



London Borough
of Hounslow

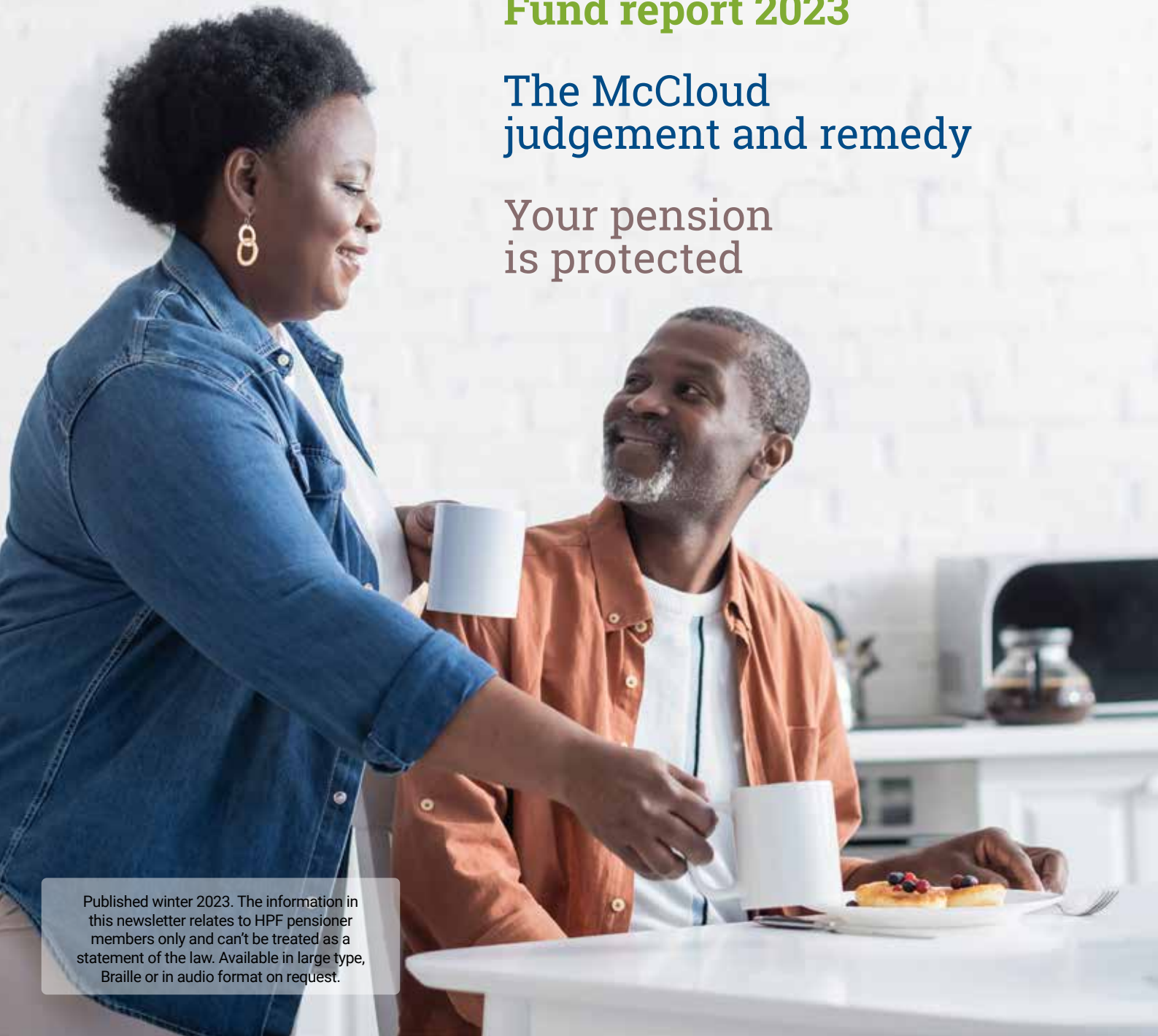
Pension

WINTER 2023 • PENSIONER MEMBER NEWSLETTER

Fund report 2023

The McCloud judgement and remedy

Your pension is protected



Published winter 2023. The information in this newsletter relates to HPF pensioner members only and can't be treated as a statement of the law. Available in large type, Braille or in audio format on request.

Would you like to get involved?

