

London Borough of
Redbridge



PENSION FUND ANNUAL REPORT

2024/25

Pensions Regulator registration number – 10079172

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EXECUTIVE OVERVIEW

Welcome to the Pension Fund Annual Report for 2024/25



Councillor Khan
Chair of the Pension Fund Committee

In my first report in the 2021/22 Annual Report, I expressed the challenges that lay ahead as the markets were reeling from the invasion of Ukraine by Russia and there were concerns over potential global recession. Sadly, the war in Ukraine continues with little sign of it ending soon either. In the intervening years, the situation in Gaza also escalated resulting in the tragic loss of life in the region, although it is hoped that the recently announced ceasefire will bring about a permanent solution to this conflict.

As reported in last year's statement, there were some areas of good news as interest rates started to fall. However in the UK the pace and scale of reductions has stalled this year over concerns regarding inflation.

As reported in last year's Annual Report the London CIV were seeking to introduce an investment opportunity into Natural Capital and I am pleased to announce that the Pension Fund Committee, after careful consideration, decided to commit 2.5% as an initial investment into this product. It is envisaged that this product will give the Pension Fund greater diversity and therefore reduce the risks associated with investing, whilst also providing investment opportunities to this sector to enhance crop productivity whilst also protecting natural resources.

This investment also signals the Fund's continued commitment to working with our colleagues at the London CIV in making the most of the efficiencies that pooling offers, and in line with the aims set out in the Fit for the Future consultation which took place during the year.

In 2025 the Pension Fund will be undertaking a triennial valuation that will determine the funding position of the Fund and will calculate the contribution rates that each employer in the Fund will need to make for the following three years. Once the valuation has been completed a review of the investment strategy will be undertaken to ensure that our investments will continue to deliver the level of returns needed to meet the liabilities, i.e. to pay benefits to its members. So, 2025-26 will be another interesting and challenging year.

The Redbridge Pension Fund continues to be a member of the Local Authority Pension Fund Forum (LAPFF). This Forum works alongside other organisations to tackle, amongst other things, climate change by encouraging companies to bring about positive changes to their working practices. The Committee receives regular updates on the activities of the LAPFF and I hope that as investors we are able to continue to use our influence to make change happen.

Our engagement with LAPFF demonstrates our firm commitment to responsible investment - particularly in opportunities that can help transform lives and communities. The Committee will continue to actively explore projects that align financial prudence with meaningful social impact. We believe that, as investors, our duty is not only fiduciary but also one of stewardship - to use our influence to effect positive and lasting change in the world we live in.

We also welcome feedback from all stakeholders in the Redbridge Pension Fund (scheme members, employers and the wider Redbridge community) regarding how and where the pension fund is invested. The Local Pension Board exists to provide precisely this avenue for engagement, and we encourage members to take an active interest in these discussions. Your voices play an important role in shaping the Fund's future direction.

More details of the activities of the Committee can be found on pages 9 and 10.

MANAGEMENT STRUCTURE

The London Borough of Redbridge Pension Fund is part of the Local Government Pension Scheme (LGPS). The LGPS is governed by statute and is kept under review by the Ministry for Housing, Communities and Local Government (MHCLG).

The London Borough of Redbridge is the Administering Authority for the London Borough of Redbridge Pension Fund. The Council has set up the Pension Fund Committee to oversee the management of the Fund. The Pension Fund Committee consists of five Councillors who are appointed by the Council on an annual basis.

In accordance with the Council's Constitution, and the Local Government Pension Scheme Regulations, the responsibility for the management and investment of the Pension Fund is delegated to the Pension Fund Committee. During 2024/25 the Members of the Committee were:

Cllr. T. Khan (Chair)
Cllr. B. Chattaway (Vice Chair)
Cllr. S. Islam
Cllr. S Brar
Cllr. P. Canal

Other Professional Advisers and service providers

Actuary

Hymans Robertson

Investment Consultant

Mercer Ltd.

Pool Operator

London Collective Investment Vehicle (LCIV)

Investment Managers - Direct

Schroder Investment Management

Investment Managers via the LCIV

Baillie Gifford
Legal & General Investment Management Ltd
Stepstone
Aviva
Insight
CQS & Pimco
CBRE & Octopus
Manulife, JP Morgan and Gresham House

AVC Providers

Clerical Medical
Utmost Pensions (formerly Equitable Life)
Standard Life

Custodian

Northern Trust

Auditors

EY LLP

Performance Measurement

Northern Trust

Solicitors

In House and Eversheds

Scheme Administrators

In House

Pension Fund Bankers

National Westminster Bank plc

Shareholder Services

Institutional Protection Services

Subscribers to:

Local Authority Pension Fund Forum (LAPFF)

Pensions and Lifetime Savings Association (PLSA)

CONTACT DETAILS

Registered Address	Corporate Director of Resources London Borough of Redbridge Lynton House 255 – 259 High Road Ilford Essex IG1 1NN
Pension Enquiries	Maureen Jones Maureen.jones@redbridge.gov.uk pensions(lgps)admin@redbridge.gov.uk 020 8708 3236
Investments Enquiries	corporate.accounting@redbridge.gov.uk

Redbridge Pension Fund Website:

<https://www.redbridge.gov.uk/pensions/>

SCHEME FEATURES

The Local Government Pension Scheme (LGPS) was established in accordance with statute to provide death and retirement benefits to all eligible employees and their dependents. Eligible employees are mainly local government staff, except teachers who have separate pension arrangements, and a number of other bodies as permitted by Local Government Pension Scheme Regulations.

From 1 April 2014, the scheme changed from a final salary basis to a Career Average Revalued Earnings basis.

Table 1 – LGPS Features to 31 March 2025

Eligibility - Employees with a contract of 3 months and more and Casual employees who elect to join.

Member Contribution	<ul style="list-style-type: none"> • Ranging from 5.5% - 12.5% depending on salary.
Normal Retirement Age	<ul style="list-style-type: none"> • Equal to individual member's State Pension.
Early Retirement	<ul style="list-style-type: none"> • Immediate payment of unreduced benefits on efficiency/redundancy grounds from the age of 55; • Voluntary retirement from age 55 with reductions for early payment including deferred into payment without employers' consent needed. • Flexible retirement with employer consent from the age of 55 reduced as appropriate
Ill Health Retirement	<ul style="list-style-type: none"> • A three-tier ill-health arrangement has been introduced that pays benefits to members based on the member's prospect of returning to gainful employment. • Tier 1 – Immediate payment with service enhanced to Normal Pension Age; • Tier 2 – Immediate payment with service enhancements of 25% of service to Normal Pension Age; • Tier 3 – Temporary payment of pension for up to 3 years.
Pensions	<ul style="list-style-type: none"> • 1/49th of salary for each year of membership from 01/04/2014; • Or 1/98th of salary for each year of membership from 01/04/2014 for those members electing to move to the 50/50 section of the scheme; • Service between 01/04/2008 and 31/03/2014 will be calculated at 1/60th;

	<ul style="list-style-type: none"> • Service prior to 01/04/2008 will be calculated at 1/80th plus lump sum of 3/80th
Tax Free Lump Sum	<ul style="list-style-type: none"> • Lump sum by commutation at the rate of £1 annual pension for £12 lump sum, up to HMRC limit of 25% of capital value subject to an overall maximum of £268,275 from all pension schemes excluding state pension.
Death in Service	<ul style="list-style-type: none"> • Lump sum of three times assumed pensionable pay at date of death.
Death Benefits after retirement	<ul style="list-style-type: none"> • Death on pension lump sum of ten times pension less pension already paid providing age is not 75 or over at the date of death.
Dependents Benefits	<ul style="list-style-type: none"> • Long-long pension benefits payable to the member's spouse, civil partner, or nominated co-habiting partner subject to certain conditions. • Long-term children's pension payable to age 18 or age 23 if still in full-time education or vocational training.
Period in which members can cancel membership and reclaim contributions	<ul style="list-style-type: none"> • Members can terminate their membership of the pension scheme and reclaim the contributions paid up to 2 years after joining, provided they do have not any other LGPS benefits.

The employee rate bandings are based on actual pensionable pay including non-contractual overtime. The table below provides details of the bandings which have been effective since 1 April 2024 and are reviewed annually.

Pay Bands	Contribution Rate
Up to £17,600	5.5%
£17,601 - £27,600	5.8%
£27,601 - £44,900	6.5%
£44,901 - £56,800	6.8%
£56,801 - £79,700	8.5%
£79,701 - £112,900	9.9%
£112,901 - £133,100	10.5%
£133,101 - £199,700	11.4%
More than £199,700	12.5%

GOVERNANCE



GOVERNANCE STRUCTURE

Investment Powers and Duties:

The Local Government Pension Scheme Regulations require the London Borough of Redbridge, as the administering authority, to invest any monies not immediately required to pay pensions and other benefits. This legislation also governs the way investments are made and controlled.

Pension Fund Committee:

The London Borough of Redbridge Pension Fund Committee, comprising of five councillors, meet at least four times a year to monitor the performance of the fund and the various fund managers, to approve the annual business plan and the annual report, to review and approve the Investment Strategy Statement and to review the investment strategy. The Pension Fund Committee will also be informed of the actuarial valuation of the Fund and keeps the governance and administration arrangements under review. As part of the requirements to ensure that Councillors' knowledge is kept up to date, the Pension Fund Committee receives training from various professional advisers on topical issues. The Members of the Committee have full voting rights.

Pension Fund Committee Members as at 31 March 2025



Councillor Khan

Labour

(Chair)



Councillor Chattaway

Labour

(Vice Chair)



Councillor Brar

Labour



Councillor Chahal

Labour



Councillor Canal

Conservative

Substitute Members: Councillors Hussain, Islam and Uddin.

Meetings - The Pension Fund Committee held five meetings during 2024/25 for Pension Fund matters. The table overleaf shows the attendance at the meetings by the Committee members:

Table 2 – Attendance at Committee Meetings

Councillor	Number of Meetings	Meetings Attended
Councillor Khan	5	5
Councillor Chattaway	5	2
Councillor Brar	5	4
Councillor Chahal	5	2
Councillor Canal	5	-
Substitute Councillors	5	2

Conflicts of Interest – The Council has in place a “Members’ Code of Conduct” which Councillors are required to comply with. At each Committee Meeting, Members are required to disclose any declarable pecuniary or personal interest in an agenda item and if such a declaration is made, then the Member is not permitted to take part in the debate on that specific agenda item.

Training – The Committee’s Annual Business Plan includes a training plan to ensure that Members continue to develop their knowledge and skills to ensure compliance with best practice.

The Committee participated in a series of training events which coincided with the Committee Meetings. The topics of the training sessions covered during 2024/25 were as follows:

- Understanding the Fund’s various Policy Statements
- Understanding the roles of the various parties involved with the Pension Fund.
- Understanding the actuarial valuation process
- How investing in Natural Capital works.

In addition, Members of the Committee and the Local Pension Board have participated in in-house training as well as attending external seminars.

Governance Compliance Statement (GCS)

The Regulations require the Council, as the Administering Authority for the Pension Fund, to publish details of their governance and stewardship arrangements. The statement must include the extent of the Authority’s compliance against a set of principles issued in guidance from the MHCLG, and reasons for not doing so. The GCS is published on the Council’s website - <https://www.redbridge.gov.uk/about-the-council/our-finance-services/>

Local Pension Board

The Local Pension Board, comprising of two employee member representatives, two employer member representatives and an independent Chair, has held four meetings this year and during these meetings they have reviewed the Pension Fund Annual Report & Accounts, the policy for dealing with breaches of the Regulations, Internal Controls Guidance and the Management of Risk. The Local Pension Board has also monitored the performance of the Fund’s Investment, and the Pension Administration Function’s Performance Indicators. The Board also received updates on topical information.

Representatives of the Local Pension Board have attended a number of Pension Fund Committee meetings. Any recommendations made by the Pension Fund Committee can be reviewed by the Local Pension Board to ensure that the Fund is managed in compliance with regulations and adopts best practice where possible.

Investment Administration

The Executive Director of Resources monitors the pension fund investments and manager performance and prepares reports in relation to this activity for the Pension Fund Committee. Senior Officers within the Council also meet with the fund managers periodically to review the performance of the portfolios and consider other topical issues.

The Executive Director of Resources, in consultation with the Operational Director of Finance, is responsible for ensuring that any surplus cash is invested to obtain the best possible return within the agreed investment strategy.

Investment Management

The management of the Fund's assets is determined by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended). The Regulations enable authorities to appoint investment managers to manage and invest Pension Fund monies on their behalf, subject to being satisfied with their experience, competence, risk management controls and appropriate arrangements for monitoring performance. The Regulations governing the Pension Fund require the Fund to publish an Investment Strategy Statement (ISS) setting out the main parameters and responsibilities for the management of the Fund. The Regulations also require the ISS to include details of the Fund's approach to pooling its investments. The statement includes details of the proposed asset allocation, restrictions on investment types, the type of investment management used, the investment risk and performance monitoring. It also sets out the Fund's approach to responsible investment and corporate governance issues. The ISS is published on the Council's website - <https://www.redbridge.gov.uk/about-the-council/our-finance-services/>

The Fund's investment strategy is reviewed by the Pension Fund Committee periodically to ensure that it remains fit for purpose. The strategic asset allocation and mandates for the fund managers are set out within the section entitled Investments in Table 3.

