Newham London

Pension Fund Annual Report

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LAPF INVESTMENTS AWARDS 2020 | WINNER Good Governance Award

SOCIAL IMPACT AWARD 2021

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Contents

Chair's comments

As the Chair of the London Borough of Newham Pensions Committee ('PC') and on behalf of my fellow members, I am pleased to introduce the 2023-24 annual report and accounts.

As today's stewards of the Local Government Pension Scheme ("LGPS") and the Newham Fund, ("the Fund") my colleagues on the PC, the members of our Local Pension Board and Fund Officers take very seriously their responsibilities to all stakeholders – including 32,179 scheme members, and 49 active employers – ensuring that the scheme is locally administered effectively and efficiently on their behalf.

The value of the Fund's assets amid a volatile year on the markets closed 2023/24, up £176m closing at £1.876bn, the highest ever for the Fund. The Pensions & Investment Research Consultants (PIRC) Local Authority Fund Statistics annual league table on LGPS performance 2023-24 shows this Fund achieved 11% return in the 1 year outperforming the average LGPS Fund return of 9.2% which equates to the 41st percentile in the LGPS Fund universe. The Fund was the 14th highest performer in London. This return is more than double the return expected by the actuary in their last valuation report. The focus on performance must however be on the long term where the Newham Fund came in the top quartile of investment performance over the last 10 year period.

The Fund was shortlisted as a finalist at the LAPF Investment Awards 2023 under the category Sustainable Investment Strategy (Climate). Being shortlisted is sector recognition of the Committee's efforts to create a sustainable investment portfolio aligned to its fiduciary obligation.

The PC is taking active steps to include climate considerations as part of investment decision making in preparation for the Task Force on Climate-related Financial Disclosures (TCFD) which is expected to become part of LGPS regulation.

The Fund continues to have a close dialogue with the London CIV ("LCIV") to progress the transition of remaining assets into its asset pool in accordance with the Department of Levelling Up, Housing and Communities (MHCLG) guidance. The value of Fund assets held under management (AUM) with the LCIV were £1.242bn (66%) at 31 March 2024.

The new UK chancellor has announced an upcoming Pensions Investment Review. While details are not yet confirmed, there is a widespread sense that the LGPS is at the cusp of significant change and the Committee will be paying particular attention to in the year ahead.

As Chair of the PC and along with my committee colleagues we remain resolute in our determination to maintain a decent pension scheme for the membership. We will seek to recruit new members especially in those groups that are under-represented, invest responsibly, and continue to provide excellent value for council tax payers, employers and other stakeholders of the Fund.

Cllr John Gray
Chair of the Pensions Committee

Highlights of 2023/24

Local Authority Pensions Fund (LAPF) Investment Awards 2023

The Fund was shortlisted as a finalist at the LAPF Investment Awards 2023 under the category Sustainable Investment Strategy (Climate). This sector recognition of the Committee's efforts to create a sustainable investment portfolio aligned with its fiduciary obligation

MHCLG (previously known as DLUHC) LGPS pooling consultation

This consultation sought views on proposals relating to the investments of the LGPS. It covers the areas of asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments. This will be overtaken by the new UK Government's Pension Investment Review.

Revised Governance Compliance Statement (GCS)

The GCS was prepared in line with the best practice principles published by MHCLG which now incorporates climate risk governance and the revised PC membership to include political proportionality and allocation of seats.

Revised Investment Strategy Statement (ISS)

The purpose of the ISS is to reduce the funding gap, whilst taking into account constrained Council spending and with it a focus on risk management, to ensure that contributions are maintained at the same level. The ISS was reviewed during 2023/24 based on decisions made on the Strategic Asset Allocation.

Review of the Equities Management and Protection Strategies

The Fund reviewed holdings within the equities class to implement changes that were agreed. The protection strategies that involve hedging the Funds' exposure to equity volatility and currency were also reviewed.

The Fund's outlook for 2024/25

Pensions Investment Review

The new UK Government announced an upcoming Pensions Investment Review. It is likely to result in significant changes to the LGPS. While the details have yet to be confirmed the strategy presents both fiduciary challenges and opportunities for LGPS funds as they balance their responsibility to pensioners with the government's push for greater investment in UK-based assets, such as infrastructure, housing, and venture capital.

The MHCLG published 'A Call for Evidence' inviting input, data and information from interested parties to inform the first phase of the Pensions Investment Review. This first phase aims to boost investment, increase pension pots and tackle waste in the pensions system.

Climate Action Plan

Fund's Climate Action Plan and setting of a Net Zero target. This will included the next steps for the Task Force on Climate-Related Financial Disclosure (TCFD) report and will cover strategy and risk management including emissions and climate analytics data.

Review of Environmental, Social and Corporate Governance (ESG) policy

In March 2023 the Fund reviewed its ESG policy and voting policy on managing climate change risks in line with impending MHLCG regulation on TCFD to improve reporting of climate-related financial information.

Sustainable Investment Monitoring Reporting

The engagement and voting activity of the Fund's investment managers and the feedback is recorded within the Sustainable investment monitoring report which will be produced on an annual basis. It provides an insight to the developing nature of the monitoring and activity by managers in this area. This is a live document, whereby manager' processes and asset class norms are continually developing, and will evolve over time.

The TCFD

Whilst it is not yet a regulatory requirement for the LGPS to report against this framework this Fund has actively started making preparations for its implementation. The MHCLG guidance on TCFD has been delayed and is now expected in the autumn of 2024.

Triennial Valuation 2025

LGPS regulation requires that the Fund has an actuarial valuation. The next valuation date is 31/3/25 which will set updated employer rates that will commence in 2026/27. This work will be carried out collaboratively between the Fund actuary, Fund adviser, Scheme Administrator and Newham Council.

Pooling of Assets & Collaborative Working

The Fund is actively engaged with the London Collective Investment Vehicle (LCIV) – the Chair participates at LCIV General Meetings and votes on motions. The PC continues to review new investment opportunities available within the LCIV, which will deliver the Fund's investment strategy and ensure that fees are kept at a minimum. The Fund will work with the LCIV to continue moving non-pooled assets onto the pool as and when suitable products become available.

Fund Governance

The Fund is part of the LGPS. The benefits paid out and the scheme regulations are set nationally, but the Fund is managed and administered locally. As administering authority, the London Borough of Newham (LBN) has legal responsibility for the effective management of the Fund. The Council delegates this responsibility to the Committee, which is the formal decision making body for the Fund.

Pensions Committee

The Committee consists of twelve Councillor members, three substitutes and three co-opted trade union representatives.

The Councillor members as at 31 March 2024 were

Chair – Councillor John Gray (4/4)

Vice Chair- Councillor Joshua Garfield (3/4)

Councillor Rohit Dasgupta (3/4)

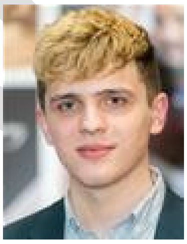
Councillor Jemima Mcalmont (3/4)

Councillor Jennifer Bailey (3/4)

Councillor Lester Hudson (1/4)

Councillor Larisa Zilickaja (4/4)

Councillor Caroline Adaja (0/4)



Councillor Nate Higgins (1/4)

The Councillor substitute members were Councillor Winston Vaughan, Councillor Ken Penton, Councillor Danny Keeling.

Co-opted trade union representatives during 2023/24 were Tony Fernandes (Unite), Gloria Hanson (Unison) and Stella Ikanik (GMB).

The Committee meets quarterly to discuss investment strategy, legislation changes and developments that may affect the Fund, and to review the performance of the fund managers. The Committee may also arrange meetings on an ad hoc basis as required, and attend training sessions throughout the year. During 2023/24 the Committee met 4 times (training sessions) – the number of meetings attended by each member is shown above.

Management and Advisors

The work of the Committee is supported by a number of officers, advisors and external managers as set out below.

Responsible Officers

Pensions and Treasury team is based in the Newham Finance service and ensures that members of the Committee receive advice on investment strategy and monitoring of the managers. The team also reviews management arrangements and other issues as appropriate, as well as accounting for the activities of the Fund.

Conrad Hall	Corporate Director of Resources	020 3373 4219
Stephen Wild	Head of Pensions and Treasury	020 3373 3881
Rakesh Rajan	Pension Fund Manager	020 3373 6595

The oneSource Exchequer and Transactional Service monitor and manage the pension administration contractors.

Sarah Bryant	Director of Exchequer & Transactional services	01708 432 233
James Cocks	Head of People Transactional Services	01708 432 266
Jacqui Andress	Pensions Projects and Contracts Manager	020 3373 9658

Scheme Administrator

LBN contracts out its benefits administration to Local Pension Partnership (LPP) in accordance with the council's best value arrangements. LPPA maintain pension scheme membership records and provide advice, benefits calculations and estimates. LPP was formed in 2016 through a collaboration between Lancashire County Council and the London Pensions Fund Authority (LPFA) and the group was split into LPPI (Investments) and LPPA (Administration) in June 2020. The LPPA are the main contact point for all member and employer scheme queries, employees who wish to join the scheme and for advice on procedures or complaints.

LPPA
2nd Floor, 169 Union Street, London SE1 0LL
020 7369 6105

Custodian Bank

The Fund uses Northern Trust as its custodian to hold and safeguard the Fund's assets. The custodian acts as the Fund's bank, settles transactions and is responsible for investment income collection.

Northern Trust
50 Bank Street, Canary Wharf, London, E14 5NT

In addition to acting as the Fund's custodian, Northern Trust provides performance analysis, comparing the performance of the Fund and individual managers to agreed benchmarks and market indices on a monthly, quarterly and annual basis. Pensions and Investment Research consultants Ltd (PIRC) is used to monitor the Fund against the LGPS universe.

Investment Managers used by the Fund

Day to day investment management of the Fund's assets is delegated to specialist managers in accordance with the LGPS (Management and Investment of Funds) Regulations 2009 (as amended). During the year the Fund used the following external managers:

Fund Manager	Mandate	Contact Details
Arcmont Asset Management	Private debt	77 Grosvenor Street, London, W1K 3JR
Brightwood	Private debt	15 Stanhope Gate, London, W1K 1LN
Brockton	Property unit trust	89 Wardour St, Soho, London W1F 0UA
CBRE	Property unit trust	3rd Floor, One New Change London, EC4M 9AF
Cheyne	Social Housing	Stornoway House, 13 Cleveland Row, London, SW1A 1DH
Fiera	Real assets	Queensberry House, 3 Old Burlington Street, London, W1S 3AE
HarbourVest	Private equity	3rd Floor, 33 Jermyn Street, London, SW1Y 6DN
KGAL	Real assets	27 Bush Lane, London, EC4R 0AA
Legal & General	Passive equities and passive bonds	One Coleman Street London, EC2R 5AA
Payden and Rygel	Fixed income	1 Bartholomew Lane, London, EC2N 2AX
Permira	Private debt	80 Pall Mall, London, SW1Y 5ES
Schroders	Structured equity	30 Coleman Street, London, EC2R 5AL
London CIV	**Asset Pool Operator** Global bond fund (from June 2021) Global equity focus fund (from December 2022)	4th Floor, 22 Lavington Street, London, SE1 0NX

Actuary
Barnett Waddingham
163 West George Street
Glasgow, G2 2JJ

Investment Advisor
Barnett Waddingham
2 London Wall Place, 123 London Wall
London, EC2Y 5AU

Economic Advisor
Fathom Financial Consulting
47 Bevenden Street, London, N1 6BH

External Auditor
Ernst & Young LLP
400 Capability Green, Luton, LU1 3LU

Bankers
Lloyds Bank
City Office, PO Box 72, Bailey Drive
Gillingham Business Park, Kent, ME8 0LS

AVC Providers

Utmost Life & Pensions
(formally Equitable Life)
Walton Street, Aylesbury
Buckinghamshire, HP21 7QW

Clerical Medical
PO box 28121
15 Dalkeith Road
Edinburgh
EH16 9

Legal Advisors

The Fund receives legal advice from LBN’s in-house legal team who in turn have taken specialist advice from:

Sackers and Partners
20 Gresham St
London, EC2V 7JE

Bevan Brittan
Fleet Place House, 2 Fleet Place
London, EC4M 7RF

Subscription bodies

The Fund is a member of the Pensions and Lifetime Savings Association (PLSA), the Local Authority Pension Fund Forum (LAPFF), the Institutional Investors Group on Climate Change (IIGCC), Pensions & Investment Research Consultants (PIRC) and the London Pension Fund Forum (LPFF).

Risk Management

The Fund's main risk is that its assets fall short of its liabilities to the extent that there are insufficient assets to pay promised benefits to members. The investment objectives have been set with the aim of maximising investment returns over the long term within specified risk tolerances. This aims to increase the likelihood that the promises made regarding members' pensions and other benefits will be fulfilled.

Responsibility for the Fund's risk management strategy rests with the Committee.

In order to manage risks a Pension Fund Risk Register is maintained and reviewed regularly by the Pensions Board. Risks identified have been reduced through planned actions. The Risk Register is managed by the Director of Exchequer & Transactional Services and the Head of Pensions and Treasury with risks assigned to "Risk Owners".

The Fund's approach to risk management is covered in the following policies:

- Investment Strategy Statement (ISS)
- Funding Strategy Statement (FSS)
- Enviromental, Social & Governance (ESG) Investment Policy
- Governance Policy

Key risks

Risk	Risk Rating	Responsible Officer	Mitigations
Administration Risks			
3rd parties undertaking outsourced administration work are unable to facilitate timely and accurate updating of service records. Inaccuracies in service records may impact on actuarial valuations, calculations of pension benefits and on notifications to starters and leavers.	Medium	Director of Exchequer & Transactional Services	Actuary undertakes data cleansing on service records as part of the triennial revaluation which should identify the extent of any inaccuracies.
Loss of funds through fraud or misappropriation by 3rd parties could lead to negative impact on reputation of the Fund as well as financial loss	Medium	Head of Pensions and Treasury & Director of Exchequer and Transactional Services	Third parties regulated by the FCA. Separation of duties and independent reconciliation procedures in place. Review of third party internal control reports undertaken by Pensions Finance Team. Periodic internal audits of Pensions Finance and Exchequer & Transactional teams.
Funding Risks			
Scheme members live longer leading to higher liabilities	Medium	Head of Pensions and Treasury & Director of Exchequer and Transactional Services	Review at each triennial valuation

Risk	Risk Rating	Responsible Officer	Mitigations
Assumed levels of inflation and interest rates may be inaccurate leading to higher than expected liabilities.	Medium	Head of Pensions and Treasury	Review at each triennial valuation
Scheme employer fails to pay contributions timely each month	Low	Head of Pensions and Treasury	Monthly monitoring and prompt communication
Failure of an admitted or scheduled body leads to unpaid liabilities being left in the Fund to be met by other employers.	Medium	Director of Exchequer and Transactional Services	Transferring admission bodies required to have a bond or guarantor in place. Regular monitoring of employers.
Investment Risks			
Fund managers fail to achieve agreed returns	Medium	Head of Pensions and Treasury	Independent monitoring of fund manager performance. Fund manager performance is reviewed quarterly. LCIV carry out their own monitoring of Fund investments held on their platform. ESG policy mitigates risk of stranded assets.
Regulation Risks			
Introduction of European Directive MiFID II results are a restriction of Fund's investment options.	Low	Head of Pensions and Treasury	The Fund has successfully opted up with all managers and third parties as required by the deadline.

Controls Assurance Reports

Fund Manager	Report	Assurance Obtained	Reporting Accountant
Arcmont	AAF 01/20	Reasonable	Price Waterhouse Coopers LLP
CBRE	AAF 01/20 ISAE 3402	Reasonable	Deloitte LLP
Cheyne	Operational Due Diligence	Reasonable	Cheyne
Brightwood	SOC 1	Reasonable	U.S Bank Global Fund Services
Fiera	CSAE 3000	Reasonable	Deloitte LLP
Harbourvest	SOC 1	Reasonable	Ernst & Young LLP
KGAL	ISAE 3402	Reasonable	KPMG
Longview	ISAE 3402	Reasonable	Ernst & Young LLP
Legal & General	AAF 01/20 - ISAE 3402	Reasonable	KPMG LLP
Payden and Rygel	ISAE 3402	Reasonable	BDO USA LLP
Permira	ISAE 3402	Reasonable	Ernst & Young LLP
Pimco	SOC 1 / ISAE 3402	Reasonable	Price Waterhouse Coopers LLP
Schroders	AAF 01/20 ISAE 3402	Reasonable	Ernst & Young LLP
Custodian	**Report**	**Assurance Obtained**	**Reporting Accountant**
Northern Trust	SOC 1	Reasonable	KPMG LLP

Newham Pensions Board Annual Report 2023/24

Purpose of Report

1. The report is compiled to provide feedback on the work undertaken during April 2023 to March 2024 (2023-24) by the Newham Pensions Board and to meet the legislative requirement for producing an Annual Report.

