



London Borough of Hounslow Pension Fund Annual Report 2024-25

For the year ended 31 March 2025



**London Borough
of Hounslow**

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1. Overview and Introduction

a. Report from Chair of the Pension Fund Panel

I am pleased to present the Annual Report of the London Borough of Hounslow Pension Fund for the year ended 31 March 2025, on behalf of the Pension Fund Panel.

The Fund continues to play a vital role in securing the retirement benefits of our members and delivering long-term value for employers and taxpayers. This year has been one of steady progress against a backdrop of evolving regulatory expectations and market conditions.

Highlights

The Fund's net assets increased from £1,332m (31 March 2024) to £1,364m (31 March 2025), a rise of £32m, driven by positive investment returns despite a more challenging market environment compared to the previous year.

Contributions from employers and members totalled £57.8m, while pensions and benefits paid amounted to £68.7m, reflecting the Fund's mature profile and the CPI-linked pension increase of 6.7% applied from April 2024.

Implementation of the revised Strategic Asset Allocation (SAA) continued, with further progress made toward diversifying into private credit, and multi-asset credit, and continuing to build our renewable infrastructure holding. Further allocations to affordable housing remain under review.

Membership grew to 23,363, and engagement with the online MyPension portal increased significantly, supporting our commitment to digital transformation and improved member experience

Looking Forward

The year ahead will be pivotal. The Government's Fit for the Future agenda and updated guidance on LGPS pooling set a clear expectation: all listed assets should be transitioned into pools by 31 March 2026. We remain committed to meeting this requirement in a way that safeguards the Fund's financial strength and investment principles.

As at year-end, 42.2% of assets were pooled via the London Collective Investment Vehicle (London CIV), with a further 22.1% under pool management. We will continue to work closely with London CIV to identify suitable mandates for transition, ensuring that pooling delivers cost efficiencies and long-term value without compromising strategic asset allocation or responsible investment priorities.

Alongside pooling and Fit for the Future, we are preparing for the 2025 triennial valuation, which will set employer contribution rates for the next three-year cycle. We are also advancing major projects such as the Pensions Dashboard Programme, the implementation of the McCloud remedy, and compliance with the Pensions Regulator's General Code of Practice.

These initiatives reflect our commitment to being fit for the future; a Fund that is resilient, well-governed, and positioned to deliver sustainable outcomes for members and employers alike.

I would like to thank my fellow Panel members, the Local Pension Board, officers, and all our partners for their continued dedication and support in managing the Fund through this period of change.



Cllr Jagdish Sharma

Chair of the Pension Fund Panel

b. Introduction

The London Borough of Hounslow Pension Fund (“The Fund”) forms part of the statutory Local Government Pension Scheme (LGPS) and is administered by the London Borough of Hounslow. It is a contributory, defined benefit pension scheme established under legislation, providing retirement and associated benefits to employees and former employees of the Council and participating employers, including both scheduled and admitted bodies.

The Fund is financed through a combination of employee contributions, employer contributions from the Council and other participating bodies, and income generated from its investment portfolio. Employer contribution rates are determined every three years following an actuarial valuation, in accordance with LGPS regulations. The most recent valuation, as at 31 March 2022, set employer contribution rates for the period 1 April 2023 to 31 March 2026.

A revised LGPS scheme was introduced from 1 April 2014, replacing the final salary model with a Career Average Revalued Earnings (CARE) structure. Under this arrangement, pensions are calculated based on pensionable earnings accrued throughout a member’s career and revalued annually in line with the Consumer Price Index (CPI). Benefits accrued before 1 April 2014 are fully protected and continue to be based on the member’s final pay at retirement.

The core benefits payable from the Fund are defined in the Local Government Pension Scheme Regulations 2013 (as amended), and include:

- A pension based on career average earnings, revalued annually in line with CPI.
- Inclusion of non-contractual overtime and additional hours in pensionable pay.
- A 50/50 option allowing members to pay half the contributions for half the pension accrual.
- Normal Pension Age aligned with the member’s State Pension Age.
- The option to exchange pension for a tax-free lump sum (£12 for every £1 of annual pension surrendered).
- A death-in-service lump sum equal to three times pensionable pay, alongside survivor benefits.
- Early access to pension benefits on grounds of ill health, subject to eligibility.

The Fund is governed by the Public Service Pensions Act 2013, the LGPS Regulations 2013 (as amended), and the LGPS (Management and Investment of Funds) Regulations 2016. The format and content of this annual report follow the requirements of the LGPS Regulations 2013 and are aligned with the latest Annual Report Guidance for Local Government Pension Scheme Funds (April 2024).

The publication of this annual report provides a transparent account of how the Fund is managed and governed. It consolidates key areas of reporting into one accessible document, enabling stakeholders including scheme members, employers, the public, and oversight bodies to access the Fund’s financial health, governance standards, and overall performance.

High standards of governance and financial stewardship are essential to ensure the Fund continues to deliver long-term value and secure pensions for current and future members. The Fund is committed to maintaining these standards.

The annual report also reflects compliance with the CIPFA Guidance for LGPS Fund Annual Reports, which includes a structured Code checklist distinguishing between “must”, “should”, and “may” disclosures.

Must	Required disclosures with strong expectation of compliance. Any non-compliance should be explicitly disclosed and explained.
Should	Recommended disclosures that are discretionary but generally expected. Material non-compliance should be highlighted and explained.
May	Optional disclosures that are encouraged to enhance transparency but are not essential.

This annual report comprises the following key sections:

- **Fund Management and Financial Performance** which outlines governance and management arrangements, financial position, and risk management practices.
- **Investments and Funding** which outlines the Fund's investment strategy, performance, asset allocation, and progress on asset pooling.
- **Scheme Administration** which provides information on benefit administration, membership data, and key policy statements.
- **Actuarial Report** which presents the latest funding position and includes the Fund's actuary's valuation statement.
- **Annual Accounts** for the year ended 31 March 2025.
- **Additional Information** including:
 - Compliance with the CIPFA Knowledge and Skills Framework.
 - Internal audit assurance report.
 - Summary of Freedom of Information requests.
 - Key Fund contacts.
 - Glossary of common pension fund terms.

2. Fund Management and Financial Performance

a. Governance and Training

Pension Fund Panel

Responsibility for the oversight and management of the London Borough of Hounslow Pension Fund (“The Fund”) is delegated to the Pension Fund Panel (“The Panel”) by the Council. The Panel is the primary decision-making body for matters relating to the Fund’s investments and administration, and their Terms of Reference is set out in the Governance Compliance Statement (see section 4b – Regulatory Policy Statements).

The Panel’s key responsibilities include:

- Setting the Fund’s investment policy, with advice from the Section 151 Officer and, where appropriate, the Fund’s actuary, investment managers, and other professional advisers.
- Ensuring the Fund is managed in accordance with its Investment Strategy Statement (ISS).
- Monitoring the performance of the Fund’s investments and the effectiveness of its investment managers.
- Exercising the Council’s shareholder rights, including voting at company general meetings, informed by officer and manager recommendations.
- Overseeing pension administration, including the review and approval of key policies.

The Panel comprises eight elected members of the Council, each with voting rights, and three co-opted, non-voting members who represent employer and scheme member interests. The Panel meets at least four times per year, with additional meetings held as required.

In accordance with best practice and CIPFA’s Knowledge and Skills Framework, all voting members are required to complete a mandatory three-day induction training programme delivered by the Local Government Association (LGA) before being eligible to vote. Ongoing training is also provided to ensure Panel members maintain the knowledge and skills necessary to fulfil their governance responsibilities effectively.

Membership during 2024/25:

The composition of the Pension Fund Panel for the financial year 2024/25 was as follows:

Elected (voting) members:

- Councillor Aqsa Ahmed (to May 2024)
- Councillor Rasheed Bhatti (to May 2024)
- Councillor Ghazala Butt (from May 2024)
- Councillor Sukhbir Dhaliwal
- Councillor Adesh Farmahan (from May 2024)
- Councillor Shivraj Grewal
- Councillor Afzaal Kiani (from May 2024)
- Councillor Junue Meah (to May 2024)
- Councillor Shantanu Rajawat
- Councillor Jagdish Sharma (Chair)
- Councillor John Todd

The Panel is supported by three non-elected, non-voting co-opted members, who represent key stakeholder groups within the Fund:

- Riaz Haq – Staff Side Representative
- John Wiffen – Employer’s Representative
- Mike Smith – Pensioner’s Representative

Details of the current Pension Fund Panel, including terms of reference and meeting documentation, are published on the Council’s website and can be accessed here:

<https://democraticservices.hounslow.gov.uk/mgCommitteeDetails.aspx?ID=264>

Attendance at Pension Fund Panel Meetings – 2024/25:

The Pension Fund Panel met four times during the 2024/25 financial year. The meeting scheduled for 10 March 2025 was rescheduled to 7 April 2025 due to member availability.

The table below outlines individual attendance at each meeting:

	June 2024	September 2024	December 2024	April 2025	%
Councillor Ghazala Butt	✓	✓	✓	Apologies	75
Councillor Sukhbir Dhaliwal	Apologies	Apologies	✓	Apologies	25
Councillor Adesh Farmahan	✓	✓	✓	Apologies	75
Councillor Shivraj Grewal	✓	Apologies	✓	✓	75
Councillor Afzaal Kiani	✓	✓	✓	Apologies	75
Councillor Shantanu Rajawat	Apologies	✓	✓	✓	75
Councillor Jagdish Sharma (Chair)	✓	✓	✓	✓	100
Councillor John Todd	✓	✓	✓	✓	100
Riaz Haq (non-voting member)	-	-	-	-	0
John Wiffen (non-voting member)	Apologies	✓	✓	✓	75
Mike Smith (non-voting member)	✓	✓	✓	✓	100

Pension Fund Panel Training Log:

	(In-Person) Mandatory LGA - LGPS Fundamental Training Day 1	(Virtual) Mandatory LGA – LGPS Fundamental Training – Day 1 (Part 1)	(Virtual) Mandatory LGA – LGPS Fundamental Training – Day 1 (Part 2)	London CIV – Quarterly Investment Review – Fixed Income Funds
Member	16 Oct 2024	23 Oct 2024	30 Oct 2024	4 Nov 2024
Councillor Ghazala Butt		✓	✓	
Councillor Sukhbir Dhaliwal				
Councillor Adesh Farmahan	✓			
Councillor Shivraj Grewal				
Councillor Afzaal Kiani		✓	✓	
Councillor Shantanu Rajawat				
Councillor Jagdish Sharma (Chair)				
Councillor John Todd				✓
John Wiffen (non-voting member)		✓	✓	
Mike Smith(non-voting member)	✓			

	London CIV – Quarterly Investment Review – Multi Asset Funds	(In-Person) Mandatory LGA - LGPS Fundamental Training Day 2	(Virtual) Mandatory LGA – LGPS Fundamental Training – Day 2 (Part 1)	(Virtual) Mandatory LGA – LGPS Fundamental Training – Day 2 (Part 2)
	11 Nov 2024	13 Nov 2024	21 Nov 2024	28 Nov 2024
Councillor Ghazala Butt			✓	✓
Councillor Sukhbir Dhaliwal				
Councillor Adesh Farmahan			✓	✓
Councillor Shivraj Grewal				
Councillor Afzaal Kiani			✓	✓
Councillor Shantanu Rajawat				
Councillor Jagdish Sharma (Chair)				
Councillor John Todd	✓			
John Wiffen (non-voting member)			✓	✓
Mike Smith(non-voting member)	✓			
	(In-Person) Mandatory LGA - LGPS Fundamental Training Day 3	(Virtual) Mandatory LGA - LGPS Fundamental Training - Day 3 (Part 1)	(Virtual) Mandatory LGA - LGPS Fundamental Training - Day 3 (Part 2)	London CIV – Quarterly Investment Review – Multi- Asset Funds
	10 Dec 2024	12 Dec 2024	17 Dec 2024	5 Feb 2025
Councillor Ghazala Butt		✓	✓	
Councillor Sukhbir Dhaliwal				
Councillor Adesh Farmahan		✓	✓	
Councillor Shivraj Grewal				
Councillor Afzaal Kiani		✓	✓	
Councillor Shantanu Rajawat				
Councillor Jagdish Sharma (Chair)				
Councillor John Todd				✓
John Wiffen (non-voting member)		✓	✓	
Mike Smith(non-voting member)	✓			

Local Pension Board

The Local Pension Board for the London Borough of Hounslow Pension Fund was established in March 2015 in accordance with the requirements of the Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations 2013 (as amended). The establishment of local pension boards was part of a broader reform of public sector pension governance, with the aim of strengthening local oversight and ensuring high standards of scheme administration.

The role of the Local Pension Board is to assist the Administering Authority in its capacity as Scheme Manager by:

- Securing compliance with the Local Government Pension Scheme regulations and other relevant legislation, including any requirements imposed by the Pension Regulator.
- Ensuring the effective governance and administration of the Pension Fund.

The Board acts as an advisory and oversight body, contemplating rather than replacing the existing governance arrangements undertaken by the Pension Fund Panel. It provides additional scrutiny and transparency and reports annually to both the Pension Fund Panel and the Council's Cabinet.

The Terms of Reference for the Local Pension Board are included within the Fund's Governance Compliance Statement (see section 4b – Regulatory Policy Statements).

Composition and Operation:

The Board is comprised of:

- Four employer representatives, including one from the London Borough of Hounslow as the largest employer in the Fund.
- Four scheme member representatives, drawn from active, deferred, or pensioner members of the Fund.
- An Independent Chair, who provides impartial leadership and ensures effective functioning of the Board.

Appointments to the Board are made by a dedicated Appointments Panel, independent of the Council's committee processes. All Board members, with the exception of the Independent Chair, hold individual voting rights, although it is expected that the Board will seek to reach decisions by consensus wherever possible.

The Board is required to meet at least four times a year, with additional meetings convened at the discretion of the Chair where necessary.

Membership during 2024/25:

- Daniel Austin – Employer Representative
- David Carlin – Employer Representative
- William Cassell – Member Representative
- Councillor Ranjit Gill – Employer Representative
- Neil Mason – Independent Chair
- Ben Tomlinson – Member Representative
- Vacant – Employer Representative
- Vacant – Member Representative
- Vacant – Member Representative

Details of the current Local Pension Board, including terms of reference and meeting documentation, are published on the Council's website and can be accessed here:

<https://democraticservices.hounslow.gov.uk/mgCommitteeDetails.aspx?ID=630>

Attendance at Pension Board Meetings – 2024/25:

	April 2024*	July 2024	October 2024*	January 2025	%
Daniel Austin	✓	✓	✓	✓	100
David Carlin	Apologies	✓	✓	✓	75
William Cassell	✓	Apologies	Apologies	✓	50
Councillor Ranjit Gill	Apologies	✓	✓	Apologies	50
Neil Mason (Chair)	✓	✓	✓	✓	100
Ben Tomlinson	✓	✓	Apologies	✓	75

* April 2024 meeting was not quorate

** October 2024 meeting was not quorate

Pension Fund Board Training Log:

	Hymans – Pensions Accounting and Audit Standards	Hymans – Committee Role and Pensions Legislation	Hymans – Pensions Administration	Hymans – Pensions Governance
Member	6 Sep 2024	6 Sep 2024	6 Sep 2024	6 Sep 2024
Daniel Austin				
David Carlin				
William Cassell				
Councillor Ranjit Gill				
Neil Mason (Chair)	✓	✓	✓	✓
Ben Tomlinson				
	Hymans – General Code of Practice	(Virtual) Mandatory LGA – LGPS Fundamental Training – Day 1 (Part 1)	(Virtual) Mandatory LGA – LGPS Fundamental Training – Day 1 (Part 2)	(Virtual) Mandatory LGA – LGPS Fundamental Training – Day 2 (Part 1)
	27 Sep 2024	23 Oct 2024	30 Oct 2024	21 Nov 2024
Daniel Austin	✓			
David Carlin	✓			
William Cassell				
Councillor Ranjit Gill	✓	✓	✓	✓
Neil Mason (Chair)	✓			
Ben Tomlinson	✓			
	(Virtual) Mandatory LGA – LGPS Fundamental Training – Day 2 (Part 2)	(Virtual) Mandatory LGA - LGPS Fundamental Training - Day 3 (Part 1)	(Virtual) Mandatory LGA - LGPS Fundamental Training - Day 3 (Part 2)	
	28 Nov 2024	12 Dec 2024	17 Dec 2024	
Daniel Austin				
David Carlin				
William Cassell				
Councillor Ranjit Gill	✓	✓	✓	
Neil Mason (Chair)				
Ben Tomlinson				

Conflicts of Interest

The London Borough of Hounslow Pension Fund is governed by elected members of the Council, who act in a quasi-trustee capacity when fulfilling their responsibilities on the Pension Fund Panel. All elected members are subject to the Council's Code of Conduct, which outlines the standards of ethical behaviour expected, including how actual or perceived conflicts of interest must be declared and managed. The Code of Conduct includes provisions requiring elected members to:

- Treat others with respect and act with integrity.
- Avoid actions that could be seen as bullying or compromising the impartiality of Council staff.
- Declare and appropriately manage disclosable pecuniary interests in relation to any Council business.
- Register such interests in accordance with statutory requirements.

A copy of the Code of Conduct can be accessed via the Council's Constitution (Section 5A) here:

London Borough of Hounslow Constitution – Section 5A: Members Code of Conduct:

<https://www.hounslow.gov.uk/downloads/download/848/constitution>

In addition to the general Code of Conduct for elected members, the Pension Fund maintains a dedicated Conflicts of Interest Policy, which applies to all individuals involved in the management and oversight of the Fund, including officers, advisors, and Pension Board members. This policy ensures that all parties are aware of their obligations to identify, monitor, and appropriately address any conflicts that may arise during the course of Fund business.

A copy of the Conflicts of Interest Policy can be found here:

<https://www.wypf.org.uk/media/jx2lyqox/lbh-conflict-of-interest-policy.pdf>

Governance Compliance Statement

In accordance with Regulation 55 of the Local Government Pension Scheme Regulations 2013, the Fund is required to prepare, publish, and maintain a Governance Compliance Statement. This statement sets out:

- The governance arrangements of the Fund.
- The extent to which those arrangements comply with Ministry of Housing, Communities and Local Government (MHCLG) best practice principles.
- Explanations for any areas of partial or non-compliance.