INVESTMENT MANAGEMENT



The Pension Fund investment strategy

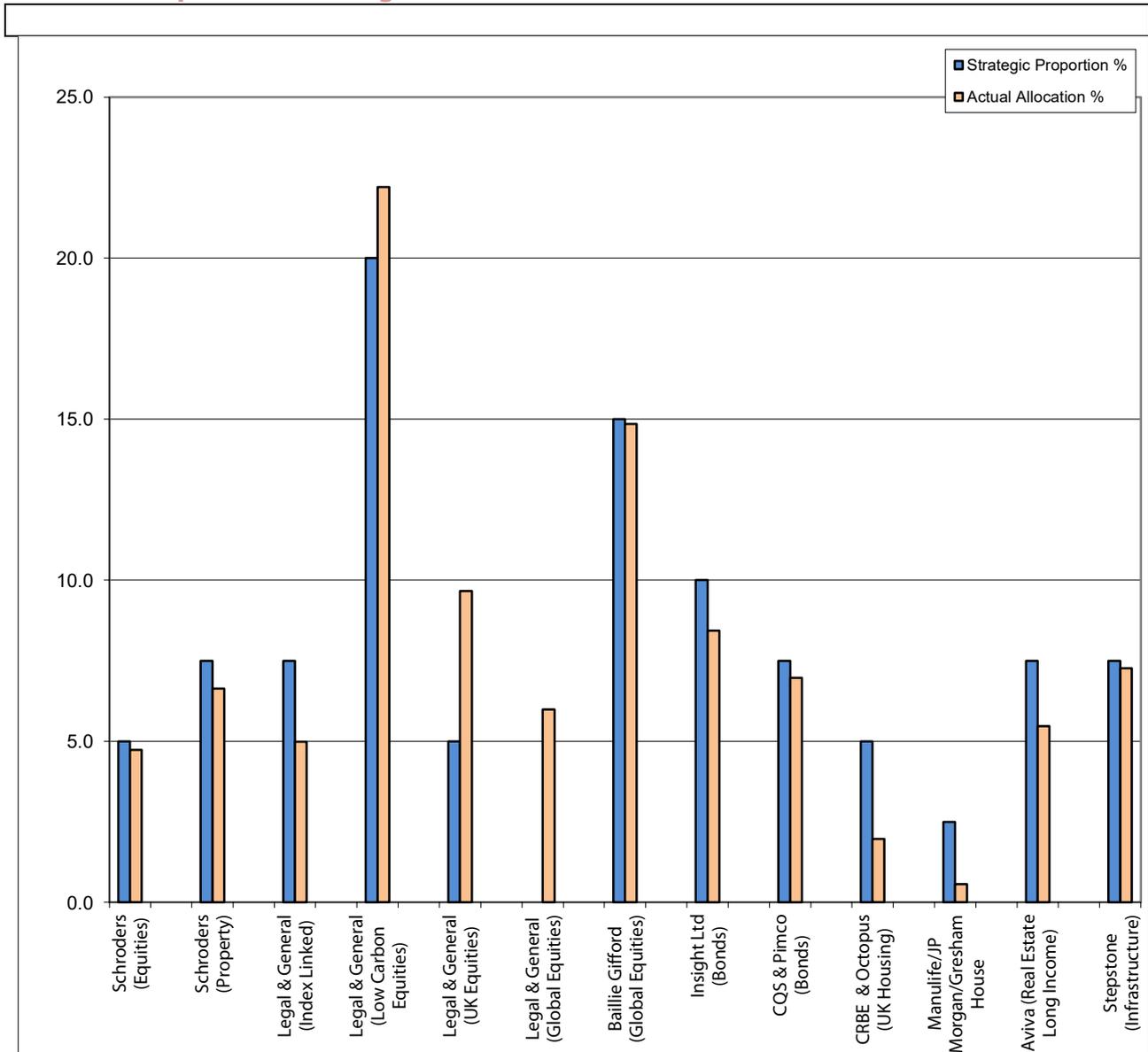
The Pension Fund Committee has implemented a strategy with the aim to produce good investment returns so that the Fund remains affordable whilst also looking to reduce its carbon footprint. The strategy, also, continues to increase its' investment via the London CIV as required by Central Government. In the table below is set out the Asset Allocation for the Fund.

Table 3 Strategic asset allocation on 31 March 2025

Manager	Strategic Proportion %	Actual Allocation %	Mandate	Target
Direct Investment Mandates				
Schroders (Equities)	5.00	4.73	Emerging Markets Equities	To out-perform the MSCI Emerging Markets index by 3%
Schroders (Property)	7.50	6.64	Property	Outperform the IPD All Balanced Property Fund Index by 1%
Cash	-	0.27	Cash	To outperform overnight SONIA
TOTAL	12.50	11.64		
Investments through London CIV				
Legal & General	5.00	9.66	UK Equities	Track the FTSE All-Share Index
Legal & General	0.00	5.99	Global Equities	Track the FTSE All-World Index
Legal & General	20.00	22.20	Global Equities - Low Carbon	To perform in line with the MSCI Low Carbon Target Index
Legal & General	7.50	4.99	Index Linked Gilts	To perform in line with the FTSE UK Index Linked Index
Insight Ltd	10.00	8.43	Buy & Maintain Long Dated Bonds	To achieve a return in line with the iBoxx £ Collateralized & Corporates 10+ index
CQS & Pimco	7.50	6.97	Multi-Asset Credit Bonds	To achieve an absolute return of 4.5% above SONIA (30 day compounded) rate
Baillie Gifford	15.00	14.85	Global Equities	To out-perform the MSCI AC World Index by 3%
CRBE/Octopus	5.00	1.97	UK Housing Fund	To target a return of between 5% & 7%
Aviva	7.50	5.47	Real Estate Long Income	Net income distribution of 3% per annum
Manulife/JP Morgan	2.50	0.57	Natural Capital	Net return of 6% per annum
Stepstone	7.50	7.27	Infrastructure	Net return of 8% per annum
TOTAL	87.50	88.36		

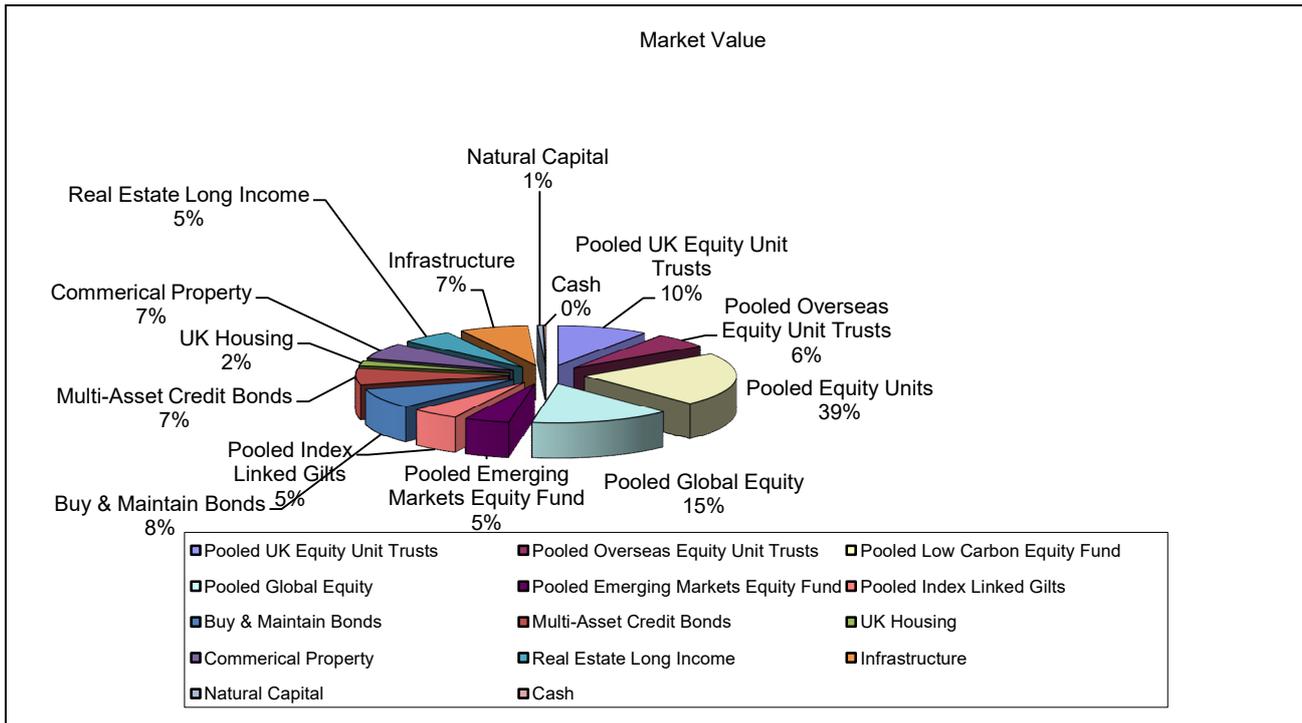
In addition to these mandates, the Council invests residual cash balances that are held on behalf of the Pension Fund, prior to being used to pay pension benefits. The investment strategy incorporates a 5% flexibility variance between the strategic allocation and the actual allocation to allow for fluctuations in market conditions. Chart 1 below compares the strategic allocation with the actual allocation at year end.

Chart 1 - Compares the Strategic Asset Allocation with the Actual Allocation



In 2024/25 the Pension Fund Committee approved a change in the investment Strategy to include a commitment of 2.5% of the Fund to invest in Natural Capital. The value of the Fund’s investments on 31 March 2025 was £1,051,248 and Chart 2 shows how the Pension Fund has been invested between the various types of investment mandate.

Chart 2 – The Distribution of Assets by Market Value



Whilst diversifying the Fund’s investments across a range of investment portfolios to reduce the risk to the Fund, the Pension Fund Committee remains committed to investing in the UK. This is demonstrated in the table 4 below.

Table 4 – Distribution of Assets between UK and Overseas Investments

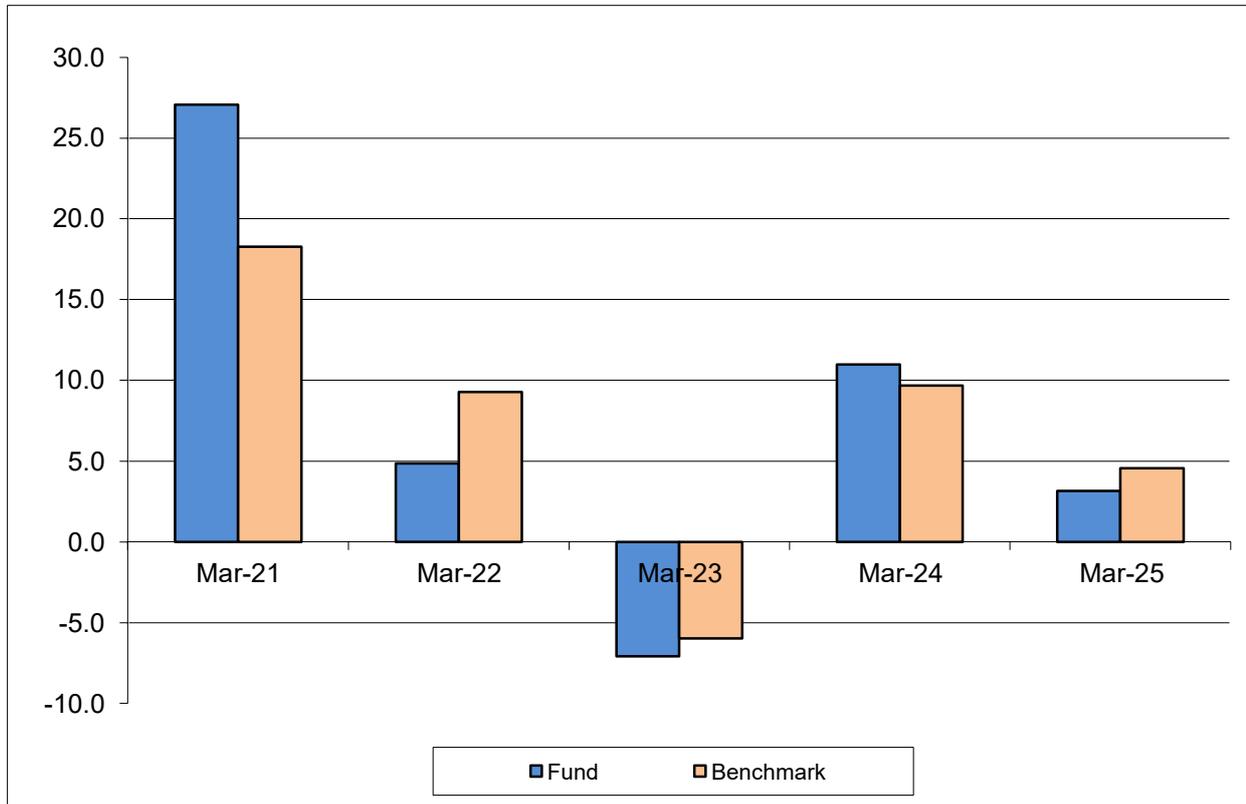
Investment	Pooled / Outside	Type	UK £000	Overseas £000
Global Alpha Equity	Pooled	Equity	10,271	145,817
Buy & Maintain Long Dated Bond Fund	Pooled	Fixed Income	40,763	47,814
Multi Asset Credit Fund	Pooled	Fixed Income	8,369	64,855
UK Housing Fund	Pooled	Private Markets	20,713	-
Infrastructure Fund	Pooled	Private Markets	76,476	-
Real Estate Long Income Fund	Pooled	Private Markets	57,492	-
Nature Capital Fund	Pooled	Private Markets	-	5,945
			214,084	264,431
UK Index Equity Fund	Linked	Equity	101,592	-
All-World Ex UK Equity Fund	Linked	Equity	-	62,973
Low Carbon Equity Fund	Linked	Equity	7,703	225,647
Index Linked Fund	Linked	Fixed Income	52,477	-
			161,772	288,620
LCIV Pool	Not Pooled	Private Markets	150	-
Emerging Market Equity Fund	Not Pooled	Equity	-	49,729
Property Fund	Not Pooled	Property	69,786	-
			69,9361	49,729
TOTAL			445,792	602,780
Percentage of the Funds' Assets between UK and Overseas			43%	57%

“Linked” means that these assets are under pool management.