Background

2. The Pensions Board oversees the administration of the Newham Pension Fund on behalf of the Administrating Authority. Decisions made on the investment of the fund is carried out by the Newham Pension Committee

3. The London Borough of Newham Pension Fund Local Pensions Board ("Pensions Board") was established in accordance with changes to the Public Service Pension Act 2013 (PSPA13) statutory pension scheme that is connected with it.

4. The Pensions Board is supported by officers of the London Borough of Newham Administering Authority ("Administrator"), by the appointment of an Independent Chair, and by assurance statements and information provided by external service providers to London Borough of Newham Pension Fund ("Fund").

5. There are three employer representatives and three scheme member representatives.

6. The Pensions Board has met four times in the Municipal Year 2023-24.

7. The costs of the Pensions Board's operations;
    a. Meeting and Independent Chair Allowances are paid by the London Borough of Newham
    b. Training costs are charged to the Pension Fund and are included in the Fund budget.

Implications and Risks

Financial implications and risks:
None
Legal implications and risks:
None
Human Resources implications and risks:
None
Equalities implications and risks:
None

Membership Attendance at Meetings

1. The Membership of the Pensions Board is:

Independent Chair	Tejonidhi Kashyap
Employee Representative	Catherine Hanlon (GMB)
Employee Representative	Position vacant
Employee Representative	Position vacant
Employee Representative	Christine Lander (UNISON)
Employer Representative	John Saunders until Oct 23
Employer Representative	John Hollands until Oct 23
Employer Representative	Philippa Terry from Nov 23

Attendance at Meetings

Meeting Date	Tejonidhi Kashyap (TK)	Catherine Hanlon (CH)	Christine Lander (CL)	Philippa Terry (PT)	John Hollands (JH)	John Saunders (JS)
26th June 23	X	X	X		X	
9th Oct 23	X	X	X		X	X
22nd Jan 24	X	X	X	X		
11th Mar 24	X	X	X	X		

Attendance at Training

1. See appendix A, for a summary of Training and attendance for the Pension Board.

Areas Covered at Pension Board

Items Covered	Meeting Dates				
	26th June 23	9th Oct 23	22nd Jan 24	11th Mar 24	13th May 24
Review Pension Board Plan for forthcoming year	x				x
Draft Pension Board Annual Report	x				x
Pensions Administration Strategy	x				
Data Improvement Plan	x				
Discretionary Policies	x				
Communications Policy		x			
Pensions Regulator Code of Practice				x	
Risk Register	x	x	x	x	
Abatement Update	x				
Membership Update	x				
Terms of Reference Update	x	x			
LPPA Performance Report	x	x	x	x	
LPPA Risk & Compliance Report	x	x	x	x	
Pensions Administration Report	x	x	x	x	
Pensions Fund Update	x	x	x	x	
LPPA Update; UPM, Current Pressures and plans for service improvements		x		x	
Newham Fund Annual Report	x	x			

Chair’s Comments

1. I would like to welcome new colleagues on the Pensions Board and convey my gratitude to the Pensions Board members who have completed their term during 2023-24. I commend the officers for their continued commitment to effective and efficient service to our scheme members and employers.

2. This year the Pensions Board supported efforts to promote the scheme and increase membership numbers by encouraging discussions about communications with scheme employers.

3. The Pensions Board kept a close eye on the Administrators plan for updating and improving the administration system UPM implemented in 2022-23. The operational issues encountered during implementation last year have smoothed out while staff get acquainted with the system.

4. The Pension Board carried out its regular reviews of the performance of the Pensions Administration service provider. During 2023-24, the Board reviewed data breaches, complaints and IDRP cases. The Pensions Board also reviewed the performance of the service provider in relation to adherence to various SLAs and metrics measuring service levels.

5. The Pension Board asked for a review of cyber security risks to the scheme and the Administrator. The Administrator presented their risk mitigation plan and development efforts to improve cyber security in the future.

6. As new Pensions Board members get acquainted with their role on the Board, training will play a key role in 2024-25. The Pensions Board will continue to support the scheme by carrying out its governance, monitoring and review activities as laid out in its 2024-25 business plan.

Tejonidhi Kashyap
Chair of the Pensions Board

Business Plan and Execution

1. The Pensions Board has created a Business Plan which can be viewed here

2. In the period from April 2023 to March 2024, the Pensions Board has considered a number of matters, some of which are listed below;

    a. Adherence to regulations
        i. Changes to regulations and guidance.
        ii. LGPS exit cap, McCloud judgement to understand the impact on employees, the Fund and any Administrative implications.
        iii. Training needs analysis and monitoring

    b. Governance
        i. Review of the Authority's Fund Risk Register
        ii. Review Administration and Fund Complaints statistics
        iii. Discussions on proposed updates to Terms of Reference.
        iv. Discussion on the new Code of Practice from the Pensions Regulator

    c. Administration
        i. Administration Performance Reports
            1. Including data quality
        ii. Administration Service Contract
        iii. Reviewing Administrators plan for updating and improving their administration system, UPM

    d. Membership and communication
        i. Reviewed membership statistics, percentage of eligible members who are in full or 50:50 scheme for the main Newham fund by age and earnings
        ii. Discussions on communications with employers and schools, to look at promoting LGPS and increasing membership numbers.
        iii. Working on strategy for membership numbers

    e. Record keeping
        i. Data report covering performance of service provider in relation to processing times, time to answer phone calls and overall work against SLA's.

3. **There have been no conflicts of interest involving any of the work undertaken by the Pensions Board or during any agenda items.**

Review of Risks

1. The Pensions Board monitors the risk register on a regular basis. The Pensions Board seeks to ensure greater consideration on particular investment and non-investment risks identified to drive its work forward.

Forward Plan for 2024/25

1. The Pensions Board has made a business plan for the 2024-25 period taking into account key milestones and challenges the scheme is expected to face in this period. The plan is available here.

2. Further information regarding the Newham Local Pension Board including minutes of the meetings are available here.

Glossary

Exit Cap	The cap limits the exit payments made to employees of public sector bodies.
GDPR	General Data Protection Regulation
Good Governance Framework	SAB commissioned report reviewing the governance of the LGPS on effectiveness and reviewing existing models
Guaranteed minimum Pension	Is the minimum guaranteed level of pension, which a pension scheme had to provide to members if they were contracted out of the SERPS between 6 April 1978 and 5 April 1997.
LPPA	Local Pension Partnership Administration (LPPA), Newham Pension Fund Administrators
McCloud	The McCloud judgement refers to the Court of Appeal's ruling that Government's 2015 public sector pension reforms unlawfully treated existing public sectors differently based upon members' age
National Fraud Initiative	Exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.
UPM	Universal Pensions Management. The pension administration system used by LPPA.
SAB	Scheme Advisory Board - is a body set up under Section 7 of the Public Service Pensions Act 2013 and The Local Government Pension Scheme Regulations 110-113.to review and provide guidance relating to the LGPS working with the regulator and Scheme Managers
SERPS	State Earnings Related Pension Scheme, aka State Second Pension

Appendix 1 – Board Members Training Schedule

Training Title	Description of Content	Training Provider	Date of Training	Board Members					
				TK	CH	PT	CL	JH	JS
Completed									
Pensions Regulator Trustees Toolkit	There are 11 learning modules: five core modules aimed at all trustees, four aimed at trustees of DB schemes and two aimed at trustees of DC schemes	The Pension Regulator							
UPM System Demo	Session on UPM Member Module - Pension Point	LPPA/Officers	24/04/2023						
LGPS Introduction	Covered types of pension scheme, pension accrual, retiring from LGPS, employer and employee contributions and the role of the fund	Jacqui Andress	06/03/2024						
Cyber security	Current threat types, risks to LPPA and how they work to mitigate them, work that can be done improve safety in the future	LPPA	11/03/2024						

Financial Performance

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Contributions*	61,422	98,899	48,462	53,978	79,236
Pensions	(67,820)	(73,569)	(69,682)	(72,220)	(79,012)
Net additions / (withdrawals) from dealings with members	**(6,398)**	**25,330**	**(21,220)**	**(18,242)**	**224**
Management expense	(8,624)	(7,824)	(8,475)	(8,516)	(5,936)
Net investment returns	28,019	22,859	22,312	22,318	29,151
Change in Market Value	(77,854)	176,865	128,943	(5,518)	152,816
Net increase / (decrease) in the fund	**(64,857)**	**217,230**	**121,560**	**(9,958)**	**176,255**

*2020/21 LBN prefunded employer contributions

Net Asset Statement

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Fixed interest securities	93,242	85,441	147,474	-	-
Equities	359,578	238,245	-	-	-
Pooled investments	450,054	761,122	923,961	1,063,441	1,242,710
Pooled property	164,479	161,833	197,597	186,343	178,226
Private equity / infrastructure	195,995	268,581	326,746	363,747	365,008
Diversified	57,537	8,976	2,330	543	-
Cash deposits	46,497	43,609	89,029	61,317	89,903
London CIV	150	150	150	150	150
Other	4,094	(30,828)	(96)	1,794	(6,209)
Total investment assets	**1,371,626**	**1,537,129**	**1,687,191**	**1,677,335**	**1,869,788**
Current assets	2,004	52,718	23,698	22,757	7,763
Current liabilities	(2,476)	(1,463)	(945)	(105)	(1,309)
Total net assets available to the fund	**1,371,154**	**1,588,384**	**1,709,944**	**1,699,987**	**1,876,242**

2023/24 Outturn

2023/24 Outturn	2023/24 Budget	2023/24 Actual	Variance
	£'000	**£'000**	**£'000**
Members	17,300	17,739	439
Employers	51,100	53,127	2,027
Transfers In	7,000	8,370	1,370
Contributions from members	**75,400**	**79,236**	**3,836**
Pensions	(56,800)	(57,999)	(1,199)
Retirement Benefit Lump Sums	(10,300)	(10,346)	(46)
Death Benefits	(900)	(1,576)	(676)
Transfer Out and Refunds	(8,800)	(9,091)	(291)
Benefits paid	**(76,800)**	**(79,012)**	**(2,212)**
Net deductions from dealing with members	**(1,400)**	**224**	**1,624**
Administration	(1,000)	(1,286)	(286)
Oversight & Governance	(700)	(703)	(3)
Investment Management Expenses	(7,400)	(3,947)	3,453
Management expenses	**(9,100)**	**(5,936)**	**3,164**
Investment Income	23,500	29,205	5,705
Taxes on Income	(30)	(54)	(24)
Return on Investments	**23,470**	**29,151**	**5,681**
Net additions including management expenses and investment income	**12,970**	**23,439**	**10,469**

Management Expenses Analysis

Administration

	2023/24 Budget	2023/24 Actual	Variance
	£'000	**£'000**	**£'000**
Employees	(90)	(123)	(33)
Legal	(20)	(4)	16
Support services (internal recharges)	(110)	(297)	(187)
Service contracts	(730)	(806)	(76)
Subscriptions	(40)	(50)	(10)
Other	(10)	(6)	4
Total	**(1,000)**	**(1,286)**	**(286)**

Oversight and Governance

	2023/24 Budget	2023/24 Actual	Variance
	£'000	£'000	£'000
Employees	(220)	(266)	(46)
Legal	(50)	(47)	3
Support services (internal recharges)	(60)	(64)	(4)
Investment advisory services	(250)	(194)	56
External audit	(50)	(68)	(18)
Actuarial fees	(70)	(64)	6
Total	**(700)**	**(703)**	**(3)**

Investment Management

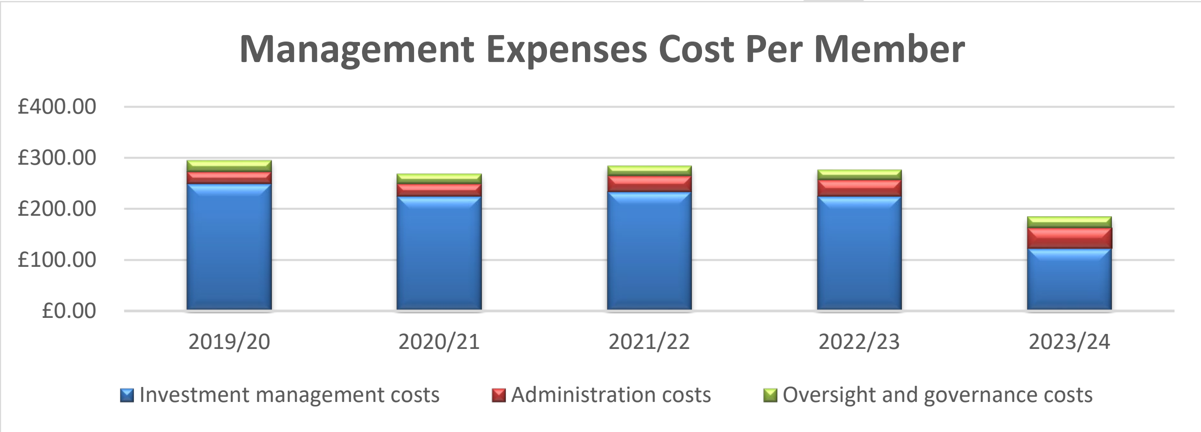
	2023/24 Budget	2023/24 Actual	Variance
	£'000	£'000	£'000
Management fees	(6,200)	(3,465)	2,735
Transactions costs	(1,100)	(399)	701
Custodian Fees	(100)	(83)	17
Total	**(7,400)**	**(3,947)**	**3,453**

Income

	2023/24 Budget	2023/24 Actual	Variance
	£'000	£'000	£'000
Equities	1,500	398	(1,102)
Fixed interest securities	4,000	3	(3,997)
Pooled property	4,400	8,073	3,673
Real assets	1,000	741	(259)
Diversified	200	-	(200)
Cash deposits	300	4,333	4,033
Private debt	7,400	14,203	6,803
Private equity	4,700	1,454	(3,246)
Total	**23,500**	**29,205**	**5,705**
Taxes on income	(30)	(54)	(24)
Total	**23,470**	**29,151**	**5,681**
Net cash inflow during the year	**(38,960)**	**(26,646)**	**9,171**

Management Expenses Cost per member

Total membership no.	29,168	29,122	29,802	30,715	32,135
Process	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Investment management costs					
Total cost (£'000)	7,283	6,542	6,967	6,893	3,947
Cost per member £	249.69	224.64	233.78	224.41	122.83
Administration costs					
Total cost (£'000)	670	724	939	994	1,286
Cost per member £	22.96	24.86	31.51	32.38	40.02
Oversight and governance costs					
Total cost (£'000)	671	558	569	635	703
Cost per member £	23.01	19.16	19.10	20.67	21.88



Analysis of asset pooling costs

	2023/24	Cumulative
	£000	**£000**
Set up costs:		
Share purchase	-	150
Annual charge	25	120
Development funding charge	76	423
Other	-	18
Total	**101**	**711**
Management fee	38	388
Savings	(541)	(2,270)
Total fees	**(402)**	**(1,171)**

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Set up costs	100	90	90	110	110	110	101
Fees	-	15	16	17	268	34	38
Fee savings	-	(142)	(310)	(233)	(697)	(347)	(541)
Net savings realised	**100**	**(37)**	**(204)**	**(106)**	**(319)**	**(203)**	**(402)**

Ongoing investment management costs

	Asset Pool Costs £'000	bps*	Non-asset Pool Costs £'000	bps	Fund total £'000	bps
Management fees						
Ad valorem	139	0.007	3,326	0.0018	3,465	0.0019
Asset pool shared costs						
Transaction costs	-	-	399	0.00021	399	0.0002
Custody	-	-	83	0.00004	83	0.0004
Total	**139**	**0.007**	**3,808**	**0.0020**	**3,947**	**0.0021**

Value of Fund 1,869,788

* 100 basis points (bps) = 1%

Taskforce for climate-related financial disclosures (TCFD) framework.

A framework for the disclosure of climate-related financial risks. The goal of the framework is for disclosures to inform stakeholders as to how companies are managing risks and to allow more informed investment, credit and insurance underwriting decisions. There are four elements to the TCFD framework (as illustrated below) and, although this was not explicitly developed for pension schemes, it has been adapted for their use. TCFD aligned reporting will become a regulatory requirement for defined benefit pension schemes.

The UK Government has published proposals that will require larger schemes to report against this framework on an annual basis.

The Department of Levelling Up, Housing and Communities will conduct a consultation this autumn on the implementation of mandatory TCFD-aligned reporting in LGPS.