Opportunity to become a Local Pension Board Representative

The Local Pension Board has been in operation since 2015 and provides a unique opportunity for members and employers in the scheme, and other suitably qualified individuals, to become more involved with the oversight of the London Borough of Hounslow Pension Fund.

If you are interested in serving on the Board, and consider that you meet the requirements of the relevant person specification, then please get in touch as soon as possible with Robert Meldrum, Director of Finance, at pensions@hounslow.gov.uk

Key features of the Local Pension Board

- The Pension Board has an oversight role, and assists the Council, who are the Administering Authority for the Pension Fund, to secure compliance with Pension Regulations and to ensure the effective and efficient governance and administration of the LGPS
- It is chaired by a qualified Independent Representative
- It is representative and contains:
 - Up to four member representatives
 - Up to four employer representatives
- Normal Term of Office is four years to match the administration
- Board meetings take place four times a year at Hounslow House
- Members of the Pension Board should be willing to attend induction/training sessions to ensure that they acquire/maintain the required level of knowledge and understanding necessary to carry out their role on the Board
- In 2024 there will additionally be three paid full days of training in central London – one day each in October, November and December.
- Roles are not remunerated but a travel and subsistence allowance will be paid.

Vacancy for a Pensioner Representative on the Pension Fund Panel

Criteria for applicants

What criteria do you need to meet to become a member of the Hounslow Pension Fund Panel?

- You must be in receipt of a pension from the London Borough of Hounslow
- You must be able to commit to a term of membership running up to May 2026
- You must be able to attend up to four meetings each year at Hounslow House
- You must be able to attend up to four additional training sessions a year – some of these may be in the evening.

Expenses will be reimbursed and the Panel meets quarterly at the Hounslow House at 5pm.

Interested in applying?

For more information and an application pack you can:

Email pensions@hounslow.gov.uk

Phone 0208 583 5768 or 0208 583 5635

The role of the Pension Fund Panel

- The Pension Fund Panel consists of up to eight of Hounslow's elected Councillors. They are appointed by the Borough Council and have responsibility for the management of the investments of the pension fund. The responsibilities include:
 - to consider, on the advice of the Executive Director of Finance & Corporate Services and Council's fund managers, the Council's general policy with regard to pension fund investments
 - to make arrangements for the management of the fund in line with the Statement of Investment Principles
 - to monitor the performance of the fund and its managers
 - to exercise the Council's voting rights at AGMs and EGMs of companies in which the fund has holdings, after considering the advice of the Executive Director of Finance & Corporate Services and appropriate manager(s), and
 - to overview and agree pension administration matters

FUND REPORT 2023



Introduction by Councillor Jagdish Sharma – Chair of the Pension Fund Panel

Welcome to this summary of the Annual Report of the London Borough of Hounslow Pension Fund. The full version of the report is available on our website ([click here to view](#)).

On behalf of the Hounslow Pension Fund Panel, I am pleased to introduce the Scheme's annual report and financial statements for the financial year to 31 March 2023.

2022/23 headlines and highlights

In the introduction last year, I had the unenviable task of highlighting to you how the fund was facing headwinds from global and domestic events that are likely to negatively affect the fund and the latter part of 2022 and early 2023 has been no different. Inflation and higher interest rates have affected the value of the fund and can be seen in the funds invest performance. Diversification has allowed the fund to moderate the impact with some investments achieving a positive return. Inflation is a worry for us all but perhaps none more than those on fixed incomes. I would like to take this opportunity to remind readers that LGPS benefits are inflation protected meaning all pensioners received an increase of 10.1% in April 2023.

During the year, the value of the Fund decreased by 3% when the comparison is made between the value on 1 April 2022 and 31 March 2023. The fund has however seen its value increase modestly after this date.

We continue to focus on delivering value for money to our members. An increasing number of members have signed up to use the online 'MyPension' portal. Members are able to update their personal details as well as view and download pension fund documents like the annual benefit statement. In the last year it is pleasing to note uptake has increased by .51%. We are working with the administrators of our fund (West Yorkshire Pension

Fund) to ensure that the required technology and systems are in place to make the pensions dashboard project a success. Updates will follow in due course.

The financial statements show the financial position of the fund on a particular day (31 March 2023) and the money which has gone in and out of the scheme between 1 April 2022 and 31 March 2023. The financial accounts can be found in more detail in this report.

Hounslow has a long-standing commitment to being a responsible investor, as such we take a strong interest in how companies are run and exercise our voting rights at the AGMs of the companies, we are shareholders of. Further Details of this can be found in our Corporate Governance report.