The Governance Compliance Statement provides a transparent overview of the Fund's decision-making structures and responsibilities, and includes an assessment against the following best practice areas:

- Formal structure and role of the Pension Fund Panel.
- Membership composition and stakeholder representation.
- Voting arrangements.
- Access to training, use of facility time, and reimbursement of expenses.
- Meeting frequency and quorum requirements.
- Public accessibility of meetings and decisions.
- Scope of responsibilities.
- Arrangements for the publication of key information.

The London Borough of Hounslow Pension Fund's Governance Compliance Statement was most recently reviewed and updated in June 2023 and is included within section 4b of this report (Regulatory Policy Statements).

b. Scheme Management and Advisors

The following sets out the key parties involved in the governance, administration, investment, and advisory functions of the London Borough of Hounslow Pension Fund (“The Fund”).

Administering Authority:

- London Borough of Hounslow

The Council is the designated administering authority under the Local Government Pension Scheme Regulations and is responsible for the overall management of the Fund.

Governance Body:

- Pension Fund Panel

The London Borough of Hounslow has delegated strategic oversight of the Fund to its Pension Fund Panel, which fulfils the role of quasi-trustees and is responsible for investment decision-making and broader fund governance (see Section 2a for further details).

Pension Fund Officers:

Role:	Officer:
Chief Financial Officer	Jake Bacchus
Director of Finance – Finance Services	Robert Meldrum
Director of Finance – Financial Control (from September 2024)	Andy Evans
Head of Pensions & Treasury	Yvonne Thompson
Strategic Finance Manager – Pensions & Treasury	Mike Docherty
Strategic Pensions Manager	Hitesh Sharma
Strategic Pensions & Treasury Accountant	Joan Coelho
Specialist Pension Fund Officer	Marian Orrah

Professional Advisors:

Advisor Role:	Provider:
Independent Investment Advisor (to January 2025)	Apex Investment Advisers Limited
Independent Investment Advisor (from January 2025)	Aon Investments Limited
Fund Actuary	Barnett Waddingham
Fund Bankers	National Westminster Bank Plc
Fund Custodian	The Northern Trust Company
External Auditors	Forvis Mazars LLP
Fund Legal Advisors	HB Public Law

Investment Pooling and Asset Managers:

Asset Pool and Operator:

- London LGPS CIV Limited

External Fund Managers (Direct):

- Aberdeen Investments Limited
- BlackRock Investment Management (UK) Limited
- CBRE Investment Management
- CCLA Investment Management Limited

- Threadneedle Asset Management Limited
- Fidelity International Limited

External Fund Managers (via London LGPS CIV):

- CQS Investment Management
- Insight Investment Management (Global) Limited
- Longview Partners (UK) Limited
- PIMCO Europe Limited
- RBC Global Asset Management (UK) Limited

Pension Administration Services:

- West Yorkshire Pension Fund

Additional Voluntary Contributions (AVC) Providers:

- Standard Life
- Utmost Life & Pensions

Specialist Proxy Research Provider:

- PIRC Limited

Contact details for the administering authority, governance representatives, asset pool operator, and pension administration provider are included in Section 7d – Contact Information.

c. Risk Management

The principal long-term risk faced by the Fund is that its assets are insufficient to meet its future pension liabilities, leading to a shortfall in the ability to pay benefits as they fall due. This funding risk is managed through the Fund's Funding Strategy Statement (FSS), which sets out the approach to meeting pension liabilities over time in conjunction with the Fund's Investment Strategy. The FSS is reviewed at least every three years in line with the triennial actuarial valuation, with the most recent review undertaken in 2022 and the next is due in 2025.

The Fund's investment objectives are designed to achieve an appropriate balance between risk and return, aiming to maximise long-term returns within defined risk tolerances. These objectives support the Fund's ability to meet its pension obligations over the long term.

Risk governance sits with the Pension Fund Panel, which is responsible for overseeing the Fund's overall risk management framework. The Panel ensures that risk management is embedded in the Fund's strategic decision-making and day-to-day operations.

The London Borough of Hounslow applies a consistent and structured approach to risk management, in line with the guidance issued by The Pensions Regulator (tPR). Risks are systematically identified, assessed, and recorded in the Pension Fund's dedicated risk register, which is distinct from the Council's corporate risk register.

The risk register:

- Identifies and evaluates key risks, including those categorised by tPR (e.g., funding, investment, governance, operational, and regulatory risks).
- Details the controls and mitigation measures in place.
- Assesses the effectiveness of these controls.
- Assigns risk ownership and specifies review mechanisms.

The Pension Fund risk register is formally reviewed on a quarterly basis and is presented as a standing item at each Pension Fund Panel meeting. This ensures regular scrutiny and the opportunity to respond promptly to any emerging risks or control failures.

d. Financial Performance

The value of the Pension Fund's net assets increased by £32.0m during 2024/25 financial year, from £1,332.0m at 31 March 2024 to £1,364.0m at 31 March 2025. This increase was primarily driven by positive investment returns, particularly from the Fund's UK and Overseas equity mandates.

Analytical Review of the Fund Account

Fund Account	2022/23 £m	2023/24 £m	2024/25 £m
Dealings with Members			
Contributions	52.2	53.7	57.8
Pensions	(55.9)	(57.6)	(68.7)
Net Withdrawals from Dealings with Members	(3.7)	(3.9)	(10.9)
Management Expenses	(6.0)	(5.5)	(11.5)
Investment Income	28.4	33.7	36.1
Change in Market Value	(57.2)	94.9	18.3
Net Increase/(Decrease) in the Fund	(38.5)	119.2	32.0

Over the past three years, total benefits paid have exceeded contributions received by £18.5m, reflecting the Fund's mature profile. However, over the same period, net investment returns have contributed £112.7m, helping to maintain the Fund's healthy funding position.

In 2024/25, the net asset increase of £32.0m was lower than the previous year's £119.2m, mainly due to a moderation in investment gains. The Fund's performance is continually monitored by officers and the Pension Fund Panel, with advice from independent investment advisers to ensure assets remain aligned with the strategic objectives.

Net Assets Statement	2022/23 £m	2023/24 £m	2024/25 £m
Investment Assets			
Equities	380.3	268.6	312.7
Pooled Investment Vehicles	782.2	1,007.6	1,018.8
Private Equity	0.7	0.4	0.3
Long-term Investment	0.2	0.2	0.3
Cash (Money Market Fund)	8.0	12.7	8.8
Other Investment Balances:			
Investment Income Due	3.4	2.7	2.6
Amounts Receivable (Sale of Investments)	0.0	0.0	0.1
Cash and Cash Equivalents	28.6	32.0	13.3
Total Investment Assets	1,203.4	1,324.2	1,356.9
Investment Liabilities			
Amounts Payable (Purchase of Investments)	(0.1)	0.0	(0.1)
Net Investments Assets	1,203.3	1,324.2	1,356.8
Long-term Debtors	0.2	0.2	0.2
Current Assets	10.9	9.9	10.3
Current Liabilities	(1.6)	(2.3)	(3.3)
Net Assets at Period End	1,212.8	1,332.0	1,364.0

Key Highlights:

- The Fund saw notable investment performance from its BlackRock mandates during 2024/25.
- The Fund continued to implement its Strategic Asset Allocation (SAA) approved by the Pension Fund Panel in December 2023. Further detail on this can be found in Note 10 (Section 6c).

Analysis of Dealings with Scheme Members

Contributions	2022/23	2023/24	2024/25
	£m	£m	£m
Employee Normal Contributions	10.8	11.7	12.5
Employer Contributions:			
Normal	30.8	34.3	36.4
Deficit Funding	4.8	0.6	0.7
Augmentation	0.8	0.1	1.1
Transfers In	5.0	7.0	7.1
Total Income	52.2	53.7	57.8
Benefits Payable	2022/23	2023/24	2023/24
	£m	£m	£m
Pensions	(38.8)	(42.5)	(46.3)
Commutation of Pensions and Lump Sum Retirement Benefits	(9.3)	(7.8)	(10.7)
Lump Sum Death Benefits	(1.2)	(1.1)	(1.6)
Transfers Out	(6.3)	(5.9)	(9.9)
Refunds to Members Leaving Service	(0.3)	(0.3)	(0.2)
Total Expenditure	(55.9)	(57.6)	(68.7)
Net Dealing with Members	(3.7)	(3.9)	(10.9)

Key Variances in 2024/25:

- Employer contributions rose by £3.2m, largely due to higher pensionable pay in both 2023/24 and 2024/25.
- Pensions in payment increased by £3.8m, reflecting the CPI pension increase of 6.7% applied from April 2024.
- Transfers out increased as more members chose to transfer their benefits to another employer or remove them under the freedom of choice legislation.

Analysis of Operational Expenses

Fund Expenses	2022/23 £m	2023/24 £m	2024/25 £m
Administration			
WYPF Administration	0.4	0.4	0.5
Employee Salaries	0.8	0.8	0.7
Governance and Oversight*	0.1	0.3	0.2
Investment Management			
Management Fees	3.9	3.6	5.2
Performance Fees	0.0	0.0	3.5
Transaction Costs	0.7	0.4	1.3
Custody Fees	0.0	0.0	0.1
Total	6.0	5.5	11.5

*Includes fees for external audit, actuarial services, investment advice, and proxy voting.

The most significant cost movement was the performance fees of £3.5m, payable to BlackRock. These fees were triggered by strong performance across the UK and Overseas Equity mandates managed on behalf of the Fund.

e. Administration Information

The administration of the London Borough of Hounslow Pension Fund is managed the Council and delivered under a contractual agreement with West Yorkshire Pension Fund (WYPF), effective from 1 August 2018. Prior to this, administration services were provided by Capita.

Employee Contributions as a Percentage of Pensionable Pay (2024/25)

Employee contribution rates are set according to a tiered structure based on actual pensionable pay. The following table outlines the applicable rates for the 2024/25 financial year:

Band	Salary range £	Contribution rate (main section) %	Contribution rate (50/50 section) %
1	0 to 17,600	5.50	2.75
2	17,601 to 27,600	5.80	2.90
3	27,601 to 44,900	6.50	3.25
4	44,901 to 56,800	6.80	3.40
5	56,801 to 79,700	8.50	4.25
6	79,701 to 112,900	9.90	4.95
7	112,901 to 133,100	10.50	5.25
8	133,101 to 199,700	11.40	5.70
9	199,701+	12.50	6.25

Late and Overdue Contributions

Employers are required to submit monthly data returns and remit contributions to the London Borough of Hounslow Pension Fund by the 19th of the month following the deduction from payroll. Contributions received after this deadline are classified as late.

The Fund maintains a register of late payments and applies a tiered escalation approach:

- 3 breaches in a rolling 12-month period trigger an informal verbal or email warning.
- 5 breaches result in a formal written warning.
- 7 or more breaches may lead to a referral to The Pension Regulator (tPR).

No interest charges were levied during the year in relation to late payments.

In 2024/25, the Fund recorded 20 late payments across multiple employers. These breaches were promptly rectified. The table below shows the overall value and timing of contribution receipts:

Total Contributions £m	On Time		Late	
	£m	% of Total	£m	% of Total
50.7	50.6	99.8	0.1	0.2

Further detail on administrative matters, including analysis of pension overpayments, data quality monitoring, and the Fund's participation in the National Fraud Initiative, is included in Section 4d – Administration Update from WYPF.

3. Investments and Funding

a. Investment Strategy

Implementation of the Investment Strategy Statement (ISS)

The Investment Strategy Statement (ISS) sets out the Fund's investment objectives and the principles and strategies that guide how its assets are managed to ensure pensions and other benefits can be paid as they fall due.

The ISS was last updated in 2023 following the results of the triennial actuarial valuation. As part of this review, the Pension Fund Panel approved a revised Strategic Asset Allocation (SAA), designed to support long-term growth while managing risk in a sustainable and prudent manner. Implementation of the new SAA commenced in late 2023/24 and was scheduled for full implementation by 31 March 2025.

However, by year-end 2024/25, the new SAA had not yet been fully implemented. This was due to two outstanding allocation decisions:

- A final decision had not yet been made regarding the selection of an affordable housing fund manager.
- The planned additional subscription to the renewable infrastructure fund is being reconsidered due to the slow uptake of the original subscription.

The ISS sets out the Fund's overarching investment policy, including key areas such as:

- Diversification – ensuring the portfolio is spread across a range of asset classes and managers to mitigate risk.
- Suitability of Investments – selecting investments appropriate for the Fund's liabilities and objectives.
- Risk Management – identifying and managing financial, demographic, and operational risks.
- Asset Pooling – investing via the London CIV in line with LGPS pooling requirements.
- Environmental, Social and Corporate Governance (ESG) Policy – integrating responsible investment principles into decision making.
- Voting Rights and Policy – exercising shareholder rights and engaging with companies to promote sustainable long-term value.

The ISS also outlines the Fund's commitment to responsible investment and stewardship, including alignment with the UK Stewardship Code and participation in collaborative initiatives to influence corporate behaviour and improve market standards.

Alignment with the Funding Strategy Statement (FSS)

The Fund's investment strategy must be considered alongside the Funding Strategy Statement (FSS), which sets out how pension liabilities will be met over the long term. Together, the ISS and FSS are designed to ensure the Fund remains fully funded and able to meet benefit payments when due.

If investment returns and income fall short of expectations, employer contributions may need to increase to cover the shortfall. Conversely, strong investment performance can ease the burden on employer contributions. Therefore, the investment and funding strategies are closely aligned and must work in tandem to deliver the Fund's overall objectives.

b. Asset Allocation

The Fund's strategic asset allocation (SAA) is determined by the Pension Fund Panel in consultation with the Fund's investment advisers. The SAA reflects the Fund's long-term investment objectives and is reviewed periodically to ensure alignment with funding requirements and market conditions. The most recent update to the SAA was agreed in June 2023, following the 2022 actuarial valuation.

Asset Class	Pre-Valuation SAA (%)	Post-Valuation SAA (%)
UK Equities	31.0	10.0
Overseas Equities	28.0	40.0
Long Dated Bonds*	10.0	15.0
Index-Linked Gilts	5.0	5.0
Commercial Property	5.0	5.0
Infrastructure*	5.0	10.0
Multi-Asset Credit	0.0	5.0
Affordable Housing	0.0	5.0
Private Credit**	0.0	5.0
Income sleeve***	15.0	0.0
Cash	1.0	0.0
Total	100.0	100.0

* Includes an additional 5% reallocated following the disinvestment from Fidelity

** New asset class as part of the disinvestment from Fidelity

*** Represents the phased disinvestment of the Fidelity income sleeve

The Fund is currently in the process of implementing the revised post-valuation strategic asset allocation, with transition expected to take place over a phased three-year period as agreed at the December 2023 Pension Fund Panel meeting. This means that temporary under- or overweight positions across asset classes are expected and closely monitored.

As at 31 March 2025:

- The additional commitment to the renewable infrastructure fund is being reconsidered due to the slow uptake of the original subscription.
- No decision had yet been taken on the selection of an affordable housing fund manager, meaning that this allocation was uninvested at year-end.
- Both infrastructure and private credit represent capital call funds, where capital is drawn down over time in line with deal pipelines. This naturally results in under-allocation during the early stages of the investment period.

The progress towards the new strategic allocation as at 31 March 2025 is detailed below:

Asset Class	Target Allocation % of Fund	Actual Allocation % of Fund	(Under)/Over Target Allocation %	Advisory range %
UK Equities	10.0	23.2	13.2	+/-5
Overseas Equities	40.0	41.9	1.9	+/-5
Long Dated Bonds*	15.0	13.7	(1.3)	+/-2
Index-Linked Gilts	5.0	4.0	(1.0)	+/-2
Commercial Property	5.0	3.9	(1.1)	+/-2
Infrastructure*	10.0	2.1	(7.9)	+/-2
Multi-Asset Credit	5.0	5.2	0.2	+/-2
Affordable Housing	5.0	0.0	(5.0)	+/-2

	Target Allocation	Actual Allocation	(Under)/Over Target Allocation	Advisory range
Private Credit**	5.0	1.6	(3.4)	+/-2
Income sleeve***	0.0	2.9	2.9	N/A
Cash	0.0	1.5	1.5	Max of +5
Total	100.0	100.0	0.0	

* Includes additional allocation from Fidelity disinvestment

** New allocation created following the Fidelity disinvestment

*** Legacy holding during transition from Fidelity income sleeve

The Fund's investment portfolio is reviewed quarterly by the Pension Fund Panel. The Panel, supported by officers and the Fund's investment adviser, assesses asset allocation, fund manager performance, and any deviations from strategic targets. Fund managers are invited to attend Panel meetings where there are performance concerns or specific issues requiring escalation.

In addition, officers maintain regular engagement with fund managers between meetings to monitor developments, review strategy implementation, and address any emerging risks. Investment decisions are informed by robust research and advice, ensuring that allocations continue to meet the Fund's long-term risk and return objectives without defaulting to benchmark-tracking behaviour.

c. Asset Pooling

Background

In 2015, the Department for Levelling Up, Housing and Communities (DLUHC) issued its *Investment Reform Criteria and Guidance*, setting out the requirement for Local Government Pension Scheme (LGPS) funds in England and Wales to pool their assets to deliver improved governance, economies of scale, and reduced investment costs.

In January 2019, DLUHC consulted on revised guidance to formalise the pooling framework and set updated expectations for administering authorities. This built on earlier communications and proposed a clearer regulatory structure for the operation of LGPS pools.

In July 2023, DLUHC issued a further consultation, *Next Steps on Investment Consultation*, which reinforced the Government's commitment to accelerating asset pooling. This was supported by the Chancellor's Autumn Statement 2023, which set out the Government's intention that all LGPS funds should transition their listed assets into the respective pool by 31 March 2025. This aligns with the 2022 triennial valuation cycle and forms part of the Government's Fit for the Future agenda, which seeks to consolidate LGPS investment assets to drive better outcomes for scheme members and taxpayers.

In response, the London Borough of Hounslow Pension Fund remains committed to the principles of asset pooling and continues to work closely with its pool, the London Collective Investment Vehicle (London CIV), to identify suitable strategies for transition that balance performance, risk, cost efficiency, and align with the Fund's investment strategy.

