

Local Pension Board

Wednesday 3 April 2024
10.00 am
Meeting Room GO2C, 160 Tooley Street

Membership

Mike Ellsmore (Independent Chair)

Dominic Cain (Vice Chair) – Employer Representative

Vacant – Employer Representative

Mike Antoniou – Schools Employer Representative

Diana Lupulesc – Employee Representative

Stuart Mumford – Employee Representative

Tony O'Brien – Retired Employee Representative

Local Pension Board

Wednesday 3 April 2024
10.00 am
Meeting Room GO2C, 160 Tooley Street

Order of Business

Item No.	Title
	PART A – OPEN BUSINESS
1.	TRAINING SESSION – SPRING BUDGET AND LGPS DEVELOPMENTS
2.	APOLOGIES FOR ABSENCE AND SUBSTITUTIONS
3.	NOTIFICATION OF INTENTION TO CONDUCT BUSINESS IN A CLOSED MEETING
4.	DISCLOSURE OF INTERESTS AND DISPENSATIONS
	Members of the board to declare any interests and dispensation in respect of any item of business to be considered at this meeting.
5.	MINUTES
	To agree as a correct record, the open minutes of the meeting held on 24 January 2024.
6.	ACTION TRACKER
7.	PENSIONS SERVICES
8.	PENSION SERVICES – ANNUAL BENEFIT STATEMENTS ACTION PLAN

Item No.

Title

Page No.

- 9. RISK REGISTER**
- 10. UPDATE ON CURRENT LGPS ISSUES**
- 11. PENSIONS ADVISORY PANEL MEETING PAPERS**
- 12. ANY OTHER OPEN BUSINESS**

PART B – CLOSED BUSINESS

EXCLUSION OF PRESS AND PUBLIC

The following motion should be moved, seconded and approved if the sub-committee wishes to exclude the press and public to deal with reports revealing exempt information:

“That the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1-7, Access to Information Procedure rules of the Constitution.”

13. CYBER ASSESSMENT REPORT

ANY OTHER CLOSED BUSINESS

Date: 12 March 2024

Local Pension Board

MINUTES of the Local Pension Board meeting held on Wednesday 24 January 2024 at 10.00am in Meeting Room 224, 160 Tooley Street.

PRESENT: Mike Ellsmore (ME) – Independent Chair
Dominic Cain (DC) – Vice Chair, Employer Representative
Mike Antoniou (MA) – Schools Employer Representative
Stuart Mumford (SM) - Employee Representative
Tony O'Brien (T'OB) - Retired Employee Representative

OTHERS PRESENT: Clive Palfreyman (CP) – Strategic Director, Finance
Caroline Watson (CW) - Senior Finance Manager
Barry Berkengoff (BB) – Pensions Manager
Tracey Milner (TM) – Pensions Investments Manager
Bola Tobun (BT) – Pension Fund Accountancy Manager (Item 1 only)
Helen Laker (HL) – Member of PAP (Item 1 only)

Online – Item 1 only
Catherine Pearce (CP) – Aon
Laura Caudwell (LC) – Aon
Spandan Shah (SS) – ESG Manager
Derrick Bennett (DB) – Member of PAP

1. TRAINING SESSION – CONFLICTS OF INTEREST

Item delivered online by Aon (CP/LC).

A brief introduction was provided by ME, who explained that conflicts of interest are more manageable since the board has an oversight, rather than decision-making, role. ME advised that PAP members potentially have more concerns about conflicts of interest, particularly if members are appointed by the Administering Authority.

It was noted that PAP members had been invited to attend the training, which was being recorded and would be made available to those that were unable to attend the meeting.

Apologies from PAP members Cllr Stephanie Cryan and Cllr Emily Hickman were noted.

CP and LC jointly presented and covered areas including why the Fund needs a conflicts of interest policy, an interactive review of potential conflicts and how conflicts could be managed.

In the discussion about the types of conflicts that PAP members may face, ME noted that the LPB has an expectation that PAP members recognise their own potential conflicts (for example, based on their personal interests, including work roles) and that they have a fiduciary duty to ensure that the Fund is managed properly.

DC queried when the Administering Authority's contribution rate was last reviewed and what level of information was shared at PAP. LC advised that the Rates and Adjustment certificate was effective until 2026 and CW added that any inter-valuation changes to contribution rates are presented to PAP for challenge.