The exposure to the UK will increase over time as the investment to the UK Housing Fund increases and the investment in the All-World ex UK Equity Fund decreases in line with the strategy.

Performance of the Fund against the Funds strategic benchmarks is measured by the Northern Trust Company. Chart 3 below provides details of the Fund’s annual performance returns for the past five years.

Chart 3 – Annual investment return of the Fund relative to the combined benchmarks.



The Fund’s aim is to balance the minimisation of risk with the achievement of the Fund’s investment objectives.

Post Pool Reporting

In accordance with Regulations the London Borough of Redbridge is a member of the London CIV and in November 2016 made the first investment through LCIV with the appointment of Baillie Gifford for the global equity mandate. Currently the investment strategy has an allocation of 87.5% of the Fund invested via the LCIV. To determine value for money Table 5 below shows the costs paid to the LCIV together with the estimated savings achieved from reduced investment manager fees.

Table 5 – Estimated Value for Money from Pooling

	Prior to 2020/21	2021/22	2022/23	2023/24	2024/25	Cumulative Costs
	£m	£m	£m	£m	£m	£m
Service Charge	0.175	0.025	0.025	0.025	0.025	0.275
Development Fees	0.175	0.085	0.085	0.076	0.074	0.495
Savings	(0.514)	(0.222)	(0.185)	(0.254)	(0.321)	(1.496)
TOTAL	(0.164)	(0.112)	(0.075)	(0.153)	(0.222)	(0.726)

Corporate Governance and Responsible Investing

The Fund recognises its responsibility to ensure the highest standards of governance and promoting corporate governance within the companies in which it invests. The Fund believes that the potential for stronger investment returns is more likely to be achieved from businesses that operate to high standards of corporate governance along with environmental and social best practice.

The Fund does not impose an exclusion policy against specific companies or sectors. The Fund is of the view that exclusion deprives investors of the leverage to influence companies to change, and that by doing so, could potentially reduce holdings in companies that are building significant portfolios of renewable energy assets, or in companies with strong energy transition plans. The Pension Fund, maintains an investment in the Low Carbon Equity Fund of 20% of the Fund as the Committee seeks to reduce the carbon footprint of the Fund and has committed 2.5% of the Fund to investing in Natural Capital.

Following the results of the 2022 Valuation, the Pension Fund undertook a review of its investment strategy that included a plan to reduce its carbon footprint to zero within a timescale that is not only achievable but also affordable. Further consideration will be given to this matter following the outcome of the 2025 Valuation.

The Pension Fund has instructed its Fund Managers to vote its shares in accordance with the Fund Manager's Voting Policies as these policies are compliant with the UK Stewardship Code. The Fund Managers provide quarterly reports of the voting activity undertaken together with any engagement undertaken with companies. These reports are provided to the Members of the Committee. The policy on corporate governance is reviewed by the Committee periodically.

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) which seeks to work with shareholders, fund managers and investment companies to influence changes that will benefit investors, investment companies and potentially the wider community.

The Redbridge Pension Fund is also a member of Pensions & Lifetime Savings Association (PLSA formerly known as NAPF) for other pension matters.

RISK MANAGEMENT

No organisation can completely eliminate risk and this is particularly so for a pension fund. This is because the Fund exists to pay future pension benefits and the future is inherently uncertain. Therefore the Fund's primary long-term risk is that its assets are not sufficient to meet its liabilities. The investment objectives have been set with the aim of maximising investment returns over the longer term within specified risk tolerances. This aims to optimise the likelihood that the promises made regarding members' pensions and other benefits will be fulfilled without increasing the risk to the Council.

The investment strategy incorporates flexibility of up to +/-5% of the strategic asset allocation per mandate to reflect normal market volatility. However when market conditions are highly volatile, the rebalancing of the Fund in-line with the strategy may be suspended to avoid exposure to greater risk from market conditions.

The Pension Fund's Investment Advisers, Mercer, undertake regular reviews of the Investment Managers and provide reports to the Council of their findings. Mercer also provide news alerts on issues that may be of interest regarding the Fund's Investment Managers. Clarification with the Investment Managers would be sought on any concerns raised.

The Pension Fund has also appointed an independent company, Institutional Protection Service, who provide the following services:

- Reports on corporate fraud or mismanagement where it affects shareholder interest.
- Assesses any potential claim by shareholders due to the misconduct by companies and identify options for recovering this loss.

The Council has access to copies of the Fund Managers' audited internal control reports and also has access to web-site alerts from professional pension publications.

A Risk Register for the Pension Fund has been developed and is included within the both the ISS and Funding Strategy Statement. This sets out the key risks including demographic, regulatory and governance. The actuary reports on these risks at each triennial valuation or more frequently if required.

PENSION ADMINISTRATION



PENSIONS ADMINISTRATION FUNCTION

The Pension Administration Function is responsible for dealing with the payment of pensions and benefits, whilst also ensuring the integrity of data submitted by external organisations. This in turn contributes to the collection of funds and other such income into the Pension Fund.

The Pension administration function is undertaken by a team of 9.25 full time equivalents, who are responsible for communicating with scheme members, pensioners and employers in the scheme.

The cost of administration per member equates to £65.85 in 2024/25 (£50.92 in 2023/24). This increase was due in the most part to additional spend on administration software.

Tasks undertaken by the team include:

- Processing Retirements;
- Issuing Statutory Notifications;
- Responding to pension enquiries;
- Providing Retirement estimates;
- Finalising Cash Equivalent Transfer Values both in and out;
- Issuing Annual Benefit Statements.
- Processing refunds
- Processing deferred benefits
- Processing spouse benefits, death grants and finalising payments where a pensioner is deceased

During the financial year, the administration team have continued to experience an increasing number of deferred members and leavers between the age of 55 and 60 asking for their benefits to be released early, along with an increase in flexible retirement requests. This increase in work for the team has resulted in some delays in processing payments.

Work Programmes Delivered

- The issuing of Annual Benefit Statements by the statutory deadline of 31 August 2025 was met with a total of 10,341 statements being issued. Cleansing to remove 210 statements showing zero pensions were removed this year and the schools concerned told to remove those from payroll. These records had been created as “casual posts” but the staff concerned had not worked in those posts.
- The team continue to improve the take up of the Altair member self-service facility with 4408 members across the fund having registered. This equates to 21.267% of the membership of the whole fund. Currently 26.038% of the active members have registered for the self-service, 13.31% of the deferred beneficiaries and 24.007% of the pensioners.
- The decision has been taken that due to cost, this year was the last year to send paper annual benefit statements and so the team are working with all the schools and various employers in the fund to get all members registered for member self service as members can view their statements online.
- For the eighth year running, the pensioners received their annual increase in the month

that it was due.

- The project that encouraged other employers in the scheme to upload and update members records directly took a slight backwards step when 25 schools switched payroll providers. This has temporarily increased the workload for the Administration Team and the technical officer on the team continuous to work with the payroll provider in assisting them with the ability to load the data themselves.

Training

The Team have attended training courses to maintain and develop their skills and knowledge of the LGPS and to consider the additional responsibilities given to administrators of the Fund concerning the identification and prevention of scams and fraud.

The Redbridge Pension Fund has also signed up to PENtag which is an on-line tool that provides details of the scheme regulations since 1922 with all the amendments and knowledge on all matters regarding the LGPS since its inception.

As further development, a guidance manual has been produced and issued to each member of the team to assist with their knowledge and skills. This includes such items are the rules of Intestacy and Ombudsman' cases.

A project management approach underpins regular workload reviews and the progression of critical projects. This means that budget resources are regularly tracked to ensure a cost-effective service that also has the ability to flex resources as and when required. This is particularly pertinent as the Team continue to deal with competing priorities and resource levels.

A sample of some of work of the Pension Administration function and numbers completed this year is provided in the table below:

Table 6 – Pension Administration cases and performance

Case Type	Numbers Completed 2024/25	Average Number per member of staff
New Members	408	408
Deferred Members	104	20.8
Pensioners and Retirements inc dependants and 17 trivial commutations	371	92.75
Transfers Out	161	40.25
Deaths	182	45.5
Annual Benefits Statements Issued	10,349	10349
Refunds	137	137
Complaints	0	-

The averages included in the table above are averaged across the staff responsible for those functions and not necessarily across the whole team.

Breakdown of Retirement Grants

The table below shows the number and value of the retirement grants processed in 2023/24.

Table 7 – Grants Processed

Month	Normal £m	Ill- Health £m	Death £m	TOTAL COSTS £m	Total Number of Cases
April	0.855	0.041	0.002	0.898	25
May	0.481	0	0.136	0.617	22
June	0.534	0.01	0.065	0.609	26
July	0.507	0	0.105	0.612	30
August	0.597	0.051	0.078	0.726	55
September	0.705	0	0.110	0.815	40
October	0.886	0	0.089	0.975	44
November	0.368	0	0.194	0.562	31
December	0.411	0	0.110	0.521	28
January	0.675	0	0.113	0.788	43
February	0.994	0	0.206	1.2	43
March	0.363	0	0.113	0.476	41
TOTAL	7.376	0.102	1.321	8.799	428

The Council monitors the performance of the administration team against a number of Performance Indications on a monthly basis. Details of the performance for the year ending 31 March 2025 are set out in the table below:

Table 8 – Performance Indicators

	Performance Indicator	Target	Average 2024/25
PEN01	New Member - sending out confirmation that they have been admitted to the pension scheme within 20 working days of the end of the month the employee joined or the date of notification by the employer, whichever is the later.	70%	100%
PEN02	Deferred Members Calculating – deferred pension benefits and notifying members of their rights upon termination of pensionable employment within 20 working days of the month of leaving or notification by the employer whichever is the later.	60%	32%
PEN03	Active and Deferred Members Retiring – issue of retirement benefits within 30 days of the member having retired from the scheme or notification by the employer and receipt of the appropriate forms from the Member, whichever is the later.	82%	79%

	Performance Indicator	Target	Average 2024/25
PEN04	Issue of Statutory Notices – sending out a statutory notification following a change to pensionable status within 20 working days of the end of the month in which the change takes effect or notification by the employer whichever is the later.	68%	100%

Internal Dispute Resolution Procedure

Members of the pension scheme have statutory rights to ensure that complaints, queries and problems concerning pension rights are properly resolved. To facilitate this process, an Internal Disputes Resolution Procedure (IDRP) has been established.

Pensions Administration Strategy and Communications Policy Statement

In accordance with the regulations, the Council has prepared a Pensions Administration Strategy (PAS) and a Communications Policy Statement (CPS).

The PAS is managed by the Pensions Administration function and sets out:

- procedures for liaison and communication with Scheme employers;
- Statutory Requirements;
- Performance Reports, levels of Performance and circumstances for giving written notice of unsatisfactory performance; and
- Charging Schedules.

A copy of the PAS is published on the Council's website: <https://www.redbridge.gov.uk/about-the-council/our-finance-services/>

The CPS provides a written statement on how the Council as the Administering Authority will communicate with:

- Members;
- Representatives of Members;
- Prospective Members; and
- Scheme Employers.

A copy of the CPS is published on the Council's website as above.

Data Security

The Pension Fund is responsible for a lot of personal data and sensitive information. The following arrangements are in place to safeguard this data:

- All staff are regularly made aware of the Council's policies in respect of Confidentiality, Data Protection and Information Security;
- New staff have these responsibilities and policies explained to them as part of the induction and their understanding is checked;
- All administration data is stored electronically and paper records are safely destroyed;
- Where data is required to be transferred off site, a secure email facility is used.

MEMBERSHIP SUMMARY

The London Borough of Redbridge Pension Fund had twenty-three contributing employers in the Fund including the Council itself. Employers are classified as either scheduled (who have automatic right to join the fund) or admitted bodies (who are admitted at the Council’s discretion) as defined by Regulations. Full details of the membership by employer is attached at Appendix 1.

Chart 4 below shows the breakdown of the total membership by employer type.

Chart 4 – Membership classification by employer type on 31 March 2025

The Fund membership has increased over the last five years from 18,258 to 21,152 - an increase of 15.85%. The membership profile over the same period is set out in Chart 5 below.

