but for annual reports covering 2023/24, funds are required to only use their best endeavours to comply fully with this guidance. We are also aware that administration teams will be tasked with implementing the McCloud remedy for qualifying members' pensions which came into force from 1 October 2023.

In planning our audit, we have taken account of this national and international context in designing a local audit programme which is tailored to your risks and circumstances.

Key matters - continued

Audit Reporting Delays

Against a backdrop of ongoing audit reporting delays, in October 2023 PSAA found that only five local government accounts had been signed by the September deadline. In June 2023 the Public Accounts Committee (PAC) also produced a report setting out their concerns over these audit reporting delays. We issued our repot About time? In March 2023 which explored the reasons for delayed publication of audited local authority accounts.

Local authorities which administer local government pension funds are required to publish full pension fund accounts in the same document as their local authority accounts. This requirement means that the audited accounts of the host authority and related fund cannot be finalised until both audits have been completed. This co-dependency has compounded delays in the conclusion of pension fund audits and publication of audited accounts and annual reports.

In our view, to enable a timely sign off of the financial statements, it is critical that draft local authority accounts are prepared to a high standard and are supported by strong working papers.

Our Responses

- In 2023, PSAA awarded a contract of audit for Barking & Dagenham Pension Fund to begin with effect from 2023/24. As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out on Page 19 of this Indicative Audit Plan, sets out the three contractual stage payments for this fee, with payment based on delivery of specified audit milestones.
- To ensure close working with our local audited bodies and an efficient audit process, our preference as a firm is to work on site with you and your officers. We will discuss logistics and arrangements with management to provide an efficient and effective audit. This is also in compliance with our delivery commitments in our contract with PSAA.
- At an appropriate point within the audit, we would also like to meet informally with the Chair of your Pension Committee, to brief them on the status and progress of the audit work to date.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretations, to discuss issues with our experts and to facilitate networking links with other audited bodies to support consistent and accurate financial reporting across the sector.
- There is an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to ongoing financial pressures. We are required to identify a significant risk with regard to management override of controls.

Key matters - continued

Timing of Unsigned Prior Year Audits

We have considered as part of our risk assessment and planning the impact of the backstop date implemented by Government, whereby all outstanding audits prior to 2023-24 are to be signed by 30th September 2024. We recognise that there may be some overlap between the predecessor audits of prior financial periods and our audit of 2023-24. Therefore, we have considered this report as an indicative audit plan on the basis we that we are unable to complete our required procedures in relation to review of the predecessor auditors work, however, have contacted the predecessor auditor to understand if there are any matters, including that of an ethical nature for which would impact our ability to proceeds with our engagement take-on for the Pension Fund. We have received a response and have not identified any concerns in respect of this.

It is our current expectation that statutory legislation will be passed that will impose a 'backstop' date for financial periods 2022/23 and earlier. The effect of the backstop will mean that auditors will be required to issue an opinion on the published draft financial statements regardless of whether the audit is complete. In this scenario, audit opinions will be disclaimed due to the implication of the backstop.

For London Borough of Barking and Dagenham Pension Fund, we expect the financial statements audit opinion for 2019/20, 2020/21, 2021/22 and 2022/23 to be disclaimed due to the imposition of the backstop. Therefore, for the financial statements' audit of 2023/24, we will need to undertake further audit work in respect of opening balances. At the time of drafting this indicative plan, DLUHC and NAO are working on an approach to any additional work on opening balances. We await the government's response to the consultation, and once the quantum of work on opening balances is known, we will discuss this your management team. We will then communicate this to you by issuing a final audit plan which will replace this indicative audit plan. See pages 25 and 26 for details on the backstop including how you can prepare for it.

Whilst the full extent of opening balances work is not yet decided, we have decided that work must be carried out in respect of membership data that was used in the triennial valuation as at 01 April 2022. This is communicating to you as a significant risk and details of planned procedures are set out on page 8.

The impact of the prior year unaudited accounts is also taken into consideration as part of our judgement on materiality. See pages 12 to 14 for details.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of London Borough of Barking & Dagenham Pension Fund audit plan ('the Pension Fund') for those charged with governance.

