

# **London Borough of Harrow Pension Fund**

**Annual Report and Financial Statements for the  
year ended 31 March 2024**



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# INTRODUCTION

The main purpose of the Pension Fund Annual Report is to account for the income, expenditure, and net assets of the London Borough of Harrow Pension Fund ('the Fund') for the financial year to 31 March 2024. This Report also explains the administration and management of the Fund and its investment and funding policy objectives and asset allocation, as well as highlighting market and Fund performance.

Information about the economic resources controlled by the Fund is provided by the Net Assets Statement. The actuarial funding level is reported in Note 20 and in the Statement of the Appointed Actuary on page 49/50.

The Pension Fund Committee is responsible for overseeing the management, administration, and strategic direction of the Fund. The Committee regularly reviews the Fund's investment strategy seeking to achieve appropriate returns within acceptable risk parameters. This in turn minimises the amount the Council and other employers will need to make in contributions to the Fund to meet future liabilities.

The Fund is a shareholder of the London LGPS Collective Investment Vehicle Ltd (LCIV) (the organisation set up to run pooled LGPS investments in London in 2015) and holds £150,000 of regulatory capital in the company in the form of unlisted UK equity shares. The Pension Fund Committee has committed to investing in LCIV as and when suitable pool investment solutions become available through LCIV and has been active in the transfer of assets under management to LCIV to access new asset classes and to gain efficiencies and fee reductions.

Following the receipt of the Fund Actuary's report on the outcome of the 2022 Triennial Valuation in March 2023, the Pension Fund Committee continued to review its Investment Strategy. The main decision taken was to liquidate the Fund's holdings in the Insight Diversified Growth Fund and to replace this with an Investment in the M&G Senior Asset Backed Securities Fund. Although the decision was taken late in the 2023-24 financial year, it was implemented in 2024-25 once the account opening formalities had been completed. There were further drawdowns against the earlier commitments to invest £68m of fund assets in the LCIV Infrastructure Fund (a total of £53.8m being invested at 31 March 2024), and to invest £50m in the LCIV Renewables Infrastructure Fund (of which £23.8m had been invested at 31 March 2024). In March 2023 the Committee decided to redeem its investments in the LaSalle Property Fund of Funds. The manager began the process of liquidating the underlying investments, which is continuing.

In line with the provisions of the Public Service Pensions Act 2013, the Council set up a Local Pension Board in 2015 to oversee the governance of the Pension Fund. During 2023-24, the Pension Board met three times and considered a range of reports on the work of the Pension Fund Committee, pension administration performance and pension fund governance arrangements.

Pension Board and Pension Fund Committee members attended training courses and seminars during the year to meet the knowledge and skills requirements of their respective roles.

Following the introduction of the Markets in Financial Instrument Directive 2014/65 ("MiFID II") with effect from 3 January 2018, the Pension Fund Committee elected to opt up to professional client status with all its fund managers. This status was maintained in 2023-24.

The net assets of the Fund as at 31 March 2024 were £1,057.6m compared to £954.8m as at 31 March 2023. The Fund's overall investment return for the year was 11.6%, which was 1.8% below its benchmark return of 13.4%.



Sharon Daniels  
Director of Finance (S151)  
19<sup>th</sup> February 2025

# **Independent auditor's statement to the Members of London Borough of Harrow Council on the pension fund financial statements included within the London Borough of Harrow Pension Fund annual report**

## **Report on the financial statements**

We have examined the Pension Fund financial statements for the year ended 31 March 2024 included within the London Borough of Harrow Pension Fund annual report, which comprise the Fund Account, the Net Assets Statement and the notes to the financial statements, including material accounting policy information.

## **Opinion**

In our opinion, the Pension Fund financial statements are consistent with the audited financial statements of London Borough of Harrow for the year ended 31 March 2024 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

## **Respective responsibilities of the Strategic Director of Finance and the auditor**

As explained more fully in the Statement of the Strategic Director of Finance's Responsibilities, the Strategic Director of Finance is responsible for the preparation of the Pension Fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to the Members of London Borough of Harrow as a body, whether the Pension Fund financial statements within the Pension Fund annual report are consistent with the financial statements of London Borough of Harrow.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the Pension Fund financial statements contained within the audited financial statements of London Borough of Harrow describes the basis of our opinions on the financial statements.

## **Use of this auditor's statement**

This report is made solely to the Members of London Borough of Harrow, as a body and as administering authority for the London Borough of Harrow Pension Fund, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the Members of London Borough of Harrow those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than London Borough of Harrow and London Borough of Harrow's Members as a body, for our audit work, for this statement, or for the opinions we have formed.



**Mark Kirkham**

Partner  
For and on behalf of Forvis Mazars LLP  
19 February 2025

3 Wellington Place  
Leeds City Centre  
Leeds  
LS1 4AP

## SCHEME MANAGEMENT AND ADVISORS

Administering Authority	London Borough of Harrow
Pension Fund Committee	Councillor David Ashton (Chair) Councillor Nitin Parekh (Vice Chair) Councillor Norman Stevenson Councillor Jerry Miles
Independent Advisers	Colin Robertson Richard Romain
Trade Union Observers	Vacant - Unison Pamela Belgrave – GMB Barbara Adjei-Kyem - GMB
Officer	Sharon Daniels, Director of Finance (S151)
Actuary	Hymans Robertson LLP
Investment Consultant	Aon
Investment Managers	LaSalle Global Partner Solutions BlackRock Investment Management (UK) Limited Insight Investment Pantheon Ventures Record Currency Management Limited London LGPS CIV Ltd
AVC Providers	Clerical Medical Utmost (Previously Equitable Life) Prudential Assurance
Custodian	JP Morgan
Auditor	Mazars
Performance Measurement	Pensions and Investment Research Consultants
Bankers	Natwest PLC

## GOVERNANCE ARRANGEMENTS

The Council has delegated to the Pension Fund Committee various powers and duties in respect of its administration of the Fund. The Committee met three times during the year. It comprises four Councillors with full voting rights. Representatives from the trade unions are able to participate as observers of the Committee but do not have voting rights.

The Pension Fund Committee has the following terms of reference:

- 1) to exercise on behalf of the Council, all the powers and duties of the Council in relation to its functions as Administering Authority of the LB Harrow Pension Fund (the Fund), save for those matters delegated to other Committees of the Council or to an Officer;
- 2) the determination of applications under the Local Government Superannuation Regulations and the Teachers' Superannuation Regulations;
- 3) to administer all matters concerning the Council's pension investments in accordance with the law and Council policy;
- 4) to establish a strategy for the disposition of the pension investment portfolio;
- 5) to appoint and determine the investment managers' delegation of powers of management of the fund;
- 6) to determine cases that satisfy the Early Retirement provision under Regulation 26 of the Local Government Pension Scheme Regulations 1997 (as amended), and to exercise discretion under Regulation 8 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended, subject to the conditions now agreed in respect of all staff, excluding Chief Officers;
- 7) to apply the arrangements set out in (6) above to Chief Officers where the application has been recommended by the Managing Director, either on the grounds of redundancy, or in the interests of the efficiency of the service, and where the application was instigated by the Managing Director in consultation with the leaders of the political groups;

The Committee is advised by two independent advisers and an investment consultant.

The dates of the Pension Fund Committee meetings, along with meeting agendas, reports and minutes are available on the Harrow Council website:

<https://moderngov.harrow.gov.uk/ieListMeetings.aspx?CId=1297&Year=0>

In line with the provisions of the Public Service Pensions Act 2013, the Council has set up a Local Pension Board to oversee the governance of the Pension Fund. In particular it oversees:

- a) the effectiveness of the decision-making process
- b) the direction of the Fund and its overall objectives
- c) the level of transparency in the conduct of the Fund's activities
- d) the administration of benefits and contributions

The dates of the Pension Board meetings, along with meeting agendas, reports and minutes are available on the Harrow Council website:

<https://moderngov.harrow.gov.uk/ieListMeetings.aspx?CId=1336&Year=0>

## PENSION SCHEME ADMINISTRATION AND PERFORMANCE

### Pension Administration Team overview

The Pensions Team acts as the main point of contact for any membership enquiries. The team is responsible for all aspects of Local Government Pension Scheme administration; setting up new members, monitoring and maintenance of scheme members' records, employer contributions payment of benefits, transfer payments and Additional Voluntary Contributions. The team is also responsible for monitoring and cleansing members' data to ensure it is fit for purpose and meets the requirements imposed on the Fund by the regulators, the Fund Actuary and HMRC. The team produces annual benefits statements, newsletters and maintains the pensions website.

<https://www.harrowpensionfund.org>

The team of seven staff (6.25 full time equivalents) ensures delivery of a value for money service. During 2023-24, staffing changes, including periods of vacancies, meant that performance against targets dipped – as shown in the table below. In addition, not all Annual Benefit Statements were issued before the deadline of 31 August.

### Performance Monitoring 2023-24

SERVICE	National Benchmarking Target	Harrow Achievement %
Issue letter notifying of dependent's benefit	5 days	60.00
Calculation and notification of ill health estimate	10 days	100.00
Calculation and notification of retirement benefit estimate	10 days	88.05
Issue letter to new pension provider detailing transfer-out quote	10 days	81.63
Calculate and notification of deferred benefits	10 days	73.83
Calculation and notification of retirement benefits	5 days	73.73
Process refund and issue payment	5 days	73.53
Calculation and notification of ill health benefits	5 days	50.00
Issue statutory notification on receipt of transfer funds	10 days	47.50

The Pension Board monitors pension administration performance quarterly. The failure to issue some Annual Benefits on time was recorded as a breach in accordance with the Fund's policy and procedures.

The Internal Dispute Resolution Procedure which deals with complaint over the administration of pension benefits by the administering authority. There were four complaints referred through the internal procedure during the year, three of which were resolved, while the fourth is ongoing. Two long standing complaints which were taken to the Pensions Ombudsman in a previous year have been resolved, while one remains outstanding (the delay is on the part of the Ombudsman rather than the Administering Authority).

The costs of running the Pension Fund are shown below:

<b>Process</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>Investment management expenses</b>				
Total Cost (£000)	3,840	3,828	3,166	2,862
Total Membership (No.)	18,577	19,003	19,348	19,764
Sub Cost per member (£)	207	201	164	145
<b>Administration costs</b>				
Total Cost (£000)	713	888	703	794
Total Membership (No.)	18,577	19,003	19,348	19,764
Sub Cost per member (£)	38	47	36	40
<b>Oversight &amp; governance costs</b>				
Total Cost (£000)	602	615	681	669
Total Membership (No.)	18,577	19,003	19,348	19,764
Sub Cost per member (£)	32	32	35	34
<b>Total cost per member (£)</b>	<b>277</b>	<b>281</b>	<b>235</b>	<b>219</b>

Investment management costs include fund manager fees and the additional costs of fund transition on restructuring and fund re-balancing. The reduction in total management expenses, which has occurred despite the rise in the value of investments during the year, reflects the benefit of fee reductions negotiated by the London Collective Investment Vehicle (LCIV), as more of the Fund is now invested in the LCIV or in passive funds at rates negotiated by LCIV.