Pooling Progress

The London CIV was established in 2015 and is wholly owned by the 32 London local authority pension funds. As at 31 March 2025, the London CIV managed approximately £34.2bn in assets across a wide range of listed and alternative investment strategies.

As at 31 March 2025, the Fund had:

- £572.5m (42.2%) of assets pooled via the London CIV.
- £301.3m (22.2%) of assets under pool management where oversight and/or selection responsibility lies with the pool, even if the asset is not held within a pooled vehicle.
- £483.0m (35.6%) of assets not yet pooled, primarily comprising legacy listed equities and property.

The Fund continues to engage actively with the London CIV and monitors the development of new investment products. Further transitions will be considered when suitable mandates become available that align with the Fund's objectives and asset allocation strategy.

Governance and Oversight

Asset pooling presents a unique governance structure where ultimate strategic asset allocation decisions remain the responsibility of each administering authority, but investment implementation is increasingly carried out via the pool.

The London CIV Shareholder Committee plays a key role in maintaining effective oversight. It comprises elected councillors and finance officers from the constituent boroughs, including representatives from the Society of London Treasurers, the Chair of the London CIV Board, and a Trade Union member. The Committee provides scrutiny and consultation on areas such as strategy, responsible investment, governance, and the business plan.

As at 31 March 2025, the London CIV Board consisted of six directors (four non-executive and two executive), with two positions vacant. The Board holds collective responsibility for strategic oversight, budgeting, risk management, compliance, governance, and financial controls. Three sub-committees oversee areas including investment, audit and risk, remuneration, and nominations.

External assurance is provided by the Financial Conduct Authority (FCA), a depositary, external auditors, and Ministry of Housing, Communities and Local Government (MHCLG) (previously known as Department for Levelling Up, Housing and Communities (DLUHC)). The London CIV also hosts semi-annual General Meetings (GMs) for its shareholders, allowing each borough the opportunity to exercise shareholder rights and hold the Board accountable.

Updated Reporting Requirements

In April 2024, the *Annual Report Guidance for LGPS Funds* was updated to reflect the Government's ambition to have all list assets pooled by 31 March 2025. Administering authorities are now required to report asset allocation by three categories:

- Pooled whereby assets are held within pool-operated investment vehicles.
- Under pool management whereby assets the pool manages or oversees the investment, regardless of vehicle structure.
- Not pooled where assets are not yet transitioned or not currently pool managed.

The Fund's asset breakdown, as at 31 March 2025, is shown below:

	Pooled	Under Pool Management	Not Pooled	Total
Asset Type	£m	£m	£m	£m
Equities (inc. convertible shares)	-	-	314.2	314.2
Bonds	-	-	-	-
Property	-	-	53.3	53.3
Diversified Growth Funds (inc. multi-asset funds)	522.2	301.3	101.8	925.3
Private Debt	21.5	-	-	21.5
Private Equity	-	-	0.3	0.3
Infrastructure	28.8	-	-	28.8
Cash and Net Current Assets	-	-	-	-
Other	-	-	13.4	13.4
Total	572.5	301.3	483.0	1,356.8

A subset of the above, disaggregated to reflect UK-focused assets, is presented below in accordance with the latest guidance:

	Pooled	Under Pool Management	Not Pooled	Total
UK Asset Class	£m	£m	£m	£m
UK Listed Equities	-	-	314.2	314.2
UK Government Bonds	-	-	-	-
UK Infrastructure	28.8	-	-	28.8
UK Private Equity	-	-	-	-
Total	28.8	-	314.2	343.0

Next Steps

The Fund will continue to work with the London CIV to meet Government expectations on pooling and ensure that any transitions deliver long-term value. In doing so, it will continue to retain full control over strategic asset allocation, investment beliefs, and responsible investment priorities. Asset transitions will only be undertaken where there is a clear financial and strategic rationale.

d. Investment Performance

The Fund delivered a total return of 3.58% (gross of fees) over the 2024/25 financial year, underperforming its composite benchmark return of 4.07% by 0.49%. This underperformance was primarily driven by weaker returns within the equity, property, and fixed income portfolios. However, over the longer term, the Fund has maintained performance broadly in line with its benchmark, with annualised returns since inception continuing to exceed the benchmark.

Performance is monitored against the Fund's strategic benchmark, which reflects the overall target asset allocation. Each investment manager is also set an individual performance objective relative to an agreed benchmark. Northern Trust, the Fund's global custodian, provides independent monthly and quarterly performance reporting to assist in monitoring and oversight.

The table below summarises gross-of-fees investment performance for the Fund and individual managers over multiple time periods to 31 March 2025:

	3 months			6 months		
	Return	Benchmark	Excess Return	Return	Benchmark	Excess Return
	%	%	%	%	%	%
LBH Pension Fund	(1.57)	(1.23)	(0.34)	0.84	1.00	(0.16)
Aberdeen	(1.97)	(2.02)	0.05	(6.29)	(3.37)	(2.92)
BlackRock	(1.06)	(1.10)	0.04	3.39	1.19	2.20
CBRE	2.26	1.51	0.75	3.03	3.95	(0.92)
CCLA	2.09	1.51	0.58	3.55	3.95	(0.40)
Threadneedle	1.72	1.51	0.21	3.71	3.95	(0.24)
Fidelity	1.45	0.99	0.46	1.34	1.98	(0.64)
Longview	(4.36)	(4.71)	0.35	(1.39)	1.90	(3.29)
RBC	(6.56)	(4.71)	(1.85)	(0.53)	1.90	(2.43)
Insight (B&M)	(1.25)	(1.13)	(0.12)	(4.00)	(3.58)	(0.42)
	1 year			3 years		
	Return	Benchmark	Excess Return	Return	Benchmark	Excess Return
	%	%	%	%	%	%
LBH Pension Fund	3.58	4.07	(0.49)	3.71	3.82	(0.11)
Aberdeen	(6.02)	0.69	(6.71)	(2.87)	0.38	(3.25)
BlackRock	8.42	5.53	2.89	7.61	3.87	3.74
CBRE	4.62	6.43	(1.81)	(4.60)	(3.32)	(1.28)
CCLA	5.97	6.43	(0.46)	(5.26)	(3.32)	(1.94)
Threadneedle	6.06	6.43	(0.37)	(2.58)	(3.32)	0.74
Fidelity	4.01	4.00	0.01	(0.05)	4.00	(4.05)
Longview	(1.46)	4.76	(6.22)	7.12	8.30	(1.18)
RBC	1.45	4.76	(3.31)	2.76	8.30	(5.54)
Insight (B&M)	(3.84)	(3.46)	(0.38)	-	-	-

The Long Duration Buy & Maintain Credit Fund was invested via the London CIV in Q4 2023/24 and does not yet have a full three-year track record.

The Private Debt II and Multi-Asset Credit (MAC) funds were both committed to in Q4 2024/25. Due to their recent inception, there is currently insufficient performance data available for benchmarking and reporting purposes.

The performance of all investment managers is reviewed quarterly by the Pension Fund Panel, with input from officers and the Fund's independent investment adviser. These reviews consider not only return performance but also risk, process, governance, and market outlook.

Where performance concerns arise or material underperformance persists, managers may be required to attend Panel meetings to provide updates and discuss remedial actions. Regular monitoring is also conducted by officers in collaboration with the investment adviser.

e. Corporate Governance

Responsible Investment

The London Borough of Hounslow Pension Fund has a primary fiduciary responsibility to secure the best possible return on its investments, while ensuring that assets are not exposed to undue risk. The Fund recognises that strong environmental, social, and governance (ESG) practices are increasingly integral to long-term financial performance and can positively influence shareholder returns.

The Fund believes that companies which effectively manage ESG risks and opportunities are more likely to deliver sustainable financial outcomes. Consequently, its appointed investment managers are expected to act in the best financial interests of the Fund, and to consider ESG factors alongside traditional financial metrics when making decisions on the acquisition, retention, and disposal of investments.

It is acknowledged that poor corporate governance and the neglect of ESG considerations can be detrimental to long-term investment value. The Fund's policies on ESG integration and responsible investment are detailed in the Investment Strategy Statement (ISS), which sets out its expectations of investment managers in respect of stewardship and engagement.

Separation of Responsibilities

The Fund maintains clear and robust separation of responsibilities across its service providers to ensure strong governance and appropriate oversight of its investments:

- Northern Trust is appointed as the Fund's global custodian. Independent from the investment managers, Northern Trust is responsible for the safekeeping of assets, settlement of investment transactions, and collection of income.
- The Fund's main bank account is held with National Westminster Bank Plc (NatWest). Surplus cash not required for immediate benefit payments is held in an interest-bearing liquidity account, also with NatWest, to generate short-term returns.
- Barnett Waddingham is the Fund's appointed actuary. They are responsible for assessing the Fund's long-term financial health and produce the formal Valuation Report following each triennial actuarial valuation. This includes a Rates and Adjustments Certificate, which sets out the minimum employer contribution rates payable over the following three-year cycle.

Proxy Voting Activity 2024/25

The Fund is committed to active ownership and aims to exercise voting rights attached to all eligible equity holdings. For its segregated mandates, the Fund operates a bespoke voting policy that aligns with its investment beliefs and ESG objectives.

Voting decisions are led by Fund officers, supported by a specialist proxy research provider – PIRC Limited. In the UK, the Fund generally supports resolutions that align with the UK Corporate Governance Code and represent best practice in corporate governance. In overseas markets, voting decisions are informed by local governance standards and market-specific practices.

Where proposals fall short of expected standards, the Fund may vote against or abstain, based on the nature of the resolution, the quality of engagement, and the specific circumstances of the company concerned. This approach ensures that the Fund's stewardship responsibilities are met in a transparent, accountable, and responsive manner.

4. Scheme Administration

a. Service Delivery

Although the Local Government Pensions Scheme (LGPS) operates as a national scheme, it is administered locally. The London Borough of Hounslow is the administering authority for the Hounslow Pension Fund and holds statutory responsibility for delivering pension benefits on behalf of participating employers and their current, former, and retired members and dependents.

As at 31 March 2025, the Fund covered 75 employers (listed in Section 4d), including the Council, academy schools within the borough, and a number of admitted bodies connected to the Council through formal admission agreements.

The Council has outsourced day-to-day pension administration services to the West Yorkshire Pension Fund (WYPF) under a contractual arrangement. Performance against agreed service levels is regularly monitored and reported in Section 4d.

b. Regulatory Policy Statements

In accordance with Local Government Pension Scheme Regulations 2013, the Fund is required to maintain and publish the following key regulatory policy documents:

- Funding Strategy Statement (FSS)
- Investment Strategy Statement (ISS)
- Governance Compliance Statement
- Communications Policy Statement

Following updated LGPS guidance issued in April 2024, it is now acceptable for these statements to be referenced via hyperlinks rather than reproduced in full within this Annual Report.

These documents, along with additional policy statements such as the Breaches Reporting Policy, Conflicts of Interest Policy, and Scheme Pays Policy, are available on the West Yorkshire Pension Fund's website:

<https://www.wypf.org.uk/london-borough-of-hounslow-pension-fund/lbh-documents-and-boards/>

c. Internal Dispute Resolution Procedure

Scheme members have statutory rights to raise concerns or complaints regarding their pension benefits. The Internal Dispute Resolution Procedure (IDRP) provides a formal route for such matters to be addressed in a structured and timely manner.

Stage 1 is the initial complaint which should be submitted in writing and is typically reviewed by the party who made the original decision.

Stage 2 is the next stage if the member is dissatisfied with the Stage 1 response. The complaint is escalated to the administering authority for an independent review.

Stage 3 is the final stage and if the complaint remains unresolved, it can be referred to the Pensions Ombudsman for a final determination.

Full details of the IDRP can be found on West Yorkshire Pension Fund's website:

<https://www.wypf.org.uk/media/5poabw3k/idrp-booklet-nov-2020-1.pdf>

Additional Help:**The Money and Pensions Service (MaPS)**

MaPS offer free, impartial guidance at any stage of the complaint process.

Website www.maps.org.uk/en
Address Money and Pensions Service
120 Holborn
London, EC1N 2TD

Telephone 0800 011 3797
E-mail contact@maps.org.uk

The Pensions Ombudsman:

The Ombudsman's Early Resolution Team provides free support for unresolved pension complaints.

Website www.pensions-ombudsman.org.uk
Address The Pensions Ombudsman
10 South Colonnade
Canary Wharf, E14 4PU
Telephone 0800 917 4487
E-mail helpline@pensions-ombudsman.org.uk

d. Administration Update from West Yorkshire Pension Fund

Introduction

Hounslow Pension Fund (HPF) operates within a shared service arrangement with West Yorkshire Pension Fund (WYPF) to provide Pensions Administration services for members. This arrangement began in August 2018 and was made to improve efficiency and reduce costs in the provision of the Pensions Administration service.

The monthly data return from employers is a considerable benefit to the administration process and has improved the quality of data held in the administration system, enabling a better service to be provided to scheme members. However, some employers and their payroll providers still need to improve their own processes for submitting accurate data. WYPF continues to work with the Hounslow Fund and its employers to improve all aspects of administering the scheme.

The Pension Fund Panel and Pension Board take a keen interest in the administration of the Fund and receive regular reports and presentations on all aspects of the administration service.

Officers of the Hounslow Pension Fund attend bi-monthly shared service meetings, with all shared service partners. In addition, as part of the overall governance of the service, the Head of Pensions and the Strategic Pensions Manager at Hounslow Pension Fund sit on the Collaboration Board of the shared service, alongside the senior management of WYPF and other shared service partners, to ensure that the original aims of the partnership with WYPF are met.

The service is monitored through a number of performance indicators and performance is reported quarterly to the Pension Panel and Pension Board, and regular meetings are held with WYPF to understand and manage any performance issues. The critical business areas impacting on pensioners and their families take priority, these being members requiring immediate payment for retirements, redundancies, dependants' pensions, and death grants.

Pension overpayments from 1 April 2024 to 31 March 2025

Occasionally, pensions are paid in error. When this happens, processes are in place to recover the overpayments. The table below shows a summary of the value of the overpayments involved. Every effort is made to recover these, whilst managing the financial impact on the overpaid pensioners.

Overpayments	£'000
Overpayments value	49
Overpayments written off	37
Overpayments recovered (incl. bf recovered)	39
Amount outstanding as at 31 March 2025	41

The table below shows a summary of number of transactions processed during the year:

Analysis of Overpayments	Number of Payments
Cases overpaid	99
Cases written off	17
Cases recovered (incl. bf recovered)	71
Cases outstanding as at 31 March 2025	53

Fraud Prevention – National Fraud Initiative

Hounslow Pension Fund, West Yorkshire Pension Fund, Lincolnshire Pension Fund and Barnet Pension Fund are in shared service arrangement hosted by West Yorkshire Pension Fund. The shared service funds participate twice a year in the National Fraud Initiative (NFI). The data that is submitted includes pensioners, beneficiaries and deferred member information for Local Government Pension Scheme and Fire Services Pension members managed by the Fund.

Results of participation in National Fraud Initiative exercises (records sent, mismatches, overpayments identified etc.) for the whole shared service is detailed below:

Pensioners, beneficiaries, and deferred members	No. of records sent	No. of mismatches		Overpayments identified		Possible Frauds	Mismatches carried forward at 31 March
2024/25	350,354	2,600	0.74%	20	0.01%	0	13
2023/24	338,572	1,591	0.47%	26	0.01%	2	17
2022/23	329,082	2,379	0.72%	24	0.01%	0	10
2021/22	288,636	1,685	0.58%	15	0.01%	0	22
2020/21	286,429	963	0.34%	4	0.00%	0	1
2019/20	277,293	3,845	1.39%	17	0.01%	2	10
2018/19	260,387	3,339	1.28%	3	0.00%	2	2
2017/18	229,994	518	0.23%	35	0.02%	2	0
2016/17	224,122	1,425	0.64%	5	0.00%	4	5
2015/16	219,313	868	0.40%	61	0.03%	3	10
2014/15	159,928	656	0.41%	25	0.02%	0	5

Tracing agents are used regularly to try to track down members where the Fund has lost contact, for example due to unnotified address changes.

There are no other cases of note of fraud, credit losses, provisions, contingent liabilities or impairments during the year.

Value for Money – Cost Per Member

The latest published data (2023/24) for all LGPS funds administration costs shows that the London Borough of Hounslow's Pension Fund pensions administration cost per member is £50.01. This ranks the fund's cost per member as 69th out of 87 LGPS funds. The national average is £29.73.

Hounslow Pension Fund has a below average total cost per member (administration, investment, and oversight & governance) at £236.33. The national average for LGPS in 2023/24 is £315.07.

Cost per member 2023/24	Position	Hounslow Pension Fund	LGPS Lowest	LGPS Highest	LGPS Average
		£	£	£	£
Administration	69th	£50.01	£7.81	£132.96	£29.73
Investment	25th	£174.48	£4.60	£1,118.80	£271.38
Oversight and governance	37th	£11.84	£0.00	£112.65	£13.96
Total cost per member	27th	£236.33	£44.67	£1,190.97	£315.07

Major Projects Undertaken:

Hounslow Pension Fund and WYPF have commenced some major projects over the last 12 months which have taken time and resource across all areas of the administration:

Pensions Dashboard

A new online management system for pensions is being introduced, making retirement much easier. The 'Pension Dashboard', is designed to consolidate all retirement savings in order that they can be viewed on a single, secure online hub. By engaging with Pensions Dashboard, it can identify any gaps in a person's pensions savings, track down lost pension pots, and ensure their retirement plans are on track. They can also see their state pension benefits. WYPF have appointed an integrated service provider following a full ITT process and have successfully tested loading and matching data on the new system.

Monthly Postings

An upgraded monthly posting system has been developed and launched with employers.

New Website

A new member focused website has been developed and launched. This has significantly improved member experience. With a panel of over 3,000 members helping this development journey. WYPF's website has not been redesigned since the introduction of the CARE scheme in 2014. Change was needed to improve member, employer and fund experiences when using the website. We've also worked to improve the diversity of media and boost accessibility. Testing to ensure the website is secure has now been completed and the site has been passed successfully by Bradford IT and a third-party professional tester.

Automation

Three areas have now been through our automation process and journey. To date automation has processed over 26,000 individual calculations. We will continue to look at areas that can be developed and automated over the coming months.