Respective responsibilities

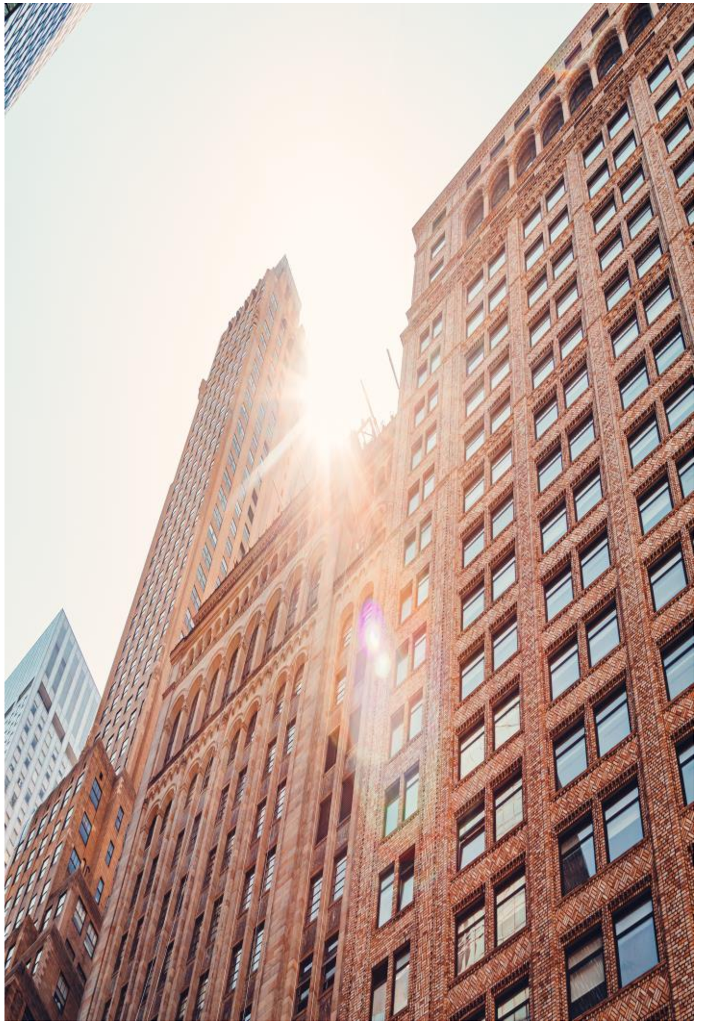
The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. The NAO is in the process of updating the Code, any implications of their revised will be communicated in due course. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of London Borough of Barking & Dagenham Pension. We draw your attention to these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Pension Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Pension Committee).

The audit of the financial statements does not relieve management or the Pension Committee of your responsibilities. It is the responsibility of the Pension Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Pension Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Pension Fund's business and is risk based.



Introduction and headlines

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management over-ride of controls;
- Valuation of Level 3 Investments;
- The revenue cycle includes fraudulent transactions – this has been rebutted on page 8; and
- Triennial valuation.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £20m for the Pension Fund, which equates to 1.5% of your gross investment assets as at 31 March 2023.

We have determined a lower specific planning materiality for the Fund Account balances of £3.49m, which equates to 6% of prior year gross expenditure including Management expenditure on the fund account.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £1m for the financial statements as a whole and £174k for the fund account.

We will revisit our determination of materiality after receipt of your 2023/24 draft financial statements. If we make a revision to materiality, we will communicate this to you in our audit findings report.

Audit logistics

Our planning visit took place in February - March 2024 and our final visit will take place in June – July 2024. Our key deliverables are this Indicative Audit Plan and our Audit Findings Report.

Our preference is for all our work to take place on site alongside your officers.

Our proposed fee for the audit will be £82,817 for the Pension Fund, subject to the Pension Fund delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input. More details on our audit fee is set out on page 19.

Our understanding is that the Custodian independently values all of the Pension Funds (Level 1/Level 2) Investments. This means we will be able to triangulate valuations included in the financial statements for these investments to custodian and investment manager confirmations. See page 9 for further details regarding our approach to auditing the valuation of Level 3 Investments.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions - Rebutted	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition for public sector bodies.	Having considered the risk factors set out in ISA 240, and the nature of the revenue streams of the pension fund, we have determined that it is likely that the presumed risk of material misstatement due to improper recognition of revenue (and expenditure under PN 10) can be rebutted. Because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including London Borough of Barking & Dagenham Council, mean that all forms of fraud are seen as unacceptable Therefore, we do not consider this to be a significant risk for the Pension Fund.
Management over-ride of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • evaluate the design and implementation effectiveness of management control over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

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Significant risks identified - continued