I would like to thank the officers, consultants and all our stakeholders involved in the management of the Pension Fund for their work during the year during 2022/23.



Cllr Jagdish Sharma

Chair of the Pension Fund Panel

Fund Accounts

	2021/22	2022/23
	£m	£m
Dealings with members, employers and others directly involved in the fund		
Contributions		
From employers	33.2	36.4
From employees	10.0	10.8
Individual transfers in from other pension funds	6.0	5.0
	49.2	52.2
Benefits		
Pensions	(37.2)	(38.8)
Commutation, lump sum retirement and death benefits	(9.4)	(10.5)
Payments to and on account of leavers		
Individual transfers out to other pension funds	(3.9)	(6.3)
Refunds to members leaving service	(0.1)	(0.3)
	50.6	(55.9)
Net additions/(withdrawals) from dealings with members	(1.4)	(3.7)
Management expenses	(6.6)	(6.0)
Returns on investments	(8.0)	(9.7)
Investment income		
Taxes on income (irrecoverable withholding tax)	25.5	28.4
	–	–
Profit and loss on disposal of investments and change in the market value of investments	25.5	28.4
Net returns on investments	47.0	(57.2)
Net increase/(decrease) in the net assets available for benefits during the year	72.5	(28.8)
Opening net assets of the fund	64.5	(38.5)
	1186.8	1,251.3
Closing net assets of the fund	1251.3	1,212.8

Investments

The top 10 equity holdings of the London Borough of Hounslow Pension Fund worldwide as at 31 March 2023

	Bid value	% of total fund	% of Equities
	£m	%	%
Astra Zeneca Plc	35.2	2.9	9.3
Relx Plc	31.1	2.6	8.2
Compass Group Plc	22.7	1.9	6.0
Next Plc	19.2	1.6	5.0
Rio Tinto Ltd	16.7	1.4	4.4
London Stock Exchange Group Plc	16.5	1.4	4.3
Reckitt Benckiser Group	14.7	1.2	3.9
3i Group Plc	14.5	1.2	3.8
Standard Chartered Plc	13.6	1.1	3.6
Ferguson Plc	12.0	1.0	3.2
	196.2	16.3	51.7

Equities

	31 Mar 2022	31 Mar 2023
UK Investments (listed)	391.1	380.3
Overseas Investments (listed):		
North America	1.7	–
	392.8	380.3

Net Assets Statement as at 31 March 2023

	2021/22 £m	2022/23 £m
Investment Assets		
Equites	392.8	380.3
Pooled Investment Vehicles	838.1	782.2
Private Equity	0.8	0.7
Long-term Investment	0.2	0.2
Cash (Money Market Fund)	4.5	8.0
Other Investment Balances		
Income Due	3.2	3.4
Amounts Receivable for Sale of Investments	0.4	–
Cash Deposits	3.4	28.6
	1,234.4	1,203.4
Investment Liabilities		
Amounts Payable for Purchase of Investments	(3.0)	(0.1)
Net Value of Investment Assets	1,240.4	1,203.3
Long-term Debtors	0.1	0.2
Current Assets	12.8	10.9
Current Liabilities	(2.0)	(1.6)
Net Assets of the Fund Available to Fund Benefits at the Period End	1251.3	1251.3



The McCloud judgement and remedy

The Court of Appeal 'McCloud' judgment on age discrimination we've reported on before means changes to the Local Government Pension Scheme (LGPS) were needed. The changes, effective from 1 October 2023, are called the **McCloud remedy** and remove the age discrimination found in the court case.

Most pensioner members are unaffected by the changes and even those affected will see either no increase to their pension or just a small change. Pensions will not go down.

You may be affected if:

- you were paying into the LGPS or another public service pension scheme before 1 April 2012
- you were paying into the LGPS between 1 April 2014 and 31 March 2022, and
- you have been a member of a public service pension scheme without a continuous break of more than five years.

Background

In 2014, the LGPS changed from a final salary scheme to a career average scheme – a pension that builds up based on what you earn each year. Older members who were closer to retirement were protected from the changes by comparing the pension from their career average scheme with the pension they would have built up in the final salary scheme. The member received the higher amount on retirement. This protection is called the **underpin**.