Administration costs cover the administration of pensions and are mainly staff salaries and business overheads including pension payroll and pension system administration costs. The increase in 2023-24 reflects the additional costs of implementing additional features of the Pensions Administration system – member self service and automation of data collection from employers.

Oversight and governance costs include staff salaries for pension fund manager performance monitoring and committee support and external costs for investment advisers, actuarial review, and external audit. The reduction in these costs in 2023-24 reflects the reduction in actuarial costs from 2022-23, when the work for the 2022 Triennial Valuation was carried out, offset by a significant increase in external audit fees following a retendering of the audit contracts by Public Sector Accounts and Audit Ltd.

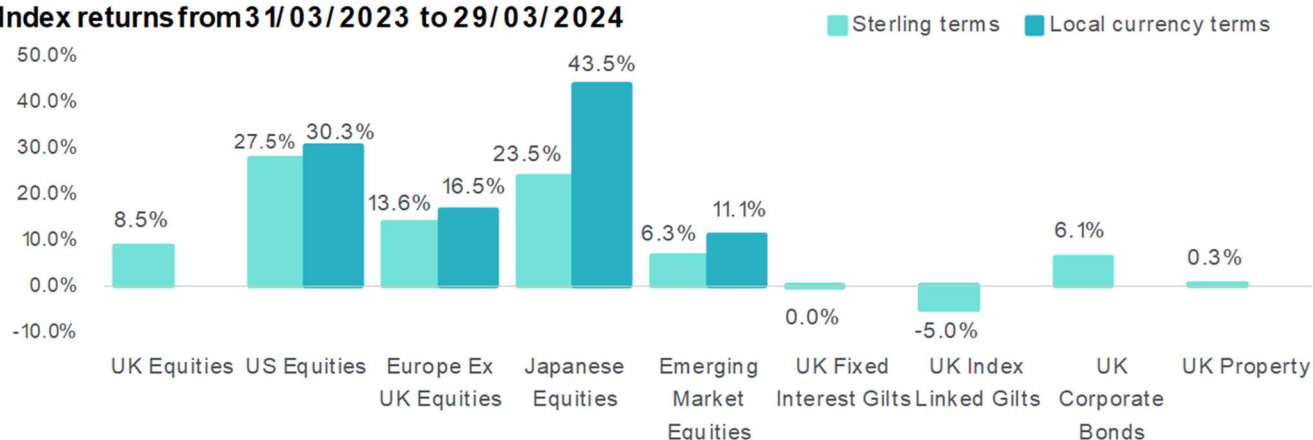


# INVESTMENT POLICY AND PERFORMANCE

## Investment Market Commentary (provided by Aon, April 24)

### Index Returns

#### Index returns from 31/03/2023 to 29/03/2024



Source: FactSet, MSCI (Equities, Property), FTSE (Gilts), iBoxx (Credit).

### General Background

Global equities generated positive returns over the last twelve months. The MSCI ACWI rose 25.0% in local terms. Inflation began to moderate in most major economies as the global economy proved more resilient than previously anticipated. The rally in Information Technology stocks (MSCI ACWI - IT 42.1%) was a major contributor to equity market gains over the past year, as investor excitement over artificial intelligence grew.

In Q3 2023, Fitch downgraded the US debt rating from AAA to AA+, citing “erosion of governance” over the past two decades which saw the US government in repeated debt limit stand-offs and last-minute resolutions. US President Joe Biden signed a \$1.2 trillion spending bill to avert a partial government shutdown. The bill will keep the US government funded until September 2024. In its annual budget proposal, President Biden proposed a \$7.3tn budget plan for 2025 aimed at limiting US government debt levels although US debt to GDP was still projected to rise above 100%. Biden proposed to raise the corporate tax rate from 21% to 28% and to implement a 25% minimum income tax on those with a wealth of more than \$100 million if he is re-elected in this year's Presidential elections. Meanwhile, Moody's downgraded their US credit outlook from 'stable' to 'negative' amidst the lack of a permanent funding agreement and sharp rises in debt service costs as the drastic rise in Treasury yields “increased pre-existing pressure on US debt affordability”.

Geopolitical tensions remained elevated over the past year. The G7 condemned China over the increasing military and economic security threats emanating from Beijing. On October 7, Hamas launched a surprise attack from Gaza on Israel. Israeli Prime Minister Benjamin Netanyahu consequently declared the nation “at war” and mounted military retaliation in Gaza. In Q1 2024, the US and UK launched military strikes against Houthi rebels in Yemen, increasing fears that conflict in the Middle East will spread. The Houthi militants had attacked shipping in the Red Sea (a major commercial shipping lane), forcing shipping to go around the Cape of Good Hope. This has increased shipping costs and disrupted manufacturing due to a shortage of parts which could potentially impact global growth and inflation. Furthermore, the US and UK accused China of carrying out cyberattacks on their officials and businesses that are of national economic importance. In response to two cyber-attacks on UK parliamentarians and the Electoral Commission, UK Prime Minister Rishi Sunak promised to action a “careful” crackdown on the Chinese entities operating in the UK. Oliver Dowden, the Deputy Prime Minister, stated that there was a “strong case” for putting China in an “enhanced tier” of countries that are considered to pose risks to Britain under the 2023 National Security Act.

The European Union (EU) introduced a new set of sanctions against Russia, targeting nearly 200 individuals and entities. The United States also announced 500 new sanctions against Russia, including measures in response to the death of opposition activist Alexei Navalny. These sanctions are aimed at officials involved in Navalny's imprisonment and Russia's financial sector, defence industry, and procurement networks.

In Q2 2023, the Cyberspace Administration of China banned US-based chipmaker Micron Technology's products in China's biggest measure against a US semiconductor group, citing "security risks to China's critical information infrastructure supply chain". In Q3 2023, China retaliated to US-led semiconductor restrictions. China's Ministry of Commerce and Administration of Customs imposed export restrictions on Gallium and Germanium chipmaking metals used in advanced military and communications equipment to "safeguard national securities and interests". Later, US President Joe Biden signed an executive order banning investment in some of China's critical tech industries which includes quantum computing, advanced chips, and artificial intelligence sectors. The new executive order will come into force next year, and this decision will largely affect private equity and venture capital firms as well as US investors in joint ventures with Chinese groups. In Q4 2023, Biden's administration tightened export controls on cutting-edge artificial intelligence chip technology. In retaliation, China (a dominant producer and processor of natural graphite), now plans to restrict exports of three grades of graphite.

Meanwhile, Finland officially became the North Atlantic Treaty Organization's (NATO) 31st member after Turkey joined other NATO countries in supporting Finland's membership. In Q3 2023, G7 countries announced a plan to provide a long-term security framework to Ukraine by continuing existing financial assistance, supplying military equipment, providing training to Ukrainian forces, and sharing intelligence. However, NATO refrained from committing to any timeline for Ukraine's accession to the military alliance and pledged to "extend an invitation" when "allies agree, and conditions are met".

Over the last year, the Bank of England (BoE) raised its benchmark interest rate cumulatively by 100bps to 5.25%. The Monetary Policy Committee (MPC) indicated that monetary policy will need to remain restrictive for sufficiently long to return inflation to the 2% target sustainably in the medium term. The BoE agreed to increase its current quantitative tightening pace of £80bn to £100bn in 2023-24. Elsewhere, the BoE warned that British companies face a higher risk of corporate default as a result of rising interest rates. The share of non-financial UK companies experiencing debt servicing stress, characterized by a low earning-to-interest expense ratio (defined by the BoE as less than 2.5), will rise to 50% by the end of 2023, up from 45% in 2022.

In 2023, the US Federal Reserve (Fed) increased its benchmark interest rate by 125bps to a range of 5.25%- 5.5%, representing the highest level in more than 22 years. The Federal Open Market Committee (FOMC) similarly stated that 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 towards 2%. According to the latest Fed "dot plot," the FOMC members see three quarter-point cuts in 2024. The European Central Bank (ECB) raised its deposit rates by 100bps to 4%, touching an all-time high. The Governing Council (GC) stated that it was determined to ensure that inflation returns to its 2% medium-term target in a timely manner. The GC's future decisions will ensure that policy rates will be set at sufficiently restrictive levels for as long as necessary to achieve this goal. The Fed, the BoE, and the ECB all decided to pause their monetary policy hiking in the final months of 2023 and Q1 2024, as inflation continued to fall. Elsewhere, the Bank of Japan (BoJ) ended its era of negative interest rates by raising its interest rate to 0-0.1% from the previous -0.1%. The BoJ Governor Kazuo Ueda said, "It is important to maintain accommodative financial conditions even as we carry out a normal monetary policy."

Brent crude oil prices rose by 9.7% to \$87/BBL over the last twelve months. Meanwhile, Opec+ members announced voluntary oil production cuts until Q1 2024. Saudi Arabia pledged to extend an ongoing 1mn barrels per day (bpd) production cut whilst Russia will increase its export reduction from the current 300,000 bpd to 500,000 bpd. Opec+ aims for a total of 2mn bpd production cut with the help of other members.

## Market Focus

UK equities delivered positive returns over the year, rising by 8.5%. Comparatively lesser exposure to the technology sector compared to its developed market peers weighed on UK equities. The index-heavyweight Financial sector rose by 16.1%, while other heavyweight sectors such as Consumer Staples and Industrials returned -6.5% and 33.5%, respectively. The Energy sector rose by 12.4%.

US equities performed strongly over the year, rising 30.3% in local currency terms. Following SVB's collapse in March 2023, investors shrugged off short-lived concerns over the banking sector and priced in a quicker end to the sharpest tightening cycle in recent history. Expectations for new revenue streams, driven by artificial intelligence, boosted optimism for the largest US technology stocks. Index-heavyweight sectors such as Information Technology and Financials returned 43.8% and 35.8%, respectively. Communication Services was the best-performing sector with a return of 47.7%.

Emerging markets (EM) were the worst performers both in local and sterling terms as increases in interest rates by major developed central banks during the first half of the year and a strong dollar provided a headwind. Slower-than-expected economic recovery, and renewed US-China tensions put pressure on Chinese equities. Indian equities rose the most at 39.4% while Chinese equities fell by 16.3%. Taiwanese, Brazilian, and Korean equities rose 35.3%, 25.9%, and 18.6%, respectively over the year. Meanwhile, JP Morgan announced that it intends to add Indian government bonds to its GBI-EM index from June 2024 with a maximum weighting of 10%.

On a global sector level over the last twelve months, Information Technology (42.1%) and Communication Services (32.4%) were the best performers in local currency terms. Consumer Staples (3.0%) and Utilities (4.1%) were the worst-performing sectors.