T O'B queried who has the authority and power to make changes to contribution rates. ME advised that the actuary is responsible for signing off contribution rates. There was some discussion about the responsibility for signing off redundancy packages and whether this was deemed a "conflict" for the Pensions Manager. It was noted that such decisions are the employer's responsibility. Any costs of awarding enhanced packages are recovered from the employer in the form of a pension fund "strain" payment. BB advised that the council's statement of accounts includes notes on remuneration of senior employees or those remunerated above £150,000 p.a. Remuneration includes pensions contributions for complete transparency.

Other areas of potential conflict covered by the training included:

- those arising from differing treatment of employing bodies regarding fines for non-payment of pensions contributions (due to payroll issues).
- those arising from the government "levelling up" agenda, i.e. whether the pension fund should invest in local projects. ME noted that all investment decisions should be assessed against the Fund's over-riding investment strategy, which is sovereign.
- those arising from issues around Net Zero policies and the potential conflict with fiduciary duty, which is to ensure that returns are maximised
- those arising where a decision-maker has an outside interest (e.g. work, a personal relationship) that may be perceived as influencing their ability to make impartial decisions.

In summary, CP advised that any conflicts should be acknowledged, declared and managed. If a conflict is meaningful and irremovable, the individual concerned may have to stand down from their decision-making role.

2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

An apology was received from Diana Lupulesc (Employee Representative). There is currently a vacancy for a scheme employer representative following the retirement of Allan Wells.

3. NOTIFICATION OF INTENTION TO CONDUCT BUSINESS IN A CLOSED MEETING

No business was conducted in a closed meeting.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There was a disclosure of interest made for all London Borough of Southwark employees present for Item 1.

5. MINUTES

The minutes of the meeting previously held on Monday 11 October 2023 were agreed upon and approved.

CW clarified that the total number of Southwark council ill-health retirements for 2021-22 and 2022-23 was 25, of which 22 were tier 1 and the rest were tier 3.

6. ACTION TRACKER

BB noted that the revised administration strategy was last published in 2021 and was therefore due for review in 2024. The strategy is in process of being updated to reflect new pensions administration software and an updated policy on fining employers, to be agreed by the S151 officer.

7. PENSION SERVICES

Item delivered by BB.

An initial update was provided on recruitment within the team. A Senior Pensions Officer was recruited externally and joined in November 2023. Another Senior Pensions Officer and a Pensions Officer were appointed internally. The former was a promotion from a Pensions Officer role, in line with the team's career progression policy.

BB advised that the data and systems team has historically been under-resourced, however two positions have recently been filled by IT/Structured Query Language specialists. BB referred to the new structure of the Data/Systems team which had been reviewed against future IT/software needs and current work volumes. As a result, two distinct teams are being formed to manage all pension fund data/interface and IT/technology support needs.

An update was provided regarding the IT system, with end-to-end testing of the UPM system ongoing. BB noted that a frank discussion had taken place with the MD of Civica and LBS's new client account director about the day-to-day user experience.

BB advised that Aon are finishing the cyber-security assessment of the IT system and the results are awaited. BB hopes to bring a findings report to the April 2024 meeting of the Local Pension Board.

The long-awaited national pension dashboard project continues to be delayed and that implementation for the public sector is likely to be September 2025. Civica is currently developing a dashboard ecosystem for all local authorities to enable them to meet data upload requirements of the Pensions Dashboard Regulations 2022.

BB confirmed there are still delays in the distribution of some Annual Benefit Statements (ABS) but it was hoped these would be issued by the end of January 2024. CP noted the urgency of resolving the issue. CW also advised that DL had submitted a question in advance, given that she had contact from scheme members that were querying when they would receive their statement. DC noted that the delay is a recurring issue but that it was resolved earlier last year. BB advised the reasons are slightly different in 2023 compared to 2022. In 2022 the main issue was around timing of the new system implementation and data migration issues that followed, whereas in 2023, the delay relates to final stages of data migration remediation work and the new Employer Hub where many external employers and their payroll providers were late in delivering data. BB committed to bringing an action plan to a forthcoming meeting of LPB.

ME requested that if the 31st January deadline was not met, a note to be circulated by BB to the LPB members and that a detailed report, including action plan, should be brought to the April meeting of the LPB.