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of Level 3 Investments is incorrect (273.3m at 31 March 2023)	The Pension Fund values its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date. By their nature level 3 investment valuation lack observable inputs. These valuation therefore represents a significant estimates by management in the financial statement due to the size of the numbers involved and the sensitivity of this estimates to changes in key assumptions. Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end. Management utilise the services of investment managers and/or custodians as valuation experts to estimate the fair value as at 31 March 2024	We will: • obtain an understanding of the management processes for valuing Level 3 investments and evaluate the design and implementation effectiveness of the associated controls; • review the nature and basis of estimated value and consider what assurance management has over the year end valuations provided for these types of investments to ensure that the requirements of the code are met; • independently request year-end confirmations from investment management and the custodian; • for a sample of investments, test the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. Reconcile those values to the values at 31 March 2024 with reference to known movements in the intervening period; • in the absence of available audited accounts, evaluate the competence, capabilities and objectivity of the valuation expert; • where available review investment manager service auditor report on design and operating effectiveness of internal controls; • write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met.

Significant risks identified - continued

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Triennial Valuation	Every 3 years the pension fund is required to have a full valuation performed by the actuary. The main purpose is to monitor the assets of the Fund against the liabilities of the pension benefits payable. Contribution rates to be paid for the following 3 years are then determined. The last triennial valuation was performed in 2019, and therefore a valuation was required as of 31st March 2022. Due to the timings of the 2023-24 audit and depending on the completion of the predecessor's prior year audits, we are unable to review the predecessors work performed on the triennial valuations including the testing performed on membership data for purposes of rolling forward. As there is highly material estimation uncertainty involved, we will need to carry out additional procedures during the 2023-24 audit to gain sufficient assurance that the valuation is not materially misstated.	We will: • evaluate managements processes, and design & implementation of controls put in place for the triennial valuation; • review the methods used to calculate the estimate, including the models used; • evaluate the instructions issued by management to their management expert (an actuary) for the valuation and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the triennial valuation; • perform tests on the accuracy and completeness of the data used in the valuation process, including member data. This includes examining source documents and reconciling data to supporting records; • review the actuarial reports and assess the reasonableness of the assumptions made in the reports; and • Evaluate the adequacy and accuracy of the disclosures related to the LGPS triennial valuation within the financial statements.

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty.' (ISA (UK) 315)

Other matters

Other work

The Pension Fund is administered by the London Borough of Barking and Dagenham Council (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements.

Therefore, as well as our general responsibilities under the Code of Practice, a number of other audit responsibilities also follow in respect of the Pension Fund, such as:

- We read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority.
- We consider our other duties under legislation and the Code, as and when required, including:
    - Giving electors the opportunity to raise questions about your 2023/24 financial statements, consider and decide upon any objections received in relation to the 2023/24 financial statements;
    - Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
    - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
    - Issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transactions streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
1	**Determination** We have determined financial statement materiality based on a proportion of the gross assets as at 31/03/2023 for the Pension Fund. Materiality at the planning stage of our audit is £20m which equates to 1.5% of your gross investment assets as at 31/03/2023.	We determine planning materiality in order to: – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; – assist in establishing the scope of our audit engagement and audit tests; – determine sample sizes; and – assist in evaluating the effect of known and likely misstatements in the financial statements. We are required to assess our materiality against admitted bodies materiality (adjusted for their share of the pension fund) to ensure we are able to provide assurances to admitted bodies. At this stage, the admitted bodies materiality is not available to us, so we will need to reassess at stage of receiving the draft financial statements and when the admitted bodies materiality has been assessed. The benchmark used is lower because the prior years' financial statements are not audited and have been backstopped. We have therefore taken considerations such as the heightened interest that stakeholders may have in reading fully audited accounts after a period of no such information available.
2	**Other factors** An item does not necessarily have to be large to be considered to have a material effect on the financial statements.	An item may be considered to be material by nature where it may affect instances when greater precision is required. We have determined a lower specific planning materiality for the Fund Account of £3.49m which equates to 6% of prior year gross expenditure on the fund account. The lower specific materiality for the fund account will be applied to the audit of all fund account transactions, except for investment transactions, for which materiality for the financial statements as a whole will be applied.

