



Pension Fund Committee Agenda

Date: Thursday 4 April 2024

Time: 6.30 pm

Venue: The Auditorium - Harrow Council Hub, Kenmore Avenue, Harrow, HA3 8LU

Membership (Quorum 3 Councillors)

Chair:	Councillor David Ashton
Conservative Councillors:	Norman Stevenson
Labour Councillors:	Jerry Miles Nitin Parekh (VC)
Non-Voting Co-optee:	To be appointed
Trade Union Observer(s):	Mr J Royle – UNISON Ms P Belgrave – GMB
Independent Advisers:	Mr C Robertson Honorary Alderman R Romain

Reserve Members:

Conservative Reserve Members:	1. Kanti Rabadia 2. Amir Moshenson
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Labour Reserve Members:	1. Asif Hussain 2. Natasha Proctor
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Contact: Mwim Chellah, Senior Democratic and Electoral Services Officer
Tel: 07761 405966 E-mail: mwimanji.chellah@harrow.gov.uk

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Useful Information

Joining the Meeting virtually

The meeting is open to the public and can be viewed online at [London Borough of Harrow webcasts](#)

Attending the Meeting in person

The venue is accessible to people with special needs. If you have specific requirements, please contact the officer listed on the front page of this agenda.

You will be admitted on a first-come-first basis and directed to seats.

Please:

- (1) Stay seated.
- (2) Access the meeting agenda online at [Browse meetings - Pension Fund Committee](#)
- (3) Put mobile devices on silent.
- (4) Follow instructions of the Security Officers.
- (5) Advise Security on your arrival if you are a registered speaker.

Filming / recording

This meeting may be recorded or filmed, and if you choose to attend, you will be deemed to have consented to this. Any recording may be published on the Council website.

Agenda publication date: Monday 25 March 2024

Agenda - Part I

1. **Attendance by Reserve Members**

To note the attendance at this meeting of any duly appointed Reserve Members.

2. **Declarations of Interest**

To receive declarations of disclosable pecuniary or non pecuniary interests, arising from business to be transacted at this meeting, from all Members present.

3. **Minutes** (Pages 7 - 12)

That the minutes of the meeting held on 20 December 2023 be taken as read and signed as a correct record.

4. **Public Questions**

To note any public questions received.

Questions will be asked in the order in which they were received. There will be a time limit of 15 minutes for the asking and answering of public questions.

[The deadline for receipt of public questions is 3.00 pm, 28 March 2024. Questions should be sent to publicquestions@harrow.gov.uk

No person may submit more than one question].

5. **Petitions**

To receive petitions (if any) submitted by members of the public/Councillors.

6. **Deputations**

To receive deputations (if any).

7. **The Pensions Regulator (PR) Code of Practice** (Pages 13 - 20)

Report of the Acting Director of Finance and Assurance.

8. **Pension Fund Annual Report and Accounts 2022-23 - Audit Strategy Memorandum** (Pages 21 - 54)

Report of the Acting Director of Finance and Assurance.

9. **Investments & Managers Performance Review** (Pages 55 - 80)

Report of the Acting Director of Finance and Assurance.

10. **Fund Valuation - At 28 February 2024** (To Follow)

Report of the Acting Director of Finance and Assurance.

11. **Any Other Urgent Business**

Which cannot otherwise be dealt with.

12. **Exclusion of the Press Public**

To resolve that the press and public be excluded from the meeting for the following item of business, on the grounds that it involves the likely disclosure of confidential information in breach of an obligation of confidence, or of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972:

<u>Agenda Item No</u>	<u>Title</u>	<u>Description of Exempt Information</u>
13	Investments & Managers Performance Review – Appendices 3 and 4.	Information relating to the financial or business affairs of any particular person (including the authority holding that information).
14	London CIV and Investment Pooling Update.	Information relating to the financial or business affairs of any particular person (including the authority holding that information).
15	Investment Strategy Implementation.	Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Agenda - Part II

13. **Investments & Managers Performance Review - Exempt Appendices 3 and 4**
(Pages 81 - 96)
Report of the Acting Director of Finance and Assurance.
14. **London CIV and Investment Pooling Update** (Pages 97 - 228)
Report of the Acting Director of Finance and Assurance.
15. **Investment Strategy Implementation** (Pages 229 - 252)
Report of the Acting Director of Finance and Assurance.

[Please note that Aon, Advisers to the Fund, will be attending this meeting.]

Data Protection Act Notice

The Council will record the meeting and will place the recording on the Council's website.

[**Note:** The questions and answers will not be reproduced in the minutes.]



Pension Fund Committee

Minutes

20 December 2023

Present:

Chair: Councillor David Ashton

Councillors: Jerry Miles Norman Stevenson
Nitin Parekh

**Co-optee
(Non-voting):**

**Trade Union
Observers:** Barbara Adjei-Kyem GMB

**Independent
Advisers:** Mr C Robertson Independent
Honorary Alderman Adviser
R Romain Independent
Adviser

**Apologies
received:** Pamela Belgrave

Absent: John Royle

29. Attendance by Reserve Members

RESOLVED: To note that there were no reserve Members in attendance at this meeting.

30. Declarations of Interest

RESOLVED: To note that Councillor Norman Stevenson declared a non-pecuniary interest in that he was a Director of Cathedral Independent Financial Planning Limited and had clients who were past and present members of the Harrow Pension Scheme. Furthermore, he declared that his wife was a member of Harrow Council's Pension Scheme. He would remain in the room whilst the matters were considered and voted upon.

31. Minutes

RESOLVED: That the minutes of the meeting held on 19 September 2023, be taken as read, and signed as a correct record.

32. Public Questions

RESOLVED: To note that no public questions were received at the meeting.

33. Petitions

RESOLVED: To note that no petitions were received at the meeting.

34. Deputations

RESOLVED: To note that no deputations were received at the meeting.

Resolved Items

35. Audit of Pension Fund Accounts 2021-22

Members received the Audit of Pension Fund Accounts 2021-22 from Mazars.

At its meeting 12 October 2022, the Committee had reviewed and approved the draft pension Fund Annual Report and Accounts for 2021-22. Since that meeting, the Committee had received regular updates on the progress of the audit. Although the audit was largely complete, and only a small number of presentational changes were required, the requirement for the auditor to confirm that the Pension Fund accounts were consistent with the Council's main accounts meant that formal sign-off of the Pension Fund accounts was delayed. The delays were mainly due to a number of national issues affecting local authority audits more generally.

The audit had now been completed. Mazars had reported the outcome to the Governance, Audit, Risk Management and Standards Committee (GARMS) Committee on 29 November 2023.

Members asked how Harrow's Pension Fund Accounts compared with other London Boroughs, and whether there was room for improvement. The auditors advised that there were no errors in the audited accounts, and therefore, no control recommendations had been made. The auditor also indicated that relative to its peers, the absence of errors and the quality of the accounts submitted for audit was very good.

RESOLVED: That the report be noted.

36. Government Consultation on Investments and Pooling

Members received a report which provided an update on the recently published results following responses to the consultation document on Local Government Pension Scheme (LGPS) Investments and Pooling.

The Government had undertaken a consultation on reforms to the arrangements for investment of LGPS assets. The latest plans had been outlined in the Chancellor of the Exchequer's speech at the annual Mansion House dinner in July 2023. During that speech the Chancellor had announced reforms for the LGPS in England and Wales, covering asset pooling, levelling up and opportunities in private equity. Following this, the Department for Levelling Up Housing and Communities (DLUHC), published a consultation on the areas the Chancellor had highlighted in his speech.

A key target announced is a minimum pool size of £50m – London Pension Funds' total assets at 31 March 2023 were £45 billion, of which LCIV currently manages £14 billion pooled or committed, and a further £12.3 billion is in passive investments whose fee levels were negotiated by LCIV.

Members queried the "Definition of Levelling Up investments" and whether social aspects should be considered. It was advised that "Levelling Up" was an outcome and not an asset class. It was envisaged that social aspects to investments would continue being paramount, through investments such as housing for rent (including social housing) and urban regeneration. However the key issue will be ensuring that the investments meet the Fund's return objectives.

RESOLVED: That the report be noted.

37. Investments & Managers Performance Review

Members received a report on the Investments and Managers Performance Review.

The report updated the Committee on regular items as follows:

- Draft work programme for the remainder of 2023-24 on which the Committee's comments and agreement were requested;

- the investment and management performance dashboard report summarising key fund performance and risk indicators and PIRC Performance Indicators;
- Fund performance to 30 September 2023 and 31st October 2023; and
- Update on Audit of Annual Report and Accounts for 2021-22.

Members requested that meeting dates for the next Municipal Year be communicated as soon as practical, and that future meetings be held on Mondays.

RESOLVED: That the draft work programme for the remainder of 2023-24 be approved.

38. Exclusion of the Press Public

RESOLVED: That in accordance with Part I of Schedule 12A to the Local Government Act 1972, the press and public be excluded from the meeting for the following item(s) for the reasons set out below:

<u>Item</u>	<u>Title</u>	<u>Reason</u>
12	Investments and Managers Performance Review (Appendices 3 and 4).	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).
13	Update on Pension Fund Procurements (Actuarial Services and Investment Consultancy Services).	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).
14	Investment Strategy Implementation.	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information)).

39. Investments & Managers Performance Review

Members received two confidential appendices to the report on the Investments and Managers Performance Review. There was a detailed discussion about the unsatisfactory performance of certain investment managers.

RESOLVED: That appendices 3 and 4 be noted.

40. Update on Pension Fund Procurements (Actuarial Services and Investment Consultancy Services)

Members received a confidential report which provided an Update on Pension Fund Procurements (Actuarial Services and Investment Consultancy Services).

RESOLVED: That the report be noted.

41. Investment Strategy Implementation

Members received a confidential report on the Investment Strategy Implementation.

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 6.30 pm, closed at 7.56 pm).

(Signed) Councillor David Ashton
Chair

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**REPORT FOR: Pension Fund
Committee**

Date of Meeting:	04 April 2024
Subject:	The Pensions Regulator (PR) Code of Practice
Responsible Officer:	Sharon Daniels – Acting Director of Finance and Assurance
Exempt:	No
Wards affected:	List Ward(s) affected by decision. None
Enclosures:	None

Section 1 – Summary and Recommendations

This report updates the Committee on the new Pensions Regulator (TPR) Code of Practice (“the Code”) issued on 10 January and sets out in detail what The Pensions Regulator expects of a scheme that is required to maintain an effective system of governance and internal controls.