Membership Profile as at 31 March 2025

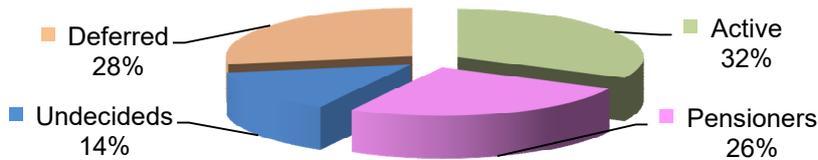


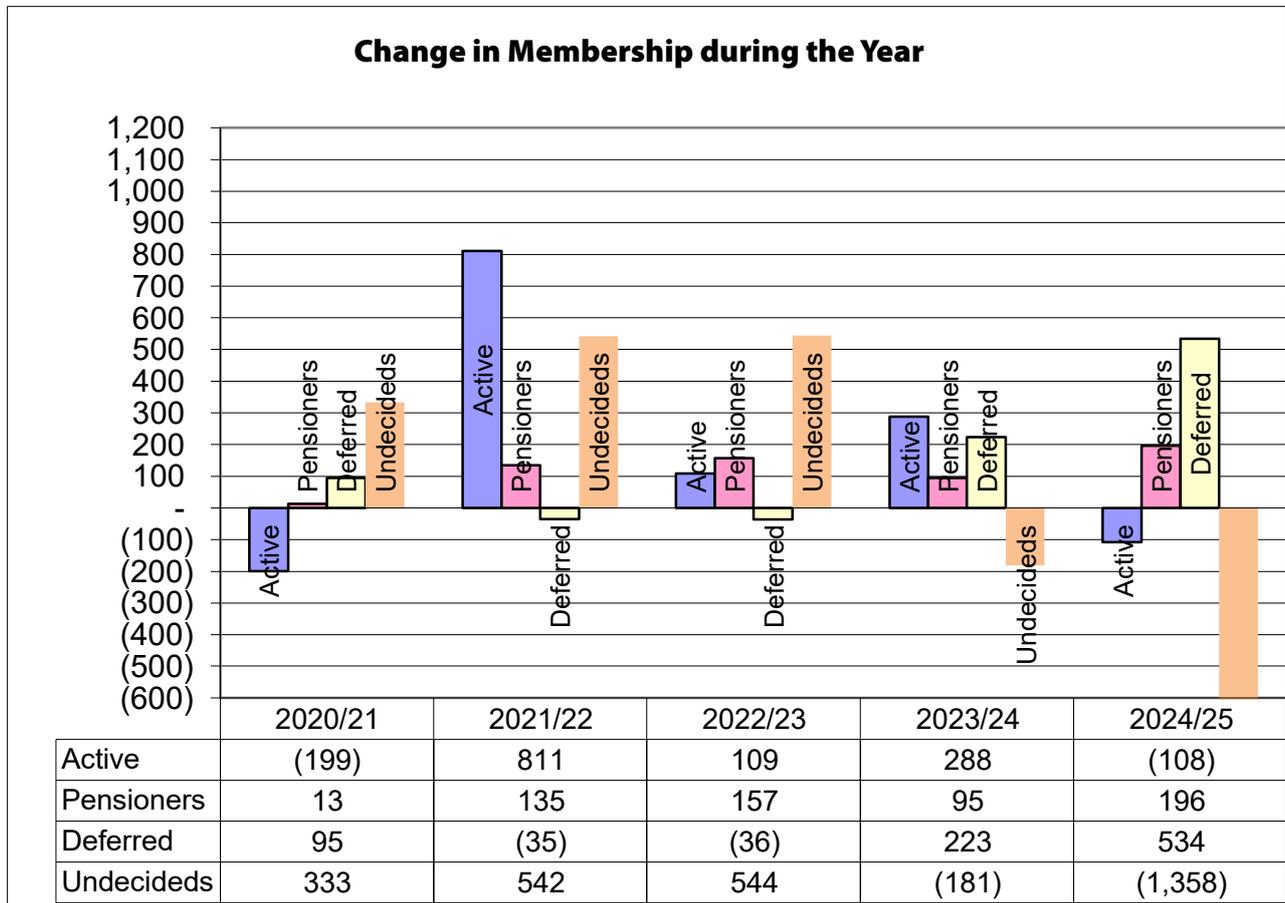
Chart 5 – Membership Composition



The Fund has become more mature over the years due to the increasing number of pensioner and deferred members as a percentage of the whole Fund membership.

To demonstrate this change in profile, Chart 6 below shows the change in membership numbers each year for the past five years.

Chart 6 – Changes in Membership Profile



Auto-Enrolment

Under the terms of the Occupational and Personal Pension Schemes (Automatic –Enrolment) Regulations 2010 (as amended), employers must automatically enrol eligible employees into a work-place pension scheme from a staging date set by the employer size. For Redbridge this date was 1 March 2013 and all new employees since then have been automatically enrolled into the pension scheme unless they specifically request not to be in the scheme – “opt-out”.

On 12 February 2013 Cabinet decided that Redbridge would use the Transitional Provisions in the legislation to defer the application of auto enrolment for existing employees to 1 October 2017. Using this option, the Council did not automatically enrol existing eligible employees before 1 March 2013 until 1 October 2017. Thereafter the Council is now required to automatically enrol all employees who have been subject to the transitional provisions from 1 October 2017. Employees will then need to opt-out if they do not wish to remain in the scheme.

Under the legislation eligible employees who have opted out of the scheme must be automatically re-enrolled every three years.

Contributions to the Fund

The Council monitors the receipt of pension contributions from the various employers in the Scheme to ensure compliance with the Regulations. During 2024/2 £42.709m of contributions were received.

FINANCIAL SUMMARY



FINANCIAL SUMMARY

The Council, as the administering authority, is responsible for ensuring that sufficient funds will be available to meet current and future benefit payments. Investment Managers, Members of the Pension Fund Committee, Council Officers, the Actuary and Independent Investment Specialists work together to deliver optimal returns whilst also balancing the risk to the Fund and maintaining affordable employers' contribution rates.

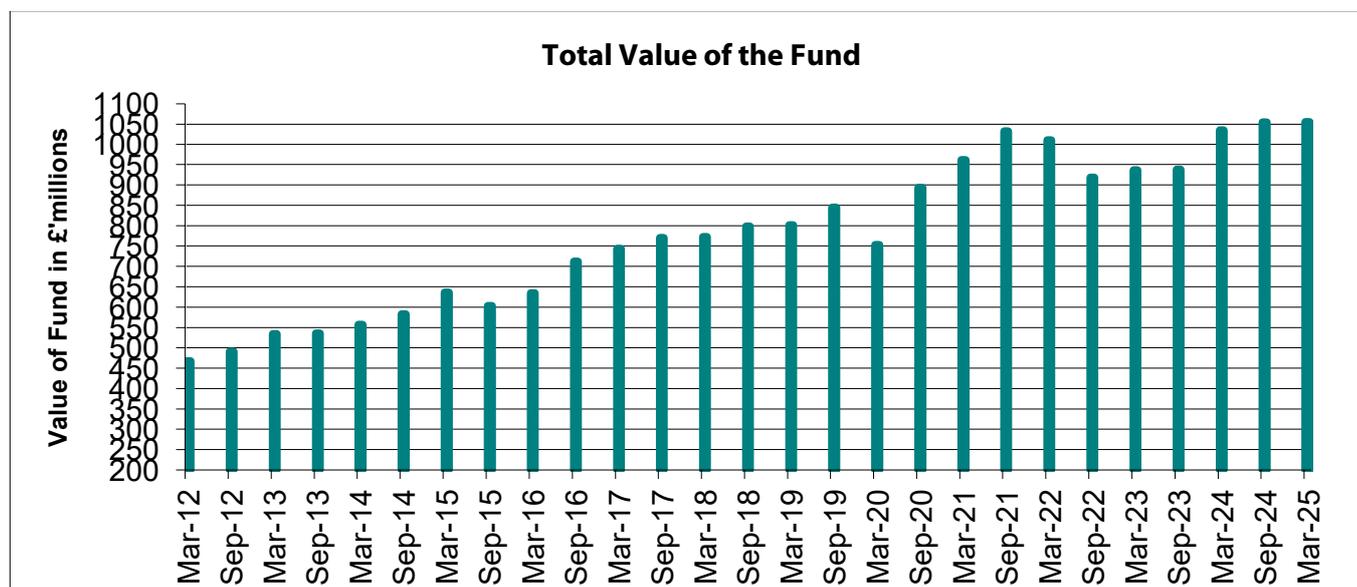
Table 9 – Annual Income & Expenditure Summary and Fund Value since 2020/21

Financial Summary	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Asset Market Value at 1 April	759.424	961.408	1,009.952	936.044	1,033.803
Income	36.261	40.981	47.712	43.613	47.524
Expenditure inc. Management expenses	-42.304	-45.687	-48.553	-51.228	-57.543
Net Cash Flow	-6.043	-4.706	-0.841	-7.615	-10.019
Investment Income	7.670	7.160	13.361	21.566	29.681
Net Realised/Unrealised Profit and (Loss)	200.357	46.090	-86.428	83.808	1.669
Asset Market Value at 31 March	961.408	1,009.952	936.044	1,033.803	1,055.134

The negative cashflow position in 2020/21, 2021/22 and 2022/23 was due to some significant transfers of former employees' pensions to other schemes. In both 2023/24 and 2024/25 the negative cashflow was due to the reduction of employer contributions combined with an increase in pensions and other benefits paid. The income generating assets are expected to provide income to the Fund to cover the increase in pension payments along with the reduction in the employer contributions.

Chart 8 shows the value of the Fund since March 2011 and demonstrates the market volatility of global markets over recent years. The chart also shows that the markets continue to be volatile particularly during periods of high inflation and conflicts between countries, such as the situation in Ukraine and the disputes between the USA and China.

Chart 7 - Change in the value of the Fund March 2011 to March 2025

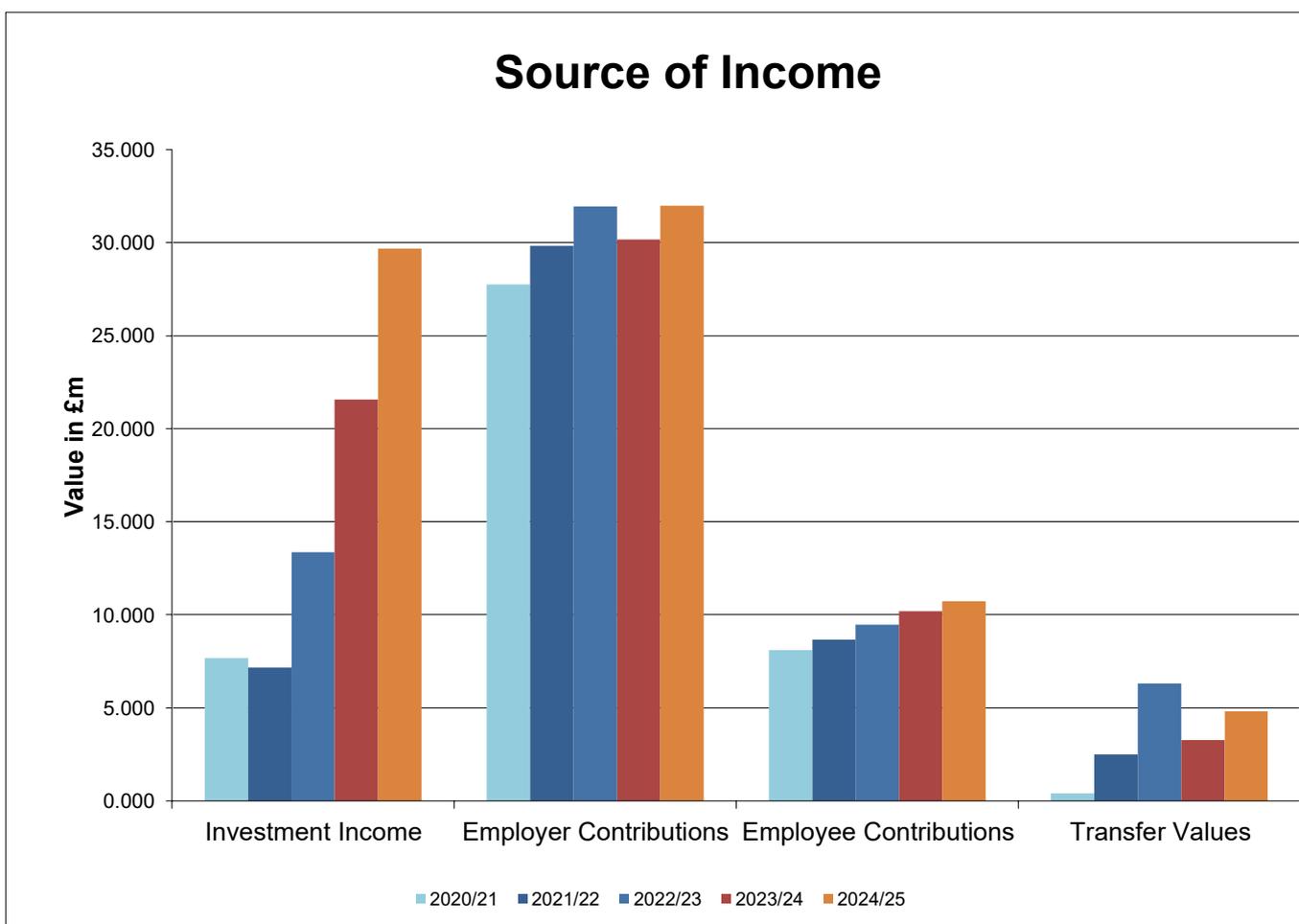


The Fund receives income from various sources. The main source of income received relates to employee and employer contributions. The employee contribution rate is set by Regulation, whereas the employer contribution rate is calculated by the Fund's Actuary and is set as a result of the triennial valuation. The valuation undertaken on 31 March 2022 set the employers' contribution rate for three years from 1 April 2023. Chart 9 provides details of the various income streams.