McCloud

This has been a challenging programme to date due to software supplier date slippage and the legislative timeframe. We have had some recent upgrades to the UPM system we use to do the calculations on member records for McCloud. It has now been fully tested, and the deliveries are working as they should be. The latest Civica deliveries included the necessary McCloud sub calculations for some , but not all, individual transactional calculations we run.

The deliveries have meant that Service Centre can start processing work including underpins where applicable for some new 'business as usual' cases that are being processed.

We are waiting further information about when we can expect the necessary bulk calculations from Civica. These will enable us to identify and potentially pay any additional payment that is needed for transactions we have already processed since 2014 where the member is eligible for a McCloud underpin.

GMP Reconciliation

We have completed the systematic reconciliation of our GMP records. This has affected over 24,000 members. There is still work to do on this project and this will continue over the coming months.

Data Quality

LGPS Funds are required to report on their data quality to the Pensions Regulator as part of the annual scheme returns. The Pensions Regulator has set a target of 100% accuracy for new common data received after June 2010.

Current data quality figures for Hounslow Pension Fund are shown below:

Data Type	%
Forename	100.00
Surname	100.00
Membership status	100.00
Date of birth	100.00
NI number	99.30
Postcode	95.60
Address	95.60

WYPF have implemented a project to procure additional services to improve address related data. WYPF use the National LGPS Framework to choose the correct provider to find the missing addresses and this will help to improve the data quality figures.

Communications

All annual pension benefit statements, for active and deferred members who were entitled to receive one, were produced by the statutory deadline of 31 August 2024. This provides members with information on their benefits accrued to 31 March 2024 and what their potential benefits will be at retirement age, as well as other useful information. Positive feedback was received from members with the inclusion of information on pensions payable at ages 55, 60, 65 and state pension age, which included any reduction for early payment of pension benefits. Statements were issued electronically through the member secure portal but if a member wanted to receive a paper copy of their statement or they had opted out of online communications their statement was sent to their home address.

Regular newsletters continue to be produced to keep members informed of important pensions news. The shared service has Facebook and X accounts to encourage members of all ages to engage more with the Fund through social media.

Members and employers receive information through a wide range of digital and traditional methods. The main sources include:

- The fund website (www.wypf.org.uk), updated continuously with fact sheets, scheme booklets, and tools.
- A secure member self-service portal.
- Regular newsletters, webinars, annual benefit statements, and recorded induction sessions.

- A contact centre and satellite office open weekdays for phone, email, and face-to-face support.
- Social media, YouTube, and GovDelivery for segmented and timely updates.

The Fund's Communication Policy Statement was reviewed and approved by the Council's Pension Fund Panel in June 2023.

MyPension

With the shared services 'MyPension' service (accessible on the shared website) members can view their pension record and statements & update personal details. There is also the facility for members to do their own age estimates. Members are being encouraged to sign up to the portal as the service moves to more online communication.

Registration Numbers for MyPension:

Year ending 31 March 2024	Registered MyPension users	Year ending 31 March 2025	Registered MyPension users	Increase/(Decrease)
Up to 19	27	Up to 19	30	3
20-29	269	20-29	297	28
30-39	716	30-39	792	76
40-49	1,234	40-49	1,364	130
50-59	1,492	50-59	1,648	156
60-69	1,487	60-69	1,643	156
70-79	897	70-79	991	94
80+	565	80+	624	59
Total	6,687		7,389	702

Internal Dispute Resolution Procedure (IDRPs) & Pension Ombudsman cases (completed cases only)

Stage 1

Number of cases	3
Appeals upheld	0
Appeals turned down	3

Stage 2

Number of cases	2
Appeals upheld	0
Appeals turned down	2

Pensions Ombudsman

Number of cases	0
Appeals upheld	0
Appeals turned down	0

Management and Customer Service Key Performance Indicators

The administration service is monitored through a number of performance indicators. These are detailed in the table below, showing performance achieved over the last year against the expected performance. Performance is reported quarterly to the Pension Fund Panel and Pension Fund Board, and regular meetings are held between London Borough of Hounslow officers and WYPF to understand and manage any performance issues. The critical business areas impacting on pensioners and their family take priority, this is due to requiring immediate payment for retirements, redundancies, dependants' pensions and death grants.

Key Performance Indicators

KPI Reference Table:

Reference	KPI
A1	Deaths recorded of active, deferred, pensioner and dependent members
A2	New dependent member benefits
A3	Deferred member retirements
A4	Active member retirements
A5	Deferred benefits
A6	Transfers in (including interfund in, club transfers)
A7	Transfers out (including interfund out, club transfers)
A8	Refunds
A9	Divorce quotations issued
A10	Actual divorce cases
A11	Member estimates requested either by scheme member or employer
A12	New joiner notifications
A13	Aggregation cases
A14	Optants out received after 3 months' membership
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member
B2	Communication issued confirming the amount of dependents pension
B3	Communication issued to deferred member with pension and lump sum options (quotation)
B4	Communication issued to active member with pension and lump sum options (quotation)
B5	Communication issued to deferred member with confirmation of pension and lump sum options (actual)
B6	Communication issued to active member with confirmation of pension and lump sum options (actual)
B7	Payment of lump sum (both actives and deferred)
B8	Communication issued with deferred benefit options
B9	Communication issued to scheme member with completion of transfer in
B10	Communication issued to scheme member with completion of transfer out
B11	Payment of refund
B12	Divorce quotation
B13	Communication issued following actual divorce proceedings i.e. application of a Pension Sharing Order
B14	Communication issued to new starters
B15	Member estimates requested by scheme member and employer
C1	% of active members registered with MyPension
C2	% of deferred members registered with MyPension
C3	% of pensioner and survivor members registered with MyPension
C4	% total of all scheme members registered for self-service
C5	Number of registered users by age (see tables below)
C6	% of all registered users that have logged onto the service in the last 12 months

C7	Total number of telephone calls received in year
C8	Total number of email and online channel queries received
C9	Number of scheme member events held in year (total of in-person and online)
C10	Number of employer engagement events held in year (in-person and online)
C11	Number of active members who received a one-to-one (in-person and online)
C12	Number of times a communication (i.e. newsletter) issued to:
C12a	Active members
C12b	Deferred members
C12c	Pensioners
D1	Total number of administration staff (FTE)
D2	Average service length of all administration staff
D3	Staff vacancy rate as a %
D4	Ratio of all administration staff to total number of scheme members (all staff including management)
D5	Ratio of administering staff (excluding management) to total number of scheme members
E1	Percentage of annual benefit statements issued as at 31 August 2024
E2	Short commentary if less than 100%
E3	Common data score
E4	Scheme specific data score
E5	Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date
E6	Percentage of active, deferred and pensioner members with an email address held on file
E7	Percentage of employers set to make monthly data submissions
E8	Percentage of employers who submitted monthly data on time during the reporting year

KPI Table A – Total number of casework

Ref	Open Cases 31 March 2024	New Cases in year	Completed Cases in 2024/25	Target Met % 2024/25	Completed Cases in 2023/24	Target Met % 2023/24
A1	1	304	302	99.02%	281	99.65%
A2	5	92	89	91.75%	87	94.57%
A3	7	306	304	97.13%	308	97.16%
A4	1	212	210	98.59%	166	99.4%
A5	137	611	664	88.77%	784	84.85%
A6	121	217	212	68.91%	204	57.28%
A7	272	538	447	71.46%	223	57.86%
A8	1	191	191	99.48%	254	99.22%
A9	2	44	46	100%	28	87.50%
A10	0	1	1	100%	2	100%
A11	17	188	200	97.56%	87	89.38%
A12	63	1,103	1,166	100%	1,090	94.00%
*A13	0	296	264	89.19%	240	100%
A14	0	39	39	100%	41	100%

*A13 – The figures shown are actual linking cases only. The total % of cases completed in the year 2024/25 has dropped from 2023/24. Staff resource in the Team had reduced due to promotions in the Team. Recruitment to the Team has started with two new members already in place and receiving training which will improve the figures once they are fully trained.

KPI Table B – Time taken to process casework

Ref	Fund Target	Fund Target %	% Completed within Fund Target 2024/25	% completed in 2023/24
B1	10 days	85.00%	97.12%	97.96%
B2	5 days	85.00%	86.36%	86.11%
B3	35 days	85.00%	94.55%	87.21%
B4	10 days	85.00%	94.67%	93.02%
B5	10 days	90.00%	95.90%	95.72%
B6	10 days	90.00%	96.12%	98.74%
B7	15 days	90.00%	96.01%	97.23%
B8	20 days	85.00%	79.41%	64.44%
B9	35 days	85.00%	64.99%	41.30%
B10	35 days	85.00%	76.99%	81.74%
B11	10 days	90.00%	100.00%	98.78%
B12	40 days	85.00%	97.78%	100.00%
B13	80 days	100.00%	100.00%	100.00%
B14	10 days	85.00%	99.91%	98.06%
B15	10 days	90.00%	94.36%	85.00%

KPI Table C – Communications and Engagements

Ref	Year ending 31 March 2025	Year ending 31 March 2024
C1	44.42%	42.59%
C2	30.14%	27.60%
C3	23.11%	18.75%
C4	29.85%	27.13%
C5	See table under MyPension above	See table under MyPension above
C6	46.47%	45.97%
C7	1,783	1,328
C8	3,298	3,283
C9	13	32
C10	39	23
C11	0	0
C12		
C12a	2	2
C12b	1	1
C12c	1	1

KPI Table D – Resources

Ref	As at 31 March 2025
*D1	185.2
D2	12.44 years
D3	9.30%
D4	0.78%
D5	0.69%

*D1 – The table below identifies the numbers of staff across the areas of the shared service providing the administration service.

Shared service staff full time equivalent (FTE)	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Service Centre	54.8	52.4	57.7	65.3	70.6	73.6
Payroll	16.1	17.3	21.4	22.4	22.9	24.2
ICT	15.4	14.4	12.6	14.6	17.6	19.4
Finance	12.0	11.8	15.8	19.8	20.8	20.4
Business support	28.4	27.4	35.1	39.1	38.4	41.0
Technical	4.9	5.0	5.6	5.6	5.7	6.6
Total	131.6	128.3	148.2	195.6	176.1	185.2

KPI Table E – Data Quality

Ref	Annual Benefit Statements	
E1	Percentage of annual benefit statements issued as at 31 August 2024	99.4%
E2	Short commentary if less than 100%	
Ref	Data category	
E3	Common data score	92.26%
E4	Scheme specific data score	82.70%
E5	Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	4.30%
E6	Percentage of active, deferred and pensioner members with an email address held on file	49.25%
E7	Percentage of employers set to make monthly data submissions	100%
E8	Percentage of employers who submitted monthly data on time during the reporting year	56%

E1 – see E2

E2 – 100% were not produced due to data errors from employers. Once we receive a reply from the employer to correct the error the annual benefit statement is produced.

E3 – used to identify scheme members and includes name, address, national insurance number and date of birth.

E4 – essential to calculate benefit entitlement such as pensionable pay and service history. It also encompasses data relating to events that occur during an individual's membership, for example transfers etc.

E5 – the percentage of active, deferred and pensioner members who we do not hold a current address for is very low. However, we continue to try trace these members and engage with additional services to find these members.

E6 – email addresses are not collected as part of the information an employer sends to create a record. They are collected either during the member portal registration process or ad hoc during contact with the member. We try to encourage members to provide personal emails and not work email addresses. The email will be used to communicate with members for bulk actions like ABSs or newsletters.

E7 – the percentage of employers reflects the employers as at 31 March 2025.

Fund Membership

The Fund has matured over the last five years, with pensioner and deferred members (those that are no longer in the Scheme but will be entitled to a pension at some point in the future) making up 70.9% of the overall membership. The past year has seen a decrease in contributing members and a rise in pensioner members:

Membership Category	2021	2022	2023	2024	2025
Active Contributors	6,550	6,780	6,997	6,899	6,799
Pensioners (including survivor beneficiaries)	7,611	7,880	8,256	8,542	8,869
Deferred Beneficiaries	7,728	7,744	7,613	7,775	7,695
Total	21,889	22,404	22,866	23,216	23,363
Undecided Leavers	195	140	184	74	130

(Note: The numbers disclosed in the table above reflect individual pension records within the database at a point in time. Current and past members of the LGPS may have more than one pension record as a result, for example, of having more than one part time contract of employment with a Scheme employer).

Participating employers

As of 31 March 2025, there were 75 different employers in the pension fund:

Scheme Employers – Schedule Bodies	Scheme Employers – Admitted Bodies
Bedfont School	Atlas Cleaning Ltd (WIM Market Orderlies)
Berkeley Academy	Atlas Cleaning Services (Heston School)
Bolder Academy	Atlas Cleaning (Lampton School)
Brentford School For Girls Academy	Caterlink Ltd
Chiswick Community School	Chartwells Hounslow (Feeding Futures) Ltd
Cranford Community College	Coalo (The Cedars)
Cranford Primary School (LEA)	Coalo Limited
Edison Primary School	Coalo Limited (ADP)
Gumley Academy	Coalo Limited (Orchard Primary)
Gunnersbury Catholic School	Cucina (Lampton School)
Heston School	Cucina (Oriel)
Isleworth Academy	Hounslow Action For Youth (HAY)
Kingsley Academy	Junior Adventures Group (Chatsworth School)
Lampton School	Lampton Greenspace 360
Lionel Road Primary School (LEA)	Lampton Leisure
Logic Studio School	Lampton Recycle 360
London Borough of Hounslow	Liberata
Nishkam Schools Multi Academy Trust	Marston Holdings Ltd
Norwood Green Junior School	May Harris Ltd (Marjory Kinnon School)
Oakhill Academy West London	Nourish Contract Catering Ltd (St Pauls)
Oriel Primary School	Octaga Security Services Ltd
Reach Academy Feltham	Olive Dining (Our Lady & St John)
Reach Academy Hanworth Park	Olive Dining (St Lawrence)
Reach Foundation	Olive Dining (St Mary's)
Rivers Academy West London	Olive Dining (St Michael & St Martin)
Space Studio West London	Olive Dining (The Rosary)
Springwest Academy	PS Catering Management Ltd (Sparrow Farm Primary School)
St Marks Academy	Purgo Supply Services Ltd (Isleworth Town Primary School)
St Marys Primary	Ringway
St Richard's School	Slillz4Life (Hounslow Town)
The Rise School	Spectra C I C
West Thames College	Stir Food Ltd (Cardinal Road Infant School)
Westbrook Primary School	Stir Food Ltd (Crane Park)

	Stir Food Ltd (The Blue School)
	Taylor Shaw Ltd
	The Music Service
	The Pantry (Bedfont School)
	The Pantry (Isleworth Academy)
	Wilson Jones - Wellington
	Wilson Jones - Westbrook
	Wilson Jones (Marlborough School)
	Wilson Jones Catering Ltd (Berkeley Academy)

All employers are required submit monthly data returns to the pension scheme administrator, WYPF, and make payment of the monthly contributions directly to the London Borough of Hounslow Pension Fund by 19th day of the month following the payroll deduction. During 2024/25 the following employers made payments after this date and have been recorded on the fund's breach register.

Employer	No. of times late in financial year
Atlas (Western International Market)	1
Atlas (Heston School)	2
Atlas (Lampton School)	1
Atlas (Market Orderlies)	1
May Harris	2
Nourish Catering	1
PS Catering	1
Purgo	1
Reach Academy (Feltham)	1
Reach Academy (Hanworth Park)	1
Stir Food (Blue School)	2
Stir Food (Cardinal Road)	2
Stir Food (Crane Park)	2
Taylor Shaw	1

5. Actuarial Report

Introduction

The last full triennial valuation of the London Borough of Hounslow Pension Fund was carried out as at 31 March 2022 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 28 March 2023.

2022 Valuation Results

The 2022 valuation certified an average primary contribution rate of 19.3% of pensionable pay to be paid by each employing body participating in the London Borough of Hounslow Pension Fund. In addition to this, each employing body has to pay an individual adjustment to reflect its own particular circumstances and funding position within the Fund. Details of each employer's contribution rate are contained in the Rates and Adjustment Certificate in the triennial valuation report.

Contribution Rates

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

- The annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due; plus
- An amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

Asset Value and Funding Level

The smoothed market value of the Fund's assets as at 31 March 2022 for valuation purposes was £1,225m which represented 104% of the Fund's accrued liabilities at that date, allowing for future increases in pay and pensions in payment.

Assumptions

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

Assumption	31 March 2022
Discount rate	4.70% p.a.
Pension increases (CPI)	2.90% p.a.
Salary increases	3.90% p.a.
Pension increases on GMP	Funds will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we have assumed that Funds will be required to pay the entire inflationary increases.
Mortality	The post-retirement mortality assumptions adopted are the S3PA tables with a multiplier of 110% for males and females, making allowance for CMI 2021 projected improvements and a long-term rate of improvement of 1.25% p.a. with an initial rate of improvement of 0% p.a. and smoothing parameter of 7.0. A 2020/21 weighting parameter of 5% was used.
Retirement	Each member retires at a single age, weighted based on when each part of their pension is payable unreduced
Commutation	Members will convert 50% of the maximum possible amount of pension into cash

Updated Position Since the 2022 Valuation

Assets

Investment returns on the Scheme's assets over the year to 31 March 2025 have been lower than assumed in the discount rate, estimated at 3% p.a. The Fund has a slight negative cashflow, however in aggregate over the past three years returns have been positive, meaning the market value of assets at 31 March 2025 has increased since the formal valuation at 31 March 2022.

Despite this, the investment returns have been lower than the discount rate assumption at the previous valuation, so this has led to an overall decrease in the surplus.

Liabilities

The key assumption which has the greatest impact on the valuation of liabilities is the real discount rate (the discount rate relative to CPI inflation) – the higher the real discount rate the lower the value of liabilities. The real discount rate at 31 March 2025 has increased compared with the previous valuation date, primarily due to a reduction to the implied long-term rate of inflation.

However, actual inflation experience since the previous valuation date has placed a higher value on the liabilities. The 2023 and 2024 pension increase awards of 10.1% and 6.7% were higher than the long-term average assumed at the 2022 valuation. The increase associated with this, has been partly offset by a reduction in the long-term inflation assumption. This short-term high inflation and lower longer-term inflation is broadly consistent with what was assumed at the 2022 formal valuation but has contributed to an overall higher liability value.