Governance

- Establish and maintain oversight of climate-related risks and opportunities.
- Establish and maintain processes to ensure those managing the scheme on behalf of the Trustees are assessing and managing climate-related risks and opportunities.

Strategy

- Identify climate-related risks and opportunities that will impact the investment strategy of the scheme over different time horizons.
- Assess the impact of identified risks and opportunities on the scheme's investment strategy.
- Assess the resilience of the scheme's assets and investment strategy to climate-related risks in different scenarios. The scenarios should consider different policy pathways

Risk Management

- Develop and maintain processes for identifying, assessing and managing climate-related risks.
- Ensure the integration of climate-related risks into overall risk management.

Metrics and Targets

- Select greenhouse gases emissions and non-emissions metrics to assess scheme assets against climate-related risks and opportunities.
- Obtain the Scope 1/2/3 emissions and other data to calculate the selected metrics
- Set a target to manage climate-related risk with the chosen metrics and measure performance against this target.

Cost transparency

A voluntary LGPS Code of Transparency into investment management fees and cost was developed and approved by the Scheme Advisory Board (SAB). Code was introduced to assist LGPS clients gather cost information in a consistent format.

Fund managers across the LGPS universe are encouraged to sign up to this Code to demonstrate their commitment to transparent reporting of costs. A full list of current signatories to the code are available to view on the SAB website SAB Manager List.

The Financial Conduct Authority (FCA) aim is to see a more consistent and standardised disclosure of costs and charges for institutional investors.
The Cost Transparency Initiative (CTI) framework is used to report costs and charges and

help assess value for money of any investments. It is compatible with Markets in Financial Instrument Directive (MiFID II) and can be used by Defined Benefit and Defined Contribution schemes.

There are three different templates:

1. The User Summary, which can be used by schemes and advisors to provide a summary of key information across all investments.
2. The Account Template, which is the main cost disclosure template to be completed by the investment manager(s) and covers the majority of assets and product types.
3. The Private Equity Sub-template, which is to be completed by investment managers of closed-ended private equity funds.

The templates provide information on three main categories of investment cost: management fees, performance fees and transaction costs.

The Compliance System

As part of the Code, investment managers are required to complete and submit the template for the relevant mandate (without request) to their LGPS clients on either an annual or quarterly basis as agreed with their client. In order to streamline the process and make it more widely available, the SAB procured a system from Byhiras which will take the form of online facility intended to:

- Be capable of accepting and storing template data
- Check the timeliness of data submission and report late returns
- Ensure that template data is signed off by managers as 'fair, clear and not misleading'
- Provide a check against the MiFID II total cost amount submitted separately by managers to their LGPS clients

As well as ensuring compliance with the Code the system could be used by LGPS clients to:

- Replace the existing excel format templates provided to them by managers
- View a useful but limited set of onscreen reporting and comparison tools
- Give permission to other LGPS clients or trusted third parties (e.g. their investment advisor) to access and export their template data
- Provide advanced reporting facilities under a phase 2 development subject to the agreement of Code clients.

The template data held within the compliance system will be separate from any other database held by Byhiras and cannot be shared by Byhiras with any third parties for any purpose.

The Fund has been in contact with its fund manager to gather the cost transparency data. The Fund asset managers who are listed as signatories on the SAB website and whether their templates have been uploaded to Byhiras website can be seen in the following table for the reporting period ending 31 March 2024:

Fund Manager	Signatory on SAB website	Template uploaded to Byhiras portal	CTI Main Account Template	CTI Private Equity Template
CBRE	✓	×	✓	-
Cheyne Capital	×	×	✓	-
KGAL *	×	×	×	-
LGIM	✓	✓	✓	-
London LGPS CIV Ltd	✓	×	×	-
Payden and Rygel	✓	×	✓	-
Schroders	✓	✓	✓	-
Arcmont	×	×	-	✓
Brightwood	×	×	-	×
Fiera	×	×	-	×
HarbourVest *	✓	✓	-	×
Permira	✓	×	-	✓

* Fiera, HarbourVest and KGAL provide the information required in their own template, fees deducted from NAV are included within the accounts.

User reports from the Byhiras website are available which summarise the transaction costs, management fees and performance fees/returns. As can be seen from the table above not all fund managers have uploaded data to the website and the summary user reports do not include all of the managers, in particular the Private Equity templates, therefore extracting data from the user summary reports is not comprehensive to include in this report.

Where CTI reports have been received the Fund has included the costs in the Statement of Accounts.

Asset allocation and performance

Asset category	Opening value £'000	Opening value %	Closing value £'000	Closing value %	Performance over one year: Gross %	Performance over one year: Local target %	Performance over one year: Variance to Target %
Asset pool managed investments							
London CIV shareholding	150	0.01	150	0.01		N/A	
Fixed income	107,284	6.40	45,807	2.45	6.39	4.87	1.52
Public Equities	788,034	46.98	1,010,178	54.03	23.22	22.93	0.29
Global Equities	157,418	9.38	185,774	9.94	4.64	4.86	-0.22
Total pooled investments	**1,052,886**	**62.8**	**1,241,909**	**66.4**			
Non-asset pool managed investments							
Public Equities – Active	226	0.01	-	-		Divested	
Equity Protection (cash and derivatives)	36,170	2.16	33,337	1.78		Equity protection - not measured	
Fixed income	10,361	0.62	390	0.02	5.20	5.17	0.03
Private Debt	125,650	7.49	130,493	6.98	9.49	7.00	2.49
Commercial Property	190,543	11.36	178,735	9.56	-1.55	5.49	-7.04
Social Housing	70,890	4.23	77,976	4.17	0.19	6.00	-5.81
Private Equity	82,384	4.91	88,996	4.76	-1.29	8.28	-9.57
Real assets	95,185	5.67	96,810	5.18	0.89	7.00	-6.11
Cash	10,700	0.64	20,692	1.11		N/A	
Diversified alternatives	543	0.03	-	-		Divested	
Derivatives	1,998	0.12	-	-		Equity protection - not measured	
Other	(201)	-0.01	450	0.02		Includes accruals etc - not measured	
Total non-pooled investments	**624,449**	**37.2**	**627,879**	**33.6**			
Total assets	**1,677,335**	**100.0**	**1,869,788**	**100.0**			

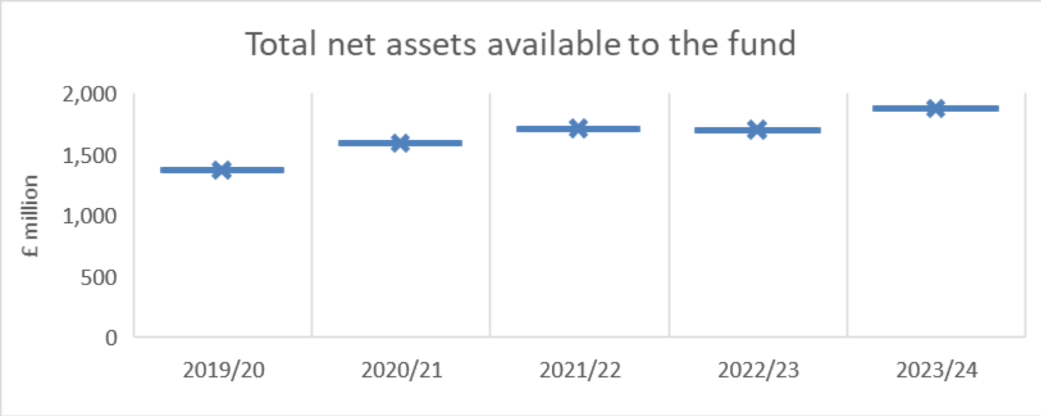
Budget 2024/27

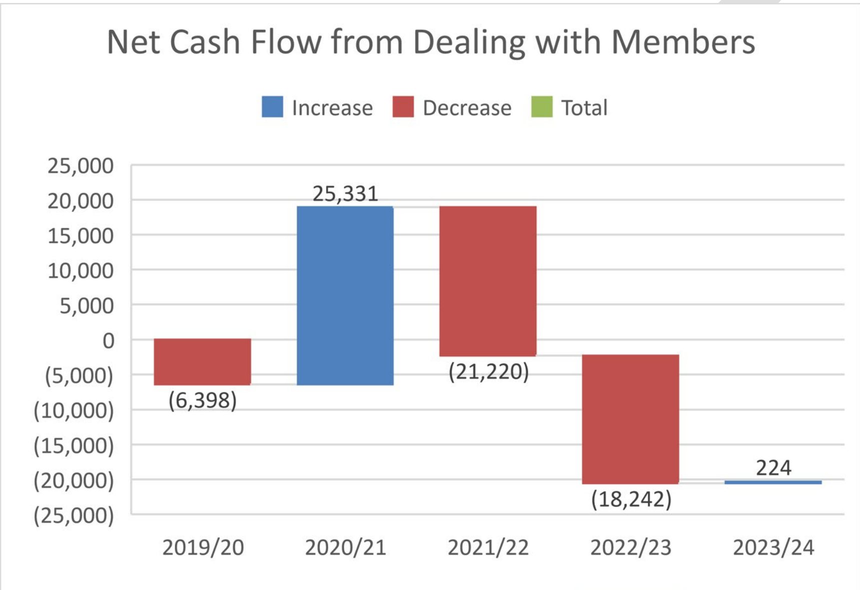
The Pension Fund Outturn for 2023/24 and budget for the following 3 years in accordance with Regulation 34(3) of the Local Government Pension Scheme.

Pension Fund Budget	2023/24 Actual	2024/25 Budget	2025/26 Budget	2026/27 Budget
	£000	**£000**	**£000**	**£000**
Employees contributions	(17,739)	(19,400)	(18,000)	(15,700)
Employers contributions	(53,127)	(58,200)	(54,100)	(47,100)
Transfers In	(8,370)	(8,400)	(8,400)	(8,400)
	(79,236)	**(86,000)**	**(80,500)**	**(71,200)**
Pensions	57,999	62,300	63,500	64,800
Retirement Benefit Lump Sums	10,346	11,000	11,700	12,400
Death Benefits	1,576	1,600	1,700	1,800
Transfer Out	9,091	9,100	9,100	9,100
	79,012	**84,000**	**86,000**	**88,100**
Net deductions from dealing with members	**(224)**	**(2,000)**	**5,500**	**16,900**
Administration	1,286	1,327	1,300	1,337
Investment Management Expenses	3,947	4,100	4,300	4,500
Oversight & Governance	703	800	900	1,000
Management expenses	**5,936**	**6,227**	**6,500**	**6,837**
Investment Income	(5,766)	(4,284)	(12,060)	(23,800)
Taxes on Income	54	57	60	63
Return on Investments	**(5,712)**	**(4,227)**	**(12,000)**	**(23,737)**
Net Budget	**-**	**-**	**-**	**-**
Local pension board - within Oversight and Governance	5	5	5	5

Fund Value

Overall, the Fund's net asset value has increased by £176m to £1.9Bn during the year.





When dealing with members the Fund is cash flow positive attributed to the prefunding strategy.

The Pensions Committee have adapted the investment strategy by investing in income generating assets and continually review the approach.

Pension Fund Cash Flow Forecast

	2023/24 Actual £000	2024/25 Forecast £000	2025/26 Forecast £000	2026/27 Forecast £000
Opening cash / deposit balances	**(8,342)**	**(6,553)**	**(10,079)**	**(10,950)**
Contributions	66,221	66,827	66,524	66,524
Transfers in	8,168	7,559	7,863	7,863
Receipts from money market funds	23,312	-	-	-
Withdrawal from custodian	-	3,380	870	869
Treasury maturity	9,509	-	-	-
Other Inflow	453	335	394	394
Total inflow	**107,663**	**78,101**	**75,651**	**75,650**
Pension Benefits	(50,970)	(51,978)	(51,472)	(51,472)
Management expenses and other payments	(1,275)	(933)	(1,104)	(1,104)
Lump sums and refunds	(20,817)	(25,336)	(23,076)	(23,076)
Treasury deposit	(9,500)	-	-	-
Money market fund deposit	(12,000)	-	-	-
Custodian deposit	(13,300)	-	-	-
Total outflow	**(107,862)**	**(78,247)**	**(75,652)**	**(75,652)**
Net cash flow	**(199)**	**(146)**	**(1)**	**(2)**

This table does not include the cash held with the custodian, which includes any divestments and income received.

The table largely concentrates on operating cash flows e.g. contributions received, paying the benefits, retirement grants and management expenses of the Fund. The investment redemption assumptions are solely for the purpose of ensuring the operating cash flow remains positive and will be in the form of investment income redemption.

The Fund will likely require investment redemptions from the custodian to pay capital calls that are required throughout the period, this will be in the form of income receipts.

Investment Performance

Strategic Asset Allocation (SAA)

The long term funding objective of the Fund is to become fully funded within the agreed deficit recovery period of 16 years. The SAA has been designed to meet this objective, whilst ensuring sufficient resources are available to meet liabilities as they fall due and employer contributions are kept as stable as possible.

The table below shows the current strategic asset allocation which was agreed by Committee in October 2023 and the actual allocation of assets at year end.

Asset Class	PC Approved SAA	Control Ranges
	%	%
Growth	**65**	
Equities	50	43 - 57
Public Active	*16*	*13 - 19*
Public Passive	*34*	*30 - 38*
Private Equity	10	3 - 12
Infrastructure/Agriculture	5	4 - 6
Income	**35**	
Property	10	8 - 12
Social Housing	5	4 - 6
Private Credit	7.5	5 - 9
Corporate Bonds	7.5	5 - 20
Index-linked Bonds	5	
Protection and Cash	**0**	
Equity Protection and Currency Hedging	0	0 - 5
Cash	0	0 - 3
Total	**100**	

The SAA is reflected in the Investment Strategy Statement (ISS) and Funding Strategy Statement (FSS). Compliance with the ISS is monitored regularly and reported quarterly to the Committee. Management's view is that the variances to the SAA will come back in line following implementation of the investment strategy. They are not significant and pose no additional risk to the Fund over and above what the ISS allows.

Analysis of fund assets at the reporting date

Asset type	UK	Non-UK	Total
	£m	£m	£m
Pooled investment vehicle	1,056,374	185,864	1,242,238
Alternatives/private debt	228,885	314,821	543,706
Cash and cash equivalents	71,473	18,430	89,903
Other	(6,209)	-	(6,209)
LCIV share holding	150	-	150
Total	**1,350,673**	**519,115**	**1,869,788**

Analysis of investment income accrued during the reporting period

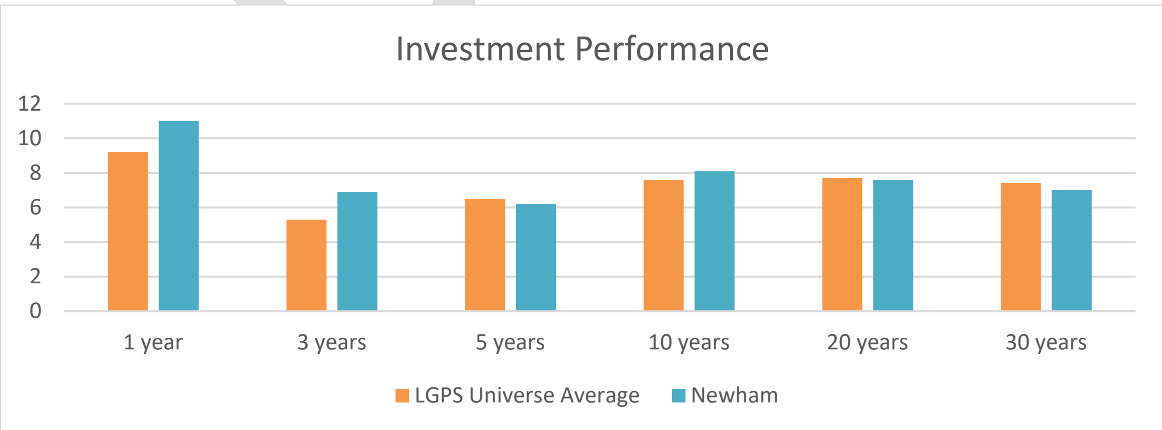
Asset type	UK £m	Non-UK £m	Total £m
Cash and cash equivalents	4,333	-	4,333
Fixed income	3	-	3
Equities	455	-	455
Private equity	-	1,454	1,454
Pooled fixed income	-	4,435	4,435
Pooled property investments	3,581	-	3,581
Private debt & Real assets	6,658	8,286	14,944
Total	**15,030**	**14,175**	**29,205**

Investment Performance

The Fund's invested assets closed the year at £1.9Bn, the Fund's performance of 11.04% underperformed against the benchmark return of 11.76%. Details of how individual managers and asset classes have performed are included in the next section. Information on investment performance is provided by the Fund's custodian, Northern Trust.