Although not all sections of the Code apply to Public Service Pension Schemes like the LGPS, the Code replaces Code of Practice 14 (Governance and Administration of Public Service Pension Schemes).

Two issues of particular note for public service schemes, including the LGPS, are the (new) modules on “Cyber Controls” and “Scams”.

Recommendations:

The Committee is requested to review and to comment on this report and note that information on compliance with the General Code of Practice will be provided to future Pension Fund Committee and Board meetings.

Section 2 – Report

A. Introduction

1. This report updates the Committee with details of the Pensions Regulator’s recently published General Code of Practice, expected to come into force from 27 March 2024. The new code replaces 10 of the existing codes of practice. The Code also replaces the Code of Practice (no.14) for Public Service Pension Schemes.
2. The Pensions Regulator (TPR) is the UK regulator of workplace pension schemes. Whilst it has huge responsibilities in regulating trust-based (private sector) schemes its role in regulating public services pension schemes such as the Local Government Pensions Scheme (LGPS) is more limited but still significant in respect of governance and administration of funds.
3. TPR has been through an exercise to merge its existing codes or practice into a single new code, the General Code of Practice. Consultation on the creation of the general code took place in 2021 and the new General Code of Practice was laid in Parliament on 10 January 2024, expected to come into force 27 March 2024.

B. The General Code of Practice (“ the Code”)

4. The following existing Pension Regulator Codes have been consolidated into the new Code of Practice:
 - Reporting breaches of the Law
 - Early leavers

- Late payment of contribution (occupational pension scheme)
 - Late payment of contributions (personal pension schemes)
 - Trustee knowledge and understanding
 - Member nominated trustees/member-nominated directors putting arrangements in place
 - Internal controls
 - Dispute resolution reasonable periods
 - DC Code
 - Public service code
5. The General Code of Practice is divided into five main areas below while each area is divided into modules summarised in (para 6 to 11) below. Not all directly apply to the LGPS but where this is the case, compliance will usually be viewed as 'best practice' by TPR.
6. The governing body (governance)
The Code provides increased clarity on the definition of the governing body for Public Service Pension Schemes including the LGPS. This is confirmed to be the scheme manager. The Code outlines the terms which will need to be included in written meeting records.
7. Within the governance area of the Code, there are areas of good practice in respect of scheme continuity planning and cyber security. Schemes are expected to identify the key governance risks facing the scheme and TPR states that governing bodies should incorporate findings into its management and decision-making processes.
8. The governance section of the Code is further broken down into sections covering:
- Meetings and decision-making
 - Remuneration and fee policy
 - Managing advisers and service providers
 - Scheme continuity planning
 - Own risk assessment
9. Funding and investment
The Code contains good practice on investments for Public Service Pension Schemes, including investment governance, investment monitoring and climate change. TPR states the scheme managers of Local Government Pension Schemes do not have the same obligations in pensions legislation, but it is good practice for them to approach investment governance and monitoring in the same way.
- Investment governance
 - Investment monitoring
 - Climate change
10. Administration
TPR introduced a number of new administration modules. Although not entirely new to Local Government Pension Schemes due to Scheme Advisory Board Good Governance project phases I to III, the Code outlines that Governing bodies of pension schemes should take steps to reduce the

risks of incidents occurring, and appropriately manage any incidents that arise. Although listed as a good practice, it does not clearly set out the legal requirements for all Public Service Pension Schemes relating to internal controls:

- Planning and maintaining administration
- Financial transactions
- Transfers out
- Record-keeping
- Data monitoring and improvement
- Maintenance of IT systems
- Cyber controls

11. Communication and disclosure

- General principles for member communications
- Scams

C. Applicability of the General Code to the LGPS

12. As stated above, not all of the General Code applies to the LGPS, within the General Code, TPR makes references which seek to indicate the applicability of the contents of the Code to different schemes and which provide some clarity.

13. However, these references are not sufficient to define in all cases exactly which of the numerous requirements of the Code apply to the LGPS.

Consequently, the Local Government Pension Scheme Advisory Board for England and Wales (SAB) stated on 19 January 2024 that *“The Secretariat is studying the Code closely to identify which parts of the Code specifically apply to the LGPS and what these mean for funds and how they should be applied in practice. The SAB will support funds in understanding any new requirements in the Code and where needed, will produce new or update existing guidance to assist funds with their responsibilities.*

14. Although clarity is required on the exact applicability of the General Code to the LGPS. Those modules mentioned in paras 6 to 11 above which subject matter are also covered in the existing Code No 14 are those within the General Code where it is likely that significant requirements on the LGPS continues.

D. Reporting to TPR

15. The LGPS Scheme Advisory Board (SAB) in their statement issued on 19 January, are studying the Code to identify any new requirement for administering authorities and how the Code’s requirements align with the

items on the SAB workplan such as the SAB's 2021 Good Governance recommendations.

16. The SAB statement acknowledges TPR's recognition of the fact that the LGPS already has high standards of governance in place. The Code provides an opportunity for LGPS funds to review current practices, but also presents challenges during what is an already challenging time. The SAB will support funds in understanding any new requirements in the code, where needed, will produce new or update existing guidance to assist funds with their responsibilities and practical application in practice.
17. Although the Code is expected to take effect on 27 March, TPR has indicated that it does not expect schemes to be able to demonstrate full compliance with all the provisions of the Code from that date. The expectation is that schemes will have an awareness of where there are potential gaps in compliance and ideally, a plan setting out when these gaps will be filled.
18. The Harrow Pensions Board received a report which set out The Pensions Regulator's "Code of Practice no.14" entitled Governance and administration of public service pension schemes on 2 November 2016, which summarised the Fund's compliance to Code of Practice no.14. A similar but more detailed compliance report and next steps is intended.

E. Next Steps

19. While it may not be absolutely clear on the exact applicability of the TPR General Code to the LGPS, and while further clarity and guidance is expected from the SAB, the following actions are put forward to the Committee:
 - Take cognisance of any relevant guidance issued by the SAB.
 - Take cognisance of existing practices within the council as administering authority for example cyber security and business continuity as they relate to the Code of Practice.
 - Assess to what extent the TPR General Code is more applicable to the Pensions Committee and Pensions Board.
 - Review the Fund's current governance compliance/arrangements against the new General Code.
 - Review the General Code against the SAB Good Governance
 - Sign up to available LGPS TPR Code compliance tool.
 - Identify elements of General Code although not applicable to the LGPS but represent good practice for the Fund and plan to make changes or enhancements.
 - Training provided to Committee and Board on expectations set out by TPR within the General Code.
 - Produce a plan to make changes or enhancements to ensure necessary compliance.
 - Report progress to the Committee and Board periodically of any progress toward compliance to those parts of the Code that are applicable to the Fund and those considered to be good practice.

Legal Implications

20. The Pensions Regulator (Regulator) was established under the Pensions Act 2004 to regulate work-based pensions. The Public Service Pensions Act 2013 introduced an expanded role for the Regulator in overseeing the major work-based pension schemes for those working in the public services.
21. Under the 2013 Act, the Regulator is required to issue one or more codes of practice covering specific matters relating to public service pension schemes.

Financial Implications

22. Whilst matters discussed in this report have very significant financial implications there are none directly arising directly from it.

Risk Management Implications

23. There are no specific risk management implications arising from this report. The management of risks is a key part of this report.

Equalities implications / Public Sector Equality Duty

24. Was an Equality Impact Assessment carried out? No
There are no direct equalities implications arising from this report.

Council Priorities

25. The performance of the Pension Fund directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities. The Council has a legal responsibility to maintain and manage their LGPS fund. This role is referred to as the scheme manager in the Public Service Pensions Act 2013.

Section 3 - Statutory Officer Clearance

Statutory Officer: Sharon Daniels

Signed by the Chief Financial Officer

Date: 22 March 2024

Statutory Officer: Sharon Clarke

Signed on behalf of the Monitoring Officer

Date: 22 March 2024

Chief Officer: Sharon Daniels

Signed on behalf of the Chief Executive

Date: 22 March 2024

Mandatory Checks

Ward Councillors notified: Not Applicable

Section 4 - Contact Details and Background Papers

Contact: Miriam Adams - Interim Treasury and Pensions Manager

Email: Miriam.Adams@harrow.gov.uk

Background Papers: None

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**Report for: Pension Fund
Committee**

Date of Meeting: 4 April 2024

Subject: Pension Fund Annual Report and
Accounts 2022-23 – Audit Strategy
Memorandum

Responsible Officer: Sharon Daniels – Acting Director of
Finance and Assurance

Exempt: No

Wards affected: List Ward(s) affected by decision.
NONE

Enclosures: Appendix 1 – Audit Strategy
Memorandum (Mazars)

Section 1 – Summary and Recommendations

This report sets out the approach and timescale for Mazars to carry out the external audit of the LBH pension Fund Annual report and accounts for 2022-23.

Recommendations:

The Committee is requested to note the report.

Section 2 – Report

Background

1. As previously advised, there have been significant national issues which have impacted adversely upon auditors' ability to complete the audits of

local authorities' accounts. As a consequence, there is now a significant audit backlog. This impacts on the Pension Fund accounts because the auditors are required to verify that the Pension Fund Accounts are consistent with those of the Council – hence the Pension fund Audit can only be completed and signed off once the audit of the Council's main accounts has been finalised.

2. The 2021-22 audit was completed in November 2023. A representative of the Council's Auditor, Mazars, presented the audit findings to the Committee's meeting in December 2023.
3. The Committee approved the draft Pension Fund Annual Report and Accounts for 2022-23 at its meeting in September 2023. Following a review of the local authority audit situation nationally, it is intended that the 2022-23 audit will be completed by the end of September 2024.
4. Mazars Audit strategy memorandum, which sets out their planned approach to the audit – is attached at **Appendix 1**. Mazars presented this document, and the Audit Strategy Memorandum for the Council's main accounts to the GARMS Committee on 19 March 2024.
5. The Strategy Memorandum sets out the approach and highlights the key risks which Mazars will test – these are generally common to all local authorities. The exception is the payroll system migration, which is specific to LBH. Mazars have been carrying out their fieldwork, including systems and control testing, during the first quarter of 2024. The next phase of their work will be the review of the financial statements.
6. Once they have completed the audit, Mazars will issue their Audit Findings Report and Audit Opinion – at that stage, Mazars will be asked to attend the Committee's meeting to present that report.