The pension increase for 2025 was 1.7% which was slightly below the long-term assumption for pension increases, which all else equal would lead to a decrease of the deficit on funding.

The value of liabilities has also increased due to the accrual of new benefits net of benefits paid.

Overall Position

We estimate that the funding position has slightly declined since 31 March 2022 allowing for the above factors.

Allowance for inflation experience and slightly worse than expected cumulative asset performance in the three years to 31 March 2025 will have placed a higher value on the liabilities and a lower-than-expected value on the assets, therefore reducing the value of the Fund's surplus at the previous actuarial valuation. This has been partially offset by an improvement in the net discount rate which has placed a lower value on the Fund's pension liabilities.

However, the methodology and assumptions will be updated as part of the next formal valuation, which will be carried out as at 31 March 2025 with new contribution rates set from 1 April 2026. This will take into account changes in market conditions, assumptions and membership data, and will provide the Fund with an updated position.



Liam Drysdale FFA
Associate
Barnett Waddingham LLP

6. Pension Fund Accounts

a. Statement of Responsibilities

The following statement outlines the respective responsibilities of the Council and its Section 151 Officer in relation to the Pension Fund financial statements included within this Annual Report.

Responsibilities of the Council:

The Council is responsible for:

- Ensuring the proper administration of its financial affairs, in accordance with statutory requirements, and appointing a designated officer to take responsibility for those affairs which is the Section 151 Officer.
- Managing its affairs to ensure the economic, efficient, and effective use of resources, and safeguarding its assets.
- Approve the Statement of Accounts.

Responsibilities of the Section 151 Officer:

The Section 151 Officer is responsible for the preparation both the Council's Statement of Accounts and the Pension Fund Statement of Accounts. These are required, under the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ("The Code"), to present a true and fair view of the financial position of the Council and the Pension Fund as at 31 March 2025, and of the income and expenditure for the year ended.

In preparing these financial statements, the Section 151 Officer has:

- Selected suitable accounting policies and applied them consistently, except where changes have been disclosed within the accounts.
- Made judgments and estimates that are reasonable and prudent.
- Complied with the requirements of the Code.

In addition, the Section 151 Officer has:

- Maintained proper and up-to-date accounting records.
- Taken reasonable steps to prevent and detect fraud and other irregularities.

I certify that the Pension Fund Statement of Accounts presents a true and fair view of the financial position of the London Borough of Hounslow Pension Fund as at 31 March 2025 and of its income and expenditure for the year ended.

Jake Bacchus

Executive Director of Finance and Resources (Section 151 Officer)

Approval of the Statement of Accounts:

I confirm that the Pension Fund Statement of Accounts was formally approved at a meeting of the Audit and Governance Committee held on XX-XXX-XXXX.

Councillor Unsa Chaudri

Chair, Audit and Governance Committee

b. Pension Fund Accounts and Explanatory Notes

FUND ACCOUNT FOR THE YEAR ENDED 31 March 2025

2023/24 £m		2024/25 £m	Notes
Dealings with members, employers and others directly involved in the Fund			
Contributions			
35.0	From employers	38.2	6
11.7	From employees	12.5	6
7.0	Individual transfers in from other pension funds	7.1	
53.7	Total	57.8	
Benefits			
(42.5)	Pensions	(46.3)	7
(8.9)	Commutation, lump sum retirement and death benefits	(12.3)	7
Payments to and on account of leavers			
(5.9)	Individual transfers out to other pension funds	(9.9)	
(0.3)	Refunds to members leaving service	(0.2)	
(57.6)	Total	(68.7)	
(3.9)	Net withdrawals from dealings with members	(10.9)	
(5.5)	Management expenses	(11.5)	8
(9.4)	Net withdrawals including fund management expenses	(22.4)	
Returns on investments			
33.7	Investment income	36.1	9
94.9	Profit and loss on disposal of investments and change in the market value of investments	18.3	12
128.6	Net returns on investments	54.4	
119.2	Net increase/(decrease) in the net assets available for benefits during the year	32.0	
1,212.8	Opening net assets of the Fund	1,332.0	
1,332.0	Closing net assets of the Fund	1,364.0	

NET ASSETS STATEMENT AS AT 31 March 2025

2023/24 £m		2024/25 £m	Notes
	Investment assets		
268.6	Equities	312.7	12
1,007.6	Pooled Investment Vehicle	1,018.8	11
0.4	Private Equity	0.3	12
0.2	Long-term Investment	0.3	12
12.7	Cash (Money Market Fund)	8.8	12
	Other Investment Balances:		
2.7	Investment Income due	2.6	12
0.0	Amounts Receivable for Sales of Investments	0.1	12
32.0	Cash and Cash Equivalents	13.3	
1,324.2	Total	1,356.9	
	Investment Liabilities		
0.0	Amounts Payable for Purchases of Investments	(0.1)	12
1,324.2	Net Value of Investments Assets	1,356.8	
0.2	Long-term Debtors	0.2	
9.9	Current Assets	10.3	17
(2.3)	Current Liabilities	(3.3)	18
1,332.0	Net Assets of the Fund Available to Fund Benefits at the Period End	1,364.0	

Note: the Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in Note 16.

NOTES TO THE FUND ACCOUNTS 2023/24

NOTE 1 – DESCRIPTION OF THE LONDON BOROUGH OF HOUNSLOW PENSION FUND

a) General

The Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by the London Borough of Hounslow. The Fund is a contributory defined benefit scheme established in accordance with statute, which provides for the payment of benefits to employees and former employees of the London Borough of Hounslow and the admitted and scheduled bodies in the Fund. These benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement. The benefits payable in respect of service from 1st April 2014 are based on career average revalued earnings and the number of years of eligible service. Pensions are increased each year in line with the Consumer Price Index.

The Fund is governed by the Public Service Pensions Act 2013 and the following secondary legislation; the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended), the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended), and the LGPS (Management and Investment of Funds) Regulations 2016 (as amended).

b) Governance

The Pension Fund Panel has delegated responsibility from the Council to decide the most appropriate policy for pension fund investments, taking account of the advice of the Executive Director of Finance and Resources. The Pension Fund Panel also agrees pension fund policies including administration. The Pension Board was set up in 2015 in line with Section 5 of the Public Service Pensions Act 2013, to oversee the governance arrangements of the Pension Fund and to assist the Council in complying with LGPS and other regulations relating to the Fund. The Executive Director of Finance and Resources is responsible for the preparation of the Pension Fund Statement of Accounts.

Further details on the governance arrangements of the Pension Fund can be found in the London Borough of Hounslow Pension Fund Annual Report which is published by 1 December each year: <https://www.wypf.org.uk/publications/report-accounts/hounslow-pension-fund-report-and-accounts/>.

c) Membership

Although Scheme employers are required to auto enrol employees into the LGPS, membership of the LGPS is voluntary and employees are free to choose whether to remain in the scheme or to “opt out” and make their own personal arrangements outside the scheme. There are 75 employers within the Fund. Organisations participating in the Fund, and whose staff are automatically entitled to be members of the Fund, include:

- Scheduled bodies are organisations which have a statutory right to be a member of the Local Government Pension Scheme under the regulations e.g. academy schools.
- Admitted bodies participate in the pension scheme under an admission agreement made between the administering authority and the employing organisation.

More information is available on the LGPS scheme on <https://www.wypf.org.uk>. This site is managed by West Yorkshire Pension Fund who are the Fund’s pension benefits administrator.

The following table summarises the membership numbers of the scheme:

31 March 2024		31 March 2025	
No.		No.	
65	Number of Employers	75	
Number of Active Members in Scheme			
4,773	Council	4,802	
2,126	Other Employers	1,997	
6,899	Total	6,799	
Number of Pensioners in Scheme			
6,910	Council	7,118	
1,632	Other Employers	1,751	
8,542	Total	8,869	
Number of Deferred Pensioners in Scheme			
6,114	Council	6,002	
1,661	Other Employers	1,693	
7,775	Total	7,695	
23,216	Total Number of Members in Scheme	23,363	

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average revalued earnings (CARE) scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index. There are a range of other benefits provided under the scheme including early retirement, disability pensions, and death benefits. This is summarised in the following table:

	Service: Pre-1 April 2008	Service: 1 April 2008 to 31 March 2014	Service: Post 1 April 2014
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.	Each year worked is accrued at 1/49 of pensionable pay for the year.
Lump sum	Automatic lump sum of 3 x pension. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	

London Borough of Hounslow Pension Fund provides an additional voluntary contributions (AVC) scheme for its members. The contributions are invested separately from the LGPS fund. The Fund has appointed Standard Life as its active AVC provider. Utmost Life and Pensions (formerly Equitable Life) was the previous AVC provider but is now closed to new members. AVCs are paid to the providers by employers and specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

e) Funding

The Fund is financed by contributions from employees, the Council, the admitted and scheduled bodies and from interest and dividends on the Fund's investments. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employers also pay contributions into the Fund based on triennial funding valuations. The 31 March 2022 valuation covers the three financial years to 31 March 2026.

f) Investment Principles

The LGPS (Management and Investment of Funds) Regulations 2016 require administering authorities to prepare and review, from time to time, a written statement recording the investment policy of the Fund. The Pension Fund Panel approved an Investment Strategy Statement in June 2023, and this is available at the link below. The Statement shows the Fund's compliance with the Myners principles of investment management.

www.wypf.org.uk/media/3532/investment-strategy-statement-june-2023.pdf

The Pension Fund Panel has delegated the management of the Fund's investments to external investment managers (see Note 10) appointed in accordance with regulations, and whose activities are specified in detailed investment management agreements and monitored on a quarterly basis.

NOTE 2 – BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Statement of Accounts summarise the Fund's transactions for the financial year 2024/25 and its position as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

Going Concern

The Statement of Accounts summarise the Fund's transactions for the financial year 2024/25 and its position as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector. The Pension Fund Accounts have been prepared on a going concern basis on the assumption that the functions of the Fund will continue in operational existence for the foreseeable future.

The Fund operates on an accruals basis apart from individual transfer values which have been accounted for on a cash basis.

The Code requires the disclosure of any accounting standards in issue but not adopted by the Code in 2024/25. At the balance sheet date, the following new standards and amendments to existing standards have been issued but not yet adopted by the Code (these standards have no significant impact on the amounts reported in the 2024/25 Pension Fund Accounts due to the nature of the Fund and its investments). The new account standard not yet adopted is "Lack of Exchangeability" (amendments to IAS 21) which was issued in August 2023.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Asset Statement, in the notes to the accounts, or by appending an actuarial report prepared for this purpose. The Authority has opted to disclose this information in Note 16.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – Revenue Recognition

a) Contribution Income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis. The employer contribution rate is set at a percentage rate recommended by the actuary in the payroll period to which they relate. Employee contribution rates are based on employee salaries, set annually in accordance with LGPS regulations.

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

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

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

c) Investment Income

Investment income is reported gross of withholding taxes which are accrued in line with the associated investment income. Investment income arising from the underlying investments of the Pooled Investment Vehicles is either reinvested within the Pooled Investment Vehicles and reflected in the unit price or taken as a cash dividend to support the Fund's outgoing cash flow requirements.

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

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is recognised as a current financial asset in the net asset statement.

Where the amount of an income distribution has not been received from an investment manager by the balance sheet date, an estimate based upon the market value of their mandate at the end of the year is used.

Changes in the net market value of investments are recognised as income or expenditure and comprise all realised and unrealised profits and losses during the year.

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

Fund Account – Expense Items

d) Benefits Payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Lump sums are accounted for in the period in which the member becomes a pensioner. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

e) Taxation

The Fund is an exempt approved fund under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the

proceeds of investments sold. As the Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. Where tax can be reclaimed, investment income in the accounts is shown gross of UK tax. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

f) Management Expenses

The Code does not require breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the Council discloses its Pension Fund management expenses in accordance with the CIPFA guidance: Accounting for Local Government Pension Scheme Management Expenses (2016 Edition). The profit and loss on disposal of investments and changes in the market value of investments also takes account of the fees which have been deducted at source.

Administrative Expenses	All administrative expenses are accounted for on an accruals basis.
Oversight and Governance	Oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged to the Fund. Associated management, accommodation, and other overheads are apportioned to this activity and charged as expenses to the Fund. The cost of obtaining investment advice from the external advisor is included in oversight and governance costs.
Investment Management Expenses	All investment management expenses are accounted for on an accruals basis. The Pension Fund Panel has appointed external investment managers to manage the investments of the Fund. Fees of the investment managers and custodian are agreed in the respective mandates governing their appointments. Managers are paid a fee based on the market value of the investments they manage and/or a fee based on performance. Where an investment manager's fee note has not been received by the balance sheet date, an estimate based upon the market value of the mandate as at the end of the year is used for inclusion in the fund account. The costs of the Council's in-house management team are charged directly to the Fund and a proportion of the Council's costs representing management time spent by officers on investment management is also charged to the Fund.

Net Assets Statement

g) Financial Assets

Financial assets are included in the net assets statement on a fair value through profit and loss or amortised cost basis as at the reporting date. A financial asset is recognised in the net asset

statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the value of the asset are recognised in the Fund account.

The values of investments as shown in the net asset statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 13c). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016). Quoted securities and pooled investment vehicles have been valued at the bid price and fixed interest securities are recorded at net market value based on their current yields at the balance sheet date. Quoted securities are valued by the Fund's custodian and pooled investment vehicles at the published bid prices or those quoted by their managers. Investments in private equity funds are valued based on the Fund's share of the net assets in the private equity fund using the latest financial statements published by the respective fund managers in accordance with the International Private Equity and Venture Capital Valuation Guidelines (December 2018). All other assets are valued at amortised cost.

h) Foreign Currency Transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of the transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period. Differences on exchange are included in the accounts as realised gains or losses under change in market value.

i) Cash and Cash Equivalents

Cash comprises cash in hand and deposits with financial institutions which are repayable on demand without penalty and includes amounts held by the Fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

j) Financial Liabilities

The Fund recognises financial liabilities at fair value or amortised cost as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

k) Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits should be disclosed and based on the requirements of IAS 19 Post-Employment Benefits and relevant actuarial standards. As permitted under the Code, the financial statements include a note disclosing the actuarial present value of retirement benefits (see Note 16).

l) Additional Voluntary Contributions

AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note (Note 19).

m) Contingent Assets, Contingent Liabilities, and Contractual Commitments

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events. A contingent liability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the year-end accounting period to measure the value of the financial obligation reliably.

A contractual commitment is a legally binding obligation arising from a contract under which an entity is obligated to expend money or resources at a future date. This commitment necessitates the future delivery of goods, services, or funds based on the terms agreed upon in the contract.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes (Note 21).

NOTE 4 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 3 above, the Council is required to disclose critical judgements about complex transactions or those involving uncertainty about future events. There were no such critical judgements made during 2024/25.

NOTE 5 – ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates, and assumptions that affect the reported values of assets and liabilities as at the balance sheet date, as well as the reported income and expenditure during the year. These estimates are based on historical experience, current trends, and other relevant factors. However, because they involve a degree of uncertainty, actual outcomes may differ from those estimates.

The items in the Fund's accounts for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pooled Property, Infrastructure, Private Debt, and Private Equity Funds	The Pension Fund holds investments in pooled property, infrastructure, private debt, and private equity funds. These assets are illiquid and not publicly traded, and as such are classified as Level 3 in the fair value hierarchy. Valuations are provided by the fund managers and are based on a range of unobservable inputs including comparable market data, third-party valuations, indices, and forecast cashflows. Due to the subjective nature of these inputs, there is inherent estimation uncertainty in the reported valuations.	The precise impact of changes in valuation assumptions cannot be reliably quantified. However, the value of these assets as at 31 March 2025 is £104.1m (2023/24: £73.7m), The range of sensitivity that have been applied to these assets and the impact of changes can be found in note 14 under market price risk.

NOTE 6 – CONTRIBUTIONS RECEIVABLE

Employee contributions are calculated on a tiered basis, with rates applied as a percentage of each member's pensionable pay in accordance with LGPS regulations. Employer contributions covering the administering authority, scheduled bodies, and admitted bodies, are set by the Fund's actuary as part of the triennial valuation process, with the aim of ensuring the long-term solvency and sustainability of the Fund.

The tables below provide a breakdown of total contributions received during the financial year, first by type of employer, and then by contribution category.

2023/24		2024/25
£m	By Type of Employer	£m
35.4	Administering Authority	38.1
8.4	Scheduled Bodies	9.0
2.9	Admitted Bodies	3.6
46.7	Total	50.7

2023/24		2024/25
£m	By Category	£m
11.7	Employee Normal Contributions	12.5
Employer Contributions:		
34.3	Normal Contributions	36.4
0.6	Deficit Recovery Contributions	0.7
0.1	Augmentation Contributions	1.1
46.7	Total	50.7

NOTE 7 – BENEFITS PAYABLE

The tables below provide a breakdown of the total benefits payable by the Fund during the year, first by type of employer and then by benefit category.

2023/24		2024/25
£m	By Type of Employer	£m
44.4	Administering Authority	48.6
3.3	Scheduled Bodies	4.3
3.7	Admitted Bodies	5.7
51.4	Total	58.6

2023/24		2024/25
£m	By Category	£m
42.5	Pensions	46.3
7.8	Commutation and Lump Sum Retirement Benefits	10.7
1.1	Lump Sum Death Benefits	1.6
51.4	Total	58.6

NOTE 8 – MANAGEMENT EXPENSES

The table below provides a breakdown of management expenses incurred by the Fund during the financial year, analysed by category.

2023/24		2024/25
£m	Management Expenses	£m
1.2	Administration	1.2
0.3	Oversight and Governance	0.2
4.0	Investment Management	10.1
5.5	Total	11.5

Investment management expenses have been grossed up to include fees that are netted off within investment valuations, in accordance with CIPFA's guidance *Accounting for Local Government Pension Scheme Management Expenses* (2016 Edition). This adjustment increases both the reported investment management expenses and the change in market value of investments equally, with no effect on the Fund's overall net asset position.

Included with the oversight and governance costs are external audit fees for the Fund, which totalled £84k in 2024/25 (2023/24: £77k).

NOTE 8a – INVESTMENT MANAGEMENT EXPENSES

The table below provides a detailed breakdown of investment management expenses incurred during the financial year, analysed by category.