There was some discussion about schools and how there are 25 outsourced payroll providers. A number of payroll contracts are not sufficiently robust and payroll data is not being provided in good time or needs additional validation work when received. A discussion about fining employers took place which is one solution and the administration strategy covers this action, but the former Strategic Director of Finance and Governance had been wary to implement it. BB pointed out that all employers, including maintained schools, have a duty of care to staff to provide accurate and timely data to ensure the correct benefits are paid on retirement. This applies to non-teaching staff in the LGPS and teaching staff with benefits in the Teachers' Pensions Scheme.

CP indicated that he would consider imposing fines on organisations that continually failed to meet their commitments to the pension fund in terms of data.

8. BREACHES LOG

Item delivered by BB.

BB highlighted that there were new entries in the breaches log that have been added in the last six months. In addition, some breaches were carried forward since they were awaiting employer action.

BB outlined an example of the Pensions Regulator (**tPR**) contacting LBS in August 2023 about a casual member of staff who had not been auto-enrolled into the Pension Fund. Consequently, LBS was working with tPR to identify any potential risks for similar staff/workers.

BB outlined a second breach whereby a payroll provider had been reported for not paying over pension contributions for the whole of 2022-23. Given that the employer is a maintained school, this is a breach against LBS as principal employer. ME queried whether it was appropriate for the breach to be reported to LPB rather than to LBS's breaches log. BB advised that it is practice to report all breaches to LPB that are relevant to the Pension Fund. It was, however, agreed to differentiate between those breaches that are primarily in the interest of LBS rather than the Pension Fund. BB undertook to reformat the breaches log to this end.

ME queried if the delays in audit sign-off of the 2021-22 accounts should be included as a breach. CW advised that this was a national issue and that the Chief Accountant has confirmed that it is not a technical breach.

9. TPR ANNUAL SURVEY

Item delivered by CW. CW advised that The Pensions Regulator had published its 2022-23 report on governance and administration practices in public service pension schemes. It was noted that while LBS did not complete the survey, its findings were relevant to LBS.

CW noted that the top risks identified in the survey were cyber-risks followed by the recruitment and retention of staff, which has an impact on the ability of funds to improve governance and administration. CW noted that working within the council's staffing structure means that it can be difficult to recruit staff into Pension Fund roles given the competition for staff from the private sector. While the Local Government Association is developing a pension apprenticeship programme, BB noted that a similar programme has been in place with the Pensions Management Institute for some time.

The survey also recognised the challenges of the LGPS's multi-employer structure, with only eight per cent of funds having monthly data submitted by all employers on time and accurately.

A large proportion of funds surveyed identified the McCloud remediation as the top risk, albeit the number of members affected is low relative to the amount of work involved in identifying who has been affected by the judgment. T'OB noted that McCloud had been going on a long time and queried if those affected had been informed. BB advised that up to three thousand members of the Pension Fund were identified as being in scope for McCloud checks, but that circa 150-200 members may actually trigger a McCloud underpin adjustment (i.e. an additional pension). Systems are now in place to check if any new retirees are affected by McCloud.

T'OB queried if those affected are predominantly retirees in higher salary bands. BB confirmed that McCloud centres around age discrimination and the trigger would be substantial Final Salary increases shortly before retirement and so some members would potentially be worse off following the move to a CARE scheme in 2014.

10. UPDATE ON CURRENT LGPS ISSUES

Item delivered by CW.

CW highlighted that the key issue arising since the last LPB was the publication of The Pension Regulator's General Code of Practice. CW suggested that, when the Code of Practice for Public Service Pension Schemes was published, a third party should be engaged to review LBS PF's compliance with the new general Code. ME agreed that this was a sensible approach and that officers should report back. TM advised that, once the Code is effective at the end of March 2024, Funds would have six months to establish compliance. CW mentioned that Aon was running a webinar on the General Code that members of LPB were welcome to attend, and that an email had been sent to Board members with the registration details for this event.

CW advised that the Scheme Advisory Board (SAB) had recently issued a statement on surpluses in the LGPS. It was noted that the next meeting of PAP will be notified that Southwark Council's contribution rate will be reduced by 1% from April 2024. This is the secondary contribution rate that was included as a buffer in the 2022 valuation to ensure that the surplus was maintained. Given the improvement in the surplus since then, it is deemed to be a prudent measure to introduce the reduction now.

ME requested that a short report on the conclusion of the 2021-22 audit be brought to the April meeting of the LPB.

11. INVESTMENT UPDATE

Item delivered by TM. There was no discussion on the detail of the report. The report was noted.