Our approach to materiality

Matter	Description	Planned audit procedures
3	**Reassessment of materiality** Our assessment of materiality is kept under review throughout the audit process.	We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality. This will include reassessing materiality upon receipt of the draft 2023/24 financial statements.
4	**Other communications relating to materiality we will report to the Audit & Governance Committee** Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit & Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	We report to the Pension Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. In the context of the Pension Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £1m. In respect of the fund account, an individual difference could normally be considered trivial if it is less than £174k. If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Pension Committee to assist it in fulfilling its governance responsibilities.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

	Amount (£)	Qualitative factors considered
Headline materiality for the financial statements	£20,000,000	Headline materiality equates to approximately 1.5% of your gross investment assets as at 31 March 2023. In determining this threshold, we have considered the nature of the pension fund, including the types of complex investments held that could impact upon the gross asset figures within the financial statements. As well as any other risks or matters identified from our risk assessment and planning performed to date that could have a significant and/or pervasive impact upon the accounts, including the pensions funds going concern basis. The benchmark used is lower because the prior years' financial statements are not audited and have been backstopped. We have therefore taken considerations such as the heightened interest that stakeholders may have in reading fully audited accounts after a period of no such information available.
Performance materiality for the financial statements	£13,000,000	Performance Materiality is based on a percentage (65%) of the overall materiality. The benchmark used is lower because the prior years' financial statements are not audited and have been backstopped. We have therefore taken considerations such as the heightened interest that stakeholders may have in reading fully audited accounts after a period of no such information available.

Our approach to materiality

	Amount (£)	Qualitative factors considered
Materiality for the fund account	£3,487,500	This benchmark is determined as a percentage of the fund expenditure which has been determined as 6%. The benchmark used is lower because the prior years' financial statements are not audited and have been backstopped. We have therefore taken considerations such as the heightened interest that stakeholders may have in reading fully audited accounts after a period of no such information available.
Performance materiality for the fund account	£2,266,500	Performance Materiality is based on a percentage (65%) of the overall materiality of the fund account.

IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs. We say more about ISA 315 Revised on slide 17.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
E5-System	Financial reporting	Full testing of design and implementation of the ITGCs, including each of the following areas: • Review of security management • Review of change management • Review of batch scheduling
Altair	Pension Administration system – Benefit payable/contribution receivables	Full testing of design and implementation of the ITGCs, including each of the following areas: • Review of security management • Review of change management • Review of batch scheduling

ISA315 Revised

ISA 315 (revised July 2020) takes effect for accounting periods starting on or after the 15th December 2021. This ISA deals with the auditor's responsibility to identify and assess the risks of material misstatement in the financial statements. The revisions made in the ISA have increased the level of work required of auditors and detail of this extra work is set out below.

Area	What's changed?	Impact on the audit
Information Technology Environment	The new requirement states certain aspects of the IT environment must be understood and documented for each significant classes of transactions, account balances and disclosures (SCOT+). The auditor is required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response.	The audit team will be required to: • perform walkthroughs of the IT environment; • identify and review relevant controls within the IT environment to ensure they are operational; • obtain details of the relevant IT / technical infrastructure (i.e., server location, database type); and • obtain details of the processes that operate within the IT environment (i.e., process to manage user access or manage a program or IT environment change).
Considering IT risks related to internal controls relevant to the audit.	The auditor is required to identify controls within a business process and identify which of those controls are controls relevant to the audit. For each internal control relevant to the audit, the auditor is required to evaluate the design of the control and evidence effective implementation of the control. The auditor is required to evaluate the design and determine the implementation of the general IT controls (ITGCs) that address the risks arising from the use of IT.	This requirement will lead to a significant change in practice, to the level of detail in which we will be required to understand the risks arising from the use of IT and associated general IT controls (ITGCs). There has been a significant increase in the number of detailed ITGC assessments required.
Control reliance	In previous years, where we had performed a walkthrough of your controls (such as operating expenditure), we were able to use the review of these controls to obtain comfort over the design effectiveness of your system. This would usually result in smaller sample sizes. The changes made to the ISA mean that design effectiveness will no longer grant a benefit when determining sample sizes.	There will be larger sample sizes across a number of areas. Key areas where we will likely see the biggest increase are: • operating expenditure and payables; • property, plant and equipment; • non-contract income. This is not a complete list but these will be the areas we expect to be most affected.

Audit logistics and team

February - March 2024
Planning and risk assessment

Pension Committee
July 2024
Indicative Audit Plan

Year end audit
June - July 2024

Audit Committee
September 2024
Audit Findings Report/Draft Auditor's Annual Report

Audit Committee
TBC
Audit opinion

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Parris Williams, Key Audit Partner

Parris is responsible for overall quality control; accounts opinions; final authorisation of reports; liaison with the Pension committee. Parris will share his wealth of knowledge and experience across the sector providing challenge and sharing good practice. Parris will ensure our audit is tailored specifically to you, and he is responsible for the overall quality of our audit work.

Asad Khan, Audit Manager

Asad is responsible for planning, managing the audit, and providing feedback to you throughout the audit process. Asad will liaise with senior members of the finance team to ensure overall delivery of the audit. He will be responsible for the delivery of our work on your arrangements in place to secure value for money.