Legal Implications

7. There are no direct legal implications arising from this report.
8. The Pension Fund Committee has the following powers and duties:
 - i. to exercise on behalf of the Council, all the powers and duties of the Council in relation to its functions as Administering Authority of the LB Harrow Pension Fund (the fund), save for those matters delegated to other Committees of the Council or to an Officer;
 - ii. the determination of applications under the Local Government Superannuation Regulations and the Teachers' Superannuation Regulations;
 - iii. to administer all matters concerning the Council's pension investments in accordance with the law and Council policy;
 - iv. to establish a strategy for the disposition of the pension investment portfolio; and

- v. to appoint and determine the investment managers' delegation of powers of management of the fund;

Financial Implications

- 9. The Audit "Scale Fee" – the nationally agreed figure for Pension Fund Audits – is £16,170. In addition, the costs of testing will be in the range £15,000 to £24,000, excluding the testing required to obtain assurance about payroll migration. These costs are part of the Fund Governance Costs and are fully met by the Pension Fund.

Risk Management Implications

- 10. The Pension Fund's Risk Register is reviewed regularly by both this Committee and by the Pension Board. The most recent was reported to the Committee in July 2023.
- 11. There are no specific risk management implications arising from this report. The level of risk to which its investments are exposed is a key component in developing the Fund's investment strategy.

Equalities implications / Public Sector Equality Duty

- 12. Was an Equality Impact Assessment carried out? No
- 13. There are no direct equalities implications arising from this report.

Council Priorities

- 14. The performance of the Pension Fund directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities.

Section 3 - Statutory Officer Clearance

Statutory Officer: Sharon Daniels

Signed by the Chief Financial Officer

Date: 22/03/2024

Statutory Officer: Sharon Clarke

Signed on behalf of the Monitoring Officer

Date: 21/03/2024

Chief Officer: Sharon Daniels
Signed on behalf of the Chief Executive
Date: 22/03/2024

Mandatory Checks

Ward Councillors notified: NOT APPLICABLE

Section 4 - Contact Details and Background Papers

Contact: Jeremy Randall - Interim Pensions Manager
Email: jeremy.randall@harrow.gov.uk
Telephone 020 8726 6552

Background Papers: None

Indicative Audit Strategy Memorandum

London Borough of Harrow Pension Fund

23

Year ending 31 March 2023



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- 01 Engagement and responsibilities summary
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- 03 Audit scope, approach and timeline
- 04 Significant risks and other key judgement areas
- 05 Fees for audit and other services
- 06 Our commitment to independence
- 07 Materiality and misstatements

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A Appendix A – Key communication points
Appendix B – Revised auditing standard on Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019)

This document is to be regarded as confidential to Harrow Pension Fund. It has been prepared for the sole use of the Governance, Audit, Risk Management and Standards committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

Governance, Audit, Risk Management and Standards Committee
London Borough of Harrow
Forward Drive
Harrow
HA3 8FL

12 March 2024

Dear Members

Mazars LLP
30 Old Bailey,
London,
EC4M 7AU

Indicative Audit Strategy Memorandum – Year ending 31 March 2023

We are pleased to present our Indicative Audit Strategy Memorandum for London Borough of Harrow Pension Fund for the year ending 31 March 2023. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 6 of this document also summarises our considerations and conclusions on our independence as auditors.

25 We see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the audit and explains the implications of the introduction of the revised auditing standard for identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019). We have yet to complete all our planning procedures, which is why this is an indicative audit strategy memorandum. We will provide the Committee with an update on risks and audit approach on the completion of audit planning.

The Council approved the Pension Fund accounts for the year ending 31 March 2022 in early December 2023. At that stage the Council and us were expecting the government to announce a backstop date for accounts for years ending 31 March 2023 or earlier, to be 31 March 2024. We had previously discussed with the Council the challenges in being able to complete the audit for 2022/23 by this date. However, in early February 2024, the government released its consultation on the backstop arrangements and proposed a new date of 30 September 2024. In light of the later backstop date, we agreed with the Council to commence the audit of the 31 March 2023 accounts, with the aim of completing our audit procedures by the end of August. This assumes that the Council prepare good quality draft statements, supported by all relevant working papers and system reports and can service the audit during the agreed audit period. Without the two-way collaboration, there is risk that we will disclaim the audit opinion so the Council can publish their accounts by the backstop date.

Client service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 07977 261873.

Yours faithfully



Suresh Patel, Mazars LLP

Mazars LLP – 30 Old Bailey, London, EC4M 7AU

www.mazars.co.uk

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01

Section 01:

Engagement and responsibilities summary

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1. Engagement and responsibilities summary

Overview of engagement

We are appointed to perform the external audit of London Borough of Harrow Pension Fund (the Pension Fund) for the year to 31 March 2023. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or the Governance, Audit, Risk Management and Standards Committee, as those charged with governance, of their responsibilities.

27 The Interim Director of Finance and Assurance is responsible for the assessment of whether it is appropriate for the Pension Fund to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding and conclude on a) whether a material uncertainty related to going concern exists; and b) consider the appropriateness of the Interim Director of Finance and Assurance's use of the going concern basis of accounting in the preparation of the financial statements.

Consistency Statement

We are responsible for forming and expressing an opinion on the consistency of the financial statements within the Pension Fund's annual report and the Pension Fund's financial statements included in the Statement of Accounts of London Borough of Harrow.



Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. This includes establishing and maintaining internal controls over reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management and internal audit as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit to obtain reasonable assurance that the financial statements taken are free from material misstatement, whether caused by fraud or error. However, our audit should not be relied upon to identify all such misstatements.

Wider reporting and electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of London Borough of Harrow and consider any objection made to the accounts. This would include an objection made to the accounts of the Pension Fund included in the administering authority's financial statements. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.



02

Section 02:

Your audit engagement team

2. Your audit engagement team

We have retained continuity in your audit engagement team, which will support the delivery of an efficient and effective audit.

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03

Section 03:

Audit scope, approach and timeline

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3. Audit scope, approach and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your activities which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

Audit approach

Our audit approach is risk-based and primarily driven by the issues that we consider lead to a higher risk of material misstatement of the accounts. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to the risks identified.

If we conclude that appropriately-designed controls are in place, then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise a combination of details (of classes of transactions, account balances, and disclosures); and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which consider our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 7.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.



3. Audit scope, approach and timeline

The government has proposed a backstop date for the Council to publish the Pension Fund audited statements for the year ending 31 March 2023 by the 30 September 2024. We have agreed a timetable with the Council to enable this. It requires us to work collaboratively to enable us to complete our audit work by the end of August, draft our audit reporting by early September and for the Council to arrange its approval process by mid-September. It also requires the Council to ensure that the Pension Fund draft accounts for 31 March 2023 are of a good quality, supported by all relevant working papers and system reports and that it can service the audit during the interim and fieldwork phases as outlined below.

Planning and Risk Assessment – January 2024

- Planning visit and developing our understanding of the Pension Fund
- Initial opinion assessment
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Risk assessment analytical procedures
- Determination of materiality

Completion – Early September 2024

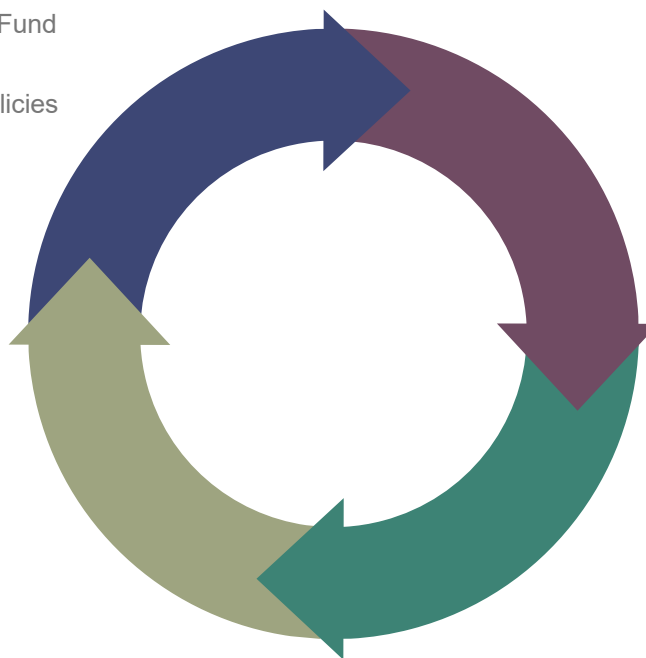
- Final review and disclosure checklist of financial statements
- Final partner review
- Agreeing content of letter of representation
- Reporting to the Governance, Audit, Risk Management and Standards Committee
- Reviewing subsequent events
- Signing the independent auditor’s reports

Interim – January to March 2024

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Reassessment of audit plan and revision if necessary

Fieldwork – March to August 2024

- Receiving and reviewing draft financial statements
- Delivering our audit strategy starting with significant risks and high-risk areas including detailed testing of transactions, account balances and disclosures
- Communicating progress and issues
- Clearance meeting



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3. Audit scope, approach and timeline

Reliance on internal audit

Where possible we will seek to utilise, the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our control's evaluation procedures.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Management's experts and our experts

Management makes use of experts in specific areas when preparing the Pension Fund's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management's expert	Our expert
Disclosure notes on funding arrangements and actuarial present value of promised retirement benefits	Hymans Robertson	NAO consulting actuary PwC
Valuation of investments within level 3 of the fair value hierarchy and related disclosures	Investment managers engaged by the fund that prepare valuations	At this stage we have not engaged our own expert for the valuation of level 3 investments. However, we may engage an expert if considered necessary to support the valuation of unusual or complex level 3 investments.

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third-party organisations that provide services to the Pension Fund that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. The table below summarises the service organisations used by the Pension Fund and our planned audit approach.

Items of account	Service organisation	Audit approach
The calculation and payment of pension benefits, assessment of funding levels based on existing pensioner data.	London Borough of Harrow Council	We will seek appropriate confirmation that the Council's controls and procedures have operated as designed throughout the year and that no weaknesses have been identified that would have a material impact on the information provided to the Pension Fund
Investment valuations and income and all related disclosures	Investment managers	Obtain direct confirmations from the fund managers and substantively test transactions occurring in the year and the valuations applied to investments at the year end.



04

Section 04:

Significant risks and other key judgement areas

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4. Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

Significant risk

Significant risks are those risks assessed as being close to the upper end of the spectrum of inherent risk, based on the combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. Fraud risks are always assessed as significant risks as required by auditing standards, including management override of controls.

Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk, these include but may not be limited to:

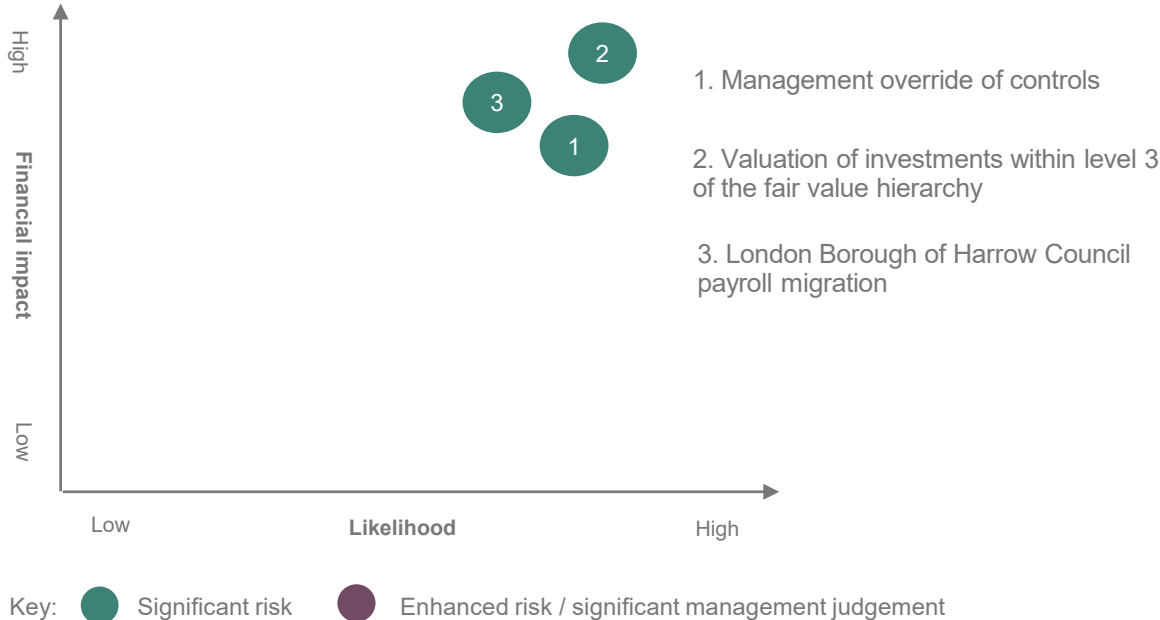
- Key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- other audit assertion risks arising from significant events or transactions that occurred during the period.

Standard risk

This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement (RMM), there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Pension Fund. We have summarised our audit response to these risks on the next page.



4. Significant risks and other key judgement areas

Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to Governance, Audit, Risk Management and Standards Committee.

Significant risks

	Description	Fraud	Error	Judgement	Planned response
1	<p>Management override of controls This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p>	●	○	○	<p>We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.</p> <p>We will address the risk through performing audit procedures, covering a range of areas including (but not limited to):</p> <ul style="list-style-type: none"> • accounting estimates included in the financial statements for evidence of management bias; • any significant transactions outside the normal course of business; • A sample of journals that meet our risk criteria and the other adjustments recorded in the general ledger in preparing the financial statements.
36	<p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>				



4. Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
2	<p>Valuation of investments within level 3 of the fair value hierarchy</p> <p>As at 31 March 2022, the Pension Fund held investments which were not quoted on an active market with a fair value of £122.03 million, accounting for 11.99% of the Fund's net investment assets.</p> <p>Inherently these assets are harder to value, as they do not have publicly available quoted prices from a traded market, and as such they require professional judgement or assumptions to be made when valuing them at year end.</p> <p>As the pricing of these investment assets is subject to judgements, they may be susceptible to pricing variances due to the assumptions underlying the valuation. We therefore consider that there is an increased risk of material misstatement.</p>	○	●	●	<p>We plan to address this risk by completing the following additional procedures:</p> <ul style="list-style-type: none"> confirm that the investment valuations disclosed in the accounts are consistent with quoted prices taken from active markets; obtain confirmations of valuations directly from investment fund managers and agree their valuations to the figures disclosed in the accounts; obtain fund manager ISAE 3402 Control Reports, confirming that the assets have been independently valued and reviewing for any exceptions which may impact the Pension Fund's investment asset valuations to inform further procedures if necessary (we are not relying on these reports); and agree the Pension Fund's share of the fund to the fund's net assets held within their financial statements.

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4. Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
38	<p>3 Migration of payroll data</p> <p>The Council's payroll system is integrated within the HR module of the ledger system. Data was migrated across from the SAP HR module to the Dynamics 365 HR module during the period from 05/03/2022 – 25/04/2022. The Council is the administering body of the pension scheme and accounts for approximately 85-50% of the fund.</p> <p>There is a risk that the migration will not capture all data held in the prior system. The omission of such data could result in the contributions data provided by the Council to the Pension being inaccurate, resulting in material misstatements in the Pension Fund accounts.</p>	○	●	○	We are currently in discussions with officers to understand the implications of the payroll migration to the Pension Fund audit.



05

Section 05:

Fees for audit and other services

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6. Fees for audit and other services

Fees for work as the Pension Fund’s appointed auditor

We indicate below our estimate of the fees required to deliver the audit.

Area of work	2022/23 Proposed Fee	2021/22 Actual Fee
Code Audit Work	£16,170	£16,170
Additional fees for additional work in respect of:		
40 3 investment assets	£8,000-12,000	£6,358
IAS 19 assurances	£5,000-7,000	£5,108
Membership data testing	n/a	£9,400
Payroll migration risk	TBC	n/a
ISA315(Revised)	£2,000-5,000	n/a
Total fees	TBC	£37,035



06

Section 06:

Our commitment to independence

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7. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually in writing that we comply with the FRC's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer based ethical training;
- rotation policies covering audit engagement partners and other key members of the audit team; and
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Suresh Patel in the first instance.

Prior to the provision of any non-audit services, Suresh Patel will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.



07

Section 07: **Materiality and misstatements**

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8. Materiality and misstatements

Summary of initial materiality thresholds

Threshold	Initial threshold £'000s
Overall materiality	9,500
Performance materiality	7,600
Specific materiality: Fund Account	4,000
Performance Materiality: Fund Accounts	3,200
Trivial threshold for errors to be reported to the Governance, Audit, Risk Management and Standards Committee	280

44 Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions based on the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of net assets of the scheme available to pay benefits. We will identify a figure for materiality but identify separate levels for procedures designed to detect individual errors, and a level above which all identified errors will be reported to the Governance, Audit, Risk Management and Standards Committee.

We consider that the net assets of the scheme available to pay benefits remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.



8. Materiality and misstatements

Materiality (continued)

We expect to set a materiality threshold at 1% of net assets of the scheme available to pay benefits. Based on the net assets disclosed in the draft financial statements, we anticipate the overall materiality for the year ending 31 March 2023 to be in the region of £9.5m (£10.1m in the prior year).

Our provisional specific materiality for the fund account is set based on a benchmark of benefits payable. We expect to set a materiality threshold at 10% of benefits payable. Based on total benefits payable disclosed in the draft financial statements we anticipate the fund account specific materiality for the year ending 31 March 2023 to be in the region of £4.0m (£3.6m in the prior year).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is kept at an appropriate level.

Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 80% of overall materiality as performance materiality.

Misstatements

We accumulate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Governance, Audit, Risk Management and Standards Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £280k based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Suresh Patel.

Reporting to the Governance, Audit, Risk Management and Standards Committee

The following three types of audit differences above the trivial threshold will be presented to the Governance, Audit, Risk Management and Standards Committee:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).

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Appendices

A: Key communication points

46 Revised auditing standard on Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019)

Appendix A: Key communication points

We value communication with Those Charged With Governance as a two way feedback process at the heart of our client service commitment. ISA 260 (UK) 'Communication with Those Charged with Governance' and ISA 265 (UK) 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Audit Strategy Memorandum;
- Audit Completion Report; and
- Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;

- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.



Appendix A: Key communication points

ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: 48. uncorrected misstatements and their effect on our audit opinion; the effect of uncorrected misstatements related to prior periods; <ul style="list-style-type: none"> • a request that any uncorrected misstatement is corrected; and • in writing, corrected misstatements that are significant. 	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> • enquiries of the Governance, Audit, Risk Management and Standards Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; • any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • a discussion of any other matters related to fraud. 	Audit Completion Report and discussion at the Governance, Audit, Risk Management and Standards Committee meetings Audit planning and clearance meetings



Appendix A: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> • non-disclosure by management; • inappropriate authorisation and approval of transactions; • disagreement over disclosures; • non-compliance with laws and regulations; and • difficulty in identifying the party that ultimately controls the entity. 	<p>Audit Completion Report</p>
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> • our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • significant difficulties, if any, encountered during the audit; • significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • written representations that we are seeking; • expected modifications to the audit report; and • other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Governance, Audit, Risk Management and Standards Committee in the context of fulfilling their responsibilities. 	<p>Audit Completion Report</p>
<p>Significant deficiencies in internal controls identified during the audit.</p>	<p>Audit Completion Report</p>
<p>Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.</p>	<p>Audit Completion Report</p>



Appendix A: Key communication points

Required communication	Where addressed
<p>Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the Governance, Audit, Risk Management and Standards Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Governance, Audit, Risk Management and Standards Committee may be aware of.</p>	<p>Audit Completion Report and the Governance, Audit, Risk Management and Standards Committee meetings</p>
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • whether the events or conditions constitute a material uncertainty; • whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and <p>50 the adequacy of related disclosures in the financial statements.</p>	<p>Audit Completion Report</p>
<p>Reporting on the valuation methods applied to the various items in the annual financial statements including any impact of changes of such methods</p>	<p>Audit Completion Report</p>
<p>Indication of whether all requested explanations and documents were provided by the entity</p>	<p>Audit Completion Report</p>



Appendix B: Revised auditing standard on Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019)

Background

ISA (UK) 315 (Revised 2019) introduces major changes to the auditor's risk identification and assessment approach, which are intended to drive a more focused response from auditors undertaking work to obtain sufficient appropriate audit evidence to address the risks of material misstatement. The new standard is effective for periods commencing on or after 15 December 2021 and therefore applies in full for the Pension Fund's 2022/23 audit.

The most significant changes relevant to the Pension Fund's audit are outlined below.

Enhanced risk identification and assessment

The standard has enhanced the requirements for the auditor to understand the audited entity, its environment and the applicable financial reporting framework to identify and assess risk based on new inherent risk factors which include:

- Subjectivity
- Complexity
- Uncertainty and change
- Susceptibility to misstatement due to management bias or fraud.