PIRC LGPS Universe performance results 2023/24 were provided in July 2024. LGPS Funds returned an average of 9.2% for the year, there are timing differences between the PIRC universe and the investment advisor reporting.

The chart below shows the investment performance history



Investment Advisors Review 2023/24

Barnett Waddingham advise the Pension Committee on the Fund's strategic asset allocation and assist in the monitoring of the investment managers. The purpose of this report is to review the economic environment over the 12 months to 31 March 2024, as well as to briefly analyse how the Fund's investment managers performed over the period. The data in this report has been sourced from the Fund's custodian, Northern Trust, and the Fund's investment managers.

Economic Environment

In the 12-month period to 31 March 2024, the dominant economic factors have been persistently high but falling inflation and further rises in interest rates. Inflation reached its highest rate since the early 1980's in both the UK and US during the second half of 2022, leading the Federal Reserve, Bank of England, and European Central Bank to raise interest rates to bring inflation under control. By 31 March 2024, inflation had fallen significantly, and markets began to price in interest rate cuts in 2024.

US CPI inflation peaked in June 2022 at 9.1%, whilst UK and EU inflation reached a higher and later peak in October 2022, with UK CPI inflation reaching 11.1% and Eurozone inflation reaching 10.6%. This high level of inflation forced central banks to raise interest rates at the fastest pace in several decades and to reduce or reverse asset purchase programmes. By March 2023, interest rates had reached 4.25% (Bank of England), 4.75-5.0% (Federal Reserve) and 3.5% (ECB), their highest levels since the Global Financial Crisis. This sharp rise in interest rates contributed to the failure of two US banks, Silicon Valley Bank and Signature Bank, in March 2023, with the US government having to step in to guarantee deposits. These were the first failures of large US banks since 2008. The failures caused wider disruption in banking markets that spread to Credit Suisse, requiring the Swiss government to step in and arrange for UBS to purchase Credit Suisse. By the end of the second quarter of 2023 the disruption had subsided, and the overall market impact was limited outside the banking sector.

Over 2023 inflation remained well above its target range in most major economies but had fallen significantly from its 2022 peak. As a result, central banks slowed the pace of interest rate rises, before reaching a plateau in the second half of 2023. In the US, inflation fell sharply in the second quarter to 3.0% in June 2023, allowing the Federal Reserve to leave interest rates unchanged after its July meeting. UK and Eurozone inflation also slowed sharply, but not until the final quarter of 2023. UK CPI fell from 6.7% in September to 4.0% in December and Eurozone inflation fell from 4.3% and 2.9% over the same period. Therefore, the Bank of England and ECB also chose not to raise rates further after their August meetings. While central banks continued to hold interest rates steady over the fourth quarter, markets began to price in aggressive rate cuts. As at December 2023 markets were pricing in approximately five 0.25% cuts to occur in both the US and UK over 2024.

Over the first quarter of 2024 inflation continued to fall in the UK and Eurozone, but in the US inflation rose to 3.5% by March. Growth also remained strong in the US, with GDP growth reaching an annualised rate of 4.9% in the third quarter of 2023 and 3.4% in the final quarter of 2023. This caused markets to scale back their expectations for rate cuts over 2024, with approximately three 0.25% rate cuts from the Federal Reserve priced in at the end of March. In contrast, the UK fell into a shallow recession in the second half of 2023, with the Eurozone narrowly avoiding the same fate. However, the influence of the Federal Reserve also reduced the expectations for rate cuts over 2024 from the Bank of England and ECB.

Falling inflation, coupled with strong US economic growth boosted market hopes for a "soft landing" in the global economy (where inflation falls back to target without a deep recession) helping global equities to experience their best 12-month period since 2021. The US market, which makes up approximately 60% of the global index, drove most of these gains, with technology stocks performing particularly well on the back of market optimism over the future of artificial intelligence. Japanese equities produced an even stronger return as inflationary pressures returned to the economy and the Yen weakened against the US Dollar. As a result, the Bank of Japan was able to raise interest rates out of negative territory for the first time in 8 years.

Over the year, all major central banks tightened monetary policy in response to significantly above target inflation.

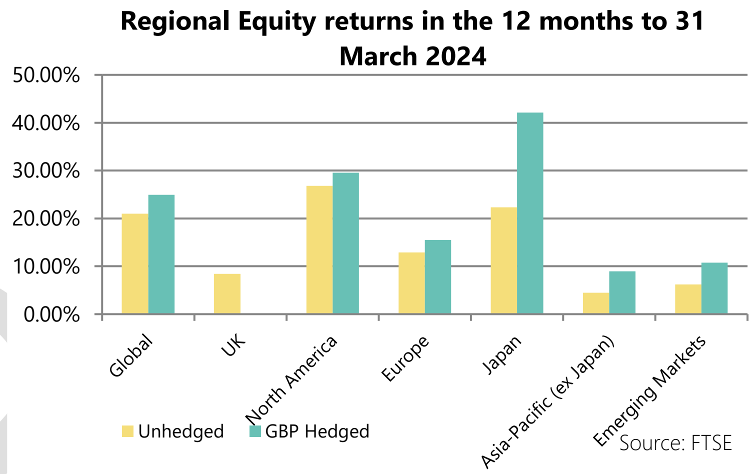
• The Bank of England (BoE) raised the base rate from 4.25% to 5.25% over the year to 31 March 2024. In the September 2023 meeting, the Bank announced that it would increase the pace at which it will reduce the stock of gilts held on its balance sheet to £100 billion per year. Around half of this reduction will come from not reinvesting proceeds as bonds reach maturity and around half from active sales.

• The European Central Bank (ECB) raised its main lending rate from 3.50% to 4.50% over the year to 31 March 2024. The ECB decided to cease all reinvestment of the proceeds from the Asset Purchase Programme assets in July 2023.

• The Federal Reserve (The Fed) raised the Federal Funds Rate range from 4.75%-5.00% to 5.25%-5.50% over the year to 31 March 2024. Since September 2022, the Federal Reserve has partially halted reinvestment of the proceeds of maturing assets such that its balance sheet will shrink by $60 billion per month.

Equities

Against this backdrop, the 12 months to 31 March 2024 saw positive returns across almost all asset classes, with alternatives being a notable exception. Overall, global equities produced a positive return across all major regions. The FTSE All World rose by 25.0% over the year to 31 March 2024. The best performing region, in local currency terms, was Japan (+42.1%), and the worst performing region was UK (+8.4%).



Legal & General passive ESG equity

The Fund currently invests its passive equity holdings in the LGIM Paris Aligned equity fund and their Future World Emerging Markets equity fund. Both of these funds are index-tracking (i.e. not actively managed).

The LGIM Future World Emerging Markets Equity Index Fund invests wholly or predominantly in shares that make up the Solactive L&G ESG Emerging Markets Index. The objective of the fund is to produce a return that is consistent with this index.

The Emerging Market Equity Fund has returned 4.6% over the period since March 2023, underperforming the LGIM Future World Emerging Market by 0.2%.
Similarly, the LGIM ESG Paris Aligned World Equity Index Fund operates by purchasing shares to produce a return that is consistent with the Solactive L&G Developed Markets Paris Aligned ESG SDG Index. Over the period since March 2023 the fund has returned 23.2% outperforming the benchmark by 0.3%.

LCIV Global Equity Focus Fund (Longview)

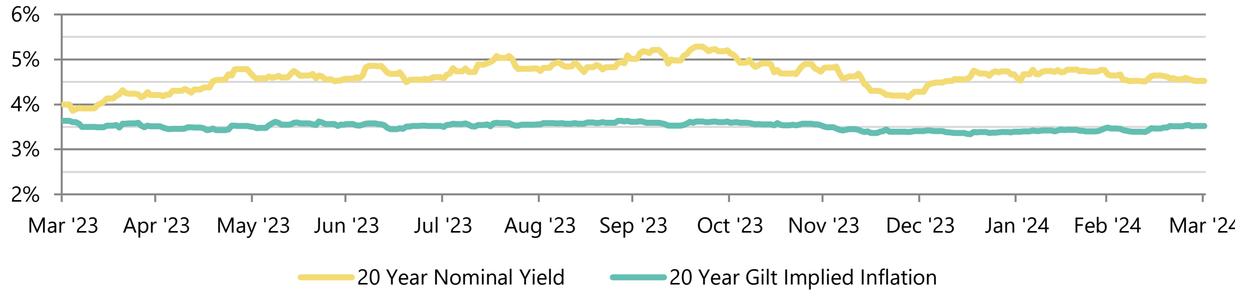
The Fund invests in the Longview Global Equites Focus Fund via the LCIV platform.

This fund is actively managed and seeks to generate returns in excess of its benchmark (MSCI World - GBP). Longview delivered a return of 18.0% over the year to 31 March 2024 underperforming the benchmark by 4.4%. The fund is now 3.8% p.a. behind its benchmark since the fund's inception on the platform in 2017.

Bonds

Over the year to 31 March 2024, UK gilt yields rose at all maturities. The negative impact of rising yields was offset by the income received from gilts over the year and therefore UK fixed interest gilts (all stocks) produced negligible total returns (0.0%). However, UK index-linked gilts (all stocks) delivered negative returns (-5.0%) as implied inflation fell slightly over the year. UK corporate bond spreads (all stocks) tightened (-0.7%) over the year.

20 Year Gilt Yields over the 12 Months to 31 March 2024



LCIV Global Bond Fund (PIMCO)
The Fund invests in the PIMCO Global Bond Fund via the LCIV platform.

The PIMCO fund is actively managed and aims to generate a return above its benchmark, the Bloomberg Global Aggregate Credit Index – GBP Hedged. Over the year to 31 March 2024, the fund returned 6.4%, outperforming its benchmark by 1.5%.

Legal & General index linked gilts
Around 11% of the Fund's assets were invested in Legal & General's Under 15 Year Index-Linked Gilts Index Fund, which performed in line with its benchmark, returning 2% over the period.

Payden & Rygel Absolute Return Bonds
The Payden & Rygel Absolute Return Bond Fund produced positive returns of 5.2% over the 12-month period, broadly in line with its benchmark. Since the inception date in 2019, the fund has returned 1.4%, this is an underperformance of 0.4% where the benchmark is based on the one-month cash rate (SONIA).

Alternatives

CBRE property
The MSCI UK All Property Index fell by 0.3% over the 12 months to 31 March 2024.

The Fund's assets are invested in UK and global property Funds. The UK Fund seeks to outperform the AREF/IPD UK QPFI All Balanced Property Fund Index by 0.75% p.a. (net of fees) over rolling three-year periods, whilst the Global Fund has an objective of between 9% p.a. and 11% p.a. over rolling three-year periods. The combined portfolio returned -1.6% over the 12 months to 31 March 2024.

Cheyne Capital Property
The Cheyne Capital Management Social Property Impact Fund invests across four investments including social housing. The fund targets a return of 6.0% p.a. and produced a return of 0.2% over the 12-month period to 31 March 2024. Since the inception date the fund has returned 0.4% p.a.

Harbourvest Private Equity

Harbourvest seek to generate returns on the Fund’s assets by investing in private equity funds which, in turn, invest in unlisted companies.

Performance over the 12 months to 31 March 2024 was -1.3%, underperforming its benchmark return by 9.6% (Retail Price Index Inflation + 4%). The long-term return has been strong with the fund returning 11.3% p.a. since inception, around 3.2% p.a. ahead of the benchmark of inflation + 4% p.a.

Private debt (Permira, Arcmont & Brightwood)

The private debt portfolio is split between Permira, Arcmont and Brightwood. Each manager takes a different approach and access broadly different parts of the private debt market, diversifying the Fund’s portfolio. These funds are closed ended in nature (i.e. cannot be sold until they mature) and are still in the relatively early stages of their development.

All three funds are assessed against a benchmark of 7% p.a. over the lifetime of the funds. All three funds outperformed this benchmark over the year. Performance over the 12 months to 31 March 2024 was 12% for the Arcmont holding, 8.3% for the Brightwood holding and 7.6% for the Permira holding.

Real alternatives (Fiera & KGAL)

The real alternatives portfolio was valued at £95.7m at 31 March 2024. It is split between the Fiera Real Assets Fund and KGAL. The funds have a target return of 6-8% p.a. net of fees.

The Fiera Real Assets Fund consists of three underlying funds: infrastructure, agriculture and long lease property.

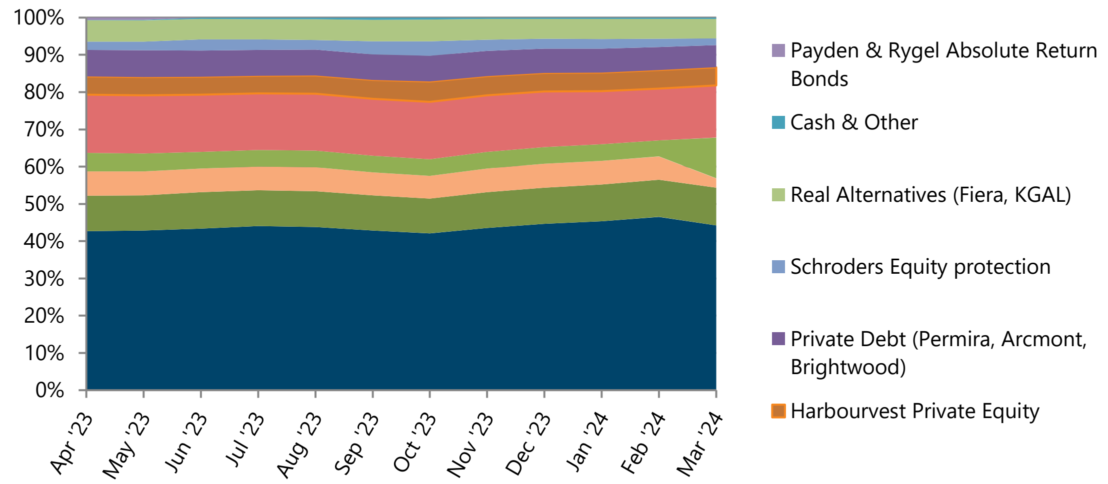
Performance for the portfolio over the year to 31 March 2024 was 0.9%. Both the Fiera agriculture fund and the infrastructure fund underperformed their benchmarks, returning -0.2% and -2.1% respectively.

The KGAL capital fund outperformed its 7% target by 2.0%, returning 9.0% over the year. Performance since the fund’s inception in 2018 is also strong, with a return of 9.6%.

Asset allocation

The change in allocation over the period is shown the chart below.

Asset Allocation over the 12 months to 31 March 2024



Actuarial Statement 2023/24

Introduction

The last full triennial valuation of the London Borough of Newham Pension Fund (the Fund) was carried out as at 31 March 2022 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 31 March 2023.

Asset value and funding level

The results for the Fund at 31 March 2022 were as follows:

• The smoothed value of the Fund's assets for funding purposes as at 31 March 2022 was £1,675m.

• The Fund had a funding level of 100% i.e. the value of assets for funding purposes was 100% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used. This corresponded to a surplus of £4m.

Contribution rates

The employer contribution rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

• the annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due;

• plus an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

The primary rate of contribution on a whole Fund level was 18.4% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer's share of the cost of benefits accruing in each of the three years beginning 1 April 2023.

In addition, each employer pays a secondary contribution as required under Regulation 62(7) that when combined with the primary rate results in the minimum total contributions. This secondary rate is based on their circumstances and so individual adjustments are made for each employer.

Details of each employer's contribution rate are contained in the Rates and Adjustments Certificate in the triennial valuation report.

Assumptions

The key assumptions used to value the liabilities at 31 March 2022 are summarised below:

Assumptions	Assumptions used for the 2022 valuation
Financial assumptions	
Market date	31 March 2022
CPI inflation	2.9% p.a.
Long-term salary increases	3.9% p.a.
Discount rate	4.7% p.a.
Demographic assumptions	
Post-retirement mortality	
Base tables – members (M/F)	100% / 100% of S3 heavy tables
Base tables – dependants (M/F)	120% / 95% of S3DA tables
Projection model	CMI 2021
Long-term rate of improvement	1.25% p.a.
Smoothing parameter	7.0
Initial addition to improvements	0% p.a.
2020/21 weighting parameter	5%

Full details of the demographic and other assumptions adopted as well as details of the derivation of the financial assumptions used can be found in the 2022 valuation report.

Updated position since the 2022 valuation

Assets

Returns over the year to 31 March 2024 have been strong, approximately 11% p.a. As at 31 March 2024, in market value terms, the Fund assets have increased since the previous valuation.

Liabilities

The key assumption which has the greatest impact on the valuation of liabilities is the real discount rate (the discount rate relative to CPI inflation) – the higher the real discount rate the lower the value of liabilities. As at 31 March 2024, the real discount rate is estimated to be higher than at the 2022 valuation due to a reduction in the long term rate of inflation.