12. FORWARD PLAN 2024-25

Item delivered by TM. There was discussion on the timing of reporting on compliance with the new General Code to the Board. It was agreed that advisers will be approached to provide quotes for a full review of the Fund's compliance with the Code. A report will be tabled at the April 2024 meeting and the selected provider will report back on their findings at the July 2024 meeting.

13. TRAINING PLAN 2024-25

Item delivered by TM. There was discussion on the training plan and it was agreed that a report would be tabled at the April 2024 meeting on the results of the training needs analysis.

14. ANY OTHER OPEN BUSINESS

There were no other matters arising.

15. DATE OF NEXT MEETING

This meeting ended at 11:55am.

Item 6
Local Pension Board - Action Tracker

Date of Meeting	Action Ref	Action	Due Date	Response	Status
7 April 2021	18	Revised Administration Strategy to be tabled at a future LPB meeting	July 2024	Following the procurement of new UPM admin and payroll software, Barry Berkengoff will be updating the existing Administration Strategy. This needs to link with the fund's proposed Data Management Policy; thoughts from the Strategic Director, Finance around areas such as fining employers; and employer responsibility ownership work which has now begun with the Council and will result in the transfer of pensions 'payroll admin' going back to Council Payroll in May 2024. New KPIs within the Administration Strategy will take into account wider LGPS advice from our pension benefit advisors to ensure they meet pension fund and member needs. Once completed, this will be tabled at PAP, then at a future LPB meeting, before going to all Southwark employers for consultation.	Progressing
10 July 2023	19	Reporting of key administration KPIs to the Board	July 2024	Performance Metrics (i.e. key administration KPIs) are being sent to the Board each quarter. Per action 18 above, SAB is looking to replace existing CIPFA metrics with a new set of metrics.	Closed Progressing
24 January 2024	20	Reports to be tabled re TPR General Code of Practice	April 2024	Report to be tabled at the April 2024 meeting on the appointment of a third party to review the Fund's compliance against the Code. Provider to report back on findings at July 2024 meeting.	Progressing

Due to resourcing issues, a provider has not yet been appointed. The report has been deferred to the July 2024 Board meeting. An action plan will be produced, based on the findings of the review, and tabled at PAP, and then the Board.

Item No. 7	Classification: Open	Date: 3 April 2024	Meeting Name: Local Pension Board
Report title:		Pension Services – admin/ops update	
Ward(s) or groups affected:		None	
From:		Head of Pensions Operations, Finance	

RECOMMENDATION

1. The Local Pension Board (the **Board**) is asked to note this update on the pensions administration function.

BACKGROUND INFORMATION

2. The Board last received an update in January 2024 setting out specific information on recruitment, IT/systems, National Dashboard Programme, communication initiatives and complaint management.

RECRUITMENT

3. Senior Data and Data Officer interviews took place during February 2024 resulting in the appointment of two Data Officers and one Senior Data Officer. Two out of the three appointments came from within Southwark. This is now with HR as part of the onboarding process. Start dates now confirmed for April 2024.
4. One Data Officer position remains open.
5. First Contact Officer interviews took place in early March resulting in one appointment being made.

IT/SYSTEMS

6. A Cyber Risk Assessment has now been completed on the new admin software.
7. The findings are positive but there are some recommendations that can be discussed with the software provider.
8. The full report is being circulated under separate cover.

NATIONAL DASHBOARD PROGRAMME

9. The Pensions Regulator has confirmed that Southwark Council's "connect by" date is 31 October 2025.
10. The admin system supplier continues to develop a dashboard ecosystem as part of the legal requirement for all administering authorities to adhere to the new Pensions Dashboards Regulations 2022.

MCCLOUD REMEDY

11. Pension Services are waiting for the software provider to complete the required updates to our admin system to allow McCloud calculations to be tested and automated. Once that is done the admin system will identify any members that require a remedy since 2014 and we will contact those members directly.
12. Until that occurs, manual checks are being made for all leaver calculations (retirement, deferreds and transfers) to ensure anyone who is entitled to receive the McCloud remedy receives the correct pension uplift.

PROGRESS TO APRIL 2024

Since the last Board update, further progress has been made in the following areas.