Using these inherent risk factors, we assess inherent risk on a spectrum, at which the higher end of which lies significant risks, to drive an audit that is more focused on identified risks. Auditors are now also required to obtain sufficient, appropriate evidence from these risk identification and assessment

procedures which means documentation and evidence requirements are also enhanced.

Greater emphasis on understanding IT

In response to constantly evolving business environments, the standard places an increased emphasis on the requirements for the auditor to gain an understanding of the entity's IT environment to better understand the possible risks within an entity's information systems. As a result, we are required to gain a greater understanding of the IT environment, including IT general controls (ITGCs).

Increased focus on controls

Building on the need for auditors to gain a greater understanding of the IT environment, the standard also widens the scope of controls that are deemed relevant to the audit. We are now required to broaden our understanding of controls implemented by management, including ITGCs, as well as assess the design and implementation of those controls.

Engagement and responsibilities summary

Your audit engagement team

Audit scope, approach and timeline

Significant risks and key judgement areas

Fees for audit and other services

Our commitment to independence

Materiality and misstatements

Appendices

Suresh Patel

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

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**REPORT FOR: Pension Fund
Committee**

Date of Meeting:	4 April 2024
Subject:	Investments & Managers Performance Review
Responsible Officer:	Sharon Daniels – Acting Director of Finance and Assurance
Exempt:	No - except for Appendix 3 and 4 which are Exempt from publication under paragraph 3, Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
Wards affected:	List Ward(s) affected by decision. None
Enclosures:	Appendix 1: Investment Dashboard as at 31 December 2023 (Aon) Appendix 2: PIRC Local Authority Pension Performance Indicators to 31 December 2023 (Exempt) Appendix 3 - Executive Summary of Manager Monitoring Report (Aon) (Exempt) Appendix 4 - Report from Independent Advisor Appendix 5a – Fund Valuation as at 31 December 2023 & 31 January 2023

Section 1 – Summary and Recommendations

This report updates the Committee on regular items as follows:

- Draft work programme for the 2024-25 municipal year on which the Committee's comments and agreement are requested.
- It includes the investment and management performance dashboard report summarising key fund performance and risk indicators and PIRC Performance Indicators
- Fund performance to 31st December 2023 and 31st January 2024

Recommendations:

The Committee is requested to review and to comment as necessary on the performance and investment dashboard report and approve the draft work programme for the 2024-25 municipal year.

Section 2 – Report

A. Introduction

1. This report updates the Committee on regular items as follows:
 - Draft work programme for 2024-25 (Sub-section B)
 - Investment and Manager Performance Dashboard (Sub-section C) and Appendix 1-4
 - Fund Performance and actions for period ended 31 December 2023 (Sub-section D and Appendix 5)
 - Issues raised by Pension Board (Sub-section E)
 - Other matters

B. Draft Work Programme 2024-25

2. The dates set for future meetings of the Committee in the 2024-25 municipal year were approved by the Council on 22nd February 2024. An outline work programme is set out below.

Meeting	Item
All Meetings	Regular Items update - Work Programme - Pension Board Items - Performance - Fund valuation / Dashboard - Manager Monitoring
10 June 2024	Investment Strategy Review
	Investment Consultancy Services Contract – outcome of tender process
	TCFD and Climate Change Reporting Update

9 September 2024	Review of PF Risk register
	Review of Investment Managers' Internal Control reports
	Annual Report and Accounts 2023-24
	LCIV and Investment Pooling Update
	Review of PF Risk Register
4 November 2024	External Audit Report on 2022-23 and 2023-24 Accounts
	2025 Triennial Valuation – Preparation / timetable
	Investment Strategy Review
3 March 2025	2025 Triennial Valuation - Assumptions
	LCIV and Investment Pooling Update
	Review of PF Risk Register
Items to be scheduled when information is available	
	Investment pooling Guidance / regulations

3. All meetings are currently scheduled to start at 6.30pm. It is intended that a training session will be held before each meeting, beginning at 5.30pm. Detailed arrangements for the training sessions and meetings will be confirmed nearer the date. A training session on Longevity Modelling led by Hymans Robertson is scheduled for the June meeting. A more detailed report on training is included elsewhere on this agenda.
4. The Committee will have the opportunity to update this programme but are invited to comment on the draft above and agree it at this stage. The list will be augmented as necessary during the year.
5. In addition to the “regular” quarterly meetings, the Committee may wish to schedule other (informal) sessions for specific reasons – e.g., in 2023 the Committee held sessions covering the Investment Strategy in May 2023 and a “manager review day” in October 2023.
6. The Committee is asked to note the dates of Pension Board meetings in 2024-25 – these meetings begin at 6.30pm. The Board currently meets virtually using Microsoft Teams.
 - 11 July 2024
 - 31 October 2024
 - 12 December 2024
 - 20 March 2025

C. Summary Performance Dashboard for Period Ended 31 December 2023

7. Attached as **Appendix 1** is a summary investment performance dashboard produced by Aon. It is designed to provide summary reporting and to streamline the performance reports presented to committee.

8. The investment dashboard shows the Pension Fund's estimated Investment Funding Level of 119% as at 31 December 2023 and the fund assets (£1.01bn) and liabilities (£0.86bn). This estimate of liabilities is a rolled forward projection based on the 2022 actuarial valuation, the final results of which were reported to the Committee at its meeting on 29 March 2023.
9. The estimated funding level has improved since the 2022 valuation. This is driven by the fact that the expected return (discount rate) has increased materially since the valuation, largely driven by increasing interest rate expectations. This has reduced the present value of the Fund's liabilities substantially. The assets have held up well over what has been a volatile period in financial markets and their values have not dropped to the same extent as the liabilities (in fact they are very similar to the March 2022 position) – hence the increased funding level. This update is at a single point in time, during a period of volatility in markets. Further market movements will lead to further fluctuations in funding level – for example, the value of investments will change and further changes in interest rates will affect the value of liabilities.
10. It should also be noted that the 119% funding level relates only to “past service” benefits (i.e. service accrued to date). As a scheme which is “open” both to future accrual of benefits for existing members and to new joiners, the Fund will also have to meet significant liabilities in respect of future service, which will in turn depend on pay levels and other factors. No de-risking actions are recommended at the current time.
11. The Dashboard includes a summary of asset allocation relative to the strategic benchmark. It also shows the current allocation made to the London CIV or in passively managed investments under fee arrangements negotiated by the CIV (80%) and a summary of manager performance and manager rating. The Strategic Benchmark allocation to assets pooled or counted as being pooled is 82.5%. The commitments which are yet to be drawn down in respect of the LCIV Infrastructure and LCIV Renewables Infrastructure Funds account for most of the gap.
12. The Fund subscribes to the performance data service provided by Pension and Investment Consultants Limited (PIRC) The PIRC performance report is attached as **Appendix 2** to this report. The dashboard summarises the quarter, 1-year, 3-year, 5-year and 10-year performance. The Fund has achieved its benchmark in the final quarter of 2023 but has underperformed for all longer time frames.
13. **Appendix 3** Manager Monitoring Report - Executive Summary reports on managers who have received the Aon “qualified” or “in review” rating. This is summarised on the dashboard ‘Manager in Focus’ section. **Appendix 4** sets out the comments of one of the Fund's Independent Advisors in respect of the various managers' performance and other related information. **These appendices (3 and 4) are exempt, so any discussion of the detail therein will need to be undertaken in Part II of the meeting.**

D. Fund Performance and Valuation for Period Ended 31 December 2023 and subsequent activity.

14. **Appendix 5** sets out the change in the market value of the Fund's investments from 31st March 2023 to 31st December 2023. The table has been ordered to align the various investments with the three high-level "bucket" groupings approved under the Investment Strategy Review – Equities, Diversifying Return Assets and Risk Control Assets. The value of the Fund at 31st December 2023 rose by £58.5m (6%) in the quarter from £952.3m (at 30th September 2023). The value of equities rose during the quarter by approximately £44m while the value of the fixed income investments rose by £15m.
15. During the quarter there were 3 drawdowns against the Fund's commitments to the LCIV Infrastructure Fund (£4.6m in total) and 3 drawdown against the commitment to the LCIV Renewables Infrastructure Fund (£1.1m in total). The pace of capital deployment in these Funds continues to be an issue. This is discussed further in the LCIV update elsewhere on the agenda.
16. The first distribution of capital from the liquidation of underlying assets in the Lasalle Property Fund of Funds, £4.4m, was received in December 2023. More detail on this investment appears in part 2 of this agenda.
17. **Appendix 5** also shows the valuation of the Fund's investments at 31 January 2024. The value increased by £4m (0.4%) in the month of January. This was mainly attributable to equities.
18. There has been one further drawdown to the LCIV renewables Infrastructure Fund of £1.6m in the current quarter to date (14th March 2023).
19. Two withdrawals were made from the Insight DGF totalling £10m to meet actual and expected cash flow requirements (mainly the drawdowns from the LCIV funds as described above).
20. Progress in respect of the changes approved by the Committee to its investment strategy is set out in a separate report elsewhere on this agenda.

E. Meetings of Pension Board

21. At each meeting, the Board considers reports on
 - Pensions Administration Performance,
 - LGPS Update, which includes legislation updates and the work of the Scheme Advisory Board,
 - Matters considered by this Committee,
 - Its future work programme.
22. In addition, at its meeting on 5 February 2024 the Board considered reports on the following subjects
 - Investment Pooling Consultation Update

- Auditor's Report on PF Annual Report and Accounts 2021-22
- Recruiting to the vacancy for a scheme member representative.

23. The dates of the Board's meetings for the 2024-25 municipal year are shown in paragraph 6 above.

F. Other

24. The procurement process for the Actuarial and Benefits Consulting Contract has been completed. A contract has been awarded to Hymans Robertson LLP – this began on 1 March 2024.

25. The procurement process for the Investment Consultancy Services will begin shortly.

Legal Implications

26. There are no direct legal implications arising from this report.

27. The Pension Fund Committee has the following powers and duties:

- to exercise on behalf of the Council, all the powers and duties of the Council in relation to its functions as Administering Authority of the LB Harrow Pension Fund (the fund), save for those matters delegated to other Committees of the Council or to an Officer;
- the determination of applications under the Local Government Superannuation Regulations and the Teachers' Superannuation Regulations;
- to administer all matters concerning the Council's pension investments in accordance with the law and Council policy;
- to establish a strategy for the disposition of the pension investment portfolio; and
- to appoint and determine the investment managers' delegation of powers of management of the fund.