The 2024 pension increase order is 6.7%. The increase in liabilities associated with this has however been broadly offset by the reduction in the long-term inflation assumption. This short-term high inflation and longer- term lower inflation is broadly consistent with what was assumed at the 2022 formal valuation.

Overall position

On balance, we estimate that the funding position has weakened when compared on a consistent basis to 31 March 2022.

Although the Fund's assets have performed well over the period, and have broadly kept pace with the discount rate since March 2022, the increase in liabilities from high actual CPI pension increases has resulted in a reduction to the funding position as at 31 March 2024, compared to the previous valuation.

The next formal valuation will be carried out as at 31 March 2025 with new contribution rates set from 1 April 2026. As part of the 2025 valuation, the Fund and us as the Fund Actuary will work together in setting the assumptions for the valuation.

Dr Barry McKay FFA
Partner, Barnett Waddingham LLP

Scheme Administration Report 2023/24

Overview

LPPA has made considerable progress in ensuring that monthly casework performance is consistently delivered against the 95% target, and in line with contractual obligations.

Helpdesk and Retirement satisfaction scores have been reported at client level to provide a more specific view of satisfaction scores for members. To improve the service provided to clients, employers and members, a key focus has been on delivering more functionality through the online self-service portals, and enabling more automation across the casework processes that are integral to our administration responsibilities. This will remain a priority as we move forwards into 2024-25, to ensure that the quality of casework continues to improve, and that this is reflected in both the member and employer experience.

Helpdesk performance has continued to trend in the right direction in 2023-24, with average call wait times below the non-contractual 4-minute target.

McCloud has been a significant project in the year and will continue to be a key focus in 2024-25, as LPPA follows the national guidelines and timescales relating to the implementation of the remedy.

All regulatory and statutory deadlines in the year were successfully met.

Casework SLA Performance

The following table is created by identifying all reportable casework within UPM, and includes those that have subsequently Completed / Aborted / Remain Outstanding within the quarter. The figures in this table cannot be compared to those in the previous slide for a number of reasons including: the table includes aborted cases, but the horizontal bar graph does not; the SLA 'stop trigger' can be actioned before the process has been completed.

	Brought Forward at 01/04/23	Received (Inbound)	Completed (Outbound)	Outstanding as of 31/03/24
New Starters	37	980	1,015	2
Transfers In	258	481	501	238
Transfers Out	253	715	651	317
Estimates	37	384	378	43
Deferred Benefits	140	1,010	810	340
Retirements - Deferred	134	774	772	136
Retirements - Active	111	736	694	153
Refunds	71	805	738	138
Deaths	227	719	621	325
Correspondence	75	615	594	96
Aggregation	107	628	484	251
Other	243	2,193	2,305	131
Total	1,693	10,040	9,563	2,170

Employer engagement & communication activity

- Employer training sessions have been delivered with a focus on annual and monthly data returns and navigating the UPM employer portal.
- Automated UPM email notifications went live, confirming to employers when data files have successfully been submitted, and processing has been completed by LPPA.
- Following feedback from employers, improvements have been made to the leaver form in the UPM portal

(it is now quicker and more straightforward to complete).

- The online LPPA retired member newsletter was issued to all email contactable members (and is available to access on the LPPA website), including details on how
- to access their online P60 in PensionPoint (paper copies issued when requested by members).
- LPPA website updates:
    1. 2023 Spring Budget updates - update on pension increases.
    2. P60 information for retired members
    3. A new homepage went live on the LPPA Pensions website, to make it easier for members and employers to find relevant information.

Summary of Activities undertaken by LPPA during the year

Monthly return reminder emails have continued to go out to employers, including updates on the validations process (explaining that 'Reasons for Leaving' must be added in the right format when completing their monthly return – this will help reduce the number of individual leaver forms needed in the future).

A new Retirement section has been added to the LPPA website to help members understand and navigate the retirement process. Key pages that have been updated for members include:
1. New retirement landing page.
2. LGPS planning for retirement page.
3. Early retirement.
4. Late retirement.

Planning for retirement emails were also sent to active members aged over 55, to signpost them through to the new retirement website section for more information.

Further LPPA website pages were updated for members, with information provided on P60s, pension increases and CARE revaluation, and employee contribution rates.

The 50/50 page has also been updated to promote the benefits of staying in the LGPS.

A Pension Pulse employer bulletin was produced in February highlighting the key dates for employers to look out for throughout 2024 – also promoting the employer toolkit and training schedules.

An additional Pension Pulse was issued to employers in March, with useful updates on new contribution and APC rates, carer's leave regulations and CARE revaluation.

Annual life certificate emails and letters have been sent to retirees who live outside of the UK.

The PensionPoint resources page on the LPPA website has been updated to promote the benefits of PensionPoint and improvements (view service history etc), and emails have been issued / are planned to increase registration numbers.

A letter review project has been implemented, with an initial focus on retirement letters. The aim of this project is to make sure letters are jargonfree, easy to understand and support members with the right information at the right time. The project will continue until March 2025.

Fund Membership

The Fund contracts out its benefits administration to LPPA, a wholly owned subsidiary of the LPFA and Lancashire Pension Fund in accordance with the council's best value arrangements. The contract is managed and monitored for gathering assurance over the effective and efficient delivery of these operations by oneSource Exchequer and Transactional Services.

LPPA continue to maintain pension scheme membership records and provide advice, benefits calculations and estimates.

Membership statistics 2019 – 2024

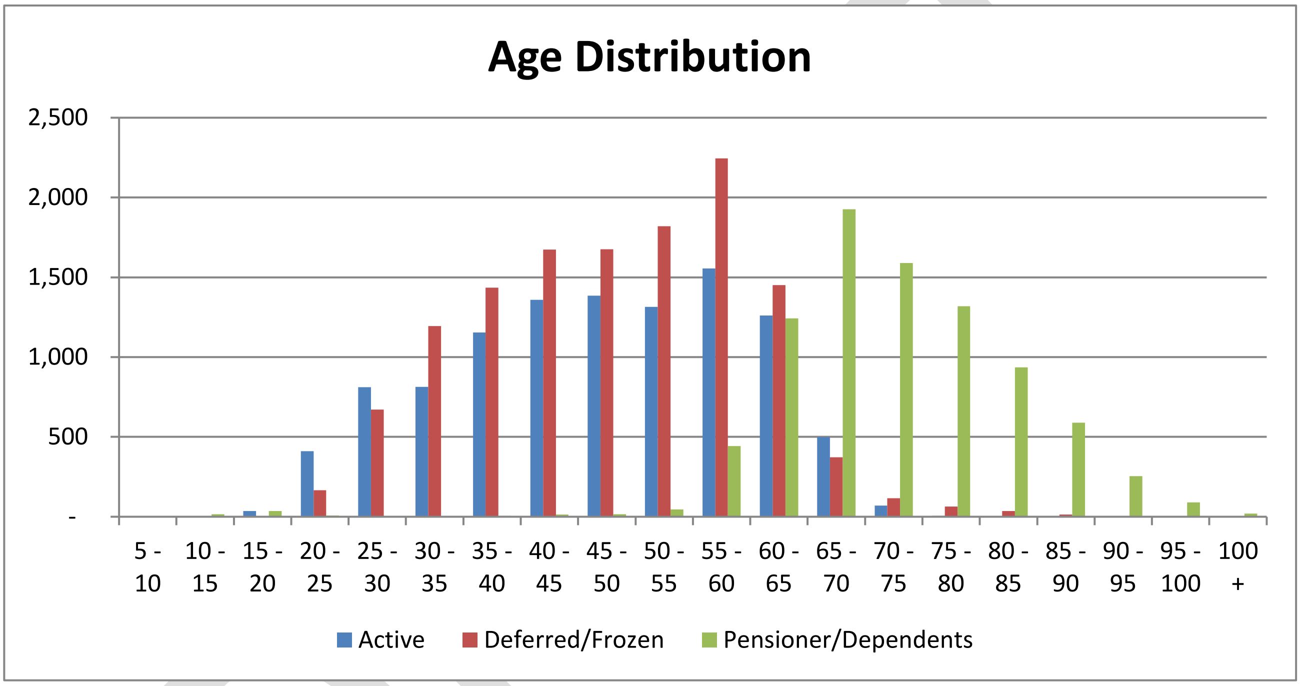
Membership Numbers as at 31 March	2019	2020	2021	2022	2023	2024
Contributing members	9,755	9,374	9,035	9,397	9,760	10,677
Current pensioners (inc. dependents)	7,688	7,760	7,949	8,061	8,314	8,559
Deferred pensioners	11,614	12,034	12,138	12,344	12,641	12,943
Total	**29,057**	**29,168**	**29,122**	**29,802**	**30,715**	**32,179**

Membership Age Profile at 31 March 2024

Bands	Active	Deferred/Frozen	Pensioner/Dependents
0 - 5	-	-	2
5 - 10	-	-	4
10 - 15	-	-	15
15 - 20	35	3	36
20 - 25	411	166	8
25 - 30	812	671	2
30 - 35	814	1,195	3
35 - 40	1,154	1,435	5
40 - 45	1,359	1,673	13
45 - 50	1,385	1,676	16
50 - 55	1,315	1,820	46

55 - 60	1,556	2,245	442
60 - 65	1,260	1,452	1,243
65 - 70	498	373	1,927
70 - 75	69	115	1,589
75 - 80	6	63	1,319
80 - 85	1	36	936
85 - 90	-	13	589
90 - 95	1	4	255
95 - 100	-	3	89
100 +	1	-	20
Total	**10,677**	**12,943**	**8,559**

Age distribution



Fund Employers

LBN is the administering authority for the Fund. Organisations known as admitted and scheduled bodies may also participate in the Fund - scheduled bodies have a right to be incorporated, whereas admitted bodies require the agreement of the administering authority.

Analysis of employers in the Fund

	Active	Ceased	Total
Administering Authority	1	0	1
Admitted body	23	2	25
Scheduled body	25	0	25
Total	**49**	**2**	**51**

Active Employer Analysis

Employer	No of Active Members	Employee Contributions £'000	Employer Contributions £'000
Administering authority			
LBN	6,166	12,940	37,169
Admitted bodies			
Active Newham	9	8	22
Better Together	8	17	54
Birkin	5	-	-
Caterlink (Boleyn Trust)	23	89	327
Churchill	3	4	14
Compass	3	-	-
Early Start	55	51	118
Enabled Living	36	98	261
Juniper Pursuits	381	187	794
Juniper Ventures	512	417	1,657
Language Shop	57	99	231
London Network for Pest Solutions	23	55	112
Newham Partnership Working	60	89	239
Olive Dining – Cumberland	3	1	5
Olive Dining - Britannia	-	-	1
Olive Dining - Forest Gate	8	2	6
Olive Dining - St.Angela's	3	-	-
Olive Dining - St Anthony's*	-	2	6
Olive Dining - St Edward's*	-	2	8
Olive Dining - St Francis*	-	2	9
Olive Dining - St Joachim's*	-	2	7
Olive Dining - St Michael's*	-	2	9
Olive Dining - Star*	-	2	14
Olive Dining – Royal Wharf	-	-	-
Wilson Jones	2	1	4
Admitted bodies total	**1,191**	**1,130**	**3,898**
Agate Momentum Trust	55	62	207
Big Education Trust	105	134	326
Bobby Moore Academy	64	61	135
Boleyn Trust	326	375	1,505
Brampton Manor School	67	82	339
Britannia Education Trust	58	57	199
Burnt Mill Academy Trust	49	36	145
Chobham	131	136	355
Community Schools Trust	124	160	551
East London Science School	24	31	81
Education Links	16	17	48
EKO Trust	198	133	472
Langdon School	82	120	501
Leading Learning Trust	32	38	130
Learning in Harmony	202	240	985
London Academy of Excellence	46	30	55
London Design and Engineering	43	63	155

Employer	No of Active Members	Employee Contributions £'000	Employer Contributions £'000
New Vision Trust	360	250	823
Newham College of Further Education	269	433	1,146
Newham Collegiate	27	31	85
Newham Community Schools Trust	268	355	1,177
Newvic College	109	175	373
Oasis Academy	22	32	77
Our Lady of Grace	270	303	1,240
Stratford School	144	88	146
Tapscott Leading Trust	229	226	805
Scheduled bodies total	**3,320**	**3,668**	**12,061**
TOTAL	**10,677**	**17,739**	**53,128**

* Admission agreement in progress

LPGS 2013 (as amended)

The LGPS regulations 2013 came into effect on 1 April 2014. The key changes under the new scheme are set out in the table below:

	LGPS 2008	LGPS 2013
Basis of Pension	Final Salary	Career Average Revalued Earnings (CARE)
Accrual Rate	1/60th	1/49th
Revaluation Rate	Based on Final Salary	Consumer Prices Index (CPI)
Pensionable Pay	Pay excluding non-contractual overtime and non-pensionable additional hours	Pay including non-contractual overtime and additional hours for part time staff
Contribution Flexibility	No	Yes – 50:50 option where members pay 50% contributions for 50% of the pension benefit
Normal Pension Age	65	Linked to the State Pension Age
Lump Sum Trade Off	Trade £1 of pension for £12 lump sum	No change - trade £1 of pension for £12 lump sum
Death in Service Lump Sum	3 x Pensionable Pay	No change - 3 x Pensionable Pay
Indexation of Pension in Payment	CPI (RPI for pre-2011 increases)	CPI

Employee Contribution Table 2023/24

Employee contribution rates are tiered as shown in the table below and contribution rates for part time members are based on actual pensionable pay, rather than full time equivalent pay. The 50:50 Scheme provides contribution flexibility for members. For more information about member benefits, changes to the scheme and the impact of the changes on your pension, please see www.yourpension.org.uk/newham or contact LPPA.

Salary Band £	Employee Contribution rate	
	Main Section	50/50 Section
0 – 16,500	5.5%	2.75%
16,501 – 25,900	5.8%	2.90%
25,901 – 42,100	6.5%	3.25%
42,101 – 53,300	6.8%	3.40%
53,301 – 74,700	8.5%	4.25%
74,701 – 105,900	9.9%	4.95%
105,901 – 124,800	10.5%	5.25%
124,801 – 187,200	11.4%	5.70%
187,201 or more	12.5%	6.25%

Statement of Responsibilities

The Authority's Responsibilities

The Authority 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 this authority, that officer is the Corporate Director of Resources.
- To manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- To approve the Newham Pension Fund Accounts.

The Responsibilities of the Corporate Director of Resources

The Corporate Director of Resources is responsible for the preparation of the Authority's Pension Fund Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom is required to present fairly the financial position of the Pension Fund at the accounting date and its income and expenditure for the year ended 31 March 2024.

In preparing the Pension Fund Accounts, the Corporate Director of Resources has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Code of Practice.

The Corporate Director of Resources has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with the Accounts and Audit Regulations 2016, I certify that the Accounts set out on pages 57 to 90 of the Annual Pension Report present a true and fair view of the financial position of the Fund at 31st March 2024 and its income and expenditure for the year ended 31st March 2024.

Signature: Date:

Conrad Hall
Corporate Director of Resources

Auditors Report

2023/24 Pension Fund Accounts

2022/23 £'000		Notes	2023/24 £'000
	Dealings with members, employers and others directly involved in the fund:		
46,967	Contributions	7	70,866
7,011	Transfers in from other pension funds		8,370
53,978			**79,236**
(63,431)	Benefits	8	(69,921)
(8,789)	Payments to and on account of leavers	9	(9,091)
(72,220)			**(79,012)**
(18,242)	**Net withdrawals from dealing with members**		**224**
(8,516)	Management expenses	10	(5,936)
(26,758)	**Net additions/deductions including fund management expenses**		**(5,712)**
	Returns on investments		
22,347	Investment income	11	29,205
(29)	Taxes on income		(54)
(5,518)	Profit and losses on disposal of investments and changes in the Market value of investments	12	152,816
16,800	**Net return on investments**		**181,967**
(9,958)	**Net increase/decrease in the assets available for benefits during the year**		**176,255**
1,709,945	**Opening net assets of the Fund**		**1,699,987**
1,699,987	**Closing net assets of the Fund**		**1,876,242**

Net Asset Statement

2022/23 £'000		Notes	2023/24 £'000
1,616,989	Investment assets		1,811,697
(970)	Investment liabilities		(31,812)
61,317	Cash deposits		89,903
1,677,335	**Total invested assets**	12	**1,869,788**
22,757	Current assets	19	7,763
(105)	Current liabilities		(1,309)
22,652	**Net current assets**		**6,454**
1,699,987	**Net assets of the Fund available to fund benefits at 31 March**		**1,876,242**

Notes to the Pension Fund Accounts

Note 1: Description of Fund

The London Borough of Newham Pension Fund ('the Fund') is part of the Local Government Pension Scheme (LGPS) and is administered by the London Borough of Newham (LBN). The Local Authority is the reporting entity for this Fund.