2023/24		2024/25
£'000	Investment Management Expenses	£'000
3,573	Management Fees	5,188
0	Performance Fees	3,557
400	Transaction Costs	1,256
54	Custody Fees	67
4,027	Total	10,068

Transaction costs represent incremental expenses that are directly attributable to the acquisition or disposal of investment assets. These costs would not have been incurred had the Fund not undertaken the transaction, and typically include broker commission, advisory fees, agent charges, anti-dilution levies, regulatory fees, exchange charges, and applicable taxes or duties.

Performance-related fees totalled £3.557m in 2024/25 (2023/24: nil) and relate to specific investment mandates where performance exceeded predefined benchmarks.

NOTE 9 – INVESTMENT INCOME

The table below provides a breakdown of investment income earned by the Fund during the year:

2023/24		2024/25
£m		£m
10.5	Dividends from Equities	6.9
22.2	Income from Pooled Investments	28.4
1.0	Interest on Cash Deposits	0.8
33.7	Total	36.1

Investment incomes include distributions from pooled investment vehicles, dividends from directly held equities, and interest earned on cash and short-term deposits.

NOTE 10 – INVESTMENT MANAGEMENT ARRANGEMENTS

As at 31 March 2025, the Fund's investment portfolio was managed by the following external investment managers:

- Aberdeen Standard Investments
- BlackRock Investment Ltd
- CBRE Global Investors Ltd
- CCLA Investment Management Ltd
- Columbia Threadneedle Investments Ltd
- Fidelity International Ltd
- London LGPS CIV Limited (LCIV)

All fund managers operate under Investment Management Agreements (IMAs) or pooled fund arrangements that set out their mandates and restrictions. Managers have delegated authority to invest within the parameters set by the Pension Fund Panel. Each fund manager has been appointed with clearly defined strategic benchmarks, against which performance is assessed.

The Fund has been a shareholder in London LGPS CIV Limited (LCIV), the pooled investment vehicle for London local government pension schemes, since 2016. The share capital value has been disclosed in the table below.

Northern Trust has acted as the Fund's global custodian since February 2007, and is responsible for the safekeeping of assets, settlement of transactions, and collection of investment income.

The Fund's bank account is held with National Westminster Bank plc.

Market Value of Investments by Fund Manager:

The table below shows the market value and proportion of investments managed by each fund manager as at 31 March 2025:

31 March 2024 Market Value				31 March 2025 Market Value	
£m	%	Fund Manager	Mandate	£m	%
Managed via LCIV regional asset pool:					
193.2	14.6%	Insight Investment Management Ltd	Bonds	185.8	13.7%
154.5	11.7%	Longview Partners (Guernsey) Ltd	Global Equities	152.3	11.2%
112.5	8.5%	RBC Global Asset Management (UK) Ltd	Sustainable Equities	114.1	8.4%
0.0	0.0%	CQS and PIMCO Europe Ltd	Multi-Asset Credit***	70.0	5.2%
0.0	0.0%	London CIV	Private Debt**	21.8	1.6%
22.3	1.7%	London CIV	Infrastructure*	28.6	2.1%
0.2	0.0%	London CIV	Share Capital	0.3	0.0%
482.7	36.5%	Total Pooled	Sub-Total	572.9	42.2%
Managed outside LCIV:					
601.0	45.4%	BlackRock Investment Ltd	Global Balanced	651.6	48.0%
49.3	3.7%	Aberdeen Standard Investments	Global Balanced	26.8	2.0%
125.9	9.5%	Fidelity International Ltd	Multi-Asset Income***	39.3	2.9%
33.6	2.5%	Columbia Threadneedle Investments Ltd	Property	35.6	2.6%
16.8	1.3%	CBRE Global Investors Ltd	Property	17.1	1.3%
0.4	0.0%	CCLA Investment Management Ltd	Property	0.4	0.0%
0.4	0.0%	Various	Private Equity	0.3	0.0%
827.4	62.4%	Total Outside Pool	Sub-Total	771.1	56.8%
14.1	1.1%	Internal	Cash and Cash Equivalents	12.8	1.0%
1,324.2	100.0%	Total investments at 31 March		1,356.8	100.0%

Investment Commitments and Strategic Changes:

* In March 2022, the Fund committed £40m to the LCIV Renewable Infrastructure Fund.

- As at 31 March 2025, the outstanding commitment was £13.9m (Note 21).

** In November 2024, the Fund committed £70m to the LCIV Private Debt II Fund.

- As at 31 March 2025, the outstanding commitment was £48.5m (Note 21).

*** Following the 2022 triennial valuation, the Fund undertook a review of its Strategic Asset Allocation, with changes scheduled for phased implementation over subsequent years. As part of this strategy, the following transactions took place during 2024/25:

- A partial divestment of £85m from Multi-Asset Income investment managed by Fidelity International Ltd.
- An investment of £70m into the LCIV Multi-Asset Credit Fund.
- The remaining £15m was retained within the Fund to maintain adequate liquidity and to meet future capital calls associated with commitments to the LCIV Private Debt II Fund and the LCIV Renewable Infrastructure Fund.

Concentration of Investments:

The following individual investments exceeded 5% of the net assets of the Fund as at 31 March 2025.

31 March 2024 Market Value			31 March 2025 Market Value	
£m	%	Asset Name	£m	%
265.3	20.0	Blackrock ACS World ex UK Equity Tracker	277.5	20.3%
193.2	14.6	LCIV – Long Duration Buy & Maintain Credit Fund	185.8	13.7%
154.5	11.7	LCIV – Longview Partners Global Equity Fund	152.3	11.2%
112.5	8.5	LCIV – RBC Sustainable Equity Fund	114.1	8.4%
-	-	LCIV – Multi-Asset Credit Fund	70.0	5.2%
125.9	9.5	Fidelity Multi-Asset Income Fund	-	0.0%
851.4	64.3		799.7	58.8%

Note: as at 31 March 2025, the value of the Fidelity Multi-Asset Income Fund has decreased to £39.3m (2023/24: £125.9m), and it no longer represented more than 5% of the Fund's net assets.

NOTE 11 – POOLED INVESTMENTS

The table below provides a breakdown of the Pension Fund's holdings in pooled investment vehicles by asset class:

31 March 2024		31 March 2025
£m	Asset Class	£m
254.1	Bonds	238.4
554.5	Equities	567.6
22.3	Infrastructure	28.6
0.0	Multi-Asset Credit	70.0
125.9	Multi-Asset Income	39.3
0.0	Private Debt	21.8
50.8	Property	53.1
1,007.6	Total	1,018.8

All investments held through pooled investment vehicles are valued at fair value as at 31 March 2025. Movements between years reflect the Fund's strategic asset allocation decisions, market performance, and subscriptions or redemptions made during the year.

NOTE 12 – RECONCILIATION OF MOVEMENT IN INVESTMENTS

The table below provides a reconciliation of the movement in the market value of the Fund's investments during the financial years ending 31 March 2024, and 31 March 2025. All investment assets are stated at fair value.

Market value as at 31 March 2024		Purchases during the year	Sales during the year	Change in Market value during the year	Market value as at 31 March 2025
£m	Financial Assets	£m	£m	£m	£m
268.6	Equities	58.5	(47.6)	33.2	312.7
1,007.6	Pooled Investment Vehicle	111.5	(85.3)	(15.0)	1,018.8
0.4	Private Equity	0.0	(0.1)	0.0	0.3
0.2	Long-term Investment	0.0	0.0	0.1	0.3
12.7	Cash (Money Market Fund)	34.7	(38.6)	0.0	8.8
1,289.5	Total	204.7	(171.6)	18.3	1,340.9
Other Investment Balances:					
32.0	Cash and Cash Equivalents				13.3
2.7	Investment Income				2.6
-	Amounts Receivable for Sales				0.1
-	Amounts Payable for Purchases				(0.1)
1,324.2	Net Investment Assets			18.3	1,356.8

Market value as at 31 March 2023		Purchases during the year	Sales during the year	Change in Market value during the year	Market value as at 31 March 2024
£m	Financial Assets	£m	£m	£m	£m
380.3	Equities	63.5	(204.3)	29.1	268.6
782.2	Pooled Investment Vehicle	407.4	(247.9)	65.9	1,007.6
0.7	Private Equity	-	(0.2)	(0.1)	0.4
0.2	Long-term Investment	-	-	-	0.2
8.0	Cash (Money Market Fund)	18.3	(13.6)	-	12.7
1,171.4	Total	489.2	(466.0)	94.9	1,289.5
Other Investment Balances:					
28.6	Cash and Cash Equivalents				32.0
3.4	Investment Income				2.7
(0.1)	Amounts Payable for Purchases				-
1,203.3	Net Investment Assets			94.9	1,324.2

NOTE 13a – CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below summarises the classification of the Fund's financial instruments in accordance with IFRS 9, as at 31 March 2025. Financial assets and liabilities are classified into appropriate categories based on the nature of the instrument and how it is measured.

Financial Assets - Fair value through profit and loss	31 March 2024			Financial Assets - Fair value through profit and loss	31 March 2025		
	Financial Assets - amortised cost	Financial liabilities - amortised cost			Financial Assets - amortised cost	Financial liabilities - amortised cost	
£m	£m	£m		£m	£m	£m	
			Financial Assets				
268.6	-	-	Equities	312.7	-	-	
1,007.6	-	-	Pooled Investment Vehicle	1,018.8	-	-	
0.4	-	-	Private Equity	0.3	-	-	
0.2	-	-	Long-term Investment	0.3	-	-	
-	12.7	-	Cash (Money Market Fund)	-	8.8	-	
-	32.0	-	Cash and Cash Equivalents	-	13.3	-	
-	2.7	-	Investment Income	-	2.6	-	
-	0.0	-	Amounts Receivable for Sales	-	0.1	-	
-	4.2	-	Debtors*	-	4.2	-	
-	5.9	-	Cash at Bank	-	6.3	-	
1,276.8	57.5	0.0	Total Financial Assets	1,332.1	35.3	0.0	
			Financial liabilities				
-	-	0.0	Amounts Payable for Purchases	-	-	(0.1)	
-	-	(2.3)	Creditors	-	-	(3.3)	
-	-	(2.3)	Total Financial Liabilities	-	-	(3.4)	
1,276.8	57.5	(2.3)	Net Assets	1,332.1	35.3	(3.4)	

* The long-term debtor balance of £0.2m (31 March 2024: £0.2m) is included in respect of Lifetime Allowance tax charges recoverable from members over time.

NOTE 13b – NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

The table below summarises the net gains and losses arising from changes in the fair value of the Fund's financial instruments. These gains and losses are recognised in the Fund Account under "Returns on Investments".

2023/24		2024/25	
£m	Financial assets	£m	
94.9	Fair value through profit and loss	18.3	
94.9	Total Financial Assets	18.3	

NOTE 13c – VALUATION OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

All investments are valued at fair value in accordance with the requirements of the CIPFA Code of Practice and IFRS 13. The determination of fair value is based on a three-level hierarchy that reflects the reliability of the inputs used in the valuation process, with preference for observable market data where available. There were no changes to the valuation techniques used during the year.

Level 1 – Quoted Market Values:

Financial instruments in this category are valued using unadjusted quoted prices in active markets for identical assets or liabilities. These typically include quoted equities, government

bonds, and unit trusts. The valuation is based on bid prices obtained directly from the relevant stock exchange.

Level 2 – Observable Inputs:

These instruments do not have directly quoted prices but are valued using inputs that are observable either directly or indirectly. This typically includes pooled investment vehicles valued using Net Asset Value (NAV) pricing where the NAV is based on underlying observable market date. Examples include some unlisted but regularly priced pooled funds.

Level 3 – Unobservable Inputs:

Instruments classified in this category rely on significant inputs that are not based on observable market data. Valuation techniques may involve the use of estimated cashflows, multiples of earnings or revenue, and peer comparisons. This includes private equity, private debt, infrastructure, and property investments where valuations are typically based on the Fund's share of underlying net assets as reported by fund managers.

The table below sets out the valuation basis applied to each class of investment as at the reporting date:

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments - equities	Level 1	Quoted bid price on the final day of the accounting period	Not applicable	Not applicable
Cash and cash equivalents	Level 1	Carrying value approximates fair value due to short-term nature	Not applicable	Not applicable
Investment debtors and creditors	Level 1	Carrying value approximates fair value due to short-term nature	Not applicable	Not applicable
Pooled investments – equities and bonds	Level 2	Closing bid price or single price, depending on the fund pricing structure	NAV-based pricing using evaluated price feeds	Not considered materially sensitive due to the use of observable market data
Pooled investments – property	Level 3	NAV-based pricing reflecting the Fund's share of underlying assets	NAV reflects independent property valuations in line with RICS standards	Valuations are sensitive to changes in rental income assumptions, occupancy rates, and market discount rates
Pooled investments – infrastructure funds	Level 3	NAV-based pricing reflecting the Fund's share of underlying assets	Forward pricing based on forecast cashflows and estimated asset values	Sensitive to changes in projected cash flows, regulatory developments, or cost assumptions
Private equity funds	Level 3	Share of net assets based on valuation reports provided by fund managers	Valued in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018)	Valuations may be impacted by changes in expected future cash flows or discrepancies between unaudited and audited financial statements of underlying investments

The table below analyses the Fund's financial assets and liabilities measured at fair value, grouped by the level of the fair value hierarchy as defined in IFRS 13 (see above):

31 March 2024				31 March 2025			
Quoted Market price	Using observable inputs	With significant unobservable inputs	Total	Quoted Market price	Using observable inputs	With significant unobservable inputs	Total
Level 1 £m	Level 2 £m	Level 3 £m	£m	Level 1 £m	Level 2 £m	Level 3 £m	£m
Financial assets at fair value through profit and loss							
268.6	-	-	268.6	312.7	-	-	312.7
-	934.5	73.1	1,007.6	-	915.3	103.4	1,018.8
-	-	0.4	0.4	-	-	0.3	0.3
-	-	0.2	0.2	-	-	0.3	0.3
Financial assets at amortised cost							
12.7	-	-	12.7	8.8	-	-	8.8
32.0	-	-	32.0	13.3	-	-	13.3
2.7	-	-	2.7	2.6	-	-	2.6
-	-	-	-	0.1	-	-	0.1
316.0	934.5	73.7	1,324.2	337.5	915.3	104.1	1,356.9
Financial liabilities at amortised cost							
-	-	-	-	(0.1)	-	-	(0.1)
-	-	-	-	(0.1)	-	-	(0.1)
316.0	934.5	73.7	1,324.2	337.4	915.3	104.1	1,356.8

NOTE 13d – RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

The following table provides a reconciliation of movements in the fair value of financial instruments categorised within Level 3 of the fair value hierarchy:

Market value as at 31 March 2024		Purchases	Sales	Unrealised Gains/(Losses)	Market value as at 31 March 2025
£m		£m	£m	£m	£m
50.8	Property	0.0	0.0	2.3	53.1
22.3	Infrastructure	7.0	0.0	(0.7)	28.6
0.0	Private Debt	21.5	0.0	0.3	21.8
0.4	Private Equity	0.0	(0.1)	0.0	0.3
0.2	Long-term Investment	0.0	0.0	0.1	0.3
73.7	Total	28.5	(0.1)	2.0	104.1

Market value as at 31 March 2023		Purchases	Sales	Unrealised Gains/(Losses)	Market value as at 31 March 2024
£m		£m	£m	£m	£m
51.5	Property	-	-	(0.7)	50.8
17.7	Infrastructure	5.4	-	(0.8)	22.3
0.7	Private Equity	-	(0.2)	(0.1)	0.4
0.2	Long-term Investment	-	-	-	0.2
70.1	Total	5.4	(0.2)	(1.6)	73.7

NOTE 14 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and Risk Management

The Fund's principal long-term risk is that its assets may fall short of its liabilities, namely the benefits promised to members. Investment risk management aims to mitigate the probability of a reduction in the overall value of the Fund while seeking to maximise returns. This is primarily

achieved through a diversified investment strategy that manages exposures to key risks e.g., market risk (including price, interest rate, and currency risks), credit risk, and liquidity risk.

The Pension Fund Panel has overall responsibility for the Fund's risk management strategy. Risk policies are designed to identify, monitor, and control investment risks, and are reviewed regularly in response to changing market and economic conditions.

Market Risk

Market risk is the risk of financial loss due to changes in market variables such as equity prices, interest rates, foreign exchange rates, and credit spreads. The Fund is exposed to market risk across its entire investment portfolio. To manage this risk, the Fund maintains a diversified asset allocation across various classes, geographies, and sectors. The Pension Fund Panel and investment advisors regularly monitor market developments and undertake benchmark and performance analysis.

Price Risk

Price risk arises from fluctuations in the value of financial instruments due to factors specific to individual securities or wider market conditions. The Fund manages this risk through diversified investments and strategic selection of assets by its investment managers. Regular monitoring ensures compliance with the Fund's Investment Strategy Statement (ISS).

Based on historical analysis and expected return volatility, and following consultation with PIRC Limited, the Fund's performance measurement provider, the estimated potential price movements for the 2025/26 reporting period are as follows:

Market Price Risk – 31 March 2025

Asset type	Value £m	Percentage Change %	Value on Increase £m	Value on Decrease £m
UK Equities	312.7	10.8%	346.5	278.9
Overseas Equities	567.5	10.8%	628.8	506.2
Bonds	52.7	10.6%	58.2	47.1
Infrastructure	28.6	13.1%	32.4	24.9
Property	53.1	5.8%	56.2	50.0
Cash and Cash Equivalents	24.7	1.5%	25.0	24.3
Alternatives	0.3	6.6%	0.3	0.3
Private Debt	21.8	1.9%	22.2	21.3
Long Term Investment	0.3	0.0%	0.3	0.3
Income Fund	295.1	10.6%	326.4	263.8
Total Investment Assets	1,356.8	9.2%	1,496.3	1,217.1

Market Price Risk – 31 March 2024

Asset type	Value £m	Percentage Change %	Value on Increase £m	Value on Decrease £m
UK Equities	268.6	10.3%	296.3	240.9
Overseas Equities	554.5	10.3%	611.6	497.4
Bonds	60.9	9.5%	66.7	55.1
Infrastructure	22.3	4.0%	23.2	21.4
Property	50.8	7.1%	54.4	47.2
Cash and Cash Equivalents	47.4	0.6%	47.7	47.1
Alternatives	0.4	6.6%	0.4	0.4
Long Term Investment	0.2	0.0%	0.2	0.2
Income Fund	319.1	9.5%	349.4	288.8
Total Investment Assets	1,324.2	8.9%	1,449.9	1,198.5

Interest Rate Risk

The Fund invests in financial assets primarily to generate investment returns. These assets are subject to interest rate risk, which is the risk that their fair value or future cash flows will fluctuate due to changes in market interest rates.