Global bond yields moved lower over 2023 as the JP Morgan Global Aggregate Bond Index rose 1.1% in local terms. In Q2 and Q3 2023, yields rose due to tighter monetary policy across major central banks. In Q4 2023, yields fell sharply as major central banks around the world kept their interest rates unchanged and market participants expected a greater chance of interest rate cuts in 2024. In Q1 2024, bond yields moved higher following falling market expectations for central bank rate cuts this year. The JP Morgan Global Aggregate Bond Index fell 1.0% in sterling terms.

The UK gilt curve shifted upwards over the year as yields rose across maturities. In Q2 2023, the UK nominal gilt curve rose back up across all maturities with yields rising more at the short end of the curve relative to longer maturities. In Q3 2023, the UK nominal gilt curve fell at short to medium maturities but rose at the longer end of the curve. In Q4 2023, the UK nominal gilt curve shifted downwards as yields fell sharply across maturities. In Q1 2024, the UK nominal gilt curve shifted upwards as yields rose across maturities. The spread between 2-year and 10-year gilt yield rose to 29bps from 24bps over the year. The 10-year nominal bond yield rose by 43bps to 3.97%. Overall, according to FTSE All-Stocks indices, UK fixed-interest gilts remained flat while index-linked gilts fell by 5.0% over the last twelve months.

The UK credit market performed positively over the past twelve months. UK investment-grade credit spreads (the difference between corporate and government bond yields), based on the iBoxx Sterling Non-Gilt Index, narrowed by 60bps to 107bps. The index rose 6.1% over the year.

Sterling ended the twelve months 4.8% higher on a trade-weighted basis.

The MSCI UK property index returned 0.3% over the year as capital values depreciated, following sharply higher capitalization rates over the last year. The income return was 5.8% but the 5.3% decrease in capital values offset this return. The industrial and retail sectors rose by 5.9% and 1.1% respectively while the office sector fell by 11.5%.

The MSCI Global Annual Property Index returned -8.4% in GBP terms and -4.1% in local terms over the year for the period ending December 2023.

## Investment Policy

The objective of the Fund is to provide pension and lump sum benefits for scheme members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. The sums required to fund these benefits and the amounts actually held as investments (i.e. the funding position) are reviewed at each triennial actuarial valuation, or more frequently as required.

The assets of the Fund are invested with the primary objective of being to achieve a return that is sufficient to meet the funding objective, subject to an appropriate level of risk and liquidity. Over the long-term it is expected that the Fund's investment returns will be at least in line with the assumptions underlying the actuarial valuation. Related objectives are to seek to minimise the level and volatility of employer contributions necessary to meet the cost of pension benefits.

The Council has delegated the management of the Fund's investments to professional investment managers, appointed in accordance with the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2016. Their activities are specified in either detailed investment management agreements or subscription agreements and regularly monitored. The Committee is satisfied that the appointed fund managers, all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business, have sufficient expertise and experience to carry out their roles.

The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property, and commodities either directly or through pooled funds. The Fund may also make use of contracts for differences and other derivatives either directly or in pooled funds investing in these products for the purpose of efficient portfolio management or to hedge specific risks, including currency fluctuations.

The Committee aims to achieve its investment objective by maintaining a high allocation to growth assets, mainly equities, reflecting the security of the sponsor's covenant, the funding level, the long time horizon of the Fund and the projected asset class returns and volatility. Diversifying investments reduces the risk of a sharp fall in one particular market having a substantial impact on the whole Fund.

The cumulative cost of pooling for the Pension Fund to 31 March 2024 is £0.909m paid to the London CIV all costs including annual service charges and development funding.

The following table compares the actual asset allocation as at 31 March 2024 to the agreed allocation.

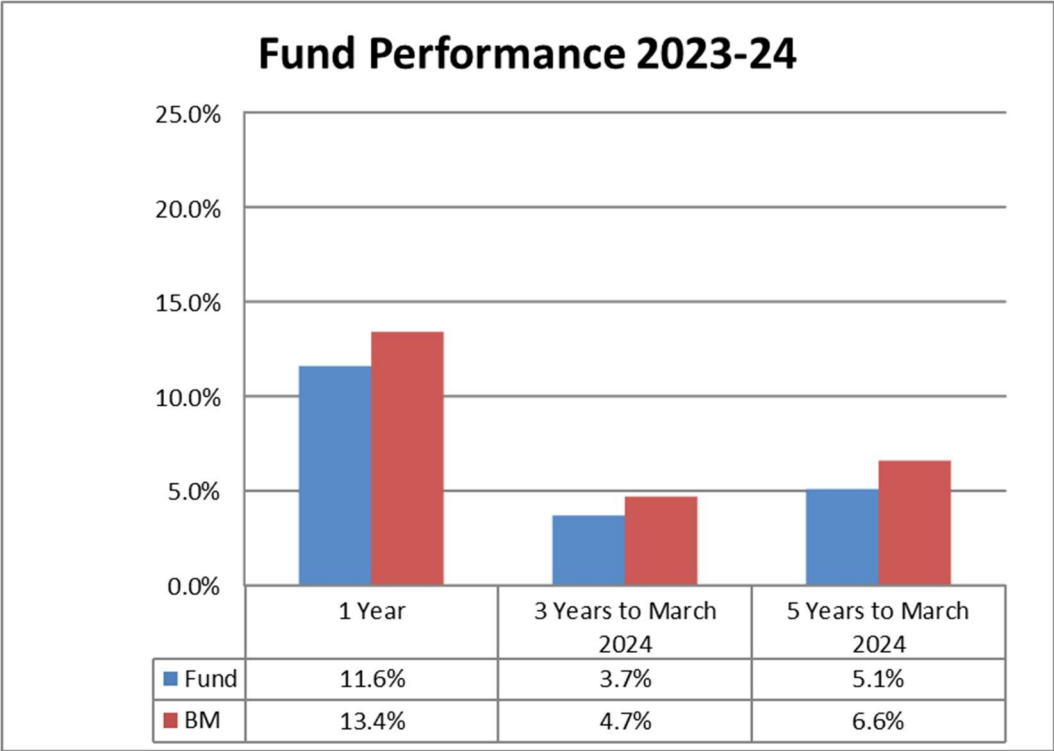
Investment assets	Actual Percentage of Fund	Agreed Allocation
	%	%
Global equities-passive	27	24
Developed world equities-active	19	18
Emerging markets equities-active	7	8
Fixed interest securities	5	5
Global Bonds	4	5
Index linked securities	4	5
Private equity	0	1
Cash	3	0
Forward currency contracts	0	0
Diversified growth funds	6	5.5
Multi Asset Credit	11	10
Pooled property	5	6
Infrastructure	9	12.5
<b>Total</b>	<b>100</b>	<b>100</b>

The investment style is to appoint fund managers with appropriate performance benchmarks and place maximum accountability for performance against that benchmark with them. The Fund’s managers are appointed to give diversification of investment approach and spread of risk. The fund managers appointed are mainly remunerated through fees based on the value of assets under management. Private equity managers are remunerated through fees based on commitments and through performance related fees.

**Fund performance**

The Fund uses Pensions and Investment Research Consultants (PIRC) as its independent investment performance measurement consultant.

Investment returns over 1, 3, and 5 years at 31<sup>st</sup> March 2024 are shown below.



The Fund’s return of 11.6% during 2023-24 was largely due to the strong performance of equities, which bounced back from the challenges of the previous year, despite continuing geopolitical tension. Credit markets also recovered well after they had declined in 2022-23.

The Fund, in common with all other LGPS funds, has its own unique benchmark and investment strategy. Performance has lagged the benchmark largely because much of the growth in equity markets was driven by a small number of stocks, and the Fund’s active equity managers would normally be underweight in those stocks when compared with a passive fund which tracks the index.

# STATEMENTS AND PUBLICATIONS

## Governance Compliance Statement

The Local Government Pension Scheme Regulations 2013, Regulation 55 requires all administering authorities to produce a Governance Compliance Statement. This Statement must set out whether the Administering Authority delegates its function and, if so, what the terms, structure and operation of the delegation are. The Administering Authority must also state the extent to which a delegation complies with guidance given by the Secretary of State. The current Statement was agreed by the Pension Fund Committee on 9 September 2024 and can be found as Appendix 1.

<https://www.harrowpensionfund.org/resources/governance-compliance-statement-march-2021/>

## Communications Policy Statement

The Local Government Pension Scheme Regulations 2013, Regulation 61 requires all administering authorities to produce a Communications Policy Statement. This statement sets out the Fund's strategy for communicating with members, members' representatives, prospective members and employing authorities, together with the promotion of the Scheme to prospective members and their employing authorities. The current Statement was agreed by the Pension Fund Committee on 24 March 2021 and can be found as Appendix 2.

<https://www.harrowpensionfund.org/resources/communications-policy-statement-march-2021/>

## Funding Strategy Statement

Regulation 58 of the Local Government Pension Scheme (Administration) Regulations 2013 requires all administering authorities to produce a Funding Strategy Statement. The purpose of the Funding Strategy Statement is to explain the funding objectives of the Fund, in particular:

- How the costs of the benefits provided under the LGPS are met through the Fund;
- The objectives in setting employer contribution rates; and
- The funding strategy that is adopted to meet these objectives.

The Funding Strategy Statement is reviewed every three years at the same time as the triennial actuarial valuation of the Fund. An interim review of the Statement may be carried out and a revised Statement published if there has been a material change in the policy matters set out in the Statement or there has been a material change to the Investment Strategy Statement. The current Statement following the 2022 triennial valuation was approved by the Pension Fund Committee on 29 March 2023, and can be found as Appendix 3.

<https://www.harrowpensionfund.org/resources/lb-harrow-funding-strategy-statement-2023/>

## Investment Strategy Statement

Regulation 7(1) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 requires an administering authority to formulate an investment strategy which must be in accordance with guidance issued by the Secretary of State.

This Statement provides details of the Fund's investment policies including:

- The suitability of particular investments;
- The choice of asset classes, and
- Approach to risk.

The Statement also details the Fund's compliance with the six principles set out in the Chartered Institute of Public Finance and Accountancy's publication 'Investment Decision Making and Disclosure in the Local Government Pension Scheme 2009 – a guide to the application of the 2008 Myners Principles to the management of LGPS Funds'.

The current Statement as approved by the Pension Fund Committee on 29 March 2023 can be found as Appendix 4.

<https://www.harrowpensionfund.org/resources/lb-harrow-investment-strategy-statement-2023/>

### **Local Government Pension Scheme Guide**

A brief guide to the Local Government Pension Scheme can be found as Appendix 5

<https://www.harrowpensionfund.org/resources/brief-guide-to-the-lgps-2021/>

## **RISK MANAGEMENT**

The Fund's primary long term risk is that the assets will fall short of its liabilities (i.e. promised benefits payable to members). The Pension Fund Committee is responsible for managing and monitoring risks and ensuring that appropriate risk management processes are in place and are operating effectively. The aim of risk management is to limit risks to those that are expected to provide opportunities to add value.