Financial Implications

28. Whilst the performance and effective controls of the fund managers is of paramount importance in the performance of the Pension Fund, there are no specific financial implications arising from this report.

Risk Management Implications

29. Risks included on corporate or directorate risk register? **No**
Separate risk register in place? **Yes**

30. The Pension Fund's Risk Register is reviewed regularly by both this Committee and by the Pension Board. The most recent was reported to the Committee in July 2023.
31. There are no specific risk management implications arising from this report. The level of risk to which its investments are exposed is a key component in developing the Fund's investment strategy.

Equalities implications / Public Sector Equality Duty

32. Was an Equality Impact Assessment carried out? No
There are no direct equalities implications arising from this report.

Council Priorities

33. The performance of the Pension Fund directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities.

Section 3 - Statutory Officer Clearance

Statutory Officer: Sharon Daniels

Signed by the Chief Financial Officer

Date: 22/03/2024

Statutory Officer: Sharon Clarke

Signed on behalf of the Monitoring Officer

Date: 21/03/2024

Chief Officer: Sharon Daniels

Signed on behalf of the Chief Executive

Date: 22/03/2024

Mandatory Checks

Ward Councillors notified: Not Applicable

Section 4 - Contact Details and Background Papers

Contact: Jeremy Randall - Interim Pensions Manager
Email: jeremy.randall@harrow.gov.uk
Telephone 020 8736 6552

Background Papers: None



61 Investment Dashboard

Q4 2023

Prepared for: London Borough of Harrow Pension Fund

Prepared by: Aon

Date: 4 April 2024



For professional clients only



Dashboard summary

Funding

117.6%

Source: Hymans Robertson **Qtr ▼ 7.8%**

Assets

£1011m

Qtr ▲ £41m

Liabilities

£860m

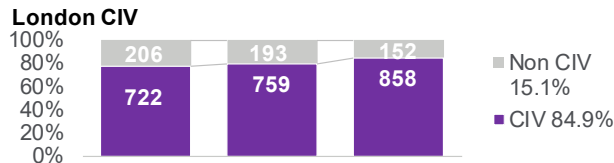
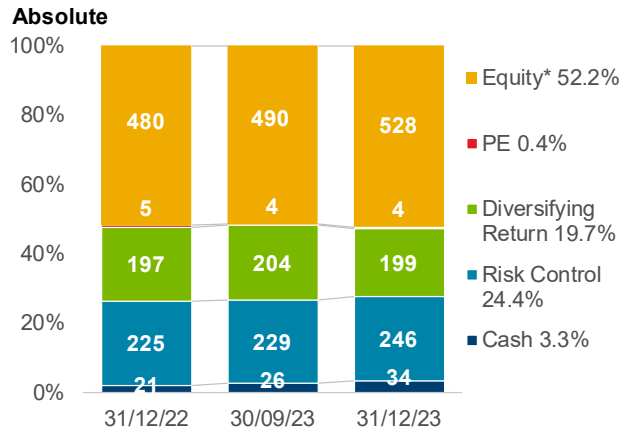
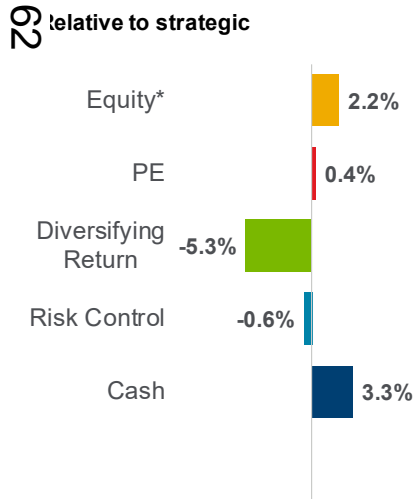
Qtr ▲ £86m

Yields

	30 Oct	3yr Market Pricing	5yr Market Pricing
Nominal	4.7%	= 4.7%	= 4.7%
Real	1.1%	▲ 1.4%	▲ 1.5%
Inflation	3.5%	▼ 3.3%	▼ 3.2%

Source: Aon

Asset Allocation



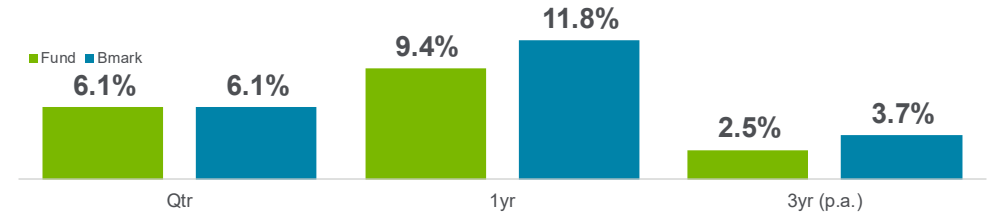
Source: London Borough of Harrow Pension Fund Officers

*includes passive currency hedge

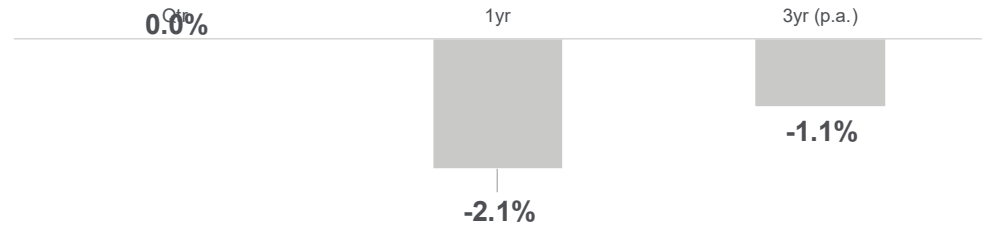
**We have labelled as "Buy" as we rate the team, philosophy, process and risk framework that RBC adopt although the specific fund utilised by the CIV differ slightly to the mainstream product.

Performance

Absolute



Relative



Fund and Benchmark Performance Source: PIRC

Managers in Focus

Buy

- LCIV BlackRock Passive Equities
- LCIV Global Equity Focus Fund (Longview)
- LCIV Sustainable Global Equity (RBC)**
- LCIV Global Bond Fund
- BlackRock Corporate Bonds
- BlackRock Index-Linked Gilts

Qualified

- Insight - Broad Opportunities Fund
- LaSalle UK Property

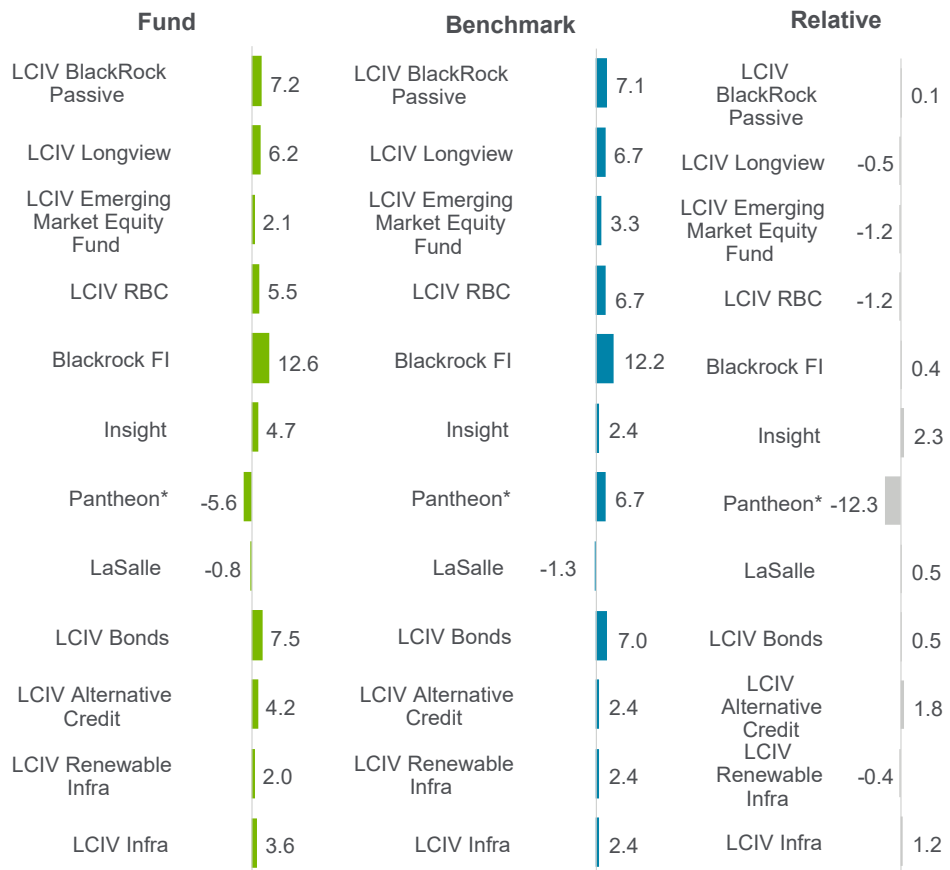
Sell

Source: Aon

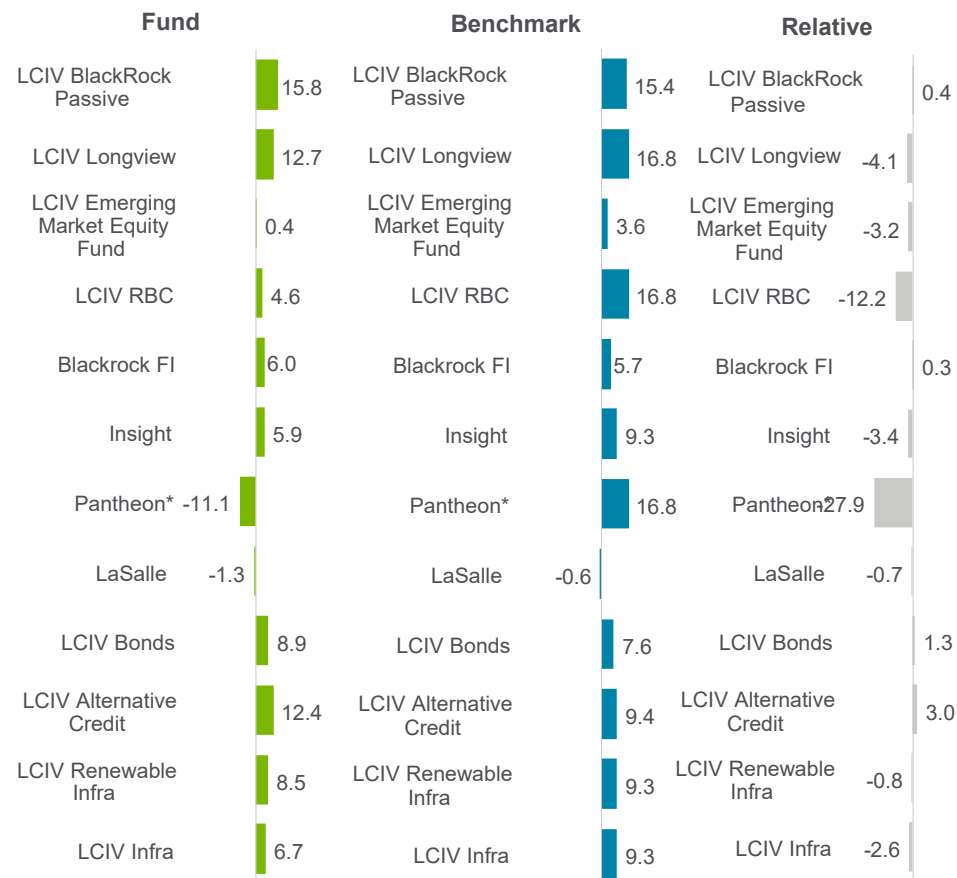
Note: The underlying funds for the LCIV Emerging Market Equity Fund, the LCIV Infrastructure and Renewables Funds, the LCIV Global Bond funds and the LCIV Alternative Credit Fund, are currently Not Rated by Aon.