The Pension Fund Panel, in conjunction with its investment advisors, monitors interest rate exposure throughout the year in accordance with the Fund's risk management strategy. This includes comparing actual interest rates against relevant market benchmarks.

Interest rate risk primarily affects fixed interest securities and cash and cash equivalents. As at 31 March 2025, the total value of these investments was £74.8m (31 March 2024: £105.7m).

Assuming all other variables remain constant (particularly exchange rates), a 1% increase in interest rates would result in an estimated increase in asset values of £0.6m (31 March 2024: £1.1m). Conversely, a 1% decrease would reduce the value by £0.8m (31 March 2024: £1.1m).

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund is exposed to currency risk through investments denominated in currencies other than Sterling.

The Pension Fund Panel acknowledges that a strengthening or weakening of the pound against foreign currencies can increase or reduce the net asset value of the Fund. Currency risk is actively monitored in line with the Fund's risk management framework.

In consultation with its performance measurement provider, PIRC Limited, the Fund has assessed the likely volatility associated with foreign exchange rate movements, as shown below:

Currency Risk – 31 March 2025	Value	Percentage	Value on	Value on
Asset type	£m	Change	Increase	Decrease
		%	£m	£m
Overseas Equities	567.5	6.3%	603.2	531.7
Income Fund	295.1	6.1%	313.1	277.1
Alternatives	0.3	4.2%	0.3	0.3
Total Investment Assets	862.9		916.6	809.1

Currency Risk – 31 March 2024	Value	Percentage Change	Value on Increase	Value on Decrease
Asset type	£m	%	£m	£m
Overseas Equities	554.5	6.4%	590.0	519.0
Income Fund	319.1	6.1%	338.5	299.6
Alternatives	0.4	4.3%	0.3	0.3
Total Investment Assets	874.0		928.8	818.9

Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to meet its financial obligations as they fall due. To manage this risk, the Fund closely monitors its cash flow requirements and maintains sufficient cash and liquid assets to meet current and future obligations.

The Fund receives a monthly income into its current account from some of its investment assets, which helps maintain liquidity. Additionally, the Fund holds a liquidity account with National Westminster Bank plc and held a balance of £6.3m as at 31 March 2025 (31 March 2024: £5.9m). The Fund also has access to an overdraft facility for short-term needs.

The Fund defines liquid assets as those that can be converted into cash within 3 months under normal market conditions. As at 31 March 2025, liquid assets represented 92.3% of the total Fund value (2023/24: 94.4%).

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument may fail to meet its contractual obligations, resulting in a financial loss to the Fund.

This risk is mitigated by investing through regulated fund managers and counterparties with high credit ratings, as well as by maintaining diversified exposure to credit markets. The market value of investments reflects the market's assessment of credit risk and is inherently factored into pricing.

Credit risk may also arise from employer defaults on pension contributions. To manage this, the Fund typically requires admission guarantees for new employers. No defaults have occurred in recent years.

The table below summarises the credit quality of the Fund's money market and bank deposit holdings at year-end based on Fitch long-term ratings:

Money Market Fund(s)	Rating	31 March 2024 £m	31 March 2025 £m
BlackRock ICS Sterling Liquidity Fund	AAA	12.7	8.8
Custody and Deposit Accounts			
Northern Trust Global Services (Custody)	AA-	32.0	13.3
NatWest Bank plc	A+	5.9	6.3
Total		50.6	28.4

NOTE 15 – FUNDING ARRANGEMENTS

The LGPS Regulations require that a full actuarial valuation of the Fund be carried out every three years. The purpose of this is to establish that the London Borough of Hounslow Pension Fund is able to meet its liabilities to past and present contributors and to review the employer contribution rates.

The latest full triennial valuation of the Fund was carried out by Barnett Waddingham, the Fund's actuary, as at 31 March 2022 in accordance with the Funding Strategy Statement of the Fund and Regulation 62 of the Local Government Pension Scheme (Administration) Regulations 2013. The results were published in the triennial valuation report dated 28 March 2023, with the funding level rising to 104% (2019 valuation funding level: 94%). This report details the fund assumptions and employer contribution rates for the three years from 2023/24. The actuarial valuation report is available at <https://www.wypf.org.uk/publications/valuations/hounslow-pension-fund-valuation/> and the Funding Strategy Statement is available at <https://www.wypf.org.uk/publications/policy-home/hpf-index/>.

In accordance with the 2022 actuarial valuation, the primary contribution rate for the Fund for the 3-year period from 1 April 2023 to 31 March 2026 is 19.3% of payroll. The primary contribution rate is the rate which, in addition to contributions paid by members, is sufficient to meet 100% of the liabilities arising in respect of service after the valuation.

The latest actuarial valuation, carried out using the projected unit method, is based on economic and statistical assumptions. The main assumptions are detailed below:

Asset Class	2022 Allocation %	Neutral Assumption (p.a.) %
Gilts	5.0	2.0
Corporate Bonds	10.0	2.8
Equities	59.0	6.9
Property	5.0	6.4
Infrastructure	6.0	6.4
Cash Plus	15.0	5.1
Less Expenses		(0.2)
Neutral Return		5.7
Less Prudence Adjustment		(1.0)
Prudent Discount Rate Assumption		4.7

Financial Assumptions	2019 % per annum	2022 % per annum
Discount Rate	4.70	4.70
Consumer Price Inflation (CPI)	2.60	2.90
Salary Increases	3.60	3.90

The actuarial values of the Fund's assets and liabilities are set out in the table below:

		2019	2022
Actuarial Value of Liabilities	£m	(1,101.0)	(1,173.0)
Actuarial Value of Assets	£m	1,034.0	1,226.0
Surplus/(Deficit)	£m	(67.0)	53.0
Funding Level	%	93.9	104.5

NOTE 16 – ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

The table below sets out the total net liability of the Fund as at 31 March 2025. These figures have been prepared by Barnett Waddingham, the Fund's actuary, solely for the purpose of disclosing the actuarial present value of promised retirement benefits under IAS 26. They are provided in addition to the triennial funding valuation and are not relevant for calculations carried out for funding purposes or any other statutory requirement under UK pensions legislation.

The calculations have been carried out using methods and assumptions consistent with IAS 19.

31 March 2024		31 March 2025
£m		£m
(1,329.0)	Present Value of Promised Retirement Benefits	(1,178.3)
1,333.1	Fair Value of Scheme Assets (Bid Value)	1,364.0
4.1	Net Asset/(Liability)	185.7

Assumptions

To assess the value of the Fund's liabilities as at 31 March 2025, the results of the 31 March 2022 funding valuation have been rolled forward, using financial assumptions compliant with IAS 19.

Demographic Assumptions

The demographic assumptions used are consistent with those adopted in the 2022 valuation. In particular, the post-retirement mortality assumptions are based on the S3PA tables with a 110% multiplier for both males and females. Future improvements in longevity are modelled using the CMI 2023 projection model, with a long-term improvement rate of 1.25% per annum.

Assumed life expectancy at age 65 is as follows:

31 March 2024			31 March 2025
(years)	Life expectancy from age 65		(years)
20.8	Retiring today	Males	20.7
23.3	Retiring today	Females	23.3
22.0	Retiring in 20 years	Males	22.0
24.7	Retiring in 20 years	Females	24.7

Financial Assumptions

31 March 2024		31 March 2025
%		%
4.90	Discount Rate	5.80
2.95	Pension Increases (CPI)	2.90
3.25	RPI Inflation	3.20
3.95	Salary Increases	3.90

Virgin Media vs NTL Pension Trustees Case:

The High Court (2023) and Court of Appeal (2024) have ruled on the Virgin Media vs. NTL Pension Trustees case, concerning historic scheme amendments and the requirement for written confirmations from scheme actuaries under Section 37 of the Pension Schemes Act 1993. The rulings create uncertainty over the validity of certain past amendments.

As at the date of approval of these accounts, and following the Government's announcement on 5 June 2025, our assessment is that the Virgin Media judgment is not expected to apply to LGPS schemes. Based on current guidance and assessment from the Local Government Association (LGA) and fund actuary, no adjustments to LGPS liabilities have been made in respect of this matter, and no material impact is expected.

Management will continue to monitor legal, actuarial and legislative developments and will assess any future implications for the Fund as appropriate.

NOTE 17 – CURRENT ASSETS

The current assets of the Fund as at 31 March 2025 are summarised below:

31 March 2024		31 March 2025	
£m	Debtors	£m	
2.9	Contributions Due - Employers	3.0	
1.0	Contributions Due - Employees	1.0	
5.9	Cash Balances at Bank	6.3	
0.1	Other Debtors	0.0	
9.9	Total	10.3	

NOTE 18 – CURRENT LIABILITIES

The current liabilities of the Fund as at 31 March 2025 are summarised below:

31 March 2024		31 March 2025	
£m	Creditors	£m	
0.9	West Yorkshire Pension Fund	1.7	
0.4	Management Fees	0.3	
0.6	PAYE Tax Due to HMRC	0.7	
0.4	Benefits Payable	0.5	
0.0	Other Creditors	0.1	
2.3	Total	3.3	

NOTE 19 – ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Fund's current Additional Voluntary Contributions (AVC) provider is Standard Life, with Utmost Life and Pensions (formerly Equitable Life) as the legacy provider. AVCs are invested separately from the Fund's main assets.

The table below shows the movements in AVC balances during the year:

2023/24				2024/25			
Income	Expenditure	Market Value	Provider	Income	Expenditure	Market Value	
£	£	£		£	£	£	
42,070.58	2,481.33	360,140.02	Standard Life	42,759.96	-	430,557.07	
6,896.40	-	93,338.29	Utmost Life and Pensions	4,290.35	-	97,628.64	
48,966.98	2,481.33	453,478.31	Total	47,050.31	-	528,185.71	

Income includes normal and special contributions, transfers in, and interest. Expenditure includes benefits paid, transfers out, refunds, and lump sum death benefits.

In accordance with Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016, these contributions, and the corresponding assets are not included in the Fund's financial statements.

AVC arrangements provide benefits on a money purchase basis for members who choose to pay AVCs. Each member receives an annual statement from the AVC provider detailing the value of their account and the transactions during the year. The Fund relies on members to ensure the deductions shown in their provider statements are accurate.

NOTE 20 – RELATED PARTY TRANSACTIONS

The London Borough of Hounslow is the administering authority for the London Borough of Hounslow Pension Fund and is therefore classified as a related party. During 2024/25, various transactions took place between the Fund and the Council as part of the routine administration of the scheme.

As at 31 March 2025, an amount of £3.1m was due from the Council in respect of employer and employee contributions for March 2025 (2023/24: £3.1m). These contributions were received by the Fund on 19 April 2025 (2023/24: 19 April 2024), in accordance with regulatory requirements.

The Fund incurred administrative expenses of £0.8m in 2024/25 (2023/24: £0.8m), covering general overheads and officer time provided by the Council in support of the Fund's operations.

The Fund holds an equal shareholding in London LGPS CIV Ltd, the entity established to facilitate the pooled investment of London Local Government Pension Scheme (LGPS) assets. During the year, fees invoiced to the Fund by London CIV totalled £136k (2023/24: £133k).

The position of Independent Chair of the Pension Board, held by Neil Mason, attracts an annual allowance of £6k, in addition to reimbursement of eligible travel expenses.

No other material related party transactions were identified during 2024/25 (2023/24: nil).

Governance

The following Pension Board members were members of the Local Government Pension Scheme (LGPS) during 2024/25:

- Benjamin Tomlinson – Active Member
- Daniel Austin – Active Member
- David Carlin – Active Member
- William Cassell – Pensioner Member

Neil Mason served as the Independent Chair of the Pension Board during the year.

Key Management Personnel

The key management personnel of the Fund include:

- Members of the Pension Fund Panel
- Executive Director of Finance and Resources (\$151 Officer)
- Director of Finance Services
- Director of Financial Control
- Head of Pensions and Treasury

All key management personnel with the exception of the Director of Financial Control, the Head of Pensions and Treasury, and elected members i.e., Councillors, were active members of the LGPS during the year.

Additionally, John Wiffen, a member of the Pension Fund Panel, was an active member of the LGPS in 2024/25.

Their costs have been reasonably apportioned between the Pension Fund Accounts and the Council's Accounts and are disclosed in the table below. The short-term benefits disclosed are also included within the administrative expenses in Note 8. The disclosed post-employment benefits represent the movement in valuation between years, with the latest valuation included in the calculation between the fair value of promised retirement benefits in Note 16.

The combined compensation for these officers attributable to the Pension Fund is shown in the table below:

31 March 2024		31 March 2025	
	£m		£m
	0.2	Short term benefits	0.2
	0.1	Post Employment benefits	0.1
	0.3	Total	0.3

NOTE 21 – CONTINGENT ASSETS, CONTINGENT LIABILITIES, AND CONTRACTUAL COMMITMENTS

As at 31 March 2025, the Fund had outstanding capital commitments of £62.4m (31 March 2024: £20.9m) relating to investments in pooled infrastructure and private debt funds managed by London LGPS CIV Ltd (London CIV). These commitments arise from the following:

- A £40m commitment to the LCIV Renewable Infrastructure Fund, made in March 2022, with an outstanding balance of £13.9m at year-end.
- A £70m commitment to the LCIV Private Debt II Fund, made in November 2024, with an outstanding balance of £48.5m at year-end.

Capital calls are made at the discretion of the fund managers and are irregular in both size and timing, continuing until the full committed amounts have been drawn down.

Where applicable, capital calls may include equalisation adjustments. These adjustments are intended to ensure fair treatment of investors subscribing at different times and may result in the Fund either making additional equalisation payments to the pooled vehicle or receiving equalisation payments from the vehicle. Such payments reflect the Fund's proportional entitlement to, or obligation for, income or gains earned by the fund prior to its subscription.

There are no contingent assets or contingent liabilities to report as at 31 March 2025.

NOTE 22 – EVENTS AFTER THE REPORTING DATE

The Fund has assessed all events occurring after the reporting date up to the date of approval of the financial statements. There were no significant post-balance sheet events identified that require disclosure of adjustment in the 2024/25 financial statements.

7. Additional Information

a. Compliance with Regulations

In accordance with Regulation 55 of the Local Government Pension Scheme Regulations 2013, all administering authorities are required to publish a Governance Compliance Statement. This statement must outline the governance arrangements of the Fund and detail the extent to which the Fund complies with guidance issued by the Secretary of State for Communities and Local Government.

The Pension Fund Panel's Terms of Reference require adherence to all relevant legislation, regulations, and recognised best practice standards from both the public and private sectors. The Panel holds formal decision-making powers in relation to the management and administration of the Pension Fund.

The Pension Board plays an oversight and advisory role. Its purpose is to assist the administering authority in securing compliance with the LGPS Regulations, associated legislation, and requirements relating to the governance and administration of the scheme. Although the Board does not have decision-making powers, it is able to make informed recommendations to the Pension Fund Panel.

The Fund is also required to report on the degree to which it complies with statutory guidance issued by the Secretary of State. This ensures transparency, accountability, and adherence to good governance principles.

Investment Decision-Making and the Myners' Principles

Under Regulation 12(3) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, administering authorities are required to disclose the extent of their compliance with the six Myners' Principles, which promote best practice in investment decision-making and governance. The applicable guidance is set out in the CIPFA publication "*Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom (2012)*".

The London Borough of Hounslow Pension Fund is committed to complying with all six Myners' Principles. The Fund recognises that alignment with these principles ensures a robust governance framework and effective investment decision-making processes, which are in the best interests of all stakeholders. The Fund also acknowledges the importance of demonstrating how these principles are applied in practice.

b. Internal Audit of the Fund

An internal audit of the Pension Fund's investment arrangements was undertaken in October 2024 by PricewaterhouseCoopers LLP, with the final report issued in January 2025. The objective of the review was to assess the adequacy and effectiveness of controls in relation to the management of pension fund investments, focusing on investment strategy, oversight, transactions, and monitoring. The review also considered the governance role of the Pension Board, which supports the Council in discharging its responsibilities as scheme manager under the Local Government Pension Scheme Regulations.

The audit concluded with a substantial assurance rating, indicating that there were no significant concerns with the design or operation of internal controls across the areas reviewed. The report

confirmed that the overall framework for managing pension fund investments was sound, and that appropriate governance and oversight arrangements were in place.

One low-risk finding was raised in relation to the reporting and monitoring of pension investment risk. Specifically, the audit noted that while the Council's "Quarterly Overview and General Matters" report to the Pension Fund Panel refers to the balance between return and acceptable risk, it did not provide sufficient evidence or analysis to demonstrate how current investments align with the Fund's defined risk appetite, as outlined in the Investment Strategy Statement (ISS). Furthermore, the report did not reference the ISS or include a statement confirming compliance with the LGPS Regulations and CIPFA guidance.

c. Summary of Freedom of Information Requests

Legislation

The Freedom of Information Act 2000 provides the public with the right to access recorded information held by public authorities in England, Wales, and Northern Ireland. This right is extended to all individuals and organisations, including overseas residents, non-UK citizens, journalists, lobby groups, and commercial entities.

Public authorities, including local government pension funds, are legally required to respond to Freedom of Information (FOI) requests within 20 working days, unless a valid exemption applies. In some cases, this timeframe may be extended, particularly when considering complex public interest factors. While certain exemptions exist under the Act, most are subject to a public interest test to ensure that transparency is balanced with the protection of sensitive or confidential information.

Freedom of Information Requests to the London Borough of Hounslow Pension Fund

The London Borough of Hounslow Pension Fund is committed to upholding the principles of openness, transparency, and accountability in all its operations. In line with public sector responsibilities, the Fund actively responds to FOI requests, which serve as an important mechanism for promoting public scrutiny and supporting stakeholder confidence in its decision-making and governance processes.