The most significant risks faced by the Fund and the procedures in place to manage these risks are described below:

### **Governance and Regulatory Risk**

The failure to exercise good governance and operate in line with regulations can lead to financial as well as reputation risk. These risks are managed through:

- Decisions are taken by the Pension Fund Committee in the light of advice from the Fund's Actuary, Investment Advisers and Investment Consultant and from officers;
- Regular reviews of the Investment Strategy Statement and Funding Strategy Statement that set out the high level objectives of the Fund and how these will be achieved;
- Tailored training for members;
- Reviews of the Pension Fund Committee agenda and papers by Harrow's Legal Department; and.
- Establishment of the Pension Board.

### **Sponsor Risk**

The Fund was in deficit at the 2022 triennial valuation. Strong investment performance and a reduction in the present value of liabilities since that date indicate that the position for the Fund as a whole has improved, although this may not be the same for all employers. However, as the scheme is open to future accrual, the key objective is to be fully funded in the future. The Actuary reviews the required level of contributions every three years, with the next review being carried out as at 31 March 2025. To protect the Fund and the Administering Authority, bonds and other forms of security are required from some of the Admitted employers.

### **Investment Risk**

The Fund is invested in a range of asset classes as detailed in Note 14 to the accounts. This is done in line with The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 which require pension funds to invest any monies not immediately required to pay benefits. These Regulations require the formulation of an Investment Strategy Statement which sets out the Fund's approach to investment including the management of risk. The largest asset class is listed equities, which has both a greater expected return and volatility than the other main asset classes. Potential risks affecting investments include:

## Pricing Risk

The valuation of investments is constantly changing, impacting on the potential realisation proceeds and income. For example, the value of the Fund's investments decreased in value by 8.1% in 2019-20, largely due to the Covid-19 pandemic in the last quarter of the year, while they increased by 24.9% in 2020-21. Changes of a similar magnitude are possible in future, and this risk cannot be eliminated.

Procedures in place to manage the volatility of investments include:

- Diversification of the investments between asset classes, economic sectors and geographical areas to include equities, fixed interest and index linked bonds, property, infrastructure and private equity. The investment strategy is reviewed by the Pension Fund Committee and market conditions are reviewed to monitor performance at every meeting to determine if any strategic action is required;
- Global equities are managed by three active managers with different styles and one passive manager to reduce the risk of underperformance against benchmarks. The Investment Adviser provides quarterly reports on the performance and skills of each manager to the Pension Fund Committee; and
- The benefit liabilities are all Sterling based and to reduce the currency risk from non-Sterling investments, 50% of the overseas currency exposures in the equities portfolio are hedged to Sterling.

## Liquidity Risk

Investments in some asset classes e.g., private equity, property, and infrastructure, can be illiquid in that they cannot be realised at short notice. Harrow has allocated 19.5% of its total assets to illiquid assets. This is deemed appropriate for the fund even though it has a slightly negative Cashflow. All cash balances are managed in accordance with the Council's Treasury Management Strategy and are all currently readily accessible without notice.

## Counterparty Risk

The failure by a counterparty, including an investee company, can lead to an investment loss. This risk is mainly managed through wide diversification of counterparties and also through detailed selection of counterparties by external fund managers.

## **Actuarial Risk**

The value of the liability for future benefits is affected by changes in inflation, salary levels, life expectancy and expected future investment returns. Although there are opportunities to use financial market instruments to manage some of these risks, the Pension Fund Committee does not currently believe these to be appropriate. Changes to the benefits structure in 2014 had reduced some of these risks, although the recent "McCloud Judgement" is likely to have an adverse impact. These risks are all monitored through the actuarial valuation process and additional contributions required from employers should deficits arise.

## **Operational Risk**

Operational risk relates to losses (including error and fraud) from failures in internal controls relating to investment managers and internally e.g. administration systems.

Controls at external fund managers are monitored through the receipt of audited annual accounts for each manager together with annual assessments of the control environment including reviews of internal controls reports certified by reporting auditors which are reviewed by the Pension fund Committee.

Controls within the Administering Authority are reviewed by Harrow's Internal Audit Team.



## INTERNAL CONTROLS

To mitigate the risks regarding investment management, the Council obtains independent internal controls assurance reports from the reporting accountants of the relevant Investment manager.

These independent reports are prepared in accordance with international standards. Any weaknesses in internal control highlighted by the controls assurance reports are reviewed and reported to the Pension Committee.

The results of the latest reviews are summarised below.

Fund Manager	Type of report	Assurance Obtained	Reporting Accountant
LaSalle	AAF 0106	Reasonable assurance	Deloitte LLP
Blackrock	ISAE3402	Reasonable assurance	Deloitte and Touche LLP
Insight	ISAE3402 / SSAE 18	Reasonable assurance	KPMG LLP
Pantheon	ISAE3402	Reasonable assurance	KPMG LLP
Record	AT-C 320 and ISAE 3402	Reasonable assurance	RSM Risk Assurance Services LLP

London CIV provided a detailed report showing how it carries out its responsibilities in regard to oversight of managers, including how it reviews the control frameworks operated by each of its underlying investment managers. The report also summarises the internal control reports of all delegated Portfolio Managers. LCIV provided control reports for managers of the LCIV Funds in which Harrow was invested, as follows.

Manager	Fund	Qualified	Auditor
Longview	LCIV Global Equity Focus Fund	No	Ernst & Young
RBC	LCIV Sustainable Equity Fund	No	PWC
CQS	LCIV MAC Fund	No	RSM
Stepstone	LCIV Infrastructure Fund	No	Ernst & Young
Pimco	LCIV Global Bond Fund	No	PWC
JP Morgan	LCIV Emerging Market Equity Fund	No	PWC
Quinbrook	LCIV Renewables Infrastructure Fund	No	BDO
Stonepeak	LCIV Renewables Infrastructure Fund	No	Ernst & Young
Foresight	LCIV Renewables Infrastructure Fund	No	BDO

LCIV was satisfied that where exceptions were identified in testing of controls, an appropriate management response was made.

## CONTACTS

Registered Address	Pensions Team London Borough of Harrow Forward Drive Harrow HA3 8FL
Administration Enquiries	Email : <a href="mailto:Pension@harrow.gov.uk">Pension@harrow.gov.uk</a> Telephone Number: 020 8424 1186 Website: <a href="http://www.harrowpensionfund.org">www.harrowpensionfund.org</a>
Complaints and Advice	<p>The Money and Pension Service Borough Hall Caldwell Street Bedford MK42 9AB</p> <p>Pensions Help line: 01159 659570 Website: <a href="http://www.moneyandpensionservice.org.uk">www.moneyandpensionservice.org.uk</a></p> <p>The Pensions Regulator Customer Support Telecom House 125-135 Preston Road Brighton BN1 6A Website: <a href="http://www.thepensionsregulator.gov.uk">www.thepensionsregulator.gov.uk</a></p> <p>The Pensions Ombudsman 10 South Colonnade Canary Wharf London E14 4PU</p> <p>Telephone Number: 0800 917 4487 Email: <a href="mailto:enquiries@pensions-ombudsman.org.uk">enquiries@pensions-ombudsman.org.uk</a> Website: <a href="http://www.pensions-ombudsman.org.uk">www.pensions-ombudsman.org.uk</a></p>
Tracing Service	<p>The Pension Tracing Service</p> <p>Telephone Number: 0800 731 0193 Website: <a href="http://www.gov.uk/find-pension-contact-details">www.gov.uk/find-pension-contact-details</a></p>

# STATEMENT OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

## The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Harrow, that officer is the Director of Finance;
- To manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets; and
- To approve the Financial Statements.

## The Director of Finance Responsibilities

The Director of Finance is responsible for the preparation of the Fund's Statement of Accounts in accordance with proper practices set out in the CIPFA Code of Practice on Local Authority Accounting.

In preparing this Statement of Accounts, the Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice on Local Authority Accounting;
- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that these Financial Statements present fairly the financial position of the London Borough of Harrow Fund of the Local Government Pension Scheme as at 31 March 2024 and its income and expenditure for the year then ended.



**Sharon Daniels**  
**Director of Finance (S151)**  
19<sup>th</sup> February 2025

# Harrow Pension Fund Account as at 31 March 2024

2022-23		Notes	2023-24
£'000			£'000
	<b>Dealings with members, employers and others directly involved in the fund</b>		
(37,238)	Contributions	7	(37,813)
(3,877)	Transfers in from other pension funds	8	(4,485)
(121)	Other income	8A	(192)
<b>(41,236)</b>			<b>(42,490)</b>
40,269	Benefits	9	44,577
3,610	Payments to and on account of leavers	10	6,950
<b>43,878</b>			<b>51,527</b>
<b>2,643</b>	<b>Net (additions)/withdrawals from dealings with members</b>		<b>9,037</b>
4,550	Management expenses	11	4,325
<b>7,193</b>	<b>Net (additions)/withdrawals including fund management expenses</b>		<b>13,362</b>
	<b>Return on investments</b>		
(8,355)	Investment income	12	(11,086)
64,351	(Profit)/losses on disposal of investments and changes in the market value of investments	14A	(105,020)
<b>55,996</b>	<b>Net return on investments</b>		<b>(116,106)</b>
63,189	<b>Net (increase)/decrease in the net assets available for benefits during the year</b>		(102,745)
<b>(1,018,011)</b>	<b>Opening net assets of the scheme</b>		<b>(954,822)</b>
<b>(954,822)</b>	<b>Closing net assets of the scheme</b>		<b>(1,057,567)</b>

# Net Assets Statement as at 31 March 2024

31 March 2023		Notes	31 March 2024
£'000			£'000
	<b>Investment assets</b>		
920,835	Investments	14	1,024,470
14,517	Derivative contracts	14	4,386
11,433	Cash with investment managers	14	19,334
<b>946,785</b>			<b>1,048,190</b>
	<b>Investment liabilities</b>		
(770)	Derivative contracts	14	(1,473)
<b>946,015</b>			<b>1,046,717</b>
9,117	Current assets	21	11,554
176	Long Term Debtors	21A	247
<b>955,308</b>			<b>1,058,518</b>
(486)	Current liabilities	22	(951)
<b>954,822</b>	<b>Net assets of fund available to fund benefits at the period end</b>		<b>1,057,567</b>

The accounts summarise the transactions of the Fund and deal with the net assets. The Fund's financial statements do not take account of liabilities to pay pensions and other benefits which fall due after the end of the Fund year. The actuarial present value of promised retirement benefits is disclosed at note 20.



**Sharon Daniels**  
**Director of Finance (S151)**  
 19<sup>th</sup> February 2025

# Notes to the Harrow Pension Fund

## Accounts for the year ended

### 31 March 2024

#### NOTE 1: DESCRIPTION OF FUND

The Harrow Pension Fund ('the Fund') is part of the Local Government Pension Scheme ("LGPS") and is administered by the London Borough of Harrow. The Council is the reporting entity for the Fund.

##### a) General

The Scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme designed to provide pensions and other benefits for pensionable employees of the Council and a range of other scheduled and admitted bodies. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The Fund is overseen by the Harrow Pension Fund Committee, which is a committee of the Council.