Audited Entity responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audited bodies. Where the elapsed time to complete an audit exceeds that agreed due to an entity not meeting its obligations, we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to an entity not meeting their obligations, we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to :

- ensure that you produce draft financial statements of good quality by the deadline you have agreed with us, including all notes.
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with
- ensure that the agreed data reports are cleansed, are made available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit.
- respond promptly and adequately to audit queries.

Audit fees and updated Auditing Standards

Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audit for Barking and Dagenham pension fund to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2023/24 audit is £75,287. We have proposed a fee variation of £7,530 in respect of ISA 315 which was a new auditing standard for 2022/23 which is not reflected in the 2023/24 PSAA scale fee. This fee variation is subject to PSAA approval.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year (exception for new clients in 2023/24 only)
- Production of the draft indicative audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here https://www.psaa.co.uk/appointing-auditors-and-fees/fee-variations-overview/'

Assumptions

In setting these fees, we have assumed that the Pension Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Audit fees and updated Auditing Standards

	Proposed fee 2023/24
Barking and Dagenham Pension Fund Audit	£75,287
ISA 315*	£7,530
Potential impact of delayed 2022/23 audit opinion	TBC
Total audit fees (excluding VAT)	**£82,817**

*ISA 315 is not included within the published 2023/24 scale fees. The £7,530 is therefore a fee variation that is subject to PSAA approval.

Previous year

If the opinion on the 2022/23 (and 2019/20, 2020/21 & 2021/2022) audit are disclaimed due to the imposition of a backstop date, we will need to undertake further audit work in respect of opening balances. We will discuss the practical implications of this with you should this circumstance arise. Additional fees in respect of this will be subject to approval of PSAA.

Relevant professional standards

In preparing our fees, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard (revised 2019) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit, we have made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund.

Non-audit services provided prior to appointment

Ethical Standards require us to draw your attention to relevant information on recent non-audit / additional services before we were appointed as auditor. We can confirm there were no non-audit services provided to London Borough of Barking and Dagenham Pension Fund prior to our appointment.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•	
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud(deliberate manipulation) involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

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Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Escalation policy

The Department for Levelling Up, Housing and Communities are proposing to introduce an audit backstop date on a rolling basis to encourage timelier completion of local government audits in the future.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the 31 May 2024 and respond to audit information requests and queries in a timely manner.

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 - Initial Communication with Finance Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

We will have a conversation with the Finance Director(s) to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

Step 2 - Further Reminder (within two weeks of deadline)

If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to Chief Executive (within one month of deadline)

If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

Step 4 - Escalation to the Audit Committee (at next available Audit Committee meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 – Consider use of wider powers (within two months of deadline)

If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

Addressing the local audit backlog - consultation

Consultation

The Department for Levelling Up, Housing and Communities (DLUHC), working with the FRC, as incoming shadow system leader, and other system partners, has put forward proposals to address the delay in local audit. The proposals consist of three phases:

Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 30 September 2024.

Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.

Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

The consultation ran until 7 March 2024. Full details of the consultation can be seen on the following pages:

- FRC landing page - Consultations on measures to address local audit delays (frc.org.uk)
- DLUHC landing page - Addressing the local audit backlog in England: Consultation - GOV.UK (www.gov.uk)
- NAO landing page - Code of Audit Practice Consultation - National Audit Office (NAO)

Our response to the consultation

Grant Thornton responded to the consultation on 5 March 2024. In summary, we recognise the need for change, and support the proposals for the introduction of a backstop date of 30 September 2024. The proposals are necessarily complex and involved. We believe that all stakeholders would benefit from guidance from system leaders in respect of:

- the appropriate form of reporting for a backstopped opinion
- the level of audit work required to support a disclaimer of opinion
- how to rebuild assurance in terms of opening balances when previous years have been disclaimed.

We believe that both auditor and local authority efforts will be best served by focusing on rebuilding assurance from 2023/24 onwards. This means looking forwards as far as possible, and not spending 2023/24 undertaking audit work which was not carried out in previous years. We look for guidance from systems leaders to this effect.

Preparing for the backstop

For any outstanding years up to 2022/23, local authorities should:

- Prepare, adopt and publish financial statements in line with Code and Statutory requirements (Accounts and Audit Regs 2015 – 'true and fair')
- Support statements with a proper set of working papers and audit trail
- Work with the auditor to support the completion of outstanding audit work (where possible) and for the completion of Value for Money Work.