A summary of the FOI requests received and responded to during the reporting period is provided below:

FOI Reference:	Date Received:	Date of Response:	Nature of FOI:
FIR010830	06/03/2024	02/04/2024	Investments
FIR010860	19/03/2024	19/04/2024	Investments
FIR011051	15/04/2024	08/05/2024	Investments
FIR011100	23/04/2024	08/05/2024	Investments
FIR011312	03/06/2024	26/06/2024	Investments
FIR011327	03/06/2024	11/06/2024	Investments
FIR011521	15/07/2024	14/08/2024	Investments
FIR011591	24/07/2024	23/08/2024	Investments
FIR011608	28/07/2024	27/08/2024	Investments
FIR011669	07/08/2024	05/09/2024	Investments
FIR011678	09/08/2024	09/09/2024	Investments
FIR011723	22/08/2024	10/09/2024	Investments
FIR011779	09/10/2024	09/10/2024	Investments
FIR011825	11/09/2024	09/10/2024	Investments

FIR012010	14/10/2024	05/11/2024	Investments
FIR012091	27/10/2024	04/11/2024	Investments
FIR012222	19/11/2024	07/12/2024	Investments
FIR012269	22/11/2024	19/12/2024	Investments
FIR012274	25/11/2024	03/12/2024	Investments
FIR012320	06/12/2024	13/12/2024	Investments
FIR012453	07/01/2025	13/01/2025	Pension Payments and Council Tax
FIR012499	13/01/2025	10/02/2025	Investments
FIR012681	07/02/2025	13/03/2025	Investments
FIR012697	11/02/2025	13/02/2025	Investments
FIR012708	13/02/2025	13/03/2025	Investments
FIR012712	19/02/2025	13/03/2025	Investments
FIR012754	18/02/2025	13/03/2025	Investments
FIR012776	20/02/2025	26/03/2025	Investments
FIR012882	07/03/2025	04/03/2025	Investments
FIR012940	17/03/2025	26/03/2025	Investments

d. Contact Information

For further information regarding the London Borough of Hounslow Pension Fund, please contact:

Website <https://www.hounslow.gov.uk>
Address **Pensions Team**
Hounslow House
London Borough of Hounslow
7 Bath Road
Hounslow, TW3 3EB

E-mail PFInvestments@hounslow.gov.uk

Councillors may be contacted via:

Website <https://www.hounslow.gov.uk>
Address **c/o Members Services**
Hounslow House
London Borough of Hounslow
7 Bath Road
Hounslow, TW3 3EB

Pension Fund Asset Pool and Provider:

Website <https://londonciv.org.uk>
Address **London CIV**
4th Floor
22 Lavington Street
London, SE1 0NZ

Telephone 0208 036 9000
E-mail info@londonciv.org.uk

Pension Fund Administration Service Provider:

Website <https://www.wypf.org.uk>
Address **WYPF**
PO Box 67
Bradford, BD1 1UP

Telephone 01274 434 999
E-mail pensions@wypf.org.uk

e. Glossary of Terms

Term	Meaning
Accounting Policies	The specific principles, bases, conventions, rules, and practices applied by the authority in preparing and presenting financial statements.
Accruals	Income or expenditure relating to the financial year that is recognised in the accounts, even if not received or paid by 31 March.
Active Management	An investment approach where fund managers make specific investment decisions with the aim of outperforming a benchmark.
Active Member	A current employee contributing to the pension scheme.
Actuarial Gains and Losses	These arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains and losses) or the actuarial assumptions have been changed.
Actuarial Valuation	A formal review of the Pension Fund undertaken every three years by the Fund's actuary to assess the value of the Fund's assets relative to its pension liabilities. The valuation determines the funding position and sets employer contribution rates for the following three-year period, ensuring the Fund can meet its long-term obligations.
Actuary	An independent professional who advises the Council on the financial position of the Fund. Every three years the actuary values the assets and liabilities of the Fund and determines the funding level and the employers' contribution rates.
Additional Voluntary Contributions (AVC)	An option available to active scheme members to secure additional pension benefits by making regular contributions to separately held investment funds managed by the Fund's AVC provider.
Administering Authority	The council with a statutory responsibility for running the Fund and that is responsible for all aspects of its management and operation.
Admitted Body	An organisation, whose staff can become members of the Fund by virtue of an admission agreement made between the Council and the organisation. It enables contractors who take on the Council's services with employees transferring, to offer those staff continued membership of the Fund.
Asset Allocation	The apportionment of a Fund's assets between different types of investments (or asset classes). The long-term strategic asset allocation of a Fund will reflect the Fund's investment objectives.
Benchmark	A measure against which the investment policy or performance of an investment manager can be compared.
Benefits	The benefits provided by the Fund are specified in the governing legislation contained in the

	Regulations referred to within the FSS. Benefits payable under the Fund are guaranteed by statute and thereby the pensions promise is secure for members. The Fund is a defined benefit arrangement with principally final salary related benefits from contributing members up to 1 April 2014 and Career Averaged Revalued Earnings ("CARE") benefits earned thereafter. There is also a "50:50 Scheme Option," where members can elect to accrue 50% of the full scheme benefits in relation to the member only and pay 50% of the normal member contribution.
Best Estimate Assumption	An assumption where the outcome has a 50/50 chance of being achieved.
Bonds	Investments, mainly in government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date, but which can be traded on a recognised stock exchange in the meantime.
Career Averaged Revalued Earnings ("CARE")	With effect from 1 April 2014, benefits accrued by members in the LGPS take the form of CARE benefits. Every year members will accrue a pension benefit equivalent to 1/49th of their pensionable pay in that year. Each annual pension accrued receives inflationary increases (traditionally, in line with the annual change in the Consumer Price Index) over the period to retirement.
Chartered Institute of Public Finance and Accountancy (CIPFA)	CIPFA is the professional institute for accountants working in the public services. CIPFA publishes the Code.
Consumer Price Index (CPI)	CPI is a measure of inflation with a basket of goods that is assessed on an annual basis. The reference goods and services differ from those of RPI, and the method of calculation is different. The CPI is expected to provide lower, less volatile inflation increases. Pension increases in the LGPS are traditionally linked to the annual change in CPI.
Contingent Assets	Assets held by employers in the Fund that can be called upon by the Fund in the event of the employer not being able to cover the debt due upon termination. The terms will be set out in a separate agreement between the Fund and employer.
Continuous Mortality Investigation (CMI)	The 'Continuous Mortality Investigation' carries out research in relation to mortality and morbidity experience which can then be used by actuaries to assess the funding required by pension funds and other bodies.

Covenant	The assessed financial strength of the employer. A strong covenant indicates a greater ability (and willingness) to pay for pension obligations in the long run. A weaker covenant means that it appears that the employer may have difficulties meeting its pension obligations in full over the longer term or affordability constraints in the short term.
Creditors	Amounts owed by the Council for goods and services received but not paid for as at 31 March.
Debtors	Amounts owed to the Council for goods and services provided but where the associated income was not received as at 31 March.
Deferred Debt Agreement (DDA)	A written agreement between the Administering Authority and an exiting Fund employer for that employer to defer their obligation to make an exit payment and continue to make contributions at the assessed secondary rate until the termination of the DDA.
Deferred Employer	An employer that has entered into a DDA with the Fund.
Deferred Members	Scheme members, who have left employment or ceased to be active members of the scheme whilst remaining in employment but retain an entitlement to a pension from the scheme.
Deficit	The extent to which the value of the Fund's past service liabilities exceeds the value of the Fund's assets. This relates to assets and liabilities built up to date and ignores the future build-up of pension (which in effect is assumed to be met by future contributions).
Deficit Recover Period	The target length of time over which the current deficit is intended to be paid off. A shorter period will give rise to a higher annual contribution, and vice versa.
Defined Benefit Scheme	A type of pension scheme, where the pension that will ultimately be paid to the employee is fixed in advance, and not impacted by investment returns. It is the responsibility of the sponsoring organisation to ensure that sufficient assets are set aside to meet the pension promised.
Derivative	A derivative is a financial instrument which derives its value from the change in price (e.g., foreign exchange rate, commodity price or interest rate) of an underlying investment (e.g., equities, bonds, commodities, interest rates, exchange rates and stock market indices), which no net initial investment or minimal initial investment and is settled at a future date.
Discount Rate	The rate of interest used to convert a cash amount e.g., future benefit payments occurring in the

	future to a present value i.e., the liabilities. A higher discount rate means lower liabilities and vice versa.
Early Retirement Strain	The additional cost incurred by a scheme employer as a result of allowing a Scheme Member aged 55 or over to retire before Normal Retirement Age and to receive a full pension based on accrued service at the date of retirement without full actuarial reduction.
Employer Contribution Rates	The percentage of the salary of employees that employers pay as a contribution towards the employees' pension.
Employer's Future Service Contribution Rate ("Primary Rate")	The contribution rate payable by an employer, expressed as a % of pensionable pay, as being sufficient to meet the cost of new benefits being accrued by active members in the future. The cost will be net of employee contributions and will include an allowance for the expected level of administrative expenses. It is normally the same as an employer's Primary Contribution Rate under the Regulations.
Equities	Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.
Equity Protection	An insurance contract which provides protection against falls in equity markets. Depending on the pricing structure, this may be financed by giving up some of the upside potential in equity market gains.
Exchange Traded	This describes a financial contract which is traded on a recognised exchange such as the London Stock Exchange or the London International Financial Futures Exchange.
Exit Credit	The amount payable from the Fund to an exiting employer where the exiting employer is determined to be in surplus at the point of cessation based on a termination assessment by the Fund Actuary.
Financial Assets	Financial assets are cash, equity instruments within another entity (e.g., shares) or a contractual right to receive cash or another asset from another entity (e.g., debtors) or exchange financial assets or financial liabilities under potentially favourable conditions (e.g., derivatives).
Financial Instruments	Any contract giving rise to a financial asset in one entity and a financial liability or equity in another entity.
Financial Liabilities	Financial assets are contractual obligations to deliver cash or another financial asset (e.g., creditors) or exchange financial assets or financial liabilities under potentially unfavourable conditions (e.g., derivatives).

Fit for the Future (Pooling)	A strategic initiative led by the Local Government Pension Scheme (LGPS) Advisory Board aimed at evaluating the progress and future direction of LGPS asset pooling. The “Fit for the Future” project focuses on improving value for money, governance, and sustainability within the existing LGPS pools by assessing whether the current arrangements remain appropriate and identifying potential improvements to better serve the long-term interests of the Funds and their members.
Forward Foreign Exchange Derivative	Forward foreign exchange derivatives are over the counter contracts whereby two parties agree to exchange two currencies on a specified future date at an agreed rate of exchange.
Funding or Solvency Level	The ratio of the Fund’s assets to the estimated present value of its future pension liabilities, as calculated by the actuary. A funding level of 100% means the Fund is fully funded; below 100% indicates a deficit, while above 100% indicates a surplus.
Funding Strategy Statement (FSS)	This is a key governance document which the Administering Authority is obliged to prepare and publish that outlines how the Administering Authority will manage employer’s contributions and risks to the Fund.
Government Actuary’s Department (GAD)	The GAD is responsible for providing actuarial advice to public sector clients. GAD is a non-ministerial department of HM Treasury.
Guarantee/Guarantor	A formal promise by a third party (the guarantor) that it will meet any pension obligations not met by a specified employer. The presence of a guarantor will mean, for instance, that the Fund can consider the employer’s covenant to be as strong as its guarantor’s.
Guarantee of Last Resort	For the purposes of the FSS, a guarantee of last resort refers to the situation where an employer has exhausted all alternative options for payment of an exit debt and so the debt is recovered from another employer in the Fund, however the liabilities are not subsumed in this case.
Index	A calculation of the average price of shares, bonds, or other assets in a specified market to provide an indication of the average performance and general trends in the market.
Internal Dispute Resolution Procedure	The procedure used to resolve disputes between actual and potential pension scheme beneficiaries (or persons claiming to be actual or potential beneficiaries) and the scheme.
Investment Strategy	The long-term distribution of assets among various asset classes that takes into account the Funds objectives and attitude to risk.

Investment Strategy Statement (ISS)	A statement describing the high-level principles governing the investment decision-making (including the long-term strategic allocation) and management of the Fund and the policy that has been developed to ensure their implementation.
Local Government Pension Scheme (LGPS)	A public sector pension arrangement put in place via Government Regulations, for workers in local government. These Regulations also dictate those employing bodies which are eligible to participate, members' contribution rates, benefit calculations and certain governance requirements.
Liabilities	The actuarially calculated present value of all benefit entitlements i.e., scheme cashflows of all members of the Fund, accumulated to date or in the future. The liabilities in relation to the benefit entitlements earned up to the valuation date are compared with the present market value of Fund assets to derive the deficit and funding/solvency level. Liabilities can be assessed on different sets of actuarial assumptions depending on the purpose of the valuation.
Long-term Cost Efficiency	This is a measure of the extent to which the Fund's policies properly address the need to balance immediate budgetary pressures with the undesirability of imposing an excessive debt burden on future generations.
Maturity	A general term to describe a Fund (or an employer's position within a Fund) where the members are closer to retirement (or more of them already retired) and the investment time horizon is shorter. This has implications for investment strategy and, consequently, funding strategy.
McCloud Judgement	This refers to the linked legal cases of Sargeant and McCloud, and which found that the transitional protections (which were afforded to older members when the public service pension schemes were reformed in 2014/15) constituted unlawful age discrimination.
Members	The individuals who have built up (and may still be building up) entitlement in the Fund. They are divided into active (current employee members), deferred (ex-employees who have not yet retired) and pensioners (ex-employees who have now retired and dependants of deceased ex-employees).
Over the Counter	This describes a financial contract which is potentially unique as they are not usually traded on a recognised exchange.
Passive Management	Passive management is where the investments mirror a market index.
Past Service Liabilities	This is the present value of all the benefits accrued by members up to the valuation date. It is assessed

	based on a set of assumptions agreed between the Administering Authority and the Actuary.
Pensions Dashboard Programme (PDP)	A government-led initiative designed to enable individuals to view all of their pension information online, securely and in one place. The Pensions Dashboard Programme, overseen by the Money and Pensions Service (MaPS), aims to increase transparency and member engagement by providing access to data from all pension schemes (including LGPS funds) and the State Pension. It is a key element in supporting better retirement planning and informed decision-making.
Pooled Investment Vehicles	Funds which manage the investments of more than one investor on a collective basis. Each investor is allocated units which are revalued at regular intervals. Income from these investments is normally returned to the pooled fund and increases the value of the units.
Prepayment	The payment by employers of contributions to the Fund earlier than that certified by the Actuary. The amount paid will be reduced in monetary terms compared to the certified amount to reflect the early payment.
Present Value	The value of projected benefit payments, discounted back to the valuation date.
Primary Rate of the Employers' Contribution	See definition of Employer's Primary Contribution Rate.
Projected Unit Method (Pension Fund Valuation)	An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to: • The benefits for pensioners and deferred pensioners (i.e., individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases; and • The accrued benefits for members in service on the valuation date.
Prudent Assumption	An assumption where the outcome has a greater than 50/50 chance of being achieved i.e., the outcome is more likely to be overstated than understated. Legislation and Guidance requires the assumptions adopted for an actuarial valuation to be sufficiently prudent.
Recovery Plan	If the funding level of an employer is above or below 100% at the valuation date (i.e., the assets of the employer are more or less than the liabilities), a recovery plan needs to be implemented such that the secondary contributions for each employer can

	be calculated. This recovery plan requires a period over which to recover the deficit or run off any surplus i.e., the recovery period ("the recovery period," as defined in the FSS).
Related Parties	Two or more parties are related parties when at any time during the financial period: • One party has direct or indirect control of the other party; or • The parties are subject to common control from the same source; or • One party has influence over the financial and operational policies of the other party, to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or • The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests. Advice from CIPFA is that related parties to a local authority include Central Government, bodies precepting or levying demands on the Council Tax, members and chief officers of the authority and its pension fund.
Related Party Transactions	A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party, irrespective of whether a charge is made. Examples of related party transactions include: • The purchase, sale, lease, rental or hire of assets between related parties. • The provision by a pension fund to a related party of assets or loans, irrespective of any direct economic benefit to the pension fund. • The provision of services to a related party, including the provision of pension fund administration services. • Transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents and payments of benefits.
Return	The total gain from holding an investment over a given period, including income and increase or decrease in market value.
Secondary Rate of the Employers' Contribution	An adjustment to the Primary Rate to reflect any past service deficit or surplus, to arrive at the rate each employer is required to pay. The Secondary

	Rate may be expressed as a percentage adjustment to the Primary Rate, and/or a cash adjustment in each of the three years beginning 1 April in the year following that in which the valuation date falls. The Secondary Rate is specified in the Rates and Adjustments Certificate. For any employer, the rate they are actually required to pay is the sum of the Primary and Secondary Rates. Secondary Rates for the whole fund in each of the three years shall also be disclosed. These will be calculated as the weighted average based on the whole fund payroll in respect of percentage rates and as a total amount in respect of cash adjustments.
Scheduled Body	An organisation that has the right to become a member the Local Government Pension Scheme under the scheme regulations. Such an organisation does not need to be admitted, as its right to membership is automatic.
Solvency/Funding Level	The ratio of the value of the Fund's assets and the value of the Fund's liabilities expressed as a percentage.
Solvency/Funding Target	An assessment of the present value of benefits to be paid in the future. The desired funding target is to achieve a solvency level of a 100% i.e., assets equal to the accrued liabilities at the valuation date assessed on the ongoing concern basis.
Strain Costs	The costs arising when members retire before their normal retirement date and receive their pensions immediately without actuarial reduction. As far as the Fund is concerned, where the retirements are not caused by ill-health, these costs are invoiced directly to the retiring member's employer at the retirement date and treated by the Fund as additional contributions. The costs are calculated by the Actuary.
The Code	CIPFA's Code of Practice for Local Authority Accounting, incorporating IFRS, IPSAS, and UK GAAP. It has statutory authority under the Local Government Act 2003.
Unrealised Gains/Losses	Changes in the market value of investments that have not yet been sold at the reporting date. These gains or losses are "unrealised" because they reflect movements in valuation rather than actual transactions and may fluctuate over time until the asset is disposed of.

8. Independent Auditors Consistency Report

(Insert when provided from Forvis Mazars LLP)