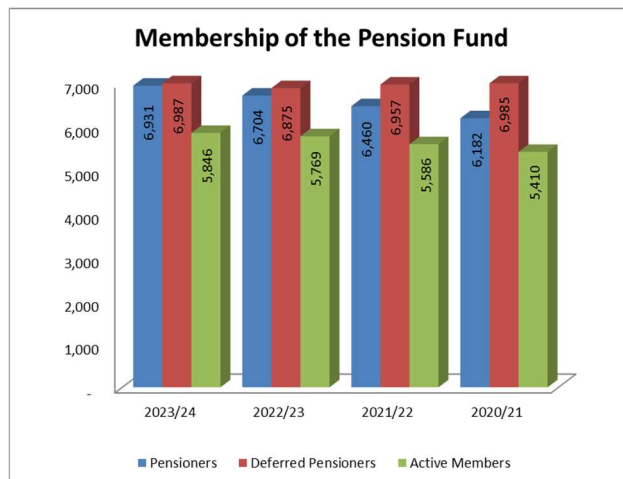
##### b) Membership

Scheme employers are required to auto-enrol new members of staff, and on a three yearly cycle to re-enrol those who have opted out previously. However, employees of those employers are able to opt out of the scheme should they wish to do so.

Organisations participating in the Fund include the following:

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

There are 50 employer organisations within the Harrow Pension Fund including the Council itself, as detailed below.



Employer	Status	PENSIONERS	DEFERREDS	ACTIVES	Total	%
Harrow Council	Scheduled Body	6362	5608	3634	15,604	78.95
Nower Hill	Scheduled Body	42	161	198	401	2.03
Stanmore College	Scheduled Body	114	158	106	378	1.91
Heathland and Whitefriars	Scheduled Body	31	95	212	338	1.71
Rooks Heath	Scheduled Body	36	110	150	296	1.50
Hatch End High	Scheduled Body	44	141	88	273	1.38
Park High	Scheduled Body	24	83	126	233	1.18
Canons High	Scheduled Body	18	91	124	233	1.18
Bentley Wood	Scheduled Body	15	92	87	194	0.98
Harrow High	Scheduled Body	21	58	100	179	0.91
St Dominics 6th form college	Scheduled Body	51	37	60	148	0.75
Pinner High School	Scheduled Body	3	25	120	148	0.75
Aylward Primary School	Scheduled Body	11	32	83	126	0.64
Priestmead School	Scheduled Body	9	17	85	111	0.56
Salvatorian Academy	Scheduled Body	26	49	20	95	0.48
St Georges Primary	Scheduled Body	7	15	70	92	0.47
St John Fisher	Scheduled Body	5	18	64	87	0.44
St Josephs Primary	Scheduled Body	9	9	58	76	0.38
Welldon Park School	Scheduled Body	7	10	57	74	0.37
Earlsmead Academy	Scheduled Body	8	15	41	64	0.32
St Bernadettes	Scheduled Body	11	9	40	60	0.30
Alexandra Academy	Scheduled Body	9	18	29	56	0.28
Sacred Heart High School	Scheduled Body	7	8	33	48	0.24
St Jerome	Scheduled Body	1	4	43	48	0.24
Avanti House Secondary School	Scheduled Body	0	5	40	45	0.23
Krishna Avanti Academy	Scheduled Body	0	19	22	41	0.21
Jubilee Academy	Scheduled Body	0	21	17	38	0.19
Avanti House Primary School	Scheduled Body	1	14	15	30	0.15
Hujjat Primary School	Scheduled Body	0	1	16	17	0.09
Avanti School Trust	Scheduled Body	0	2	9	11	0.06
NLCS	Community Admission Body	47	49	39	135	0.68
Evergreen	Admitted Body	0	1	18	19	0.10
ISS Catering	Admitted Body	4	2	1	7	0.04
SOS Ltd	Admitted Body	0	2	4	6	0.03
Wates (Linbrook)	Admitted Body	3	0	3	6	0.03
Brayborne Facilities Services	Admitted Body	0	0	5	5	0.03
SOS Longfield	Admitted Body	1	2	2	5	0.03
Evergreen Harrow High	Admitted Body	2	1	2	5	0.03
Govindas	Admitted Body	0	3	2	5	0.03
PSC Ltd	Admitted Body	0	0	4	4	0.02
ISS Hatch End	Admitted Body	0	0	4	4	0.02
The Pegasus Partnership	Admitted Body	0	0	4	4	0.02
PSC Roxeth	Admitted Body	0	0	3	3	0.02
Evergreen Aylward	Admitted Body	2	0	1	3	0.02
PSC Vaughan	Admitted Body	0	0	2	2	0.01
Evergreen LBH	Admitted Body	0	2	0	2	0.01
ISS Bentley Wood	Admitted Body	0	0	2	2	0.01
ISS Sacred Heart	Admitted Body	0	0	1	1	0.01
ISS Park High	Admitted Body	0	0	1	1	0.01
ISS Harrow High	Admitted Body	0	0	1	1	0.01
		6,931	6,987	5,846	19,764	100

### c) Funding

Full-time, part-time, and casual employees, where there is a mutuality of obligation and who have a contract of more than three months, are brought into the Fund automatically but have the right to “opt out” if they so wish. Casual employees with no mutuality of obligation are not eligible for membership.

Employee contribution rates are set by regulations and are dependent upon each member’s full time equivalent salary. Employee contributions attract tax relief at the time they are deducted from pay.

Employers participating in the Fund pay different rates of contributions depending on their history, their staff profile and any deficit recovery period agreed with the Fund. Employer contribution rates are reviewed as part of the triennial actuarial valuation. The last valuation took place as at 31 March 2022 and showed that the Fund was 96% funded. The deficit is to be recovered by additional employer contributions over the course of 20 years.

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay. Employee contributions are matched by employers’ contributions which are set based on triennial actuarial funding valuations. Currently almost all, employer contribution rates fall within the range 17.2% to 35.4% of pensionable pay.

### d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below.

	Service pre 1 April 2008	Service post 31 March 2008
<b>Pension</b>	Each year worked is worth 1/80 x final pensionable salary	Each year worked is worth 1/60 x final pensionable salary
<b>Lump Sum</b>	Automatic lump sum of 3 x salary. In addition, 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	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

From 1 April 2014, the Scheme became a career average (CARE) scheme, whereby members accrue benefits based on their pensionable pay in each year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Price Index.

There are a range of other benefits provided under the Scheme including early retirement, disability pensions and death benefits. For more details, refer to the ‘Brief Guide to the Local Government Pension Scheme’ attached as Appendix 5.



## **NOTE 2: BASIS OF PREPARATION**

The Statement of Accounts summarises the Fund's transactions for the 2023-24 financial year and its position as at 31 March 2024. The Accounts have been prepared on a going concern basis on the assumption that the functions of the authority will continue in operational existence for the foreseeable future, and in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2023-24' issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based on International Financial Reporting Standards as amended for the UK public sector.

The Accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The Accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year.

## **NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Fund account – Revenue Recognition**

#### **a) Contributions income**

Scheme members' contributions are set by statute, while employer contributions are set by the Fund's actuary at the Triennial Valuation. Contributions, both from the scheme members and from employers, are accounted for on an accruals basis at the appropriate percentage rate.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the Fund actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years, if significant, are classed as long term financial assets.

#### **b) Transfers to and from other schemes**

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with The Local Government Pension Scheme Regulations 2013 (see notes 8 and 10).

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase Scheme benefits are accounted for on a receipts basis and are included in transfers in (see note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

#### **c) Investment income**

- i) Interest income is recognised in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

- ii) Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net asset statement as a current financial asset.
- iii) Changes in the net market value of investments are recognised as income and comprise all realised and unrealised gains/losses during the year.

## **Fund account – Expense items**

### **a) Benefits payable**

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

### **b) Taxation**

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense if it arises.

### **c) Management expenses**

The Code does not require any breakdown of pension fund administrative expenses. However, in the interest of greater transparency, the Fund discloses its Pension Fund management expenses in accordance with CIPFA's *Accounting for Local Government Pension Scheme Management Expenses (2016)*.

#### Administrative expenses

All administrative expenses are accounted for on an accruals basis. All staff costs of the Pension's Administration Team are recharged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and recharged as expenses to the Fund.

#### Oversight and governance costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs relating to the oversight and governance of the Fund's investments are recharged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and recharged as expenses to the Fund.

#### Investment management expenses

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

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the values of these investments change.

Where an investment manager's fee invoice or fee information has not been received by the balance sheet date an estimate based on the market value of their mandate as at the end of the year is used for inclusion in the Fund account in 2023-24.

## **Net Assets Statement**

### **a) Financial assets**

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of an asset are recognised in the Fund account.

The values of investments as shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (See note 16). For the purposes of disclosing levels of fair value hierarchy, the fund had adopted the classification guidelines recommended in 'Practical Guidance on Investment Disclosures (PRAG/Investment association, 2016)'

The Fund became a shareholder in the London LGPS CIV Ltd (the organisation set up to run pooled LGPS investments in London) in 2015 and holds £150,000 of regulatory capital in the form of unlisted UK equity shares.

### **b) Derivatives**

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes. (See note 15). Derivatives are used by the Fund to reduce its exposure to the risk of fluctuations in currency values in its global equity portfolio. They are valued on the basis of the change in the relative values of sterling and the currency being hedged between the point at which the derivatives were purchased and the balance sheet date.

### **c) Cash and cash equivalents**

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers and custodians.

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.

### **d) Financial liabilities**

The Fund recognises financial liabilities at fair value as at the reporting date with the exception of current liabilities. A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund. Current Liabilities are shown at amortised cost - given the short-term nature of these liabilities there are unlikely to be any gains or losses arising from these before settlement.

### **e) Actuarial present value of promised retirement benefits**

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

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 20).

#### **f) Additional Voluntary Contributions**

The Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. The Fund has appointed Prudential Assurance, Clerical Medical and Utmost (Previously Equitable Life) as its AVC providers. AVCs are paid to the AVC provider by employers and are specifically intended for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with section 4 (1)(b) of the Local Government Pension Scheme (Management and Investments of Funds) Regulations 2016 but are disclosed as a note only (Note 23).

#### **g) Contingent Liabilities**

A contingent liability arises where an event has taken place that gives The Fund a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of The Fund. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

#### **h) Contingent Assets**

A contingent asset arises where an event has taken place that gives The Fund a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of The Fund.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### **NOTE 4: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

No critical judgements used during 2023-24.

## NOTE 5: ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends, and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates. Estimation sensitivities are set out in note 16.