For 2023/24, local authorities should:

- Agree a timetable and working paper requirements with the auditor
- Put project planning and key milestones in place
- Consider the implications of CIPFA consultation (property valuation and pensions)
- Ensure the Audit Committee is properly briefed and prepared

As your auditor we will:

- Keep you updated on all national developments
- Set out clear expectations of the information we will require to conclude our work
- Agree a plan for the delivery of our work programme with a commitment to key milestones

Next steps

We await the government's response to the consultation. We will discuss next steps including any implications for your audit once we have further information.

Grant Thornton

grantthornton.co.uk

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PENSIONS COMMITTEE

10 July 2024

Title: Business Plan Update 2024 to 2026	
Report of the Managing Director	
Public Report	Public Report
Wards Affected: None	**Wards Affected:** None
Report Author: Jesmine Anwar, Pension Fund Accountant	**Contact Details:** Tel: 020 8227 3763 E-mail: jesmine.anwar@lbbd.gov.uk
Accountable Director: Michael Bate, Interim Director of Financial Services (Deputy S151 Officer)	
Accountable Strategic Leadership Director: Jo Moore, Interim Strategic Director Finance and Investment (S151 Officer)	
Recommendations The Committee is asked to note progress on the delivery of the 2024 to 2026 Business Plan actions in Appendix 1 to the report.	

1. Introduction and Background

1.1 The purpose of this report is to update the Pension Committee on the progress of the Pension Fund's 2024 to 2026 business plan. Appendix 1 provides a summary of the Business Plan actions from 1 April 2021 to 30 June 2024.

1.2 A Strategic Asset Allocation Review is being carried out by the funds Actuary and a full business plan for 2024 to 2026 has been drafted alongside this. This sets out the key tasks for the Pension Committee in respect to the Pension Fund issues for 2024/25 and was agreed by members in the December 2023 committee.

2. Comments of the Investment Fund Manager

2.1 The Business Plan includes the major milestones and issues to be considered by the Committee and includes financial estimates for the investment and administration of the fund and appropriate provision for training.

2.2 The key actions, the date they were completed and by whom are summarised in the Business Plan Update report.

3. Comments of the Legal Officer

3.1 The Committee has been constituted by the Council to perform the role of administering authority to manage the Fund and as such has legal authority to make the decisions sought by the recommendations. Committee Members have a legal responsibility for the prudent and effective stewardship of LGPS funds, and in more general terms, have a fiduciary duty in the performance of their functions.

List of appendices:

Appendix 1 - Business Plan Update

Appendix 1

Business Plan Update

Month	Action Scheduled	By	Actual Activity
Jan 20	Fund Manager Meetings:		
	• Schroders	Officers	Meeting held with Schroders on 7th January 2020
	Meet the Manager: Baillie Gifford (BG)	Officers	Session with LCIV and BG attended on 16th January 2020
	Tender for Actuary and Investment Advisor	Officers	Invitation to tender issued
Feb 20	IAS 19 Data Collection (LBBD)	Officers	Submitted to Hymans Robertson
	Fund Manager Meetings:		
	• Equities: Kempen	Officers	Meeting held with Kempen on 5th February 2020
	• Equities: UBS	Officers	Meeting held with UBS on 27th February 2020
	Tender for Actuary and Investment Advisor	Officers	Interviews held on 24th and 26th February 2020
Mar 20	Fund Manager Meetings:		
	• Equities: Aberdeen Standard	Officers	Meeting held with Aberdeen Standard on 3rd March 2020
	Quarterly Pension Committee Meeting	All	Held on 11th March 2020
	Appointment of new Investment Advisor and Actuary	Officers	Contract to commence on 1st April 2020 and 1st July 2020 respectively
Apr 20	IAS 19 Results	Officers	To be included in Council's accounts
	Closure of Accounts	Officers	
	Fund Manager Meeting:		
	• Baillie Gifford	Officers	Meeting held on 22nd April 2020
	• Global Credit: BNY Standish	Officers	Meeting held on 17th April 2020
May 20	Closure of Accounts	Officers	
	Fund Manager Meetings:	Officers	
	LCIV Business Update	Officers	Meeting held on 21st May 2020
Jun 20	Quarterly Pension Committee Meeting	All	Held on 10th June 2020
	Cash Flow Report to June Committee	Officers	Presented in June Committee