Manager performance dashboard

Quarterly



12 months



Fund and Benchmark Performance Source: PIRC
 Relative performance calculated by Aon using an arithmetic methodology
 *Pantheon performance uses the previous quarter value adjusted for cash flow in the month

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Harrow Pension Fund

Quarterly Performance Summary

Periods to end December 2023



Performance Overview

Fund Performance

	Quarter	1 Year	3 Years (% p.a.)	5 Years (% p.a.)	10 Years (% p.a.)
Fund	6.1	9.4	2.5	5.4	6.5
Benchmark	6.1	11.8	3.7	7.1	7.7
Relative	0.0	-2.1	-1.1	-1.5	-1.1

Manager Performance

	Latest Quarter			1 Year			3 Years (% p.a.)		
	Portfolio	BM	Relative	Portfolio	BM	Relative	Portfolio	BM	Relative
LCIview	6.2	6.7	-0.4	12.7	16.8	-3.5	11.9	9.8	1.9
Passive Equity	7.2	7.1	0.1	15.8	15.4	0.4	7.7	7.4	0.3
RBC	5.5	6.7	-1.1	4.6	16.8	-10.5			
LCIV Emerging Mkts	2.1	3.3	-1.2	0.4	3.6	-3.1			
Pantheon*	-5.6	6.7	-11.5	-11.1	16.8	-23.9	-0.2	8.9	-8.4
LaSalle	-0.8	-1.3	0.5	-1.3	-0.6	-0.7	1.0	2.5	-1.4
BlackRock	12.6	12.2	0.4	6.0	5.7	0.3	-11.5	-11.6	0.1
LCIV Bonds	7.5	7.0	0.5	8.9	7.6	1.2			
Alternative Credit	4.2	2.4	1.8	12.4	9.4	2.7			
Insight	4.7	2.4	2.2	5.9	9.3	-3.1	1.1	6.5	-5.0
Renewable Infra	2.0	2.4	-0.4	8.5	9.3	-0.8			
Infrastructure	3.6	2.4	1.2	6.7	9.3	-2.4			

*The Pantheon performance uses the previous quarter value adjusted for cash flows in the month. As a long term investment the longer term results are the key indicators for this portfolio.



Asset Allocation

	Start Quarter		End Quarter		% Strategic Allocation
	GBP'000s	%	GBP'000s	%	
Equity	489,716	51	528,078	52	50
Longview	112,137	12	119,082	12	10
BlackRock	244,549	26	262,400	26	24
LCIV Emerging	70,351	7	71,816	7	8
RBC	66,961	7	70,641	7	8
Record Currency	-4,282	0	4,139	0	
67					
Diversifying Assets	207,640	22	202,762	20	25
Insight	66,961	7	59,769	6	5.5
LaSalle	56,899	6	51,255	5	6
Renewable Infrastructure	25,168	3	26,687	3	5
Infrastructure	54,814	6	61,467	6	7.5
Pantheon	3,798	0	3,584	0	1
Risk Control Assets	228,975	24	246,254	24	25
BlackRock	81,973	9	91,687	9	10
LCIV Bonds	42,929	5	46,148	5	5
LCIV Alternative Credit	104,073	11	108,418	11	10
Cash	26,019	3	33,734	3	0
Total Fund	952,350	100	1,010,828	100	100



Latest Year Performance

% p.a.	Portfolio	Benchmark	Relative	Manager Contribution
Equity				
Longview	12.7	16.8	-3.5	-0.4
BlackRock	15.8	15.4	0.4	0.1
RBC	4.6	16.8	-10.5	-0.8
LCIV EM	0.4	3.6	-3.1	-0.2
Resilifying Assets				
insight	5.9	9.3	-3.1	-0.2
LaSalle	-1.3	-0.6	-0.7	0.0
Renewable Infrastructure	8.5	9.3	-0.8	0.0
Infrastructure	2.5	9.3	-6.3	-0.3
Pantheon	-11.1	16.8	-23.9	-0.2
Risk Control Assets				
BlackRock	6.0	5.7	0.3	0.0
LCIV Bonds	8.9	7.6	1.2	0.1
LCIV Alternative Credit	12.4	9.4	2.7	0.3
Total Fund	9.4	11.8	-2.1	

Manager contribution is the impact of each portfolio on the overall Fund relative performance.
Only portfolios invested for the full period are shown in these tables.

All portfolios, including newly invested and legacy, will impact the overall performance.



Last 3 Year Performance

% p.a.	Portfolio	Benchmark	Relative	Manager Contribution
Equity				
Longview	11.9	9.8	1.9	0.2
BlackRock	7.7	7.4	0.3	0.1
RBC				
LCIV EM				
Diversifying Assets				
Insight	1.1	6.5	-5.0	-0.4
LaSalle	1.0	2.5	-1.4	0.0
Renewable Infrastructure				
Infrastructure				
Pantheon	-0.2	8.9	-8.4	0.0
Risk Control Assets				
BlackRock	-11.5	-11.6	0.1	0.0
LCIV Bonds				
LCIV Alternative Credit				
Total Fund	2.5	3.7	-1.1	

Manager contribution is the impact of each portfolio on the overall Fund relative performance.
Only portfolios invested for the full period are shown in these tables.

All portfolios, including newly invested and legacy, will impact the overall performance.



Last 5 Year Performance

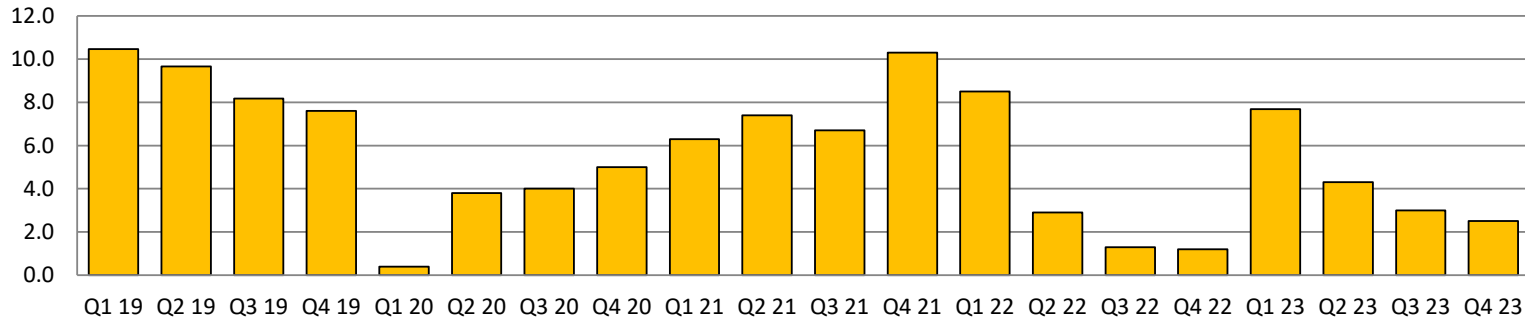
% p.a.	Portfolio	Benchmark	Relative	Manager Contribution
Equity				
Longview	10.9	12.8	-1.7	-0.2
BlackRock	11.5	11.2	0.3	0.1
RBC				
LCIV EM				
Diversifying Assets				
insight	3.2	5.5	-2.2	-0.1
LaSalle	-0.7	0.9	-1.5	-0.1
Renewable Infrastructure				
Infrastructure				
Pantheon	4.7	12.4	-6.9	-0.1
Risk Control Assets				
BlackRock	-1.9	-2.5	0.6	0.1
LCIV Bonds				
LCIV Alternative Credit				
Total Fund	5.4	7.1	-1.5	

Manager contribution is the impact of each portfolio on the overall Fund relative performance.
 Only portfolios invested for the full period are shown in these tables.
 All portfolios, including newly invested and legacy, will impact the overall performance.



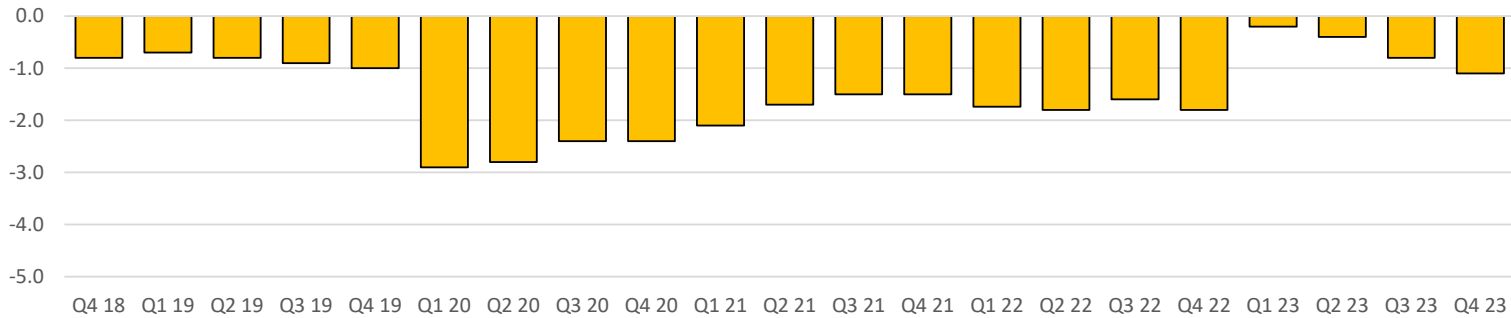
Rolling Three Year Returns

Rolling Three Year Returns (%p.a.)