The items in the net assets statement at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Fair value – basis of valuation (Note 16)</b>	As at the valuation date, it is considered that less weight can be attached to previous market evidence to inform opinions of value on level 3 investments. This is as a result of those valuations being based on unobservable inputs. Consequently, less certainty and a higher degree of caution should be attached to level 3 valuations. Additionally, it is still not possible to predict accurately the long-term impact of Covid-19 on property investments in some locations and sectors of the economy.	Any reduction in investment values will result in a reduction in the Fund's net asset position.  Level 3 Investments for 2023-24 are £146.03m

## NOTE 6: EVENTS AFTER THE REPORTING DATE

These are events that occur between the end of the reporting period and the date when the financial statements are authorised for issue that provide new information about conditions that did not exist as of the balance sheet date. There were no material events after the reporting date for 2023-24 for which the accounts have been adjusted.

The valuation of the Pension Fund's investment assets will fluctuate from time to time as a result of economic factors and market movements. Since March 2024, the value of the Fund's investment assets has not changed significantly, although there has been some short term volatility linked to geopolitical events such as conflicts and elections. This has been reflected particularly in equity markets, with values moving in both directions since March 2024. At 30 September 2024 the Fund's net assets are valued at 3.4% above their March 2024 value. However the amount is small and will fluctuate regularly.

Therefore, the change in asset valuations is treated as a non-adjusting post balance sheet event.

## NOTE 7: CONTRIBUTIONS RECEIVABLE

### By category

2022-23		2023-24
£'000		£'000
<b>(8,209)</b>	<b>Employees' contributions</b>	<b>(8,623)</b>
	<b>Employers' contributions:</b>	
(20,827)	Normal contributions	(22,761)
(8,173)	Deficit recovery contributions	(6,071)
(29)	Pension strain contributions	(358)
<b>(29,029)</b>	<b>Total employers' contributions</b>	<b>(29,190)</b>
<b>(37,238)</b>	<b>Total contributions receivable</b>	<b>(37,813)</b>

## By type of employer

2022-23		2023-24
£'000		£'000
(28,187)	Administering Authority	(28,373)
(8,190)	Scheduled bodies	(8,723)
(708)	Community admission body	(529)
(152)	Transferee admission bodies	(188)
<b>(37,238)</b>		<b>(37,813)</b>

## NOTE 8: TRANSFERS IN FROM OTHER PENSION FUNDS

2022-23		2023-24
£'000		£'000
(3,877)	Individual transfers	(4,485)
<b>(3,877)</b>		<b>(4,485)</b>

## NOTE 8A: OTHER INCOME

2022-23		2023-24
£'000		£'000
(121)	Other Income	(192)
<b>(121)</b>		<b>(192)</b>

## NOTE 9: BENEFITS PAYABLE

### By category

2022-23		2023-24
£'000		£'000
33,465	Pensions	37,038
5,631	Commutation and lump sum retirement benefits	6,779
1,173	Lump sum death benefits	760
<b>40,269</b>		<b>44,577</b>

### By type of employer

2022-23		2023-24
£'000		£'000
36,755	Administering Authority	41,632
2,966	Scheduled bodies	2,520
274	Community admission body	313
274	Transferee admission bodies	112
<b>40,269</b>		<b>44,577</b>

## NOTE 10: PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2022-23		2023-24
£'000		£'000
59	Refunds to members leaving service	82
3,551	Individual transfers	6,868
<b>3,610</b>		<b>6,950</b>

## NOTE 11: MANAGEMENT EXPENSES

2022-23		2023-24
£'000		£'000
703	Administrative costs	794
3,166	Investment management expenses	2,862
681	Oversight and governance costs	669
<b>4,550</b>		<b>4,325</b>

## NOTE 11A: INVESTMENT MANAGEMENT EXPENSES

2023-24	Total	Management Fees	Other Fees
		£'000	£'000
Pooled Investments - Equities	1,221	1,131	90
Pooled Investments - Alternatives	831	805	26
Pooled Investments - Other	737	727	10
Derivatives	63	63	0
Custodian	10	10	0
	<b>2,862</b>	<b>2,736</b>	<b>126</b>

The Fund does not pay any of its investment managers through performance fee arrangements.

2022-23	Total	Management Fees	Other Fees
		£'000	£'000
Pooled Investments - Equities	1,403	1,226	177
Pooled Investments - Alternatives	899	866	33
Pooled Investments - Other	791	772	20
Derivatives	62	62	0
Custodian	10	10	0
	<b>3,166</b>	<b>2,936</b>	<b>230</b>

## NOTE 12: INVESTMENT INCOME

2022-23		2023-24
£'000		£'000
(4,898)	Pooled Investments - LCIV/Private Equity	(6,755)
(1,790)	Pooled Investments - Property	(1,495)
(1,667)	Pooled investments - Other	(2,836)
<b>(8,355)</b>		<b>(11,086)</b>

## NOTE 13: EXTERNAL AUDIT COSTS

2022-23		2023-24
£'000		£'000
16	Payable in respect of external audit	75
<b>16</b>		<b>75</b>

## NOTE 14: INVESTMENTS

Market value			Market value
31 March 2023			31 March 2024
£'000			£'000
	<b>Investment assets (Pooled)</b>		
484,745	Pooled equities investments		566,415
134,377	Pooled bonds investments		136,988
165,151	Pooled alternative investments		174,893
72,462	Pooled infrastructure		91,602
59,898	Pooled property investments		51,083
<b>916,633</b>			<b>1,020,981</b>
	<b>Investment assets (Other)</b>		
150	Equity in London CIV		150
4,052	Private equity		3,339
14,517	Derivative contracts: forward currency		4,386
11,433	Cash with investment managers		19,334
<b>946,785</b>			<b>1,048,190</b>
	<b>Investment liabilities</b>		
(770)	Derivative contracts: forward currency		(1,473)
<b>(770)</b>	<b>Total investment liabilities</b>		<b>(1,473)</b>
<b>946,015</b>	<b>All investments</b>		<b>1,046,717</b>



## NOTE 14A: RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

	Market value 31 March 2023	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Net change in market value during the year	Market value 31 March 2024
	£'000	£'000	£'000	£'000	£'000
<b>Investment assets</b>					
Pooled equities investments	484,745	3,019	(1,240)	79,891	566,415
Pooled bonds investments	134,377	3,944	(85)	(1,248)	136,988
Pooled alternative investments	165,151	0	(10,866)	20,608	174,893
Pooled property investments	59,898	0	(7,146)	(1,669)	51,083
Pooled infrastructure	72,462	16,391	0	2,749	91,602
Equity in London CIV	150	0	0	0	150
Private equity	4,052	0	(20)	(693)	3,339
Derivative contracts	13,747	0	(16,216)	5,382	2,913
	<b>934,582</b>	<b>23,354</b>	<b>(35,573)</b>	<b>105,020</b>	<b>1,027,383</b>
Cash with investment managers	<b>11,433</b>				<b>19,334</b>
<b>Net investment assets</b>	<b>946,015</b>				<b>1,046,717</b>

	Market value 31 March 2022	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Net change in market value during the year	Market value 31 March 2023
	£'000	£'000	£'000	£'000	£'000
<b>Investment assets</b>					
Pooled equities investments	541,760	71,246	(118,219)	(10,042)	484,745
Pooled bonds investments	135,362	26,547	(98)	(27,434)	134,377
Pooled alternative investments	197,553	0	(21,954)	(10,448)	165,151
Pooled property investments	71,330	0	(565)	(10,867)	59,898
Pooled infrastructure	45,180	21,553	(2,771)	8,500	72,462
Equity in London CIV	150	0	0	0	150
Private equity	5,371	0	(50)	(1,269)	4,052
Derivative contracts	(4,041)	30,578	0	(12,790)	13,747
	<b>992,665</b>	<b>149,924</b>	<b>(143,657)</b>	<b>(64,351)</b>	<b>934,582</b>
Cash with investment managers	<b>17,004</b>				<b>11,433</b>
<b>Net investment assets</b>	<b>1,009,669</b>				<b>946,015</b>

## NOTE 14B: INVESTMENTS ANALYSED BY FUND MANAGER

Market value 31 March 2023	Percentage of Fund	Manager	Investment assets	Market value 31 March 2024	Percentage of Fund
£'000	%			£'000	%
<b>Investments managed/classed as pooled by London CIV</b>					
110,100	12	LCIV	Developed world equities-active	129,933	12
98,277	10	LCIV	Alternative credit fund	111,973	11
67,704	7	LCIV	Sustainable equities	78,419	7
72,462	8	LCIV	Infrastructure funds	91,602	9
43,613	5	LCIV	Global bond fund	46,398	4
233,414	24	BlackRock	Global equities - passive	285,473	27
44,225	5	BlackRock	Bonds - index-linked active	41,260	4
73,527	8	LCIV	Emerging markets equities-active	72,590	7
743,322	78		Total LCIV	857,648	82
<b>Investments managed outside of the London CIV</b>					
59,898	6	LaSalle	Pooled property	51,083	5
11,406	1	BlackRock	Cash with investment managers	17,777	2
46,539	5	BlackRock	Bonds - fixed interest	49,330	5
66,874	7	Insight	Diversified growth fund	62,920	6
27	0	JP Morgan	Cash with investment managers	1,557	0
150	0	LCIV	UK equities-passive	150	0
4,052	1	Pantheon	Private equity	3,339	0
13,747	1	Record	Forward currency contracts	2,913	0
202,694	22		Total - Managers	189,068	18
<b>946,015</b>	<b>100</b>		<b>Total Investments</b>	<b>1,046,717</b>	<b>100</b>

## NOTE 14C: INVESTMENTS MORE THAN 5% of the net assets of the Fund:

Market value 31 March 2023	% of total fund	Investment assets	Market value 31 March 2024	% of total fund
£'000			£'000	
233,414	24	Blackrock Equity Beta Portfolio	285,473	27
46,539	5	BlackRock Inst. Bond Fund - Corp Bond 10 yrs	49,330	5
44,225	5	Blackrock Aquila life ovr 5yr UK idx lkd		
66,874	7	Insight Broad Opportunities Fund	62,920	6
59,898	6	LaSalle Investors UK Real Estate Fund of Funds	51,083	5
110,100	12	LCIV Global Equity Focus Fund	129,933	12
98,277	10	LCIV Alternative Credit Fund	111,973	11
67,704	7	LCIV Sustainable Equity Fund	78,419	7
43,613	5	LCIV Global bond fund		
72,462	8	LCIV Infrastructure Funds	91,602	9
73,527	8	LCIV Emerging Markets	72,590	7
<b>916,633</b>	<b>97</b>	<b>Total over 5% holdings</b>	<b>933,323</b>	<b>89</b>

## NOTE 15: ANALYSIS OF DERIVATIVES

### Objectives and policies for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the Fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the Fund and the various investment managers.

In order to maintain appropriate diversification and to take advantage of overseas investment returns, a significant proportion of the Fund's equity portfolio is in overseas stock markets. To reduce the volatility associated with fluctuating currency rates, the Fund has a passive currency programme in place managed by Record Currency Management Limited. The Fund hedges 50% of the exposure in various developed world currencies within the equities portfolio.