The following description of the Fund is a summary only, for more detail reference should be made to the Fund's Annual Report 2023/24.

a) General

The Fund 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 administered by the LBN to provide pensions and other benefits for pensionable employees of LBN and a range of other scheduled and admitted bodies within the borough. Teachers are not members as they are included within other national pension schemes.

The Fund is overseen by the Committee, of LBN supported by the Local Pension Board ('the Board') and day to day operations have been delegated to the Statutory Section 151 officer.

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join or remain in the scheme, or to make personal arrangements outside the scheme.

Organisations participating in the Fund include:

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

31 March 2023	Membership	31 March 2024
54	Number of employers with active members	49
	Number of employees in scheme	
5,811	London Borough of Newham	6,166
3,949	Other employers	4,511
9,760	**Total**	**10,677**
	Number of pensioners	
7,635	London Borough of Newham	7,773
679	Other employers	786
8,314	**Total**	**8,559**
	Number of deferred members	
10,223	London Borough of Newham	10,227
2,418	Other employers	2,716
12,641	**Total**	**12,943**
30,715		**32,179**

c) Funding

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 for the financial year ending 31 March 2024. Employee contributions are matched by employers contributions which are set based on triennial actuarial funding valuations. The last full valuation of the Fund was at 31 March 2022, employer contribution rates range from 10% to 26.2% of pensionable pay, the average employer primary rate is 18.4%. https://www.newham.gov.uk/downloads/file/5992/newh-2022-valuation-report-v1

A secondary contribution rate (previously known as deficit amount or past service adjustment) may also be charged. This rate is either paid as a monetary value or as an additional percentage 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.

	Service pre 1 April 2008	Service post 31 March 2008
Pension	Each year worked is worth 1/80 x final pensionable salary	Each year worked is worth 1/60 x final pensionable salary
Lump sum	Automatic lump sum of 3 x pension. 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 scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index.

There are a range of other benefits provided including early retirement, disability pensions and death benefits. For more details, please refer to the Fund's scheme handbook available from http://www.yourpension.org.uk/handr/Newham-Publications.aspx.

Note 2: Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2023/24 financial year and its year-end position as at 31 March 2024. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2023/24* ("the code") which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector, and Guidance on Investment Valuations issued by the Pensions Research Accountants Group (PRAG).

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2023/24 by the Fund.

The accounts 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, nor do they take account of the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose (see Note 18).

GOING CONCERN STATEMENT

Management's assessment of the entity's ability to continue as a going concern.

The LGPS is a statutory defined benefit scheme and is effectively guaranteed by Government. It operates on a funded basis, which means that contributions from employees and employers are paid into a fund which is then invested, from which pension benefits are paid as they fall due.

The Fund reduces investment risk by diversifying its investments across a number of different types of global assets; these include shares; equities; property; government bonds and company bonds; infrastructure; and private debt. This diversification means that not all assets are affected by economic events.

The Committee reviewed its Environmental, Social and Governance Policy (ESG) in March 2023, strengthening the Funds commitment to invest responsibly and manage climate risk. The Committee has taken the view that well run companies perform better over the long term.

From time to time the Fund experiences economic downturns and a long-term view must be taken of investment returns. For this reason the actuary carries out a smoothing exercise when assessing the valuation of the Fund's assets.

The concept of a going concern assumes that the Fund functions and services will continue in operational existence for the foreseeable future. LGPS Regulations remain in force with no expectation of any plans to wind up the Fund or the LGPS. The Fund continues to operate as usual.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2025.

What is the process management followed to make its assessment?

The one year investment returns for 2023/24 was 11.04% and the three year period was 6.90%. Asset values have increased by £176m over the year to 31 Mach 2024, however from time to time the Fund experiences economic downturns and a long-term view must be taken of investment returns. There is sufficient flexibility in the investment strategy to be able to respond to short term market fluctuations. The Fund is comparatively low risk with smaller proportion of its assets held in volatile equities.

The Fund held cash of £90m at the Balance Sheet date, equivalent to 4.7% of the Fund Assets. In addition, the Fund held £1.46b in Level 1 and Level 2 investment assets which could be realised within 3 months if required. Based upon review of its operational cash flow projections the Fund is satisfied it has sufficient cash to meet its obligations to pay pensions, for at least 12 months from the date of authorisation of these accounts, without the need to sell any of these investments.

In line with statutory requirements the Fund undertakes a valuation every three years to determine the ratio of the Funds' assets to its liabilities. This funding position is a summary statistic often quoted to give an indication of the health of the Fund. The Fund's triennial valuation at 31 March 2022 reported that the Fund had sufficient assets to cover 100% of the accrued liabilities as it is fully funded.

The purpose of the valuation is to review the current funding strategy and ensure the Fund has a contribution plan and investment strategy in place that will enable it to pay members' benefits as they fall due.

Actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short term yield/return. Any deficits are financed through increased contributions agreed with the actuary and are financed by Council, admitted and scheduled bodies contributions.

The Fund's Investment Strategy Statement (ISS) sets out its strategic asset allocation in order to deliver the investment returns which the Fund requires to achieve full funding over the longer term. The ISS is continually developed and updated at each quarterly Committee. The Commitee last reviewed the investment strategy in March 2024.

The employer covenant is reviewed periodically with the Fund's actuary. The aim is to provide early warning of any employer at risk of defaulting on their liabilities and to ensure adequate bonds or guarantees are in place to mitigate that risk and at March 2022 the employer risk review revealed no material risk to the Fund.

The Fund also monitors the timeliness and value of contributions, this will help us to intervene early if we suspect that an employer is struggling to meet their pension obligations.

The Fund's Investment Advisor reports quarterly to the Committee at which fund manager performance is reviewed and discussed to ensure that the investment strategy remains on track.

What are the assumptions on which the assessment is based including whether the key assumptions underlying the budgets and/or forecasts appear appropriate in the circumstances?

Details on the assumptions used in the valuation are contained within the actuary's 2022 valuation report and the updated Funding Strategy Statement, December 2022.

The Fund monitors budgets and cash flow on a monthly basis and the Committee review these on a quarterly basis. Cash flow will include predictable payments, such as the monthly pension payroll, or more unpredictable payments such as transfer out payments, retirement lump sums

or death benefits. The Fund is maturing which means that the cash flow position of the Fund is negative, contributions from employers and employees are not sufficient to meet the payments of benefits due without needing to utilise investment income, or liquidate investment assets.
However, this has been forecast for a number of years and the Committee took steps to invest in income yielding assets, currently some assets classes are non-distributing as there is sufficient cash balances to maintain this approach, the Committee will review this approach as the need arises.

In establishing an acceptable working cash balance, we wish to determine a sum that is sufficient to cover predictable benefit payments, taking account of expected cash flow, whilst also providing a buffer to meet unpredictable payments together with any deterioration in cash inflow.

The Fund's cash flow remains robust. The Fund forecast for cash holdings for 31st May 2027 is £39m.

Note 3: Summary of Significant Accounting Policies

Fund account – revenue recognition

a) Contribution income

Normal contributions are accounted for on an accruals basis as follows;

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes which rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the Fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the Fund actuary in the rates and adjustment certificate issued to the relevant employing body. Additional employers' contribution in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial assets.

b) Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the Fund.

Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (Note 20) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers in.

c) Investment income

- Interest income is recognised in the Fund as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

- Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

- 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 (NAS) as a current financial asset.

- Changes in the value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items

d) 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 NAS as current liabilities, providing that payment has been approved.

e) 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 as it arises.

f) Management expenses

The Fund discloses its management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), all items of expenditure are charged to the Fund on an accruals basis as follows:

Administrative expenses

All staff costs of the pension administration team are recharged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Oversight and governance costs

All staff costs associated with oversight and governance are recharged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Investment management expenses

Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off quarterly valuations by investment managers, these expenses are shown separately in Note 10a and grossed up to increase the change in value of investments.

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 decrease as the value of these investments change.

Lifetime Allowances

Members are entitled to request the Fund pays their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduced pension.

Net assets statement

g) Financial assets

Investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the NAS 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 asset are recognised in the Fund account.

The values of investments as shown in the NAS have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 14). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in *Practical Guidance on Investment Disclosures* (PRAG/Investment Association, 2016).

h) Foreign currency transactions

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

i) 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.

Derivative contract assets are fair value at bid prices and liabilities are fair value at offer prices. Changes in the fair value of derivative contracts are included in the change of market value.

The future value of forward currency contracts is based on market forward exchange rates at the year end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.

j) Cash and cash equivalents

Cash comprises cash in hand in terms of temporary deposits, amounts held by the Fund's external managers and invested in money market funds. 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.

k) Financial liabilities

A financial liability is recognised in the NAS on the date the Fund becomes party to the liability. The Fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the Fund account as part of the Change in Value of Investments.

Other financial liabilities classed as amortised costs are carried at amortised cost i.e. the amount carried in the NAS is the outstanding principal repayable plus accrued interest. Any interest charged is accounted for on an accruals basis and included in administration costs.

l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standard (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 NAS (Note 18).

m) Additional voluntary contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. AVCs are not included in the accounts in accordance with section 4(1) (b) of The LGPS (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 20). The AVC provider is Clerical Medical and contributions are also collected for life assurance policies provided by Utmost Life and Pensions.

n) Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the NAS but are disclosed by way of narrative in the notes.

Note 4: Critical judgements in applying accounting policies

Pension fund liability

The liability is re-calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised (see Note 18).

Actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

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 reported. Estimates and assumptions are made taking into account historical experience, current trends and future expectations. The items in the NAS for which there is a significant risk of material adjustment in the following year are as follows.

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 18)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The effects on the present value of total pension obligation in individual assumptions can be measured. For instance: • a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £29m • a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £2m, and

Item	Uncertainties	Effect if actual results differ from assumptions
		• a one year increase in assumed life expectancy would increase the liability by approximately £81m.
Level 3 Investments (Note 14)	Private equity investments are valued at fair value in accordance with *International Private Equity and Venture Capital Valuation Guidelines 2012*. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Level 3 investments total £407m, which represents 22% of the total Fund value of £1,876m.

Note 6: Events after the Reporting Date

The Present Value of Promised Retirement Benefits (note 18) includes an allowance for the "McCloud ruling", i.e an estimate of the potential increase in past service benefits arising from this case affecting public service pension schemes. This estimate was allowed for in the 31 March 2024 IAS26 reporting and is continued to be allowed for within the liabilities this year. There will be changes made to scheme regulations that will remove age discrimination from the LGPS in due course.

The Fund has valued its assets based on the 31 March 2024 position as reported by its investment managers. However, there is uncertainty over asset valuations, in particular for real and private market assets. The Fund believes that these valuations are the most reliable, as there are not alternative reliable estimates given the absence of trading in these asset classes.

Note 7: Contributions Receivable

2022/23 £'000	By Category	2023/24 £'000
16,979	**Employees contributions**	**17,739**
	Employers contributions:	
26,604	Normal contributions	51,171
1,968	Deficit recovery contributions	25
1,416	Augmentation contributions	1,931
29,988	**Total Employers contributions**	**53,127**
46,967	**Total**	**70,866**

2022/23 £'000	By Authority	2023/24 £'000
28,316	Administering Authority	50,109
4,057	Admitted Body	5,028
14,594	Scheduled Body	15,729
46,967	**Total**	**70,866**

Note 8: Benefits Payable

2022/23	By Category	2023/24
£'000		£'000
(52,879)	Pensions	(57,999)
(9,728)	Commutation and lump sum retirement benefits	(10,346)
(824)	Lump sum death benefits	(1,576)
(63,431)	**Total**	**(69,921)**

£'000	By Authority	£'000
(57,650)	Administering Authority	(63,380)
(2,360)	Admitted bodies	(2,552)
(3,421)	Scheduled bodies	(3,989)
(63,431)	**Total**	**(69,921)**

Note 9: Payments to and on account of leavers

2022/23		2023/24
£'000		£'000
(315)	Refunds to members leaving service	(175)
(8,474)	Individual transfers	(8,916)
(8,789)	**Total**	**(9,091)**

Note 10: Management Expenses

2022/23		2023/24
£'000		£'000
(994)	Administrative costs	(1,286)
(6,887)	Investment management expenses	(3,947)
(635)	Oversight and governance costs	(703)
(8,516)	**Total**	**(5,936)**

Note 10a: Investment Management Expenses

2023/24	**Management Fees**	**Transaction Costs**	**Total**
	£'000	**£'000**	**£'000**
Asset pool	(139)	-	(139)
Equity	(204)	-	(204)
Fixed income	(1)	(1)	(3)
Pooled equity	(129)	(398)	(527)
Pooled fixed income	(390)	-	(390)
Pooled property Investments	(967)	-	(967)
Private debt	(234)	-	(234)
Private equity	(634)	-	(634)
Real assets	(766)	-	(766)
	(3,465)	**(1,470)**	**(3,864)**
Custody Fees			(83)
Total			**(3,947)**

2022/23	Management Fees £'000	Transaction Costs £'000	Total £'000
Asset pool	(144)	-	(144)
Equity	(539)	-	(539)
Fixed income	(142)	(422)	(564)
Managed Alternatives	-	-	-
Pooled equity	(298)	(744)	(1,042)
Pooled fixed income	(77)	-	(77)
Pooled property Investments	(652)	-	(652)
Private debt	(303)	(305)	(608)
Private equity	(2,482)	-	(2,482)
Real assets	(718)	-	(718)
	(5,356)	**(1,470)**	**(6,826)**
Custody Fees			(61)
Total			**(6,887)**

Note 10b: External Audit Costs

2022/23 £'000		2023/24 £'000
(29)	External audit	(79)
(29)		**(79)**

Note 11: Investment Income

2022/23 £000	By Category	2023/24 £000
3,829	Fixed interest securities	3
2,231	Equities	398
259	Pooled equities	57
5,635	Pooled property	3,581
-	Pooled fixed income	4,435
5,580	Private debt	14,203
3,103	Private equity	1,454
-	Real assets	741
1,710	Interest on cash deposits	4,333
22,347	**Total**	**29,205**

Note 12: Investments

Market Value as at 31 March 2023 £'000	Analysis of Investments	Market Value as at 31 March 2024 £'000
	Investment assets	**-**
	Pooled funds:	
117,645	Fixed income unit trust	46,197
945,514	Equity unit trust	1,196,041
282	Managed alternatives	472
1,063,441		**1,242,710**
	Other Investments	
77,013	Private equity	82,067
94,151	Real assets	95,700
121,672	Private debt	109,243
70,911	Social Housing	77,998
186,343		178,226
550,090		**543,234**
543	**Diversified Alternatives**	**0**
150	**Shares in London CIV**	**150**
	Other investment assets	
313	Investment income due	424
2,451	Derivative assets	69
-	Other Investment assets	25,110
2,764		**25,603**
61,317	**Cash deposits**	**89,903**
	Investment liabilities	
(454)	Derivative liabilities	(25,812)
(516)	Amounts payable for purchases	(6,000)
(970)		**(31,812)**
1,677,335	**Total investment assets**	**1,869,788**

Note 12a: Reconciliation of Movements in Investments and Derivatives

	Market value as at 31 March 2023	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in Market Value during the year	Market value as at 31 March 2024
	£'000	£'000	£'000	£'000	£'000
Equities (active)	-	-	(6)	6	-
Pooled funds	1,063,441	74,299	(84,344)	189,314	1,242,710
Pooled property investments	186,343	15,483	(12,862)	(10,738)	178,226
Other investments	363,747	28,570	(22,585)	(4,724)	365,008
Diversified alternatives	543	-	(18)	(525)	-
Shareholding in London CIV	150	-	-	-	150
	1,614,224	**118,352**	**(119,815)**	**173,333**	**1,786,094**
Derivative contracts:					
Purchased/written options	(95)	11,060	(11,060)	(24,181)	(24,276)
Forward currency contracts	2,092	3,117	(10,803)	4,127	(1,467)
	1,616,221	**132,529**	**(141,678)**	**153,279**	**1,760,351**
Other Investment balances:	-			-	25,110
Cash deposits	61,317			(243)	89,903
Investment income due	313			-	424
Amount receivable for sales of investments	-			-	-
Amounts payable for purchases of investments	(516)			-	(6,000)
Spot FX Contracts	-			(220)	-
	1,677,335			**152,816**	**1,869,788**