To remove the McCloud age discrimination, qualifying younger members will now receive underpin protection too. But underpin protection only applies to pensions built up between 1 April 2014 and 31 March 2022, or sooner if you left the LGPS or reached your final salary normal retirement age (usually 65) before 31 March 2022.

From 1 April 2022, there is no underpin protection. Pensions built up after this date are based on the career average scheme only.

What do I need to do?

You don't need to do anything and there's nothing we can tell you yet about how this might affect your pension.

Will my pension increase?

Most members won't see an increase because the pension they built up in the career average scheme is higher than the pension they would have built up in the final salary scheme. If there is an increase, it is likely to be a small increase and we will contact you to tell you – **please take no action now**.

For more comprehensive information about the judgement and who the changes are likely to affect, visit the McCloud section of the national LGPS website on www.lgpsmember.org/McCloud-Remedy

The London Borough of Hounslow Retired Staff Association (RSA)

If you recently retired from the London Borough of Hounslow or associated employers you are eligible to join the Hounslow Retired Staff Association. The Association meets monthly in central Hounslow, holds regular guest speaker events and organises trips.

If you are interested in becoming a member please contact the membership secretary at the address shown.

Ms J Rowe

15 Osterley Court
Great West Road
Isleworth
Middlesex TW7 4PX

Phone 020 8560 7657

Email rowe.june@gmail.com





Important information

Pensioner self service

If you get a pension from the London Borough of Hounslow, you have an online self-service facility where you can view and print your monthly payslips and P60. In addition, you can update your address and bank account details online without the need to write in with these changes.

Find out more about this at

[www.hounslow.gov.uk/ PensionerSelfService](http://www.hounslow.gov.uk/PensionerSelfService) where you can request a login to get started.

West Yorkshire Pension Fund (WYPF) deals with the administration of your pension record, but the London Borough of Hounslow will continue to pay your monthly pension through its partner Liberata. See the panels below for when to contact the WYPF and when to contact Liberata. If you're not sure which, please give WYPF a call and they'll point you in the right direction.

When to contact

Liberata

- When you have questions about the payment of your monthly pension or the tax on it
- To change your bank account, address, or anything else you think could affect how you get your monthly pension

Login to www.hounslow.gov.uk/PensionerSelfService or write to Liberata at:

Payroll Services – Liberata
Hounslow House
7 Bath Road, Hounslow Middlesex TW3 3EB

Phone: 020 3949 7800

Email: hounslow.payroll@liberata.com

When to contact

West Yorkshire Pension Fund

- When you have questions about how your pension is worked out
- When you change your address
- When there are changes in your circumstances that you think could affect your pension

Phone 01274 434999

Email pensions@wypf.org.uk

Write to WYPF

PO Box 67
Bradford BD1 1UP



It's time to go online

View your pension record with our online My Pension service.

Register today at www.wypf.org.uk/register



Moving house? Death grants in retirement

If you move house, we need to know your new address – not only to keep your records up to date but to make sure personal or sensitive information going to your old address doesn't put you at risk of identity fraud. So when you move, please let us know your new address as soon as you can.

Privacy and your data

How we use data we hold about you:
www.wypf.org.uk/privacy

You may have nominated somebody to get your death grant when you were working, but you can do it in retirement too – as long as you are under age 75 and left employment on or after 1 April 2008.

A death grant is a one-off tax-free lump sum on top of any pension due to your husband, wife, partner or children if you die. Conditions apply depending on when you retired and the options you chose, but the grant is usually ten times your yearly pension less any

pension already paid (only up to age 75). It's up to you to decide who gets your death grant and if you nominate it can help those you leave behind avoid paying inheritance tax.

For more information about death benefits in retirement visit www.wypf.org.uk/deathbenefits

If you would like to make a nomination, or change one you've already made, you can download a form at www.wypf.org.uk/deathgrant

Your LGPS pension is protected

In an uncertain world it's reassuring to know that your future pension is fully protected and unaffected by market changes. We are part of the LGPS, the Local Government Pension Scheme, a **defined benefit** scheme in which benefits are set out in law and therefore fully protected from the impact of short-term market instability. Like all LGPS pension funds we are diversified long-term investors, securely managed to protect our members' pensions from short-term fluctuations in market values. You can be assured that the pension you are receiving is safe and sound.

Contact us

Phone 01274 434999

Monday to Friday 8.45am
to 4.30pm

Email pensions@wypf.org.uk

Our postal address is
PO Box 67 Bradford BD1 1UP