	Investment Beliefs Session	Members	Presented in June Committee
Jul 20	Strategic Asset Allocation Review	Investment Advisor	On-going
	Review and update of 2020/21 Business Plan	Officers	On-going
	Review of Risk Register	Officers	On-going
	FRS102 Data Collection – UEL and Barking College	Officers	To be submitted in July
Aug 20	London CIV Business Update	Officers	Held on 20th August
	FRS102 Data Collection – UEL and Barking College	Officers	Reports issued to the employers
	Draft Statement of Accounts produced	Officers	Deadline 31st August 2020
Sep 20	Quarterly Pension Committee	All	To be held on 16th September 2020
	Draft Statement of Accounts to Sep Committee	Officers	Draft to be included in Sep Committee Papers
	Strategic Asset Allocation to be agreed in Committee	Members	Investment Advisors to attend Committee to present this
	FRS102 Data Collection – Academies	Officers	To be submitted in September
Oct 20	Fund Manager Meetings:		
	• Diversified Alternatives: Aberdeen Standard	Officers	Held on 16th October 2020
	• Infrastructure: Hermes	Officers	Held on 21st October 2020
Nov 20	Fund Manager Meetings:		
	• Credit: BNY Mellon	Officers	Held on 20th November 2020
	• London CIV Business Update	Officers	Held on 19th November 2020
	Pension Fund Annual Report		
Dec 20	Quarterly Pension Committee	All	To be held on 16th December 2020
	Business Plan to be agreed in December Committee	Members	
	Fund Manager Meetings:		
	• Property: Schroders	Officers	Meeting to be held in March 2021
	• Property: Blackrock	Officers	Meeting to be held in March 2021

Month	Action Scheduled	By	Actual Activity

Jan 21	Fund Manager Meetings:		
	• London CIV	Officers	Meeting held with LCIV on 15th
	External Audit	Officers	On-going
Feb 21	Pensions Committee Training: Equities	All	Training held on 25th
Mar 21	Fund Manager Meetings:		
	• Alternatives: Aberdeen Standard	Officers	Meeting held with Aberdeen Standard on 23rd
	• Property: Schroders	Officers	Meeting held with Schroders on 24th
	• Property: Blackrock	Officers	Meeting held with Blackrock on 16th
	Quarterly Pension Committee Meeting	All	Held on 17th
	Bi-annual Pension Board	Officers	Held on 17th
	Closure of Accounts	Officers	On-going
	Pension Internal Audit	Officers	On-going
Apr 21	Submission of Data for Employers Accounting report	Officers	Report produced by Barnett Waddingham in May
	Fund Manager Meetings:		
	• Property: Schroders	Officers	Meeting held with Schroders on 1st
	• Infrastructure: Hermes	Officers	Meeting held with Hermes on 26th
May 21	• Fund Manager Meetings:		
	• Property: Schroders	Officers	Meeting held with Schroders on 5th
	Credit: BNY Mellon	Officers	Meeting held with BNY Mellon on 26th
Jun 21	Quarterly Pension Committee Meeting	All	Held on 16th June 2021
	Fund Manager Meetings:		
	• Infrastructure: Hermes	Officers	Meeting held with Hermes on 8th
	• Equities: Kempen	Officers	Meeting held with Kempen on 17th
Jul 21	LCIV Business Update	All	Held on 16th
	Fund Manager Meetings:		
	• Contract Review: Heywood	Officers	Meeting held with Heywood on Administration Systems and Costs on 27th
Sep 21	Quarterly Pension Committee Meeting	All	Held on 15th
	Fund Manager Meetings:		
	• LCIV	Officers	Meeting held with LCIV on 17th
	• Insight (Mellon Corp)	Officers	Meeting held with Insight on 20th

	• Hymans	Officers	Meeting held with Hymans on 21st
Oct 21	Fund Manager Meetings:		
	• Insight (Mellon Corp)	Officers	Meeting held with Insight on 5th
Nov 21	Fund Manager Meetings:		
	• London CIV Business Update	Officers	Held on 18th
	Pension Fund Annual Report		
Dec 21	Quarterly Pension Committee	All	Held on 14th
	Fund Manager Meetings:		
	• LCIV	Officers	Meeting held with LCIV on 16th
Jan 22	Fund Manager Meetings:		
	• London CIV	Officers	Meeting held with LCIV on 20th
	External Audit	Officers	Postponed
Feb 22	Pensions Committee Training • Diversified Growth Funds (DGFs) • Multi Asset Credit (MAC) • Residential Property • Global Property	All	Held on 8 February
	Fund Manager Meetings:		
	Infrastructure: Hermes	Officers	Held 10th
Mar 22	Fund Manager Meetings:		
	• LCIV	Officers	Held 17th
	Quarterly Pension Committee Meeting	All	Held on 16th
	Bi-annual Pension Board	Officers	Held on 16th
	Closure of Accounts	Officers	Ongoing
Apr 22	Submission of Data for Employers Accounting report	Officers	30th and ongoing
	Prepayment	Officers	Paid on 1st
May 22	Fund Manager Meetings:		
	• Infrastructure: Hermes AGM	Officers	Held 5th
	• Contract Review: Heywood	Officers	Meeting held with Heywood on Administration Systems and Costs on 24th
Jun 22	Quarterly Pension Committee Meeting	All	Held on 15th June 2022