	Market value as at 31 March 2022	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in Market Value during the year	Market value as at 31 March 2023
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Equities (active)	147,474	23,293	(26,066)	(144,700)	-
Pooled funds	923,961	8,903	(110)	130,686	1,063,440
Pooled property investments	197,597	9,259	(8,482)	(12,031)	186,343
Other investments	326,746	40,320	(22,311)	18,992	363,747
Diversified alternatives	2,330	-	(172)	(1,615)	543
Shareholding in London CIV	150	-	-	-	150
	1,598,258	**81,774**	**(57,141)**	**(8,667)**	**1,614,223**
Derivative contracts:					
Purchased/written options	(6,124)	9,649	(12,977)	9,358	(94)
Forward currency contracts	(1,215)	16,157	(3,687)	(9,162)	2,093
	1,590,919	**107,581**	**(73,805)**	**(8,472)**	**1,616,222**
Other Investment balances:	8,000	-	-	-	-
Cash deposits	89,029			1,924	61,317
Investment income due	226			-	313
Amount receivable for sales of investments	-			-	-
Amounts payable for purchases of investments	(983)			-	(516)
Spot FX Contracts	-			1,030	-
	1,687,191			**(5,518)**	**1,677,336**

Note 12b: Investments analysed by Fund manager

Market value as at 31 March 2023 £'000	%	Fund manager	%	Market value as at 31 March 2024 £'000
		Pooled *investments – London CIV*		
150	-	LCIV Shareholding	-	150
107,284	6.4	LCIV Global Bond Fund (PIMCO)	2.5	45,807
157,418	9.4	LCIV Global Equity Focus Fund (Longview)	10.0	185,774
		Investments aligned with London CIV asset pool		
788,034	47.1	Legal and General (LGIM)	54.0	1,010,178
1,052,886				**1,241,909**
		Investments managed outside of the London CIV asset pool		
43,875	2.6	Arcmont	2.6	48,798
41,640	2.5	Brightwood	2.4	44,795
9,105	0.5	Brockton	0.6	11,945
181,438	11.4	CBRE	8.9	166,790
70,890	4.2	Cheyne	4.2	77,976
78,470	4.7	Fiera Capital	4.2	77,814
82,384	4.9	HarbourVest	4.8	88,996
16,715	1.0	KGal Capital	1.0	18,996
226	-	Longview	-	-
543	-	Morgan Stanley	-	-
12,497	0.8	Northern Trust cash deposits	1.0	20,692
10,361	0.6	Payden & Rygel	-	390
40,135	2.4	Permira	2.0	37,350
36,170	1.8	Schroders (formerly River & Mercantile)	1.8	33,337
624,449				**627,879**
1,677,336	**100**	**Total investment assets**	**100**	**1,869,788**

Individual investments exceeding 5% of net assets

	Market value as at 31 March 2023 £'000	% of total fund %	Market value as at 31 March 2024 £'000	% of total fund %
LGIM – Paris Aligned	676,585	40.5	781,677	41.8
LCIV Global Equity Focus Fund	157,418	9.4	199,713	10.7
LCIV Global Bond Fund	107,284	6.4	45,807	2.5
LGIM - <15YR Index-linked gilts	83,942	5.0	185,774	9.9
CBRE Global Alpha Fund	98,836	5.9	92,502	5.0
	1,124,065		**1,305,473**	

Note 12c: Stock Lending

The Fund does not carry out stock lending directly, and is an investor of a pooled fund with the passive equity manager, LGIM, who carry out stock lending as part of the Fund’s activities. Stock Lending occurs in limited number of overseas equities index funds.

The Stock Lending programme is managed and administered by the custodian of the Funds (Citibank) within the risk control parameters set by LGIM. The programme has been operating for over 10 years and enjoys an indemnity from Citibank. Stock lending is only undertaken with counterparties who have satisfied the requirements in terms of market capability and minimum credit standing.

All income arising from stock lending less the custodian/administrator's costs are credited to the Funds lending the stocks. LGIM does not receive any revenue from the stock lending. As at 31 March 2024, the value of quoted equities on loan was £29m (2022/23: £37m). These equities continue to be recognised in the Fund's financial statements.

Note 13: 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.

The Fund currently has exposure to forward currency contracts and the purpose of this is to reduce the Fund’s exposure to fluctuations in exchange rates. The Fund managers who use forward currency contracts is River and Mercantile. A breakdown of forward contracts held by the Fund as at 31 March 2024 is given below:

Open forward currency contracts

Settlements	Currency bought	Local value	Currency sold	Local value	Asset value	Liability value
		£’000		£’000	£’000	£’000
One to six months	GBP	138	USD	(177)	-	(1,532)
One to six months	GBP	83	EUR	(97)	65	-
Open forward currency contracts at 31 March 2024					**65**	**(1,532)**
Net forward currency contracts at 31 March 2024						**(1,467)**
Prior year comparative						
Open forward currency contracts at 31 March 2023					**2,126**	**(34)**
Net forward currency contracts at 31 March 2023						**2,092**

Purchased/written options

As part of its risk management strategy, the Fund purchases equity option contracts that protect it from falls in value in its main investment markets.

Investment underlying option contract	Expires	Put/ Call	Notional Holdings	Market Value as at 31/03/2022	Notional Holdings	Market Value as at 31/03/2023
			£'000	£'000	£'000	£'000
Assets						
Overseas equity purchased	One to three months	Put	70	325	71	4
				325		**4**
Liabilities						
Overseas equity written	One to three months	Put	(81)	(5)	(88)	-
Overseas equity written	Over three months	Call	(70)	(414)	(71)	(24,279)
				(419)		**(24,280)**
Net purchased/written options				**(94)**		**(24,276)**

Note 14: Fair Value - Basis of Valuation

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of accounting period	Not required	Not required
Quoted bonds	Level 1	Market value based on current yields	Not required	Not required
Exchange traded pooled investments	Level 1	Closing bid value on published exchanges	Not required	Not required
Overseas bond options	Level 2	Fixed income securities are priced based on evaluated prices provided by independent pricing services.	Evaluated price feeds	Not required
Pooled investments - unit trusts	Level 2	Closing bid price where bid and offer are published	NAV-based pricing set on a forward pricing basis	Not required
Structured equity	Level 2	Estimated valuation reported by counterparty	Market information such as interest rates, equity values, implied volatility, implied dividends	Reported values are estimates and do not represent trading value to enter into or close a position.
Pooled investments-property funds	Level 3	Closing bid price where bid and offer are published	NAV-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 Fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.
Pooled investments-hedge funds	Level 3	Closing bid price where bid and offer are published	NAV-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 Fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.
Private (Unquoted) equity / debt and real assets	Level 3	Comparable valuation of similar companies in accordance with *International Private Equity and Venture Capital Valuation Guidelines (2012)*	• Earnings before interest, tax, depreciation and amortisation 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 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

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

The figures set out below are independent investment advisors assessment of the 1 year volatility for the asset classes held.

Description of asset	Assessed valuation range (+/-)	Value as 31 March 2024	Value on increase	Value on decrease
	%	£'000	£'000	£'000
Private debt*	10	109,243	120,167	98,319
Private equity	25	48,190	60,238	36,143
Real assets**	10	65,765	72,342	59,189
Social Housing	10	77,976	85,774	70,178
Subtotal		**301,174**	**338,520**	**263,828**
Oversea hedge funds	15	472	543	401
Property funds	10	105,464	116,010	94,918
Total		**407,110**	**455,073**	

*Private debt is combined totals of the following managers; Arcmont, Brightwood & Permira
**Real assets is combined totals of the following managers; Fiera & KGAL

Note 14a: Fair Value Hierarchy

Assets and liabilities have been classified three levels, according to the quality and reliability of information used to determine fair values.

Level 1 –where the fair values are derived from adjusted quoted prices in active markets for identical assets or liabilities. 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 a 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.

Values at 31 March 2024	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant observable inputs Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss				
Pooled investments	-	1,242,238	472	1,242,710
Pooled property investments	13,217	123,378	41,631	178,226
Private equity	-	-	365,008	365,008
Derivative assets	-	69	-	69
Cash deposits	89,903	-	-	89,903
Other investment assets	150	-	-	150
Investment income due	25,534	-	-	25,534
Net investment assets	**128,804**	**1,365,685**	**407,111**	**1,901,600**
Financial liabilities at fair value through profit and loss				
Payable for investment purchases	-	(6,000)	-	(6,000)
Derivative liabilities	-	(25,812)	-	(25,812)
Total	**128,804**	**1,333,873**	**407,111**	**1,869,788**

Values at 31 March 2023	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant observable inputs Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss				
Equities	-	-	-	-
Pooled investments	-	1,063,159	825	1,063,984
Pooled property investments	7,275	141,365	37,704	186,343
Private equity	-	-	363,747	363,747
Derivative assets	-	2,451	-	2,451
Cash deposits	61,317	-	-	61,317
Other investment assets	150	-	-	150
Investment income due	313	-	-	313
Net investment assets	**69,055**	**1,206,975**	**402,276**	**1,678,306**
Financial liabilities at fair value through profit and loss				
Payable for investment purchases				
Other Investment Liabilities	-	-	-	-
Derivative liabilities	-	(454)	-	(454)
Total	**69,055**	**1,206,005**	**402,276**	**1,677,336**

Note 14b: Reconciliation of Fair Value Measurements within Level 3

	Market value as at 31/03/2023 £'000	Purchases £'000	Sales £'000	Unrealised gains (losses) £'000	Realised gains (losses) £'000	Market value as at 31/03/2024 £'000
Pooled investments-hedge funds	543	-	(562)	11	8	-
Private equity	47,968	-	-	222	-	48,190
Property funds	98,860	15,130	(7,274)	(4,568)	3,316	105,464
Private debt	121,672	6,440	(15,311)	(4,458)	901	109,244
Real assets	62,060	7,463	(6,173)	3,763	(1,348)	65,765
Social Housing	70,890	7,000	-	86	-	77,976
Overseas Hedge Fund	282	543	(333)	(92)	72	472
Total	**402,275**	**36,576**	**(29,653)**	**(5,036)**	**2,949**	**407,111**

Unrealised and realised gains and losses are recognised in the profit and losses on disposal and changes in the market value of investments line of the Fund of account.

Note 15: Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and NAS heading.

Market value as at 31 March 2023				Market value as at 31 March 2024		
Fair value through profit and loss £'000	**Assets at amortised cost £'000**	**Liabilities at amortised cost £'000**		**Fair value through profit and loss £'000**	**Assets at amortised cost £'000**	**Liabilities at amortised cost £'000**
			Financial assets			
-	-	-	Equities	-	-	-
1,063,984	-	-	Pooled funds	1,242,710	-	-
186,343	-	-	Pooled property Investments	178,226	-	-
363,747	-	-	Private equity/debt & real assets	365,008	-	-
150	-	-	London collective investment vehicle	150	-	-
61,317	-	-	Cash and cash equivalents	89,903	-	-
2,451	-	-	Derivatives	69	-	-
313	-	-	Other investment balances	25,534	-	-
1,678,306	**-**	**-**	**Total Financial Assets**	**1,901,600**	**-**	**-**
			Financial liabilities			
(454)	-	-	Derivatives	(25,812)	-	-
-	-	(175)	Sundry creditors	-	-	(201)
(516)	-	-	Amounts payable for purchases	(6,000)	-	-
(970)	**-**	**(175)**	**Total Financial liabilities**	**(31,812)**	**-**	**(201)**
1,677,336	**-**	**(175)**	**Total**	**1,869,788**	**-**	**(201)**

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the financial statements.

The Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments

Note 15a: Net Gains and Losses on Financial Instruments

31 March 2023 £'000		31 March 2024 £'000
	Financial Assets	
(8,697)	Fair value through profit and loss	173,334
2,953	Other investment balances	244
	Financial Liabilities	
195	Fair value through profit and loss	(20,054)
-	Other investment balances	(220)
(5,519)	**Total**	**153,304**

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the financial statements.

The Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Note 16: Nature and Extent of Risks arising from Financial Instruments

Risk and risk management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall Fund risk management programme.

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

Market risk

Market risk is the risk of loss emanating 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, while optimising investment return.

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 Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis, and manage any identified risk in two ways:

- the exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. The Fund's structured equity is a hedge that provides some level of mitigation to market volatility.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

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

Other price risk – sensitivity analysis

In consultation with its investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for 2023/24, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

Asset type	Movement %	Market value as at 31 March 2024 £'000	Movement on increased value £'000	Movement on decreased value £'000
Pooled investments	10	1,242,710	1,366,981	1,118,439
Pooled property investments	10	178,226	196,049	160,403
Private equity	25	365,008	456,260	273,756
Derivative Assets	10	69	76	62
Cash deposits	5	89,903	94,398	85,408
Other investment assets	-	25,110	25,110	25,110
Investment income due	-	424	424	424
London collective investment vehicle	15	150	173	128
Investment liabilities	-	(31,812)	(31,812)	(31,812)
Total Investment assets		**1,869,788**	**2,107,659**	**1,631,918**

Asset type	Movement %	Market value as at 31 March 2023 £'000	Movement on increased value £'000	Movement on decreased value £'000
Pooled investments	10	1,063,984	1,170,383	957,586
Pooled property investments	10	186,343	204,978	167,709
Private equity	25	363,747	454,684	272,810
Derivative Assets	10	2,451	2,696	2,206
Cash deposits	5	61,317	64,382	58,251
Investment income due	-	313	313	313
London collective investment vehicle	15	150	173	128
Other investment assets	-	(970)	(970)	(970)
Total Investment assets		**1,687,191**	**1,896,639**	**1,458,033**

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

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

Interest rate – risk sensitivity analysis

The Fund recognises that interest rates can vary and 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. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

The Fund's investment advisor has advised that there is a low probability that long-term average rates are expected to move less move by more than 100 basis points (1%) from one year to the next and experience suggests that such movements are unlikely.

Asset type	Market value as at 31 March 2024 £'000	Value on 1% price increase £'000	Value on 1% price decrease £'000
Cash and Cash equivalents	89,903	90,802	89,004
Cash balances	150	152	149
Total	**90,053**	**90,954**	**89,153**

Asset type	Market value as at 31 March 2023 £'000	Value on 1% price increase £'000	Value on 1% price decrease £'000
Cash and Cash equivalents	61,317	61,930	60,703
Cash balances	11,657	11,774	11,540
Total	**72,974**	**73,703**	**72,244**

Interest Receivable

Asset type	Market value as at 31 March 2024 £'000	Value on 1% price increase £'000	Value on 1% price decrease £'000
Cash and Cash equivalents	4,333	4,376	4,290
Total	**4,333**	**4,376**	**4,290**

Asset type	Market value as at 31 March 2023 £'000	Value on 1% price increase £'000	Value on 1% price decrease £'000
Cash and Cash equivalents	1,710	1,727	1,693
Total	**1,710**	**1,727**	**1,693**

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. Following analysis of historical data in consultation with the Fund investment advisors, the Fund considers the likely volatility associated with foreign exchange rate movements to be not more than 10%. A 10% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would decrease/increase the net assets available to pay benefits as follows.

Asset type	Market value as at 31 March 2024 £'000	Value on 10% price increase £'000	Value on 10% price decrease £'000
Overseas fixed interest unit trusts	390	429	351
Overseas pooled property investments	99,997	109,997	89,997
Overseas venture capital	177,767	195,544	159,990
Overseas Equity Funds	185,864	204,450	167,278
Overseas Hedge Fund	472	519	425
Total	**464,490**	**510,939**	**418,041**

Asset type	Market value as at 31 March 2023 £'000	Value on 10% price increase £'000	Value on 10% price decrease £'000
Overseas fixed interest unit trusts	10,361	11,397	9,325
Overseas pooled property investments	118,273	130,101	106,446
Overseas venture capital	171,163	188,280	154,047
Overseas Equity Funds	157,480	173,228	141,732
Overseas Hedge Fund	282	310	254
Total	**457,559**	**503,315**	**411,803**

a) **Credit risk**

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

The selection of high quality fund managers, counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner. The Fund has also set limits as to the maximum sum placed on deposit with individual financial institutions. In addition, the Fund invests an agreed percentage of its Funds in the money markets to provide diversification. Money market funds chosen all have AAA rating from a leading ratings agency, as shown below.

Summary	Rating	Asset value as at 31 March 2023 £'000	Asset value as at 31 March 2024 £'000
Held with Custodian			
Northern Trust custody cash accounts	AAA	61,317	89,903
Money market funds			
BNP Paribas	AAA	10,860	-
Federated Prime Rate	AAA	452	-
Bank current accounts			
Lloyds	A+	344	150
Total		**72,973**	**90,053**

The Fund has experienced no defaults from fund managers, brokers or bank accounts over many years.