### Analysis of Open forward currency contracts:-

Settlement	Currency bought	Local value	Currency sold	Local value	Asset value	liability value
		000		000	£'000	£'000
Up to one month	CAD	9,503	GBP	(5,534)	27	
Up to one month	CHF	3,021	GBP	(2,641)	16	
One to six months	HKD	4,833	GBP	(488)	1	
Up to one month	USD	105,725	GBP	(83,674)	35	
One to six months	GBP	4,828	AUD	(9,180)	79	
One to six months	GBP	5,627	CAD	(9,503)	66	
One to six months	GBP	2,843	CHF	(3,021)	186	
One to six months	GBP	104	EUR	(120)	1	
One to six months	GBP	11,307	HKD	(111,456)	7	
One to six months	GBP	191	JPY	(34,600)	10	
One to six months	GBP	2,773	NOK	(36,659)	95	
One to six months	GBP	1,671	SEK	(21,700)	61	
One to six months	GBP	1,335	SGD	(2,254)	10	
Over six months	GBP	30,204	EUR	(34,719)	412	
Over six months	GBP	11,930	JPY	(2,138,600)	587	
Over six months	GBP	80,339	USD	(97,942)	2,792	
One to six months	NOK	1,385	GBP	(106)		(5)
One to six months	SEK	756	GBP	(58)		(2)
Over six months	EUR	684	GBP	(596)		(11)
Over six months	USD	4,305	GBP	(3,545)		(136)
Up to one month	AUD	4,590	GBP	(2,372)		(0)
Up to one month	EUR	11,385	GBP	(9,766)		(29)
Up to one month	HKD	111,456	GBP	(11,286)		(9)
Up to one month	JPY	724,400	GBP	(3,801)		(10)
Up to one month	NOK	17,637	GBP	(1,298)		(11)
Up to one month	SEK	10,472	GBP	(782)		(6)
Up to one month	SGD	1,127	GBP	(662)		(1)
One to six months	GBP	5,539	CAD	(9,503)		(27)
One to six months	GBP	2,667	CHF	(3,021)		(16)
One to six months	GBP	11,647	HKD	(116,289)		(119)
One to six months	GBP	9,513	USD	(12,088)		(58)
Over six months	GBP	166,259	USD	(211,450)		(1,032)
<b>Open forward currency contracts at 31 March 2024</b>					<b>4,386</b>	<b>(1,473)</b>
<b>Net forward currency contracts at 31 March 2024</b>						<b>2,913</b>
<b>Prior year comparative</b>						
<b>Open forward currency contracts at 31 March 2023</b>					<b>14,517</b>	<b>(770)</b>
<b>Net forward currency contracts at 31 March 2023</b>						<b>13,747</b>

## NOTE 16: FAIR VALUE – BASIS OF VALUATION

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

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments including pooled funds for global equities, corporate and UK index linked bonds and diversified growth funds	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Market quoted investments including pooled funds for global equities and diversified growth funds	Level 1	Published market price or other value ruling on the final day of the accounting period	Not required	Not required
Forward foreign exchange derivatives	Level 2	Market forward exchange rates at the year end.	Exchange rate risk	Not required
Pooled Investments - Alternative Credit / Bonds	Level 2	Fixed income securities are priced based on evaluated prices provided by Independent pricing services	Fixed income securities are priced based on evaluated prices provided by Independent pricing services	Not required
Pooled investments - property funds	Level 3	Net Asset Value	Net Asset Value-based pricing set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts
Pooled investments - Infrastructure	Level 3	Valued by Fund Managers	Manager valuation statements are prepared in accordance with ECVA guidelines	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation (2012)	EBITDA multiple, Revenue multiple, Discount for lack of marketability, Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts

## Sensitivity of assets valued at Level 3

The Fund has determined that the sensitivity of the level 3 investments should be at the level determined by independent advisers for equity investments. Set out below is the consequent potential impact on the closing value of investments held at 31 March 2024 using data provided by PIRC.

	Assessed valuation range (+/-)	Valuation at 31 March 2024	Value on increase	Value on decrease
		£000	£000	£000
Private Equity	4.82%	3,339	3,500	3,178
Pooled investments - Infrastructure	5.01%	91,602	96,191	87,012
Pooled investments - property funds	6.84%	51,083	54,577	47,588
		146,024	154,268	137,778

	Assessed valuation range (+/-)	Valuation at 31 March 2023	Value on increase	Value on decrease
		£000	£000	£000
Private Equity	5.75%	4,052	4,285	3,820
Pooled investments - Infrastructure	5.31%	72,462	76,309	68,614
Pooled investments - property funds	7.04%	59,898	64,114	55,682
		136,412	144,708	128,116

## NOTE 16A: FAIR VALUE HIERARCHY

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

### Level 1

Assets and liabilities 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.

### Level 2

Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

### Level 3

Assets and liabilities at level 3 are those where at least one input that could have significant effect on the instrument's valuation is not based on observable market data.

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit and loss</b>				
Pooled equities investments	566,415			566,415
Pooled bonds investments	90,590	46,398		136,988
Pooled alternative investments	62,920	111,973		174,893
Pooled property investments			51,083	51,083
Pooled infrastructure			91,602	91,602
Private equity			3,339	3,339
Derivative contracts: forward currency		2,913		2,913
<b>Assets at amortised cost</b>				
Cash Deposits / Other	19,334	150		19,484
<b>Total</b>	<b>739,258</b>	<b>161,434</b>	<b>146,024</b>	<b>1,046,717</b>

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit and loss</b>				
Pooled equities investments	484,745			484,745
Pooled bonds investments	90,764	43,613		134,377
Pooled alternative investments	66,874	98,277		165,151
Pooled property investments			59,898	59,898
Pooled infrastructure			72,462	72,462
Private equity			4,052	4,052
Derivative contracts: forward currency		13,747		13,747
<b>Assets at amortised cost</b>				
Cash Deposits / Other	11,433	150		11,583
<b>Total</b>	<b>653,816</b>	<b>155,787</b>	<b>136,412</b>	<b>946,015</b>

## NOTE 16B: TRANSFERS BETWEEN LEVELS 1 AND 2

None in the year ending 31 March 2024 nor in the year to 31 March 2023

## NOTE 16C: RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

Period 2023/24	Market Value 31 March 2023	Transfers into level 3	Transfers out of level 3	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Gains/ (losses)	Market Value 31 March 2024
	£000	£000	£000	£000	£000	£000	£000
Private Equity	4,052	0	0	0	(20)	(693)	3,339
Pooled - Infrastructure	72,462	0	0	16,391	0	2,749	91,602
Pooled - property	59,898	0	0	0	(7,146)	(1,669)	51,083
	136,412	0	0	16,391	(7,166)	387	146,024

Period 2022/23	Market Value 31 March 2022	Transfers into level 3	Transfers out of level 3	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Gains/ (losses)	Market Value 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
Private Equity	5,371	0	0	0	(50)	(1,269)	4,052
Pooled - Infrastructure	45,180	0	0	21,553	(2,771)	8,500	72,462
Pooled - property	71,330	0	0	0	(565)	(10,867)	59,898
	121,881	0	0	21,553	(3,386)	(3,636)	136,412

## NOTE 17: FINANCIAL INSTRUMENTS

The following table analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

31 March 2023			31 March 2024		
Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
£'000	£'000	£'000	£'000	£'000	£'000
Financial assets					
484,745	0	0	Pooled equities investments	566,415	0
134,377	0	0	Pooled bonds investments	136,988	0
			Pooled alternative investments		
165,151	0	0		174,893	0
72,462	0	0	Pooled Infrastructure	91,602	0
59,898	0	0	Pooled property investments	51,083	0
150	0	0	Equity in London CIV	150	0
4,052	0	0	Private equity	3,339	0
14,517	0	0	Derivative contracts	4,386	0
0	19,163	0	Cash	0	29,888
0	1,563	0	Debtors	0	1,247
935,352	20,726	0	1,028,856	31,135	0
Financial liabilities					
(770)	0	0	Derivative contracts	(1,473)	0
0	0	(486)	Creditors	0	(951)
(770)	0	(486)	(1,473)	0	(951)
934,582	20,726	(486)	1,027,383	31,135	(951)
954.822			Grand Total		
			1.057.567		

## NOTE 17A: NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

The table below summarises the net gains and losses on financial instruments classified by type of instrument.

31 March 2023		31 March 2024
£'000		£'000
	<b>Financial Assets</b>	
(64,351)	Fair value through profit and loss	105,020
0	Assets at amortised cost	0
(64,351)	<b>Total Financial Assets</b>	<b>105,020</b>

## NOTE 18: NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

### Risk and risk management

The Fund's primary long-term risk is that its 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 its 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 Pension Fund Committee. The Committee reviews the Fund's risk register on a regular basis.

### Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters.

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 advisers undertake appropriate monitoring of market conditions and benchmark analysis.

### Price risk

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's investment managers mitigate this price risk through diversification.



Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's advisers, the Council has determined that the following movements in price risk are reasonably possible.

Assets type	Potential market movements (+/-) %
Equities	10.71
Bonds	9.07
Alternatives	5.01
Pooled Property	6.84
Private Equity	4.82

Had the market price of the Fund investments increased/decreased in line with the above the change in the net assets available to pay benefits would have been as follows:

Asset type	Value as at 31 March 2024	Percentage change	Value on increase	Value on decrease
	£'000	%	£'000	£'000
<b>Investment portfolio assets:</b>				
Pooled equities investments	569,328	10.71	630,303	508,353
Pooled bond investments	136,988	9.07	149,413	124,563
Pooled alternative investments	174,893	5.01	183,655	166,131
Pooled property investments	51,083	6.84	54,577	47,589
Private Equity	3,339	4.82	3,500	3,178
Pooled Infrastructure	91,602	5.01	96,191	87,012
Equity - London CIV	150	0.00	150	150
<b>Total</b>	<b>1,027,383</b>		<b>1,117,789</b>	<b>936,976</b>

Asset type	Value as at 31 March 2023	Percentage change	Value on increase	Value on decrease
	£'000	%	£'000	£'000
<b>Investment portfolio assets:</b>				
Pooled equities investments	498,492	12.32	559,899	437,085
Pooled bond investments	134,377	9.34	146,933	121,821
Pooled alternative investments	165,151	5.31	173,920	156,382
Pooled property investments	59,898	7.04	64,114	55,682
Private Equity	4,052	5.75	4,285	3,819
Pooled Infrastructure	72,462	5.31	76,309	68,615
Equity - London CIV	150	0.00	150	150
<b>Total</b>	<b>934,582</b>		<b>1,025,610</b>	<b>843,554</b>

### 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 Council recognises that interest rates can vary and can affect both income to the Fund and the carrying value of Fund assets, both of which affect the value of the net assets available to pay benefits.