Jul 22	LCIV Business Update	All	Held on 21st
August 22	Fund Manager Meetings:		
	• BW: Triennial Valuation	Officers	Meeting held with Actuary on 9th
	• Infrastructure: Hermes Update	Officers	Held 12th
Sep 22	Quarterly Pension Committee Meeting	All	Held on 14th September
	FRS102 Cashflows for Academies	Officers	
Oct 22	Fund Manager Meetings:		
	• Insight (Mellon Corp)	Officers	Held on 6th October
	• Alternatives: ABRDN	Officers	Held on 6th October
	• Infrastructure: Hermes	Officers	Held on 11th October
	PWC: Internal Audit	Officers	Completed end of October
	Introduction to Heywood's: Insight	Officers	11th October
Nov 22	Fund Manager Meetings:		
	• Blackrock: Property	Officers	1st November 2022
	• Hermes: Infrastructure	Officers	29th November 2022
	Q3 ONS submission	Officers	18th November 2022
Jan 23	Quarterly Pension Committee Meeting	All	11th January 2023
	Fund Manager Meetings:		
	• London CIV	Officers	12th January 2023
	• Hermes: Infrastructure		24th January 2023
Feb 23	Employers Triennial Meeting with Actuary	All	10th February 2023
	Q4 ONS submission	Officers	17th February 2023
Mar 23	Pension Fund Annual Accounts preparation	Officers	31st March 2023
	Quarterly Pension Committee Meeting	All	15th March 2023
	Bi-annual Pension Board	Officers	15th March 2023
Apr 23	Project Orion completion	Officers	14th April 2023
	Cashflows for IAS 19 report	Officers	
May 23	IAS19 report by Barnett Waddingham	Officers	
June 23	Quarterly Pension Committee Meeting	All	14th June 2023
	Fund Manager Meetings:		
	Kempen: Equities	Officers	15th June 2023
	UBS	Officers	14th June 2023

July 23	UBS/Kempen Trade	Officers	
Aug 23	FRS102 Cashflows for UEL and Barking College	Officers	
	Billie Gifford/Pimco Trade	Officers	
Sep 23	Fund Manager Meetings:	Officers	
	Insight: Credit	Officers	7th September 2023
	FRS102 UEL and Barking College	Officers	
Oct 23	Fund Manager Meetings:		
	Hermes: Infrastructure	Officers	12th October 2023
	Abrdn: Alternatives	Officers	5th October 2023
Nov 23	Fund Manager Meetings:		
	Hermes AGM: Infrastructure	Officers	8th November 2023
Dec 23	Quarterly Pension Committee Meeting	All	13th December 2023
	CMA Compliance Statement submitted	Officers	
	Fund Manager Meetings:		
	Insight: Credit	Officers	18th December 2023
Jan 24	Fund Manager Meetings:		
	LCIV	Officers	9th January 2024
	Northern Trust Meeting	Officers	23rd January 2024
Feb 24	Audit Planning Commence	Officers	
	Fund Manager Meetings:		
	Insight: Credit	Officer s	28th February 2024
Mar 24	Quarterly Pension Committee Meeting	All	20th March 2024
	Fund Manager Meetings:		
	LCIV	Officers	11th March 2024
	Year End preparation	Officers	
Apr 24	Closedown	Officers	
	Fund Manager Meetings:		
	Blackrock: property	Officers	26th April 2024
	IAS 19 Data Submission	Officers	
May 24	Fund Manager Meetings:		
	Abrdn: Alternatives	Officers	2nd May 2024
	Insight: Credit	Officers	9th May 2024
	LCIV	Officers	23rd May 2024

	Preparation of Annual Accounts 23/24	Officers	
	ONS Submission	Officers	17th May 2024
Jun 24	IAS 19 Report provided	Officers	
	Fund Manager Meetings:		
	Abrdn: Alternatives	Officers	3rd June 2024
	Strategy Review	Officers/Advisor	

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