Chart 8 – Source of Income

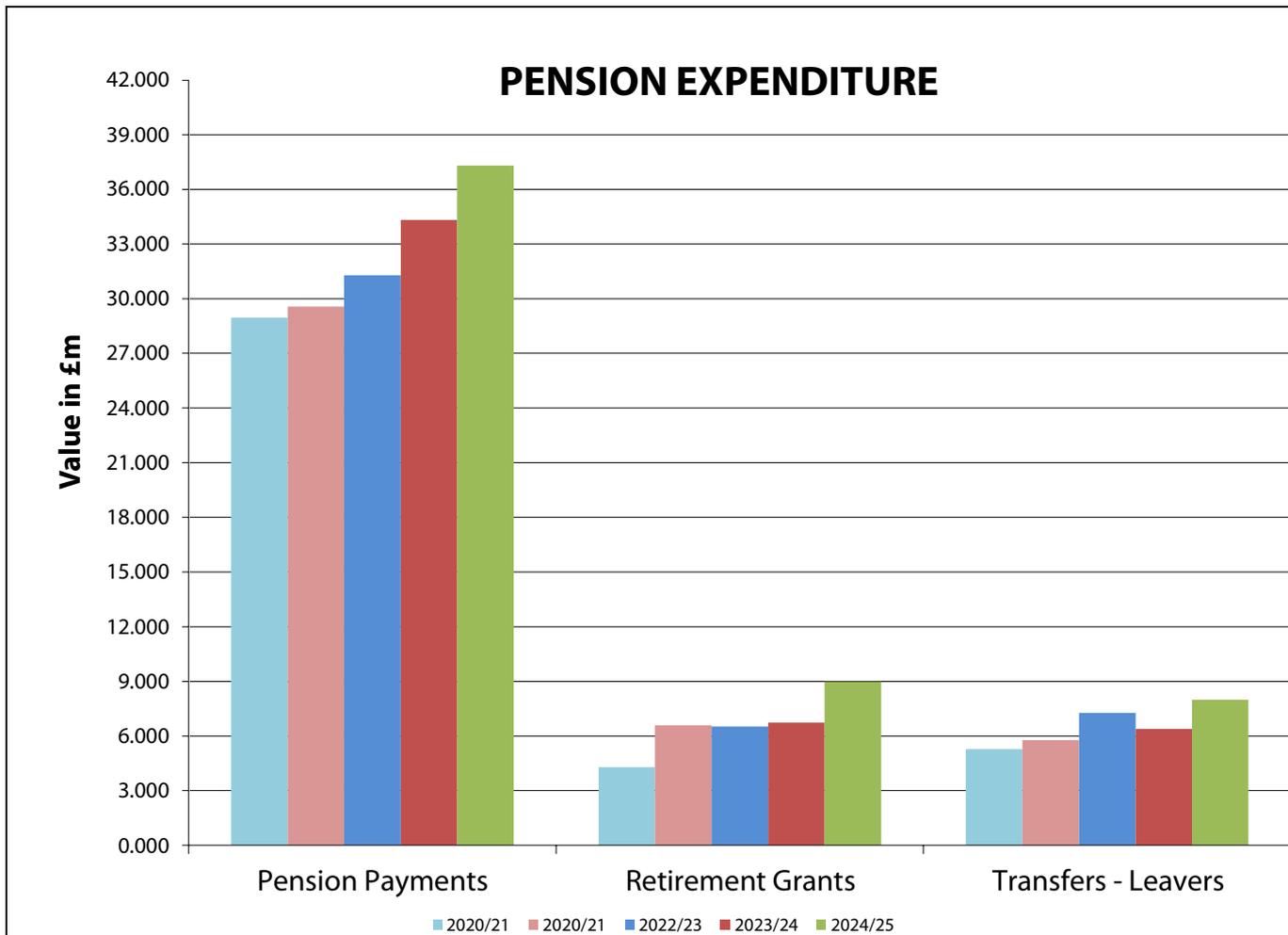
The amount of investment income received increased in 2020/21 due to some of the pooled unit trusts paying an income to the Fund, as opposed to re-investing the income generated back into the pooled unit trust. This receiving of income arrangement was suspended in 2020/21 and reinstated in 2022/23.

In 2024/25 the Fund's investment strategy moved to more income generating assets as demonstrated in the table below.



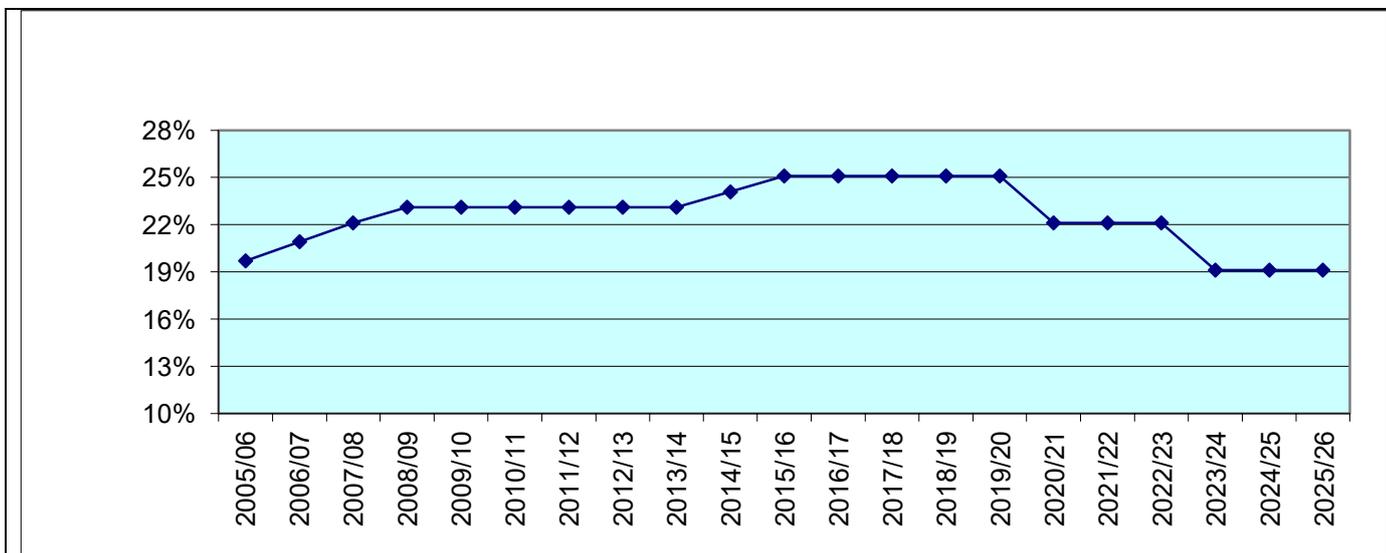
In 2024/25 pensions were increased by 6.7% in-line with inflation (CPI in September 2023). The value of the average pension is now £7,100 per year. The increase in pension expenditure is shown in Chart 10.

Chart 9 – Pension Expenditure



As well as looking to ensure that employer contribution rates remain affordable, the Council also seeks to avoid volatility in the rates. Chart 11 shows the movement of the contribution rates over the past eighteen years and for the next three years as set by the Fund's Actuary:

Chart 10 – London Borough of Redbridge Contribution Rates



Comparison of Budget Forecast and Actual Income and Expenditure

The Council monitors the Pension Fund's cash flow on an annual basis, comparing trends on income and expenditure against previous years to ensure that the Fund remains cash positive, effectively having sufficient income to meet its liabilities. Table 10 sets out actual income and expenditure alongside the budget for 2024/25 and provides comments on variances.

Table 10 – Income and Expenditure 2024/25

Expenditure	2024/25 Annual Budget £m	31 March 2025 Actual £m	Variance to Forecast £m	Reason
Pension Payroll	37.378	37.305	(0.073)	Fewer retirements than predicted
Retirement & Death Grants	6.300	8.802	2.502	Increase number of deaths
Transfer Values	6.500	7.993	1.493	In-line
HR Recharge	0.535	0.535	-	In line
Other Admin Expenses	0.600	0.855	0.255	Higher costs re Altair
Training	0.015	0.001	(0.014)	In-line
Direct Investment Expenses	1.200	1.223	0.023	In-line
Investments with Fund Managers	11.584	35.320	23.736	Changes to investment strategy
TOTAL EXPENDITURE	64.112	92.034	27.922	

Income	2024/25 Annual Budget £m	31 March 2025 Actual £m	Variance to Forecast £m	Reason
Contributions - employees & employers	(40.444)	(42.376)	(1.932)	Increase in active membership
Transfer Values	(3.500)	(4.815)	(1.315)	Fewer transfers
Early Retirement Pension Strain	(0.200)	(0.333)	(0.133)	In-line
Income from investment managers	(15.000)	(29.681)	(14.681)	Move to income generating assets
Disinvestment	(1.000)	(16.600)	(15.600)	Change to investment strategy
TOTAL INCOME	(60.144)	(93.805)	(33.661)	
IN-YEAR DEFICIT / (SURPLUS)	3.968	(1.771)	(0.072)	
Year-End Adjustments		2.310		
Opening Cash Balance	(4.079)	(3.325)		
YEAR-END CASH BALANCE	(0.111)	(2.786)		

Table 11 –Local Pension Board

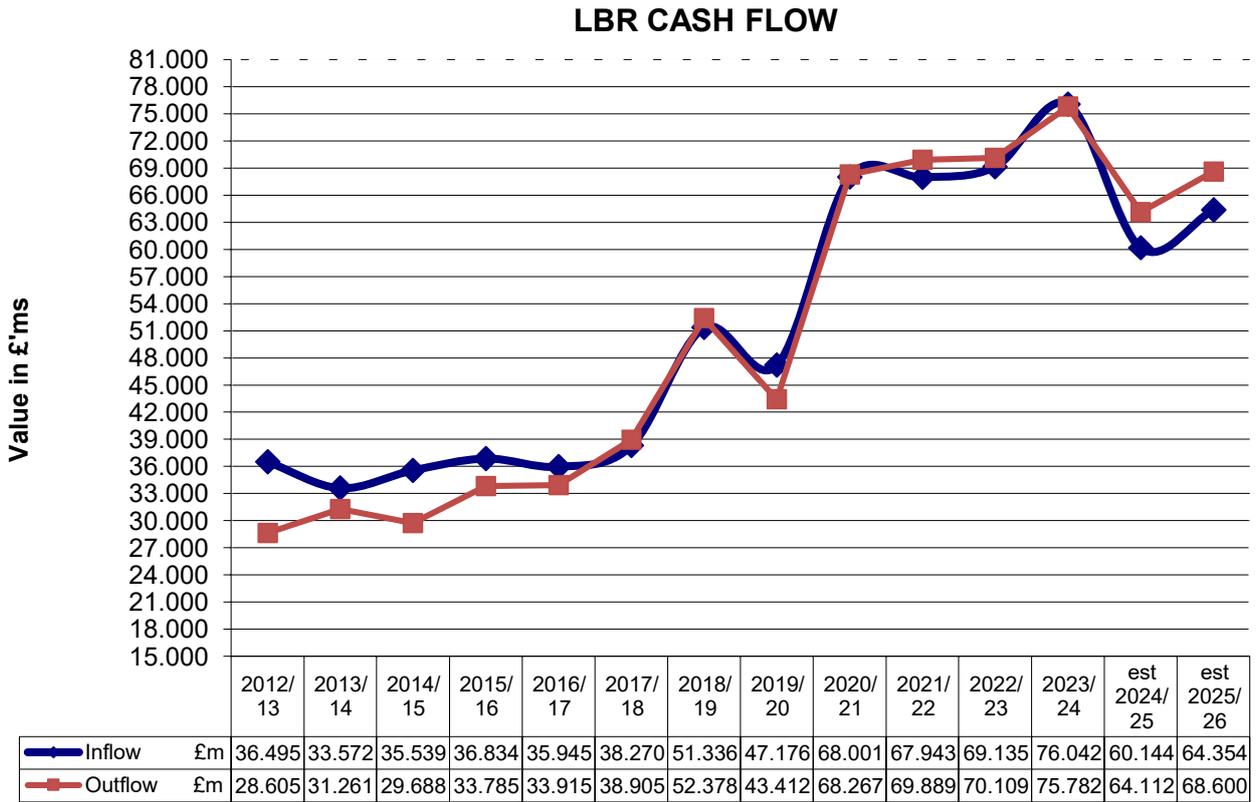
As part of the overall cash flow, the Local Pension Board has been allocated a budget to enable it to achieve its objectives. This included an allowance for training and development as well as the facility to obtain independent professional advice.

	Budget £m	Actual £m	Variance £m	Comment
Local Pension Board	0.010	0.004	(0.006)	Expenses less than expected

Cash Flow

The cash-flow for the pension fund has been affected by changes to the level of contributions received as well as the pension payments being made. Chart 12 overleaf demonstrates the change in the level of income over expenditure in recent years. Whilst it is anticipated that sufficient income will be available to maintain a cash-positive position for at least the next few years, this will need to be kept under review particularly as the Fund continues to mature. The spike in 2018/19 was due to the bulk transfer in respect of Redbridge College. The spike in 2020/21 which continued into 2022/23 was due to the changes to the investment strategy resulting in the disinvestment and reinvestment into the Infrastructure Fund and the Real Estate Long Income Fund. The commitment to invest in the Infrastructure Fund is expected to be fully called in 2025/26 and therefore income and expenditure is expected to reduce.

Chart 12 – LBR Cash Flow



London Borough of Redbridge Pension Fund (the Fund)

Actuarial Statement for 2024/25

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated February 2023. In summary, the key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations
- manage the fund in line with the stated ESG policies.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 17 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 66% likelihood that the Fund will achieve the funding target over 17 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £1,010 million, were sufficient to meet 99% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2022 valuation was £11 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Financial assumptions	31 March 2022
Discount rate	4.3% pa
Salary increase assumption	2.7% pa
Benefit increase assumption (CPI)	2.7% pa

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.7 years	24.5 years
Future Pensioners*	22.7 years	26.0 years

*Aged 45 at the 2022 Valuation.

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

Experience over the period since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. Asset performance improved in 2024 and early 2025; however the recent increase in US tariffs on imports has caused significant market volatility. The peak of this market volatility was experienced immediately after 31 March 2025, however, generally lower than expected asset returns were experienced in the month immediately prior to this.