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The Fund has not experienced any actual defaults in recent years and the current practice is to obtain a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. All contributions due at 31 March 2024 and 31 March 2023 (£5.6m and £2.3m respectively) were received in the first two months of the respective financial year.

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's cash holding under its treasury management arrangements at 31 March 2024 was £21m (31 March 2023: £23m).

Cash not needed to settle immediate financial obligations is invested by the Fund in accordance with LBN's Treasury Investment Strategy (TIS). The TIS sets out the criteria for investing and selecting investment counterparties and details the approach to managing risk.

The Fund also has access to an overdraft facility for short-term cash needs (up to seven days). This facility is only used to meet timing differences on pension payments. As at 31 March 2024 the balance on this facility stood at £0 (31 March 2023: £0).

The Fund defines liquid assets as assets 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 liquid assets represented 78% of the total Fund value (31 March 2023: 76% of the total Fund assets).

b) **Refinancing risk**

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

Note 17: 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 and the next valuation is due to take place as at 31 March 2025.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the authority tax payer from an employer defaulting on its pension obligations.

At the 2022 actuarial valuation, the Fund was assessed as 100% funded (96% at the March 2019 valuation). This corresponded to a surplus of £4m (2019 valuation: £58m deficit) at that time.

When an employer's funding level is less than 10% of the 100% funding target, then a deficit recovery plan will be put in place requiring addition employer contributions.

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

In addition to the primary contribution rate, most employers also pay a secondary contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2022 Actuarial Valuation Report and the Funding Strategy Statement on the Fund's website: www.newham.gov.uk/council/pension-fund

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase 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 as noted in the triennial valuation

Assumed returns at	31 March 2022	31 March 2019
	%	%
Discount rate	4.7	5.0
CPI Inflation	2.9	2.6
Pension increases	2.9	2.6
Salary increases	3.9	3.6

Mortality assumptions as noted in the triennial valuation

Future life expectancy based on the actuary's fund-specific mortality review was as follows.

Life expectancy from age 65		31 March 2022	31 March 2019
		Years	Years
Retiring today	Males	19.5	21.2
	Females	22.9	23.8
Retiring in 20 years	Males	20.9	22.7
	Females	24.4	25.4

Commutation assumptions

An allowance is included for future retirements to elect to take 50% of the maximum additional tax free cash up to HMRC limits for pre- April 2008 service and 75% of the maximum tax-free cash for post April 2008 service

50:50 option

Less than 1% of active members (evenly distributed across age, service length and salary range) have taken up the 50:50 option.

Note 18: Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Fund liabilities, on an IAS 19 basis, every 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 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 17). The actuary has also used valued ill-health and death benefits in line with IAS 19.

2022/23		2023/24
£m		£m
(1,847)	Present value of promised retirement benefits	(1,910)
1,677	Fair value of scheme assets (bid value)	1,870
170	**Net Liability**	**40**

An allowance for the potential impact of the McCloud & Sargeant judgement is included in the present value of promised retirement benefits.

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2022 triennial funding valuation (see Note 17) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Note 19: Current Assets

2022/23		2023/24
£000		**£000**
1,357	Contribution due - employees	1,383
934	Contribution due - employers	4,168
-	Prepayments	-
69	Receivables	342
8,740	Debtors	1,720
11,657	Cash balances	150
22,757	**Total**	**7,763**

Note 20: Additional Voluntary Contributions

Market value at 31 March 2023		Market value at 31 March 2024
£'000		**£'000**
952	Clerical Medical	1,071
139	Utmost Life and Pensions	134
1,091	**Total**	**1,205**

AVC contributions of £0.056m were paid directly to Clerical Medical during the year (£0.079m 2022/23).There have been no further contributions to Utmost in either financial year.

These amounts are not included in the Fund accounts in accordance with Regulation 4 (1) (b) of the LGPS (Management and Investment of funds) Regulations 2016.

Note 21: Agency Services

The Fund pays discretionary awards to the former teachers of LBN, the amounts are fully reclaimed.

2022/23		2023/24
£'000		**£'000**
312	Payments on behalf of London Borough of Newham	341
312	**Total**	**341**

Note 22: Related Parties

The Fund is administered by LBN. During the reporting period, the Council incurred costs of £1.6m (2022/23: £1.3m) in relation to the administration the Fund and was subsequently reimbursed by the Fund for these expenses (see Note 10). As at 31 March 2024 the Council owed the Fund £0.58m (2022/23 £9.3m).

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 Statutory Section 151.

Of the Committee members there is one active member Councillor Caroline Adaja of the LGPS and two deferred member; Councillor John Gray and Councillor Lester Hudson. The Members of the Committee do not receive fees in relation to their specific responsibilities as Members of the Committee.

The Council is also the largest employer in the Fund and in 2023/24 contributed £35.4m (2022/23 £34.9m) to the Pension Fund in respect of employer's contributions. All monies owing to and due from the fund were paid in year.

The Fund is a minority shareholder in London LGPS CIV Ltd. Shares valued at £0.15m at 31 March 2024 (£0.15m at 31 March 2023) are included as long-term investments in the NAS. A mixed portfolio of investments is managed by the regional asset pool as shown in Note 12b. During 2023/24 a total of £0.14m was charged to the pension fund by London CIV in respect of investment management services (£0.14m in 2022/23).

Note 22a: Key Management Personnel

Key management personnel are members of the Committee, the Corporate Director of Resources, the Director of Exchequer and Transactional Services and the Head of Pensions & Treasury. Total remuneration payable to key management personnel which is recharged to the Fund is set out below:

2022/23 £'000		**2023/24 £'000**
37	Short-term benefits	37
1,030	Post-employment benefits	1,081
1,067	**Total**	**1,118**

Note 23: Contingent Liabilities and Contractual Commitments

Outstanding capital commitments for private debt, property, private equity, real assets and social housing at 31 March 2024 totalled £104m (31 March 2023: £79m). There are no contingent liabilities to report.

Four admitted body employers in the Fund hold insurance bonds and seven admitted bodies have a guarantee in place with the Local Authority to guard against the possibility of being unable to meet the pension obligations. These bonds/guarantees are drawn in favour of the Fund and payment will only be triggered in the event of employer default. No such defaults have occurred.

The Fund, in conjunction with other Borough shareholders in the London CIV, has entered into an exit agreement with the London CIV, acting as a guarantor. The Fund will meet any exit payments due should the London CIV cease its admission arrangements with City of London. Should an amount become due the Fund will meet proportionate share of costs.

Link to Statements and Policies

- **Investment Strategy Statement 2023/24**

https://www.newham.gov.uk/downloads/file/7565/investment-strategy-statement-2023-24

- **Funding Strategy Statement 2023/24**

https://www.newham.gov.uk/downloads/file/7567/funding-strategy-statement-2023-24

- **Environmental, Social and Governance (ESG) Investment Policy 2023/24**

https://www.newham.gov.uk/downloads/file/7568/esg-statement-2023-24

- **Communication Policy**

https://www.newham.gov.uk/downloads/file/3512/communication-policy-2021-21

- **Governance Statement 2023/24**

https://www.newham.gov.uk/downloads/file/7566/governance-compliance-statement-2023-24

Glossary

Accounting period - The period of time covered by the Council's accounts. The Council's financial year is from the period 1st April to the following 31st March.

Accounting policies – The specific principles, bases, conventions, rules, and practices applied by the Council in preparing and presenting the financial statements.

Accounting standards - A set of rules explaining how accounts are to be kept (See 'International Financial Reporting Standards').

Accrual - The recognition of income and expenditure in the year that they occur and not when any cash is received or paid.

Active member - Current employee who is contributing to a pension scheme.

Actuary - An independent professional who advises the Council on the financial position of the Fund. Every three years the actuary values the assets and liabilities of the Fund and determines the funding level and the employers' contribution rates.

Additional Voluntary Contributions (AVC) - An option available to active scheme members to secure additional pension benefits by making regular contributions to separately held investment funds managed by the Fund's AVC provider

Administering Authority -The Administering Authority is responsible for maintaining and investing its own Fund for the LGPS. This means the Administering Authority is responsible for making all decisions relating to the operation of the Fund.

Admitted Body - An organisation, whose staff can become members of the Fund by virtue of an admission agreement made between the Council and the organisation. It enables contractors who take on the Council's services with employees transferring, to offer those staff continued membership of the Fund.

Admission Agreement - an agreement made between the administering authority, a Scheme employer and a contracted company to allow the contractor to become part of the LGPS.

Asset allocation - The apportionment of a fund's assets between different types of investments (or asset classes). The long-term strategic asset allocation of a Fund will reflect the Fund's investment objectives.

Balance Sheet - A statement of all the assets, liabilities and other balances of the Council at the end of an accounting period.

Basis Points (BPS) - A unit of measure for interest rates and percentages. One basis point is equal to 1/100th of 1%.

Benchmark - A measure against which the investment policy or performance of an investment manager can be compared.

Billing Authority – Refers to a local authority that is responsible for the collection of tax, both on behalf of itself and local authorities in its area.

Budget - A forecast of future expenditure plans for the Council. Detailed revenue budgets are prepared for each year.

Career Average Revalued Earnings (CARE) - from 1 April 2014 the LGPS became a Career Average Revalued Earnings Scheme. The pension built up from 1 April 2014 is based on a CARE scheme basis and the pension built up prior to 1 April 2014 is linked to Final Salary.

Cash equivalents – Highly liquid, safe investments that can easily be converted into cash.

Chartered Institute of Public Finance and Accountancy (CIPFA) – A professional accountancy body, specialising in the Public Sector. It promotes best practice by issuing guidelines and Codes of Practice.

Collective Investment Vehicle (CIV) - is any entity that allows investors to pool their money and invest the pooled funds, rather than buying securities directly as individuals

Contingent Liability - Where possible "one-off" future liabilities or losses are identified but the level of uncertainty is such that the establishment of a provision is not appropriate.

Consumer Price Index (CPI) – Measures the average change in retail prices of a basket of goods and services purchased by most UK households, to provide an indication of the rate of inflation. The CPI includes some financial services in the basket of goods not included in the RPI.

COVID-19 – Coronavirus pandemic.

Creditors - Amount of money owed by the Council for goods and services received, also referred to as Payables.

Death Grant - an amount paid to a current or former member's estate or nominated beneficiaries in the event of death in service, death after retirement or death of a deferred beneficiary

Debtors - Amount of money owed to the Council by individuals, and organisations, also referred to as Receivables.

Deferred Benefits (may be called preserved benefits) - benefits retained in the pension fund when a member leaves without an entitlement to the immediate payment of those benefits. If a transfer of benefits does not take place before hand, deferred benefits are usually paid from the member's normal retirement date.

Defined Benefit Scheme - A pension scheme which defines benefits independently of the contributions payable. Benefits are not directly related to the investments of the Pension Fund.

Deferred Income – Receipt in Advance – This represents a receipt received as part of entering into a building lease. The credit is being released over the term of the lease.

Deferred Liabilities – These are future payments that the Council is contractually obliged to pay in future years. These liabilities relate to Private Finance Initiative (PFI) schemes.

Deferred members - Scheme members, who have left employment or ceased to be an active member of the scheme whilst remaining in employment, but retain an entitlement to a pension from the scheme.

Discretion - this is the power given by LGPS regulations to enable Scheme employers or administering authorities to choose how they will apply the Scheme rules in respect of certain provisions.
Employer rates - The percentage of the salary of employees that employers pay as a contribution towards the employees' pension.

Equities - Ordinary shares in UK and overseas companies traded on a stock exchange.

Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

Exit Cap - The cap limits the exit payments made to employees of public sector bodies.

Fair Value - In relation to the value of financial instruments, it is the amount for which an asset can be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction.

Financial Instrument - Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Fixed interest securities – Investments, mainly in government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange in the meantime.

Good Governance Framework – SAB commissioned report reviewing the governance of the LGPS on effectiveness and reviewing existing models.

Guaranteed minimum Pension (GMP) - Is the minimum guaranteed level of pension, which a pension scheme had to provide to members if they were contracted out of the SERPS between 6 April 1978 and 5 April 1997.

Index - A calculation of the average price of shares, bonds, or other assets in a specified market to provide an indication of the average performance and general trends in the market.

Interest Rate Risk - The uncertainty of interest paid/received on variable rate instruments and the effect of fluctuations in interest rates on the fair value of an instrument.

Internal Disputes Resolution Procedure (IDRP) – a complaints procedure governed by regulation providing any current or former scheme member with the opportunity to settle any dispute or complaint they may have in respect of any decision made regarding their entitlements under scheme rules.

International Financial Reporting Standards (IFRS) – The set of international accounting standards issued by the International Accounting Standards Board (IASB). Local Authorities are required to produce accounts based on IFRS.

Investment Properties – Those properties that are held solely to earn rentals and/ or for capital appreciation, rather than for the delivery of services.

Investment Strategy Statement (ISS) – LGPS regulations require administering authorities to prepare and maintain an ISS. The ISS outlines the Fund's investment objectives and investment beliefs, identifies the risks the Fund faces and outlines how this risks are controlled/mitigated.

Long-Term Assets - Assets that yield benefit to the Council and the services it provides for a period of more than one year.

McCloud - The McCloud judgement refers to the Court of Appeal's ruling that Government's 2015 public sector pension reforms unlawfully treated existing public sectors differently based upon members' age

Minimum Revenue Provision (MRP) - The amount that has to be charged to revenue to provide for the redemption of debt. Not applicable to the HRA.

National Fraud Initiative - Exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

Pension Administration Strategy – Strategy which outlines the processes and procedures allowing the administrator and employers to work together in a cost effective way to administer the LGPS.

Pooled Investment vehicles - Funds which manage the investments of more than one investor on a collective basis. Each investor is allocated units which are revalued at regular intervals. Income from these investments is normally returned to the pooled fund and increases the value of the units.

Project PACE – LPPA led project to implement new Pension Administration system.

Provisions - Amounts set aside for liabilities and losses, which are certain or very likely to occur but where the exact amount or timing of the payment are uncertain.

Public Service Pension Act 2013 (PSPA13) - An Act to make provision for public service pension schemes; and for connected purposes.

Rates and Adjustment Certificate - a certificate issued by the Actuary following a valuation of the Fund which sets out the employer contribution rates payable by each of the associated scheme bodies.

Return - The total gain from holding an investment over a given period, including income and increase or decrease in market value.

Reserves - Amounts set aside which do not fall within the definition of a provision, to fund items of anticipated expenditure. These include general reserves or balances which every Council must maintain as a matter of prudence.

Retail Price Index (RPI) – Measures the average change in retail prices of a basket of goods and services purchased by most UK households, to provide an indication of the rate of inflation. The RPI includes mortgage interest payments and council tax in the basket of goods not included in the CPI.

Scheduled body - An organisation that has the right to become a member the Local Government Pension Scheme under the scheme regulations. Such an organisation does not need to be admitted, as its right to membership is automatic.

Triennial Valuation - Every three years the Actuary reviews the assets and liabilities of the Pension Fund and reports to the Council on the fund's financial position and recommended employers' contribution rates.

Unrealised gains/ losses - The increase or decrease in the market value of investments held by the fund since the date of their purchase.

Value For Money (VFM) – This term is used to describe the relationship between the economy, efficiency, and effectiveness (known as the 'three Es') of a service, function or activity. Value for money is high when there is an optimum balance between all three.

Acronyms

AAC Annual Allowance Charge
AGS Annual Governance Statement
AVC Additional Voluntary Contribution
CARE Career Average Revalued Earnings
CEP Contributions Equivalent Premium
CETV Cash Equivalent Transfer Value
CIPFA The Chartered Institute of Public Finance and Accountancy
CIV Collective Investment Vehicle
CPI Consumer Prices Index
ESG Environmental, Social and Corporate Governance
FSS Funding Strategy Statement
GAD Government Actuary's Department
GDPR General Data Protection Regulation
GMP Guaranteed Minimum Pension
HMRC Her Majesty's Revenue & Customs
IAS International Accounting Standard
IDRP Internal Disputes Resolution Procedure
IFA Inter-fund Adjustment
IFRS International Financial Reporting Standards
ILA Individual Lifetime Allowance
ISS Investment Strategy Statement
LAPF Local Authority Pension Fund
LBN London Borough of Newham
LGPC Local Government Pensions Committee
LPS Local Government Pension Scheme
LCIV London Collective Investment Vehicle
LPPA Local Pensions Partnership Administration
MHCLG Ministry of Housing, Communities and Local Government
NPV Net Present Value
NRA Normal Retirement Age
NRD Normal Retirement Date
PSLA Pensions and Lifetime Savings Association
SAB Scheme Advisory Board
SLA Standard Lifetime Allowance
SPA State Pension Age
SERPS State Earnings Related Pension Scheme
RPI Retail Price Index
VAT Value Added Tax