



London Borough  
of Hounslow

# Pension

WINTER 2023 • DEFERRED MEMBER NEWSLETTER

## Fund report 2023

The McCloud  
judgement  
and remedy

Free pre-  
retirement  
courses

Transfer  
time limits

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



# Hounslow Local Pension Board

## Opportunity to become a Local Pension Board Representative

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

We are now seeking expressions of interest from our pension scheme members of any status, whether you are currently contributing to the pension scheme, in receipt of a pension or have a deferred benefit entitlement.

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

### Key features of the LPB

- The Pension Board has an oversight role, and assists the Council, who are the Administering Authority for the Pension Fund, to secure compliance with Pension Regulations and to ensure the effective and efficient governance and administration of the LGPS
- It is chaired by a qualified Independent Representative
- It is representative and contains:
  - Up to four member representatives
  - Up to four employer representatives
- Normal Term of Office is four years to match the administration
- Board meetings take place four times a year at Hounslow House
- Members of the Pension Board should be willing to attend induction/training sessions to ensure that they acquire/maintain the required level of knowledge and understanding necessary to carry out their role on the Board
- In 2023 there will additionally be three paid full days of training in central London – one day each in October, November and December.
- Roles are not remunerated but a travel and subsistence allowance will be paid.

# FUND REPORT 2023



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

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

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

### **2022/23 headlines and highlights**

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

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

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

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

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

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

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



**Cllr Jagdish Sharma**

Chair of the Pension Fund Panel

# Fund Accounts

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

# Investments

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

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

# Equities

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

# Net Assets Statement as at 31 March 2023

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

# The McCloud judgement and remedy



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

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

You may be affected if:

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

## Background

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

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

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

## What do I need to do?

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

## Will my pension increase?

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

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

# Transfer time limits matter

If you're thinking about transferring your deferred LGPS pension to another provider, don't leave it too late. You would have to choose to transfer your pension at least one year before your normal pension age (NPA). That's most likely your state retirement age, but some members have a protected NPA of age 60 or 65.

Always be aware of pension scams and don't make rash decisions. Fall foul of a scam and you could lose some or all of your money.

See [pension-scams.com](http://pension-scams.com) or [fca.org.uk/scamsmart](http://fca.org.uk/scamsmart)

# Have you checked your deferred pension statement?

You can see your latest deferred statement and your previous statements by signing in to your online MyPension account.

[www.wyph.org.uk/mypension](http://www.wyph.org.uk/mypension)

# Privacy and your data

Read about how we use the data we hold about you.

[www.wyph.org.uk/privacy](http://www.wyph.org.uk/privacy)



## It's time to go online

View your pension record and your statements with our online My Pension service.

Register today at [www.wypf.org.uk/register](http://www.wypf.org.uk/register)

## Pension scams

Pension scams are a very real threat and could be about insurance policies, **pensions transfers**, or high-return investment opportunities. Sophisticated scammers will try many things, so beware of schemes or investments that seem too good to be true.

Report suspected scams to Action Fraud straightaway on **0300 123 2040** or with the online reporting tool at [www.actionfraud.police.uk/reporting-fraud-and-cyber-crime](http://www.actionfraud.police.uk/reporting-fraud-and-cyber-crime)



### Contact us

Phone **01274 434999**  
Monday to Friday 8.45am to 4.30pm

Email [pensions@wypf.org.uk](mailto:pensions@wypf.org.uk)

Postal address  
**PO Box 67 Bradford BD1 1UP**



## Who gets your death grant?

A death grant is a one-off tax-free lump sum on top of any pension your husband, wife, partner or children would be due if you died. How much is paid depends when you left your job. If it was before 1 April 2008, we pay your deferred lump sum, including cost of living increases, as a death grant. Otherwise, we pay 5x your deferred annual pension. This may be different if you have active membership elsewhere in the LGPS. If you haven't done it yet, you can [download a form](#) from our website.

## Your LGPS pension is protected

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

## Retirement courses 2023/24

If you're starting to think more seriously about your retirement plans, why not join Affinity Connect, our pre-retirement partner, for an informative **online retirement planning session**. Keeping your retirement plans on track is really important, so it's always best to start planning early! Feedback tells us that members who have

attended past courses wished that they would have attended sooner. This course is perfect for you if you are within up to ten years of retirement and want more information about how to maximise retirement savings.

Workshops cover **estate planning, managing change, income in retirement, state pension and other benefits, personal taxation, money management, budgeting in retirement, making your money last, wellbeing, lifestyle** and more.

### Course dates (more coming)

[Click here to book online](#)

2024	Date	Time
	11 January	9:30am - 12:00pm
	13 February	1:00pm - 3:30pm
	29 February	9:30am - 12:00pm
	20 March	1:00pm - 3:30pm
	27 March	9:30am - 12:00pm
	8 April	1:00pm - 3:30pm
	3 May	9:30am - 12:00pm