High levels of inflation in the UK (compared to recent experience) have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, inflation has reduced towards historical levels and the Bank of England's target (2% pa), with LGPS benefits increasing by 1.7% in April 2025.

There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025, and will be finalised by 31 March 2026. The FSS will also be reviewed at that time, and a revised version will come into effect from 1 April 2026.

Jamie Baxter FFA C.Act

13 May 2025

For and on behalf of Hymans Robertson LLP

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF LONDON BOROUGH OF REDBRIDGE ON THE PENSION FUND FINANCIAL STATEMENTS

Opinion

We have examined the pension fund financial statements of London Borough of Redbridge Pension Fund ("the Pension Fund") included in the Pension Fund Annual Report ("the Annual Report") for the year ended 31 March 2025, which comprise the Fund Account, the Net Assets Statement and the related notes, including material accounting policy information.

In our opinion, the Pension Fund financial statements included in the Annual Report are consistent with the audited pension fund financial statements included in the full annual statement of accounts of London Borough of Redbridge for the year ended 31 March 2025 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Respective responsibilities of the Executive Director of Resources and the auditor

As explained more fully in the Statement of the Executive Director of Resources' Responsibilities, the Executive Director of Resources is responsible for the preparation of the pension fund's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Our responsibility is to report to you our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the pension fund financial statements in the statement of accounts of London Borough of Redbridge, and its compliance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We also read the other information contained in the pension fund annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information consists only of the:

- Executive overview
- Management Structure
- Contact Details
- Scheme Features
- Governance Structure
- Investment Management
- Risk Management
- Administration
- Membership
- Financial Summary
- Actuarial Statement
- Statement of Responsibilities
- Publications
- Employers in the Pension Fund

We conducted our work in accordance with Auditor Guidance Note 07 — Auditor Reporting, issued by the National Audit Office. Our report on the administering authority's full annual statement of accounts describes the basis of our opinion on those financial statements.

Use of our report

This report is made solely to the members of London Borough of Redbridge, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the London Borough of Redbridge and its members as a body, for our audit work. for this report, or for the opinions we have formed.

Simon Mathers (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Southampton
26 February 2026

STATEMENT OF RESPONSIBILITIES

The London Borough of Redbridge as Administering Authority of the London Borough of Redbridge Pension Fund is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Corporate Director of Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

In the Council's Constitution, the following responsibilities have been delegated to the Corporate Director of Resources:

- the duty to maintain and manage a Pension Fund in accordance with the Local Government Pension Scheme Regulations. This power shall be exercised in accordance with the recommendations of the Pension Fund Committee.
- to ensure that the Council's accounting records are kept in accordance with the appropriate accounting standards and mandatory guidance and that the Statement of Accounts is prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards.
- the statutory duty to arrange for a triennial Actuarial Valuation of the Fund; to obtain an Actuary Certificate and to send a copy to the Minister; and to supply a copy of the Pension Fund audited accounts to admitted employing authorities.
- the duty to comply with and to exercise and perform any powers and duties under the various Pension Acts and the Superannuation Act 1972 which fall to be exercised or
- performed by the Council by virtue of its being an employer (powers and duties relating to supervision of pension schemes).

Statement of the Corporate Director of Resources

I certify that the Accounts set out on pages 33 to 47 have been prepared in accordance with proper practices and present a true and fair view of the transactions of the London Borough of Redbridge Pension Fund during the year ended 31 March 2024 and financial position of the Fund at the date of its assets and liabilities, other than liabilities to pay pensions and benefits after the year end.

David Kuenssberg
Corporate Director of Resources & Section 151 Officer
26 February 2026

Pension Fund Account for the Year Ended 31 March 2025

2023/24 £000		Notes	2024/25 £000
	Dealings with members, employers and other directly involved in the Fund.		
40,350	Contributions receivable	7	42,709
3,263	Transfers in	8	4,815
43,613			47,524
	<i>Less:</i>		
(41,066)	Benefits payable	9	(46,291)
(6,442)	Leavers	10	(8,105)
(47,508)			(54,397)
(3,895)	Net additions/(withdrawals) from dealings with members		(6,872)
(3,720)	Management Expenses	11	(3,147)
	Returns on Investments		
21,566	Investment income	12	29,681
83,808	Change in market value of investments	14(a)	1,669
105,374	Net returns on Investments		31,350
97,759	Net increase/(decrease) in the Fund during the year		21,331
936,044	Net Assets of the scheme on 1 April 2024		1,033,803
1,033,803	Net Assets of the scheme on 31 March 2025		1,055,134

Net Assets Statement as at 31 March 2025

2023/24 £000		Notes	2024/25 £000
150	Longer Term Investments		150
1,031,760	Investment Assets	13	1,051,098
1,031,910			1,051,248
2,182	Current Assets	18	4,330
(289)	Current Liabilities	18	(444)
1,033,803	Net Assets of the Scheme on 31 March 2025		1,055,134

The accounts summarise the transactions and net assets of the Pension Fund. They do not take account of liabilities to pay pensions and other benefits in the future. The actuarial present value of promised retirement benefits is disclosed at Note 22.

I certify that the Pension Fund Account and Net Assets Statement present a true and fair view of the income and expenditure in 2024/25 and the Pension Fund's financial position as at 31 March 2025.

David Kuenssberg
Executive Director of Resources & Section 151 Officer
26 February 2026

Notes to the Pension Fund Account

1. Introduction

The Pension Fund is a funded, defined benefit occupational pension scheme set up under the Superannuation Act 1972 and is administered in accordance with the Local Government Pension Scheme (LGPS) Regulations by the London Borough of Redbridge. The scheme is a contributory defined benefit pension scheme that provides pensions and other benefits to former Council employees (except teachers, who have a separate scheme) and to various scheduled and admitted bodies.

The scheduled bodies in the scheme as at 31 March 2025 were: Chadwell Heath Academy, Mayfield School, Ilford Ursuline Academy, Little Heath School, Palmer Academy, Isaac Newton Academy, Aldborough Free School, Loxford Academy, St Aidan's Academy, Beacon Multi Academy (formerly Beal Multi Academy), Atam Academy, Winston Way Academy, Avanti Court School, Astrum Academy, Strive4 Academy, Downshall Academy, Al-Noor Academy, Good Shepherd Diocese, St Peters & St Paul's Academy and Our Lady of Lourdes Academy.

The active admitted bodies in the scheme on 31 March 2025 were: Mears Limited, Vision-Redbridge Culture & Leisure, Imagine Independence Ltd, Lewis & Graves, and Town & Country.

As at 31 March 2025 the membership of the scheme was as follows:

Active Members	On 31 March 2024	On 31 March 2025
Redbridge Council	5,420	5,215
Scheduled Bodies	1,174	1,287
Admitted Bodies	106	90
TOTAL	6,700	6,592

Pensioners	On 31 March 2024	On 31 March 2025
Redbridge Council	4,750	4,955
Scheduled Bodies	191	172
Admitted Bodies	117	127
TOTAL	5,058	5,254

Deferred Members	On 31 March 2024	On 31 March 2025
Redbridge Council	8,074	7,303
Scheduled Bodies	1,224	1,169
Admitted Bodies	95	98
TOTAL	9,393	8,570

The Fund is financed by contributions as well as interest, dividends and profits from realised investments. The contributions are made by active members of the Fund in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2013 and range from 5.5% to 12.5% of pensionable pay. Employee contributions are matched by employers' contributions which are set on triennial actuarial funding valuations. The funding policy is to ensure that over time the assets held by the Fund are adequate to meet future pension scheme liabilities.

Five Councillors are appointed annually by the Council to the Pension Fund Committee, which has the role of dealing with the management of the Pension Fund's investments in accordance with regulations laid down in statute and the Fund's Investment Strategy Statement.

In line with the provisions of the Public Service Pension Act 2013 the Council has set up a Local Pension Board to oversee the governance arrangements of the Pension Fund. The Board meets quarterly and has its own Terms of Reference. The Board Members are independent of the Pension Fund Committee.

The administration of the scheme is managed in-house by the London Borough of Redbridge.

The Pension Fund's financial statements provide a stewardship report on the Fund, together with a statement of the assets position at the financial year-end.

2. Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2024/25 financial year 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 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts of the Pension Fund have also been prepared to meet the requirements of the Local Government Pension Scheme (Administration) Regulations 2013 and in accordance with the Statement of Recommended Practice on Financial Reports of Pension Schemes.

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. The accounting requirement under International Accounting Standard (IAS) 26 is disclosed at Note 22. The Pension Fund Accounts have been prepared on a going concern basis.

The Pension Funds latest actuarial valuation as at 31 March 2022, showed it to be 99% funded, an increase of 15% from the position 3 years ago. The actuarial valuation includes the Rates and Adjustment certificate detailing contributions to the Pension Fund that participating employers are expected to make. It remains the Fund's expectation that these will be paid as planned, and to date the Fund has not received a request from participating employers to defer contribution payments.

Following the actuarial valuation and schedule of employer contributions payments, the Pension Fund has reviewed its cashflow forecast to the end of February 2027 and is considered to have sufficient cash to meet its obligations to pay pensions without selling any investments. This is reviewed annually. Should investments be required to be sold because of negative cashflows or employers being unable to pay their contributions (which is not expected) the Pension Fund would have ready access to cash as 72.76% of the Fund's investments could be sold at short notice as at 30 September 2025.

Increased Market Volatility - The value of the Investment assets of the Fund changes on a daily basis, however the degree of volatility in global financial markets has increased because of continuing social and economic uncertainties created by the conflict in Ukraine. Despite this, the Fund remains in a strong financial position, capable of meeting all its payment obligations. The Funding Strategy is based on long term investment returns and as such, the increased volatility seen at present is not considered a material concern.

The bid value of the Fund's investment assets as at 31 March 2025 were £1,051.248m an increase of 1.87% in the value of the Fund's investment assets since 31 March 2024.

3. Summary of Significant Accounting Policies

Fund account – revenue recognition

- A) **Contribution Income** – Normal contributions, both from members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate.

Employer's augmentation and pension strain contributions are accounted for in the period that the liability arises. Any amount due in year but unpaid is treated 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 Local Government Pension Scheme Regulations. Individual transfers in/out are accounted for when received/paid. Bulk transfers are accounted for on an accruals' basis in accordance with the terms of the transfer agreement.

- C) **Investment Income** –

- (i) **Interest Income** – Interest income is recognised in the Fund account as it accrues.
- (ii) **Dividend Income** - Dividends have been accounted for on an accruals' basis. Investment income on overseas investments has been converted into sterling at the rate of exchange on settlement date. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current asset.
- (iii) **Distributions from pooled equity funds** – Pooled investment vehicles are accumulation funds and as such the change in market value includes income, net of withholding tax which is re-invested in the Fund.

(iv) **Distributions from pooled property funds** – Income distributions from the pooled property fund investments have been accounted for on an accruals' basis.

(v) **Movement in the net market value of investments** – Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items

- D) **Benefits Payable** – pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.
- E) **Taxation** – the Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments incurs withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.
- F) **VAT** – As the Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. VAT receivable and payable is excluded from income and expenditure respectively.
- G) **Voluntary Scheme Pay (VSP), Mandatory Scheme Pay (MSP) and Lifetime Allowances** - Members are entitled to request the Pension Fund to pay their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduction in pension. Where the Fund pays member tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs.
- H) **Management Expenses** – Pension Fund management expenses are accounted for in accordance with the CIPFA guidance: Accounting for Local Government Pension Scheme Management Costs. All administrative expenses are accounted for on an accruals' basis. All staff costs of the pension's administration team are charged direct to the Fund. Management, accommodation and other overheads are apportioned to the Fund in accordance with the Council's policy.
- I) **Investment Management Expenses** - All investment management expenses are accounted for on an accruals' basis. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointment. Broadly, these are based on the market value of the investments under their management and therefore increase or decrease as the value of these investments change.
- J) **Oversight and Governance Costs** - The cost of obtaining investment advice from external consultants is included in oversight and governance charges.

A proportion of the Council's costs for management time spent by officers on investment management is charged to the Fund and is included within oversight and governance costs.

Net assets statement

- K) **Financial Assets** – financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the assets are recognised by the Fund.

The values of investments as shown in the net assets statement have been determined as follows:

- i) Market quoted investments – the value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.
 - ii) Fixed interest securities – are recorded at net market value based on their bid price.
 - iii) Pooled investment vehicles – these are valued at either the closing bid price where a bid price exists or on the single unit price provided by the investment managers.
 - iv) Cash – the cash held in the Pension Fund current account is invested by the Council in accordance with its Treasury Management Policy.
- L) **Foreign Currency Transactions** – dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value any 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.

- M) **Derivatives** – the pooled units in which the Fund invests uses derivative financial instruments to manage its exposure to specific risk arising from its investment activities.
- N) **Cash and cash equivalents** – cash comprises of cash in hand and demand deposits. 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. Cash that is invested for longer than an overnight deposit is recognised as an investment asset.
- O) **Financial Liabilities** – the Fund recognises financial liabilities at fair value 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.
- P) **Actuarial present value of promised retirement benefits** – the actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 22).
- Q) **Additional Voluntary Contributions** – AVCs are not included in the accounts which is in accordance with section 4(1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 23).

4. Critical Judgements in Applying Accounting Policies

The Pension Fund liability is calculated triennially by the appointed actuary with annual updates in the intervening years. The methodology used in the intervening years follows generally agreed guidelines and is in accordance with IAS19. These assumptions are summarised in Note 21. The estimates are sensitive to changes in the underlying assumptions underpinning the valuations.

5. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Actuarial Present Value of Promised Retirement Benefits – The Pension Fund liability is calculated every three years by the appointed actuary, with updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the Actuary and are summarised in Notes 21 and 22. This estimate is subject to significant variances based on changes to the underlying assumptions.

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied	The effects on the net pension liability of changes in assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £16m. A 0.1% increase in the assumed earnings would increase the value of the liabilities by approximately £1m similarly an increase of 0.1% in the pension payments would increase the value of the liabilities by £15m. An increase in life expectancy by one year would increase the liability to the fund by £38m.

Unquoted Investments

The Fund's assets include investments in unquoted assets such as property and infrastructure on a pooled basis. These assets are valued by the investment managers at fair value in accordance with relevant industry standards and guidelines. Managers may use comparable market data, indices and data from third parties as well as projected revenue to determine the fair value of these assets. As such, there is a degree of estimation involved in these valuations.

The total value of unlisted investments in the financial statements is £160.776m (£122,973 in 2023/24) and is broken down as follows:

Property	£57.492m
Infrastructure	£76.476m
UK Housing	£20.713m
Natural Capital	£ 5.945m

There is a risk that these investments may be under or overstated in the accounts.

6. Events after the Year End Date

There have been no events since 31 March 2025 and up to the date when these accounts were authorised that require any adjustment to these accounts.

7. Contributions Receivable

Contributions represent those amounts receivable from the various employing bodies in respect of their own contributions and those of their contributing employees. Under the provisions of the scheme, employees' rates are based on pay bandings and range from 5.5% to 12.5% of pensionable pay. The Fund's Actuary determines employer contribution rates (as a percentage of pensionable pay) which currently range from 13.0% to 35.3% plus any additional lump sum contributions required in respect of funding shortfalls at the time of the triennial actuarial valuation.

Early retirement - All capital costs, such as employee and employer contributions foregone, and the cost of making pension payments early in respect of non-ill-health early retirements, are met by the employer that approved the early retirement.

		2023/24	2024/25
		£000	£000
Employers			
	London Borough of Redbridge	24,991	26,535
	Scheduled Bodies	4,256	4,607
	Admitted Bodies	918	834
		30,165	31,976
Members			
	London Borough of Redbridge	8,610	9,062
	Scheduled Bodies	1,338	1,444
	Admitted Bodies	237	227
		10,185	10,733
		40,350	42,709

Contributions split between normal, deficit funding and augmentation are outlined below:

	2023/24	2024/25
	£000	£000
Normal Employer Contributions	29,610	31,225
Deficit Payments *	311	418
Augmentation (Early Retirements)	244	333
	30,165	31,976

* The deficit recovery policy is set out in the Scheme's Funding Strategy Statement

8. Transfers In

Sums received for scheme members from other pension schemes that relate to periods of previous pensionable employment.

	2023/24	2024/25
	£000	£000
Individual Transfers from other schemes – London Borough of Redbridge	3,263	4,815
	3,263	4,815

9. Benefits Payable

Benefits are provided in accordance with the provisions of the Local Government Pension Scheme regulations.

	2023/24	2024/25
	£000	£000
Pensions	34,322	37,305
Commutation of Pensions and Lump Sum Retirement Benefits	5,728	7,481
Lump Sum Death Benefit	852	1,321
Interest	164	184
	41,066	46,291

	2023/24	2024/25
	£000	£000
By Employer		
London Borough of Redbridge	38,890	43,449
Scheduled Bodies	1,120	1,356
Admitted Bodies	1,056	1,486
	41,066	46,291

10. Payments to and on Account of Leavers

Regulations permit a refund of employee contributions to be made to new members with less than two years initial scheme membership. Individual transfers are payments of accrued pension benefits in respect of scheme members who have left the scheme and joined a pension scheme elsewhere.

	2023/24	2024/25
	£000	£000
Refunds to members	55	113
Individual Transfers to other Schemes	6,387	7,993
	6,442	8,105

11. Management Expenses

The table below shows a breakdown of the management expenses incurred during the year. The London Borough of Redbridge carries out the administrative function in-house.

	2023/24	2024/25
	£000	£000
Administrative Costs	984	862
Investment Management Expenses	2,450	2,052
Oversight and Governance	193	177
Audit Fees	93	55
	3,720	3,147

11(a). Investment Management Expenses

	2023/24	2024/25
	£000	£000
Management Fees	2,427	2,037
Direct Custody Fees	23	15
	2,450	2,052

Total	2023/24		Total	2024/25	
	Pooled Units outside of LCIV	Pooled Units through LCIV		Pooled Units outside of LCIV	Pooled Units through LCIV
£000	£000	£000	£000	£000	£000
2,255	315	1,940	1,722	572	1,150
73	23	50	76	15	61
122	-	122	199	-	199
-	-	-	55	-	55
2,450	338	2,112	2,052	587	1,465

12. Investment Income

Interest, dividends and other income shown in the Fund Account have been broken down as follows:

	2023/24	2024/25
	£000	£000
Pooled Investments Vehicles	17,950	26,470
Property Unit Trusts	3,010	2,911
Cash	602	295
Other Investment Income	4	5
	21,566	29,681

13. Investments

The table below shows the Fund's investments by asset class:

	2023/24	2024/25
	£000	£000
Investment Assets		
Pooled Investments	957,558	978,786
Pooled Property Investments	68,641	69,786
Cash	5,711	2,675
Total Investment Assets	1,031,910	1,051,248

There are no investment liabilities.

The table below shows a detailed analysis of the investments held by the Fund as at 31 March 2025 with a comparison table showing detailed analysis of the investments held by the Fund as at 31 March 2024.

2024/25	Value at 31/03/24	Purchases at cost	Sales proceeds	Change in fair value	Cash movement	Value at 31/03/25
	£000	£000	£000	£000	£000	£000
Pooled Equity Unit Trusts	957,408	35,306	(16,600)	2,522	-	978,636
London CIV	150	-	-	-	-	150
Property Unit Trusts	68,641	1,998	-	(852)	-	69,786
	1,026,199	37,304	(16,600)	1,669	-	1,048,572
Other Balances						
Cash	5,711	-	-	-	(3,036)	2,675
	1,031,910	37,304	(16,600)	1,669	4,881	1,051,248

2023/24	Value at 31/03/23 £000	Purchases at cost £000	Sales proceeds £000	Change in fair value £000	Cash movement £000	Value at 31/03/24 £000
Pooled Equity Unit Trusts	858,666	175,890	(166,719)	89,571	-	957,408
London CIV	150	-	-	-	-	150
Property Unit Trusts	72,054	2,350	-	(5,763)	-	68,641
	930,870	178,240	(166,719)	83,808	-	1,026,199
Other Balances						
Cash	830	-	-	-	4,881	5,711
	931,700	178,240	(166,719)	83,808	4,881	1,031,910

The change in fair value of investments during the year comprises all increases and decreases in the value of investments held at any time during the year, including profits and losses realised on sales of investments and changes in the sterling value of assets caused by changes in exchange rates. In the case of the pooled investment vehicles changes in market value also includes income, net of withholding tax, which is reinvested in the Fund.

As a result of the Fund's investments in pooled investment vehicles the Fund did not incur any direct transaction costs, such as broker fees and taxes. Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Fund.

As shareholders of the London LGPS CIV Ltd (the organisation set up to run pooled LGPS investments in London), the Fund has purchased £0.150m of regulatory capital.

A summary of individual investments exceeding 5% of the Fund's total net assets is set out below:

Investment	31 March 2025	% of net assets
UK Equity Index Unit Trust	101,592	9.66
All World (ex UK) Equity Index Unit Trust	62,973	5.99
Low Carbon Equity Index Unit Trust	233,349	22.20
Global Equity Fund	156,088	14.85
Index Linked Bond Fund	52,477	4.99
Multi-Asset Credit	73,224	6.97
Buy & Maintain Long Dated Bonds	88,577	8.43
Real Estate Long Income Fund	57,492	5.47
Infrastructure Fund	76,476	7.27
Schroder Property Fund	69,786	6.64

13(a) Investments – Fund Management

On 31 March 2025, the fair value of assets under management was £1,048.572m. The Fund has undertaken work in conjunction with the Fund's external adviser to implement a long-term strategy to match the objective of being fully funded in the longer term. The structure of the Fund resulted in a strategic benchmark of 75% equities (including property and cash) and 25% bonds. As set out in the Pension Fund's Investment Strategy Statement, the asset allocation may be varied and rebalancing may be suspended at the discretion of the Pension Fund Committee.

The Tables below shows details of the investment mandates analysed between those invested managed by the pool and those outside of the pooled arrangement:

31/03/24 £000	% of Portfolio	Manager	Mandate	31/03/25 £000	% of Portfolio	Strategic Asset Allocation %
Investments managed by Pool						
161,422	15.64	Baillie Gifford	Global Equities	156,088	14.85	15.00
65,150	6.31	Stepstone	Infrastructure	76,476	7.27	7.50
57,823	5.60	Aviva	Real Estate Long Income	57,492	5.47	7.50
95,080	9.22	LGIM	UK Equities	101,592	9.66	5.00
77,622	7.52	LGIM	Global Equities – ex UK	62,973	5.99	-
223,664	21.68	LGIM	Low Carbon Equities	233,350	22.20	20.00
97,131	9.41	Insight	Buy & Maintain Bonds	88,577	8.43	10.00
72,933	7.07	Pimco & CQS	Multi Asset Credit	73,224	6.97	7.50
159	0.02	CRBE & Octopus	UK Housing Fund	20,713	1.97	5.00
-	-	Manulife & JP Morgan	Nature Based Fund	5,945	0.57	2.50
59,023	5.72	LGIM	Index Linked Gilts	52,477	4.99	7.50
910,007	88.19			928,907	88.36	87.50
Investments managed outside of Pool						
47,401	4.59	Schroders	Emerging Markets Equities	49,729	4.73	5.00
68,641	6.65	Schroders	Property	69,786	6.64	7.50
5,861	0.57	Cash inc LCIV		2,825	0.27	-
121,903	11.81			122,341	11.64	12.50
1,031,910	100.00	TOTAL		1,051,248	100.00	100.00

14. Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the fair value amounts of financial assets and liabilities by category and net asset statement heading. No financial assets were reclassified during the accounting period.

2023/24			2024/25		
Designated as fair value through profit & loss £000	Loans and Receivables £000	Financial Liabilities at amortised cost £000	Designated as fair value through profit & loss £000	Loans and Receivables £000	Financial Liabilities at amortised cost £000
957,558	-	-	978,786	-	-
68,641	-	-	69,786	-	-
5,711	-	-	2,675	2,786	-
-	1,351	-	-	793	-
1,031,910	1,351	-	1,051,248	3,579	-
		Financial Assets			
		Pooled Investment			
		Pooled Property - Investment			
		Cash			
		Sundry Debtor			
		Total			

		Financial Liabilities			
-	-	Creditors	-	-	-
-	-	Total	-	-	-
1,031,910	1,351		1,051,248	3,579	
1,033,261		Grand Total	1,054,825		

14 (a) Net Gains and Losses on Financial Instruments

2023/24			2024/25	
£000		Financial Assets	£000	
83,808		Fair value through profit & loss	1,669	
83,808		TOTAL	1,669	

14 (b) Fair Values of Financial Instruments and Liabilities

The following table summarises the fair values of the financial assets and financial liabilities by class of instrument.

31 March 2024			31 March 2025	
Fair Value		Financial Assets	Fair Value	
£000			£000	
1,031,910		Fair value through profit & loss	1,051,248	
1,351		Loans and Receivables	3,579	
1,033,261		Total Financial Assets	1,054,825	
-		Total Financial Liabilities	-	
1,033,261			1,054,825	

15. Fair Value – Basis of Valuation

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable	Key Sensitivities affecting the valuations provided
Cash	Level 1	All cash is reported in Sterling	Not Required	Not required
Pooled LCIV - ACS	Level 2	Quoted investments are valued at mid-market value as at the close of business on the last working day of the relevant period	Evaluated Price Feeds	Not required
		Unquoted investments or if a quotation is not available at the time of valuation, the fair value shall be estimated on the basis of the probable realisation value of the investment		
		Collective investment schemes are valued at quoted bid prices for dual priced funds and at quoted prices for single prices funds, on the last business day of the relevant period.		

Unquoted Infrastructure Managed Funds	Level 3	The Fair Value of the investments has been determined using valuation techniques appropriate to each investment. These techniques include discounted cash flow analysis and comparable transaction multiples in accordance with the International Private Equity and Venture Capital Valuation Guidelines	Significant unobservable inputs and observable inflation	Valuations could be affected by material events occurring between the date of the financial statements provide and the pension fund's own reporting date, by changes to the expected cashflow and by any differences between audited and unaudited accounts
Pooled Investments - Real Estate Funds	Level 3	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Significant changes in rental growth, vacancy levels or the discounted rate could affect valuations as could more general changes to market prices

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index-linked securities and unit trusts.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available, for example where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine the fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input could have a significant effect on the instruments' valuation is not based on an observable market data.

15 (a) Fair Value Hierarchy

The table below provides analysis of the assets and liabilities of the pension fund allocated into levels 1 to 3 based on the level at which fair value is observed.