↘ three year return remains well below CPI.

Rolling Three Year Relative Returns (% p.a.)



The Fund has fallen further behind its Benchmark over the latest three year period.



Benchmark Allocation

%	To 31/12/2017	From 1/1/2018	From 1/4/2019	From 1/7/2021
Equity	62	50	50	50
Global Passive	31	24	24	24
Developed Active	21	18	18	18
Emerging Markets Active	10	8	8	8
Risk Control	13	13	24	25
UK Corporate Bonds	10.4	10	10	5
Credit			11	10
Index Linked Gilts	2.6	3	3	5
Global Bonds				5
Diversifying Assets	25	37	26	25
Diversified Growth	10	22	6.5	5.5
Renewables				5
Infrastructure			7.5	7.5
Property	10	10	10	6
Private Equity	5	5	2	1



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Local Authority Pension Performance Initial Indicators to December 2023

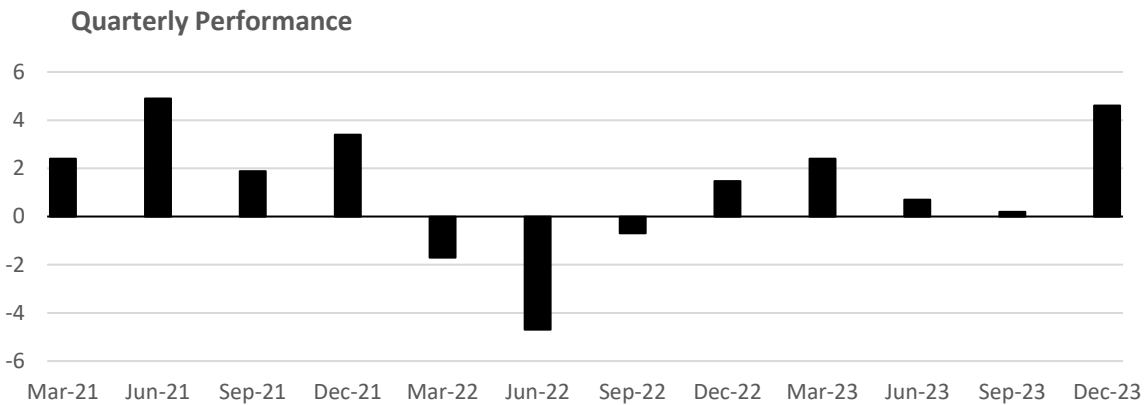
Latest Quarter

Funds are expected to deliver the best quarterly result on average, since Q2 2021.

Strong equity performance boosted performance as markets responded positively to lower than expected inflation numbers.

Bonds also delivered strong returns as yields fell. Only property failed to deliver a positive return over the quarter.

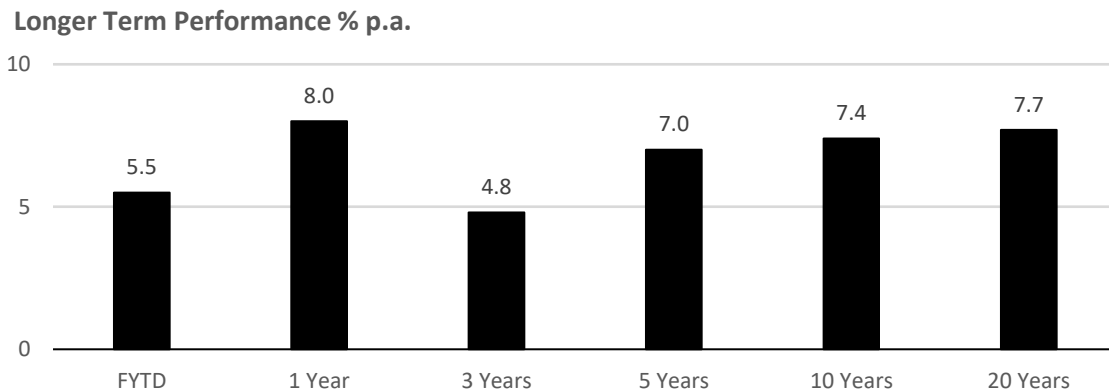
The average Local Authority fund could expect to achieve a return of around 4.6%.



Longer Term

The one-year result is now much stronger, at 8.0%, and the five years is 7.0% p.a., This compares to the end December inflation rate which was down to 4.0% pa.

Over the last ten years the average fund delivered a return of 7.4% p.a.





The returns for the latest period are based on the asset allocation of the PIRC Local Authority Universe with index returns applied. The previous periods are updated to include actual Universe returns.

The PIRC Local Authority Universe is currently comprised of 63 funds with a combined value of £243bn.

For further details or for information about subscribing to this service please contact:

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Head of Local Authority Pension Performance Analytics

Karen.Thrumble@pirc.co.uk

Tim Bush

Consultant - Local Authority Pension Performance Analytics

Timb@pirc.co.uk

Fund Valuation and Performance

March 2023 to March 2024

Asset Class	Value 31.03.2023 £'000	Value 30.04.2023 £'000	Value 31.05.2023 £'000	Value 30.06.2023 £'000	Value 31.07.2023 £'000	Value 31.08.2023 £'000	Value 30.09.2023 £'000	Value 31.10.2023 £'000	Value 30.11.2023 £'000	Value 31.12.2023 £'000	Value 31.01.2024 £'000	Allocation 31.01.2024 %	Strategic Allocation %	Strategic Range %
Global Equities														
LCIV - Global Equity Focus Fund	110,100	110,798	109,637	115,020	113,412	113,821	112,137	110,383	115,422	119,082	121,615	12	10	
LCIV - Blackrock Passive	233,414	235,333	238,232	242,917	249,547	246,651	244,549	237,933	250,781	262,400	267,460	26	24	
LCIV - Sustainable Equity Fund	67,704	67,526	66,645	67,623	68,868	67,854	66,961	65,353	68,222	70,641	72,388	7	8	
LCIV - Emerging Market Equity Fund	73,527	71,192	70,923	71,583	73,031	70,004	70,351	67,822	69,796	71,816	68,434	7	8	
Record passive currency hedge	13,747	5,033	3,343	7,722	4,840	2,719	-4,282	-3,581	3,765	4,139	3,823	0		
Total Global Equities	498,492	489,883	488,779	504,865	509,698	501,049	489,717	477,909	507,986	528,077	533,719	53	50	45-55
														Inc Hedging
Diversifying Return Assets														
Diversified Growth Fund - Insight	66,873	67,511	67,290	67,807	68,858	68,082	66,961	65,969	63,449	59,769	60,296	6	5.5	
Property - LaSalle	59,898	59,796	59,637	59,875	59,713	59,623	56,899	56,709	56,540	51,255	51,132	5	6	
Renewables - LCIV Renewables Fund	22,370	24,633	24,633	26,017	26,202	26,202	25,168	25,604	26,687	26,687	28,322	3	5	
Infrastructure - LCIV Infrastructure	50,091	52,691	52,691	53,120	55,196	55,196	54,814	55,333	55,333	61,467	61,467	6	7.5	
Private Equity - Pantheon	4,052	3,985	3,985	3,985	3,985	3,798	3,798	3,798	3,798	3,584	3,584	0	1	
Total Diversifying Return Assets	203,285	208,616	208,235	210,804	213,954	212,902	207,640	207,413	204,724	202,763	204,801	20	25	20-30
									* £5m Withdrawal	* £5m Withdrawal				
Risk Control Assets														
Bonds - Blackrock - FI Corp	46,539	45,824	43,848	43,398	44,842	44,478	43,744	43,013	45,848	49,428	48,310	5	5	
Bonds - Blackrock - IL passive LCIV (Aquila)	44,225	42,161	39,319	40,785	40,527	39,913	38,229	37,549	39,172	42,259	39,888	4	5	
Alternatives - LCIV Alt Credit Fund	98,277	99,729	100,222	101,407	100,617	103,678	104,073	103,975	106,147	108,418	110,195	11	10	
Bonds - LCIV Global Bond Fund	43,613	43,463	43,612	43,651	43,593	43,867	42,929	41,996	44,419	46,148	45,741	5	5	
Total Risk Control Assets	232,654	231,177	227,001	229,241	229,579	231,936	228,975	226,533	235,586	246,254	244,135	24	25	20-30
Cash & NCA														
Cash Managers (Blackrock)	10,915	10,953	10,991	11,033	11,074	11,120	11,168	11,217	9,268	9,318	13,061			
Cash NatWest	7,672	13,329	11,199	9,022	6,492	6,513	8,016	5,010	6,337	17,005	15,084			
Cash Custodian (JP Morgan)	27	792	794	794	5,598	5,600	5,602	4,128	4,129	4,131	1,555			
Blackrock Dividends (Pending Reinvestment)	491	491	1,018	1,025	7	549	553	553	553	1,123	0			
Debtors and Creditors	1,135	2,383	3,942	1,799	1,246	1,392	530	1,207	1,389	2,007	1,611			
CIV Investment	150	150	150	150	150	150	150	150	150	150	150			
Total Net Current Assets	20,390	28,099	28,094	23,822	24,568	25,325	26,019	22,264	21,827	33,734	31,461	3	0	
									** £2m Withdrawal	*** Reinvested Jan24				
Total Assets	954,822	957,774	952,110	968,733	977,799	971,212	952,350	934,119	970,123	1,010,828	1,014,117	100	100	
Assets Pooled														
- LCIV Funds	48.8%	49.1%	49.2%	49.4%	49.2%	49.5%	50.0%	50.4%	50.0%	49.9%	50.1%		53.5%	
- Other (Passive) Funds - Regarded as Pooled	29.1%	29.0%	29.2%	29.3%	29.7%	29.5%	29.7%	29.5%	29.9%	30.1%	30.3%		29.0%	
Total % Pooled	77.8%	78.0%	78.3%	78.7%	78.8%	79.0%	79.7%	79.9%	79.9%	80.0%	80.4%		82.5%	
														Invested Directly in funds managed by LCIV
														508,162
														Invested in Funds classed as Pooled with LCIV
														307,348
														Invested with Other Fund Managers
														167,146
														Cash/Other Assets held by Fund
														31,461

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