The Fund's direct exposure to interest rate movements as at 31 March 2024 and 31 March 2023 and the impact of a 1% movement in interest rates are as follows:

Assets exposed to interest rate risk	Carrying amount as at 31 March 2024	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
	£'000		£'000	£'000
Cash and cash equivalents	29,888	0	29,888	29,888
Fixed interest securities	49,330	493	49,823	48,836
Global bond fund	46,398	464	46,862	45,934
<b>Total change in assets available</b>	<b>125,616</b>	<b>957</b>	<b>126,573</b>	<b>124,658</b>

Assets exposed to interest rate risk	Carrying amount as at 31 March 2023	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
	£'000		£'000	£'000
Cash and cash equivalents	19,105	0	19,105	19,105
Fixed interest securities	46,539	465	47,004	46,074
Global bond fund	43,613	436	44,049	43,177
<b>Total change in assets available</b>	<b>109,257</b>	<b>901</b>	<b>110,158</b>	<b>108,356</b>

This analysis demonstrates that changes in interest rates do not impact on the value of cash and cash equivalents balances but do affect the fair value on fixed interest securities.

Changes in interest rates affect interest income received on cash balances but have no effect on income from fixed income securities.

### 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 its global equities pooled fund investments, some of which are denominated in currencies other than Sterling. To mitigate this risk, the Fund uses derivatives and hedges 50% of the overseas equity portfolio arising from the developed market currencies.

Following analysis of historical data in consultation with the Fund's advisers the Council considers the likely volatility associated with foreign exchange rate movements to be 6.74%.

A 6.74% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available as follows.

The underlying manager hedges currency exposure within its mandate.

Currency Exposure - asset type	Asset Value as at 31 March 2024	Change to net assets	
		Value on increase	Value on decrease
	£'000	6.74% £'000	6.74% £'000
Overseas Pooled Equities	534,133	570,134	498,132

Currency Exposure - asset type	Asset Value as at 31 March 2023	Change to net assets	
		Value on increase	Value on decrease
		+7.54%	-7.54%
	£'000	£'000	£'000
Overseas Pooled Equities	455,904	490,279	421,529

### 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 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. However, the selection of high quality counterparties, brokers and financial institutions by Fund managers should minimise the credit risk that may occur.

Cash deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's Treasury Management investment criteria.

The Council believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits over the past five years.

The Fund's cash holding at 31 March 2024 was £29.9m (31 March 2023: £19.1m). This was held with the following institutions.

Summary	Rating	Balances at 31 March 2023	Balances at 31 March 2024
		£'000	£'000
<b>Bank accounts</b>			
NatWest PLC	A+ (Fitch)	7,672	10,554
JP Morgan	Aa1 (Moody's)	27	1,557
BlackRock	AAAmf (Fitch)	11,406	17,777
		<b>19,105</b>	<b>29,888</b>

### 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 Pension Fund has adequate cash resources to meet its commitments.

The Council has immediate access to its Pension Fund cash holdings.

The Fund considers liquid assets to be those that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. As at 31 March 2024 the value of illiquid assets was £146.0m. This represented 13.81% of the total Fund assets (31 March 2023: £136.4m).

### Refinancing risk

The Pension Fund does not have any financial instruments that have a refinancing risk.

## NOTE 19: FUNDING ARRANGEMENTS

In line with The Local Government Pension Scheme Regulations 2013, the Fund's Actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022. The next valuation takes place as at 31 March 2025.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers).
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable.

At the 2022 actuarial valuation, the Fund was assessed as 96% funded (94% at the March 2019 valuation). This corresponded to a deficit of £39m (2019 valuation: £52m).

Individual employers' contribution rates vary depending on the demographic and actuarial factors particular to each employer.

The valuation of the Fund has been undertaken using the projected unit method under which the salary for each member is assumed to increase until they leave active service by death, retirement, or withdrawal from service. The principal assumptions were as follows:

### Financial assumptions

Other financial assumptions	2019	2022
	%	%
Price inflation (CPI)	2.3	2.7
Salary increases	3.0	3.7
Pension increases	2.3	2.7
Funded basis discount rate	4.3	4.4

## Demographic assumptions

The life expectancy assumptions are based on the Fund's Hymans Robertson's Vita Curves in line with improvements in the CMI 2022 model, with a 25% weighting of 2022 data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.

The average future life expectancy at age 65 based on the Actuary's Fund-specific mortality review is as follows:

	<b>Male</b>	<b>Female</b>
Current pensioners	22.2	24.8
Future pensioners (assumed to be aged 45)	23.1	26.4

## Commutation assumption

50% of future retirements elect to exchange pension for additional tax free cash up to HMRC limits

## NOTE 20: ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities, on an IAS 19 basis, each year, using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting Fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In June 2023, a judgement was handed down in the High Court in the case of Virgin Media vs. NTL Pension Trustees II Limited that could have implications for defined benefit (DB) pension schemes going forward. The Fund cannot quantify the financial effect of the ruling. The Fund will monitor any potential impact on the fund's promised benefits from the Virgin Media Ltd v NTL case. When the impact is known the fund will consider the impact.

In order to assess the value of the benefits on this basis, the Actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 19). The actuary has also valued ill health and death benefits in line with IAS 19.

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£m</b>		<b>£m</b>
<b>(1,120)</b>	Present value of promised retirement benefits	<b>(1,139)</b>

As noted above, the liabilities are calculated on an IAS 19 basis and therefore will differ from the results of the 2022 triennial funding valuation because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

## IAS19 Assumptions used

2022-23		
	% pa	% pa
Inflation/pensions increase rate assumption	3.0	2.8
Salary increase rate	4.0	3.8
Discount rate	4.8	4.8

## NOTE 21: CURRENT ASSETS

31 March 2023		31 March 2024
£'000		£'000
	<b>Short Term Debtors:</b>	
951	Contributions due - employers	1,000
436	Sundry debtors	0
58	Cash owed to Fund	0
	<b>Cash:</b>	
7,672	Cash deposits	10,554
<b>9.117</b>		<b>11.554</b>

## NOTE 21A: LONG TERM DEBTORS

31 March 2023		31 March 2024
£'000		£'000
176	Lifetime Tax Allowances	247
<b>176</b>		<b>247</b>

## NOTE 22: CURRENT LIABILITIES

31 March 2023		31 March 2024
£'000		£'000
(220)	Sundry creditors	(470)
(266)	Benefits payable	(481)
<b>(486)</b>		<b>(951)</b>

## NOTE 23: ADDITIONAL VOLUNTARY CONTRIBUTIONS

Employee Contributions 31 March 2023	Market value of Funds 31 March 2023		Employee Contributions 31 March 2024	Market value of Funds 31 March 2024
£'000	£'000		£'000	£'000
276	2,515	Prudential Assurance	272	2,366
2	418	Clerical Medical	7	455
0	224	Utmost (Previously Equitable Life)	0	184
<b>278</b>	<b>3,157</b>		<b>279</b>	<b>3,005</b>

## NOTE 24: RELATED PARTY TRANSACTIONS

### Harrow Council

The Fund is required under IAS24 to disclose details of material transactions with related parties. The Council is a related party to the Pension Fund. Details of the contributions/payments made to the Fund by the Council and expenses refunded to the Council are set out below.

The Pension Fund has operated a separate bank account since April 2011. All Transactions between the Council and the Pension fund are reconciled and settled with a cash transfer, on a monthly basis. Included within this is the Councils EES/ERS Contributions and CAYS payments.

31 March 2023		31 March 2024
£'000		£'000
(21,889)	Employer's Pension Contributions to the Fund	(21,814)
900	Administration expenses paid to the Council	983
58	Cash held by the Council	(88)
(1,728)	CAYs payments (Augmentation)	(1,798)

The Pension Fund administers the historic Compensatory Added Years payments (CAYs) awarded to Teachers and employees in the LGPS. These costs are charged directly to the Council monthly.

The overall value of these payments during 2023/24 was £2.785m (2022/23 £2.679m) with £1.798m paid directly by the Pension fund (2022/23 £1.728m) and £0.987m directly by the Council (2022/23 £0.951m)

### Governance

Responsibility for management of the Fund has been delegated to the Pensions Committee and the day to day operations of the Fund have been delegated to the Director of Finance (Section 151). No members of the Pension Committee are in receipt of pension benefits from the Harrow Pension Fund. Each member of the Pensions Committee and Local Pension Board are required to declare their interests at each meeting. The Chair of the Pension Committee is Cabinet member for Finance. The members of the Pensions Committee do not receive fees in relation to their specific responsibilities as members of the Pensions Committee.

## NOTE 25A: KEY MANAGEMENT PERSONNEL

The key management personnel of the fund are the Councils' Director of Finance (S151 Officer) and the Pension Fund Manager.

Total remuneration payable from the Pension Fund to these key management personnel is set out below:

31 March 2023	31 March 2024
£'000	£'000
111 Short-term benefits	124

## NOTE 26: CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding capital commitments at 31 March 2024 totalled £42.7m (31 March 2023: £58.7m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held by Pantheon Ventures and commitments in the LCIV Infrastructure Fund and LCIV Renewable Infrastructure Fund.

Apart from the outstanding commitments detailed above, the Fund has no contingent liabilities at 31 March 2024 (31 March 2023 Nil.)

## NOTE 27: CONTINGENT ASSETS

One admitted body employer in the Fund holds an insurance bond/guarantee to guard against the possibility of being unable to meet their pension obligation. Value at for 31st March 2024 £0.354m (31st March 2023 £0.354m) . These bonds are drawn in favour of the Fund and payment will only be triggered in the event of employer default.



## Pension Fund Accounts Reporting Requirement

### Introduction

CIPFA's Code of Practice on Local Authority Accounting 2023/24 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the London Borough of Harrow Pension Fund ("the Fund").

The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS19. There are three options for its disclosure in the pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Fund's funding assumptions.

### Present value of promised retirement benefits

Year ended	31 March 2024	31 March 2023
Active members (£m)	421	390
Deferred members (£m)	217	218
Pensioners (£m)	501	512
<b>Total (£m)</b>	<b>1,139</b>	<b>1,120</b>

The promised retirement benefits at 31 March 2024 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

### Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2024 and 31 March 2023. I estimate that the impact of the change in financial assumptions to 31 March 2024 is to decrease the actuarial present value by £48m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £7m.

**Financial assumptions**

Year ended	31 March 2024	31 March 2023
	% p.a.	% p.a.
Pension Increase Rate (CPI)	2.80%	3.00%
Salary Increase Rate	3.80%	4.00%
Discount Rate	4.80%	4.75%

**Demographic assumptions**

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.7 years	24.3 years
Future pensioners (assumed to be aged 45 at the latest valuation date)	22.5 years	26.0 years

All other demographic assumptions are unchanged from last year and are as per the latest funding valuation of the Fund.

**Sensitivity Analysis**

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the obligations are set out below:

Change in assumption at 31 March 2024	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2%	19
1 year increase in member life expectancy	4%	46
0.1% p.a. increase in the Salary Increase Rate	0%	1
0.1% p.a. increase in the Rate of CPI Inflation	2%	18

**Professional notes**

This paper accompanies the 'Accounting Covering Report – 31 March 2024' which identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:-



Seven Law FFA

16 August 2024

For and on behalf of Hymans Robertson LLP