Values as at 31 March 2025	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial Assets				
Financial assets at fair value through profit & loss	2,675	887,797	160,776	1,051,248
Financial Assets at amortised cost	-	-	-	-
Total Financial Assets	2,675	887,797	160,776	1,051,248
Financial Liabilities				
Financial liabilities at fair value through profit & loss	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
Total Financial Liabilities	-	-	-	-
Net Financial Assets	2,675	887,797	160,776	1,051,248

Values as at 31 March 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial Assets				
Financial Assets at fair value through profit & loss	5,711	902,917	123,282	1,031,910
Financial Assets at amortised cost	-	-	-	-
Total Financial Assets	5,711	902,917	123,282	1,031,910
Financial Liabilities				
Financial liabilities at fair value through profit & loss	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
Total Financial Liabilities	-	-	-	-
Net Financial Assets	5,711	902,917	123,282	1,031,910

15 (b) Reconciliation of Fair Value Measurements within Level 3

	London CIV £000	UK Housing £000	Infrastruct ure £000	Real Estate Long Income £000	Natural Capital £000	Total £000
Value at 31 March 2024	150	159	65,150	57,823	-	123,282
Purchases	-	20,688	8,093	-	6,525	35,306
Unrealised profit and (loss)	-	(134)	3,233	(331)	(580)	2,188
Value at 31 March 2025	150	20,713	76,476	57,492	5,945	160,776

16. Nature and Extent of Risks arising from Financial Instruments

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

Market Risks

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

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

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sector and individual securities. To mitigate market risk, the Council and the Fund's investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

Other Price Risk

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

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital.

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

Other Price Risk – Sensitivity Analysis

The following table demonstrates the change in the net assets available to pay benefits if the market price were to increase or decrease by 10%.

Price Risk:

Asset Type	Value £000	Value on Increase £000	Value on Decrease £000
Level 2 Assets			
UK Equities	101,592	111,751	91,432
Overseas/Global Equities	502,141	552,355	451,926
Index Linked Gilts	52,477	57,724	47,229
Buy & Maintained Bonds	88,577	97,435	79,720
Multi-Asset Credit	73,224	80,546	65,901
Property	69,786	76,765	62,808
Level 3 Assets			
Infrastructure	76,476	84,124	68,829
Real Estate Long Income	57,492	63,241	51,743
UK Housing	20,713	22,784	18,641
Natural Capital	5,945	6,540	5,351

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the base currency of the fund, i.e. pounds sterling.

The following table shows the change in value of these assets had there been a 10% strengthening/weakening of the pound against the various currencies:

Currency Risk (by asset class):

Asset Type	Value £000	Value on Increase £000	Value on Decrease £000
Overseas Equities	502,141	552,355	451,926

Credit Risk

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

In essence the Fund's entire investment portfolio is exposed to some form of credit risk. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Interest Rate Risk

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

Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments.

The Pension Fund has immediate access to its cash holdings that are invested by the Council. The levels of cash held are reviewed by the Council as part of the periodic cashflow forecasting and form part of the Fund's investment strategy. The Fund's investment strategy ensures that the majority of the Fund is invested in assets that can be sold at short notice to avoid any liquidity risk.

17. Investment Strategy Statement

The Council is required by Regulation to prepare and publish an Investment Strategy Statement (ISS). This Statement sets out the Fund's policy on a range of matters relating to the investments and management of the Pension Fund and is regularly reviewed and updated. A copy of the ISS can be found on the Council's website www.redbridge.gov.uk.

18. Current Assets and Liabilities

	2023/24	2024/25
	£000	£000
Cash at Bank	-	2,786
Contributions due	588	449
Sundry debtors	1,350	792
Prepaid expenses	244	304
Total of Current Assets	2,182	4,331
Accrued benefits	(68)	(25)
Accrued expenses	(221)	(419)
Sundry creditors	-	-
Total of Current Liabilities	(289)	(444)

19. Stock Lending

The Fund does not participate in stock lending arrangements.

20. Related Party Transactions

The London Borough of Redbridge is the single largest employer of members in the Pension Fund and contributed £26.534m to the Fund in 2024/25 (£24.992m in 2023/24).

During the year no Councillors or Chief Officers with direct responsibility for Pension Fund issues have undertaken any declarable transactions with the Pension Fund, other than the following.

- Administrative services undertaken by the Council to the Pension Fund were £0.535m (£0.535m in 2023/24).
- Investment services undertaken by the Council to the Pension Fund were £0.122m (£0.122m in 2023/24).

Each member of the Pension Fund Committee is required to disclose their interest at each meeting.

The key management personnel of the Pension Fund are the members of the Pension Fund Committee and the Corporate Director of Resources.

21. Actuarial Valuation

In 2024/25, the contribution rate paid by the Council as an employer was determined following an actuarial valuation of the Fund of 31 March 2022.

The valuation of 31 March 2022 set the employer's contribution rates for the years 2023/24, 2024/25 and 2025/26. The actuarial method used by the Actuary is known as the "projected unit method". The key feature of this method is that in assessing the future service cost, the Actuary calculates the contribution rate, which meets the cost of benefits accruing in the year after the valuation date. This is the same method adopted at the previous valuation and is an appropriate method for a fund which is open to new members.

For this valuation the Actuary adopted a market value approach whereby assets were valued initially on a market value basis and liability assumptions were derived from gilt yields. Those assumptions which have the most significant effect on the results of the valuation are:

Assumption	Rate
The rate of increase in pensionable earnings	2.7%
"Gilt-based" discount rate	4.3%
The level of increase in earnings growth	2.7%

The result of the 2022 valuation was that the value of the Fund's assets was actuarially assessed as £1.010m, which was sufficient to meet 99% of its accrued liabilities. The employer's contribution rate required as a result of the valuation incorporates a phased increase in the balance of the Fund to meet 100% of future benefit liabilities, as required by Pension Fund regulations. As a result of the 2022 valuation, those employers within the Fund that have funding shortfalls are required to make repayments over an agreed period in accordance with the policies set out in the Pension Fund's Funding Strategy Statement (available on the Council's website www.redbridge.gov.uk) and certified by the Actuary in the Actuarial Valuation Report. The new employer contribution rates and shortfall payments commenced from 1 April 2023.

22. Actuarial Present Value of Promised Retirement Benefits

The Fund's Actuary prepares reports for the purposes of IAS19 for the Council and other employers participating in the Pension Fund upon request. Further information pertaining to the Council is included at note 40 of the Notes to the Core Financial Statements.

The Actuary has calculated that the liabilities at 31 March 2025 for the entire Fund comprises of:

Type of Member	31 March 2024	31 March 2025
	Liability	Liability
	£m	£m
Employees	400	363
Deferred Members	243	200
Pensioners	455	394
Total	1,098	957

The net liability of the Fund in relation to the actuarial present value of promised retirement benefits and the net assets available to fund these benefits is as follows (based upon IAS26 information).

	31 March 2024	31 March 2025
	£m	£m
Present value of funded obligations	(1,098)	(957)
Fair value of Fund Assets (BID Value)	1,034	1,055
Net Liability for the whole Fund	(64)	98

These calculations have been determined using the following financial assumptions:

Year Ended	31 March 2024	31 March 2025
	% p.a.	% p.a.
Inflation / Pension Increase Rate	2.80	2.80
Salary Increase Rate	2.80	2.80
Discount Rate	4.80	5.80

In June 2023, the UK High Court (*Virgin Media Limited v NTL Pension Trustees II Limited*) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme, and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact on the assessed actuarial present value of promised retirement benefits under IAS 26, or if it can be reliably estimated. As a result, the Redbridge Pension Fund does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the actuarial present value of promised retirement benefits in its financial statements.

23. Additional Voluntary Contributions (AVC's)

The Council has a statutory obligation to provide an additional voluntary contribution (AVC) facility. This facility provides the means for members of the Pension Fund to pay contributions into a policy, which will be used to buy

additional pension benefits when the member retires. A total of one hundred and forty-eight members of the Pension Fund contribute to the AVC schemes. In 2024/25 £611,513 of contributions deductions were made in respect of the AVC Scheme (£430,970 in 2023/24).

Market Value 31 March 2024 £000	AVC Provider	Market Value 31 March 2025 £000
162	Utmost Pensions (formerly Equitable Life)	145
668	Clerical Medical	857
462	Standard Life	658
1,292	TOTAL	1,660

The Council, as employer, does not make any contribution to the AVC scheme and these funds do not form part of the Council's Pension Fund accounts.

24. Contractual Commitments

The Fund has committed £70m into the Step-stone Infrastructure Fund. Of this commitment £6.490m was outstanding on 31 March 2025.

The Fund also has committed £48m into the UK Housing Fund. Of this commitment £27.081m was outstanding on 31 March 2025.

The Fund also has committed £30m into the Nature Based Fund. Of this commitment £23.475m was outstanding on 31 March 2025.

PUBLICATIONS

The Pension Fund publishes the following documents on the Council's website.

<https://www.redbridge.gov.uk/about-the-council/our-finance-services/>

1. Annual Business Plan

The Pension Fund Committee undertakes a review of the activities of the committee over the previous twelve months and sets out the tasks for the forthcoming year. This would include reviewing policy statements and monitoring the performance of the Fund. The Annual Business Plan is agreed each year at the Pension Fund Committee meeting held in February.

2. Pension Administration Strategy

This statement is produced by the Pension Administration Team and is revised periodically to ensure that it remains consistent with recommended practices. The statement sets out the Council's policy for:

- setting levels of performance;
- procedures for securing compliance with Regulations;
- setting Performance Targets.

3. Communication Policy Statement

This statement is produced by the Pension Administration Team and is revised periodically to ensure that it remains consistent with recommended practices. The statement sets out the Council's policy for:

- communicating with interested parties including members and other employers within the scheme;
- the method and frequency of communications used;
- promoting the LGPS to seek to increase membership within the scheme;
- performance objectives for administering the scheme.

4. Governance Compliance Statement

The objective of this statement is to make the administration and stewardship of the scheme more transparent and accountable to its stakeholders. It therefore provides details of:

- how the Council, as Administering Authority maintains and manages its pension fund function in accordance with regulatory requirements;
- the structure for the decision making process, which includes details of the various responsibilities for administering the Pension Fund;
- the frequency of Pension Fund Committee meetings;
- the voting rights of the Committee members;
- accessibility to information and training.

The Governance Compliance Statement was reviewed in 2023 in light of the governance review undertaken by the Council.

5. Investment Strategy Statement (ISS)

Administrating Authorities are required to prepare, maintain and publish a written Investment Strategy Statement governing their decisions about investments. This document therefore sets out details of:

- the strategy for investing and the risks associated with such investing
- the approach adopted by the Fund towards pooling
- the Fund's policy towards social, environmental and corporate governance;
- the Fund's policy with regards to the exercising of rights including voting;
- Details of the advice sought with regards to investing.

6. Fund Strategy Statement (FSS)

This statement is prepared in collaboration with the Fund's Actuary and after consultation with the Fund's employers and investment advisers and sets out:

- the strategy for the Pension Fund to show how the pension liabilities are to be met whilst seeking to achieve a constant and affordable employer contribution rate;
- shows details as to how the Fund is seeking to achieve its objectives and the risk associated with the strategy;
- details of the responsibilities for each key party, including the employers, employees and actuary.

The Funding Strategy Statement is reviewed periodically to coincide with the valuation. The revised FSS was approved in 2023. The next valuation is due 31 March 2025.

The Agenda and Minutes of the Pension Fund Committee meetings are also available on the Council's website:

<https://moderngov.redbridge.gov.uk/mgCommitteeDetails.aspx?!ID=778>

EMPLOYERS WITHIN THE REDBRIDGE PENSION FUND

The table below outlines the membership profile on 31 March 2025 for all employers in the Fund as well as their status.

Column1	Active member	Undecided member	Deferred member	Pensioner member	Total	%age
LB Redbridge (inc schools etc)	5,215	2,209	5,094	4,892	17,410	85.28%
Scheduled bodies:					-	
Aldborough Primary	18	9	11	3	41	0.20%
Al-Noor Primary	34	7	5	-	46	0.23%
Astrum Academy	363	123	44	28	558	2.73%
Atam Academy	27	6	3	-	36	0.18%
Avanti Court Academy	29	18	13	-	60	0.29%
Beacon - Beal Academy	125	127	63	44	359	1.76%
Beacon - Forest Academy	-	4	13	-	17	0.08%
Chadwell Heath Academy	43	13	38	24	118	0.58%
Downshall Academy	39	6	-	2	47	0.23%
Good Shepherd	-	-	-	1	1	0.00%
Isaac Newton Academy	88	59	27	3	177	0.87%
Little Heath School	121	51	51	20	243	1.19%
Loxford Academy	79	84	16	9	188	0.92%
Mayfield School	91	35	68	36	230	1.13%
Our Lady of Lourdes Academy	25	9	8	4	46	0.23%
Palmer Academy	44	22	17	16	99	0.48%
St. Aidans Academy	16	23	9	13	61	0.30%
St. Peter & Paul's Academy	22	14	8	5	49	0.24%
Strive 4 Academy	63	56	37	8	164	0.80%
Ursuline Academy	28	5	41	17	91	0.45%
Winston Way Academy	32	13	13	-	58	0.28%
Total	1,287	684	485	233	2,689	13.17%
Admitted bodies:					-	
Dizzy Ducks	-	3	1	1	5	0.02%
Imagine Independence	2	-	1	2	5	0.02%
Kindred Nurseries	-	-	-	1	1	0.00%
Lewis & Graves - Mayfield	8	3	4	5	20	0.10%
Mears	18	-	-	8	26	0.13%
Town & Country - Downshall	1	-	-	1	2	0.01%
Vision	61	26	60	111	258	1.26%
Total	90	32	66	129	317	1.55%
Grand Totals	6,592	2,925	5,645	5,254	20,416	100.00%

A deferred member is a former employee who has decided not to transfer their accrued benefits to an alternative pension scheme and they will therefore receive pension benefit upon normal retirement.