COMMUNICATION INITIATIVES

13. Annual Benefit Statements (**ABS**) were emailed or posted to Council staff throughout February and March starting with members with CARE only benefits.
14. For remaining external employers where 2023 ABS data was deemed too time consuming to remedy, the 2024 ABS will include CARE information for 2023.
15. An ABS Action Plan has been agreed for 2024 and a separate report has been prepared for Board members.
16. Training continues to be developed and provided weekly to all pension fund staff. This training service has also been extended to the LB of Haringey, Berkshire Council, and more recently the LB of Harrow and North Yorkshire Council. The pension fund will now consider making LGPS training part of a chargeable service going forward as it attracts other interested local authorities.
17. The 2024 Pension Increase (**PI**) exercise is now underway where pensions in payment will increase by 6.7% from 8 April 2024. A pro-rata increase will apply to any pension that has been in payment for a period of less than 12 months.
18. As part of this annual PI process, year-end P60's are issued to all retired staff and inflationary increases (at same 6.7% rate) are applied to deferred pensions.

COMPLAINT MANAGEMENT

Against Employer:

- Pensions Ombudsman single complaint - ill-health tiering award appeal against a former school employer. All ill-health tiering awards are recommended by Occupational Health following a medical assessment, but the employer makes the final decision. **Case Open - with Ombudsman pending formal decision.**
- Pensions Ombudsman single complaint - a long-standing and protracted employer complaint from a former member of Council staff about pension benefits and a Settlement Agreement. **Case Open - applicant has made a formal submission and now back with Southwark to respond.**

- IDRP stage 1 - ill-health complaint against the Council as employer. Whilst the ill-health tiering award is not in dispute, a disagreement exists over contractual working hours which will affect the final value of pension benefits being paid. **With Council HR to respond.**
- IDRP stage 1 - multiple complaints against the Council over claimed incorrect employee pension deductions made from the Council's payroll system. **Council made refunds in March 2024 to affected staff. Case Closed.**

Against Pension Fund

- Pensions Ombudsman single complaint - a cohabiting partners' pension and death grant claim made against the pension fund. The applicant alleged both he and the deceased were financially dependent on one another and living together as husband and wife. **Complaint formally determined and partially upheld. The Ombudsman found no evidence of a cohabiting relationship and said the Administering Authority had reached the correct decision based on all the evidence available. Applicant was awarded £500 to cover a specific non-financial injustice. ¹ Case Closed.**
- Pensions Ombudsman single complaint - pensions liberation complaint where an applicant contests the pension fund undertook no receiving scheme due diligence when a transfer out was paid back in 2016. **Case Open - Southwark is investigating and will provide a formal response shortly.**
- IDRP stage 1 - dispute over the allocation of a (lump sum) death grant. **Additional evidence is being considered by the stage 1 Adjudicator.**

ADMIN PERFORMANCE MONITORING

Performance metrics for the period December 2023 to February 2024 are detailed in Appendix 1.

FUTURE WORK PLANNING

19. All pension fund 'payroll' responsibilities will return to the employer in May 2024. For historical reasons these have sat with pensions admin for many years but will move back to the employer as part of agreed good governance. Activities include AVC/APC set up, 50/50 elections, opt-outs, HTF elections and more.
20. Pension Services has signed up to a wider Finance Directorate Business Plan over 2024/25. All admin and IT related objectives will be shared with the Board once agreed by the Strategic Director, Finance.

CONCLUSIONS

21. Recruitment and retention of key staff with the necessary skills is critical to the achievement of all future plans, as is succession planning.
22. There will continue to be some reliance on specialist external support. However, with internal training now firmly established and taking place each week, 95% of all BAU and project work is managed in-house by Pension Services.

¹ Determination is available to view [HERE](#) and is a public document.

KEY ISSUES FOR CONSIDERATION

Policy framework implications

23. There are no immediate implications arising from this report.

Community, equalities (including socio-economic) and health impacts Community impact statement

24. There are no immediate implications arising from this report.

Equalities (including socio-economic) impact statement

25. There are no immediate implications arising from this report.

Health impact statement

26. There are no immediate implications arising from this report.

Climate change implications

27. There are no immediate implications arising from this report.

Resource implications

28. There are no immediate implications arising from this report.

Legal implications

29. There are no immediate implications arising from this report.

Financial implications

30. There are no immediate implications arising from this report.

Consultation

31. There are no immediate implications arising from this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

32. Not applicable.

Strategic Director, Finance

33. Not applicable.

Other officers

34. Not applicable.

APPENDIX 1 – PERFORMANCE METRICS

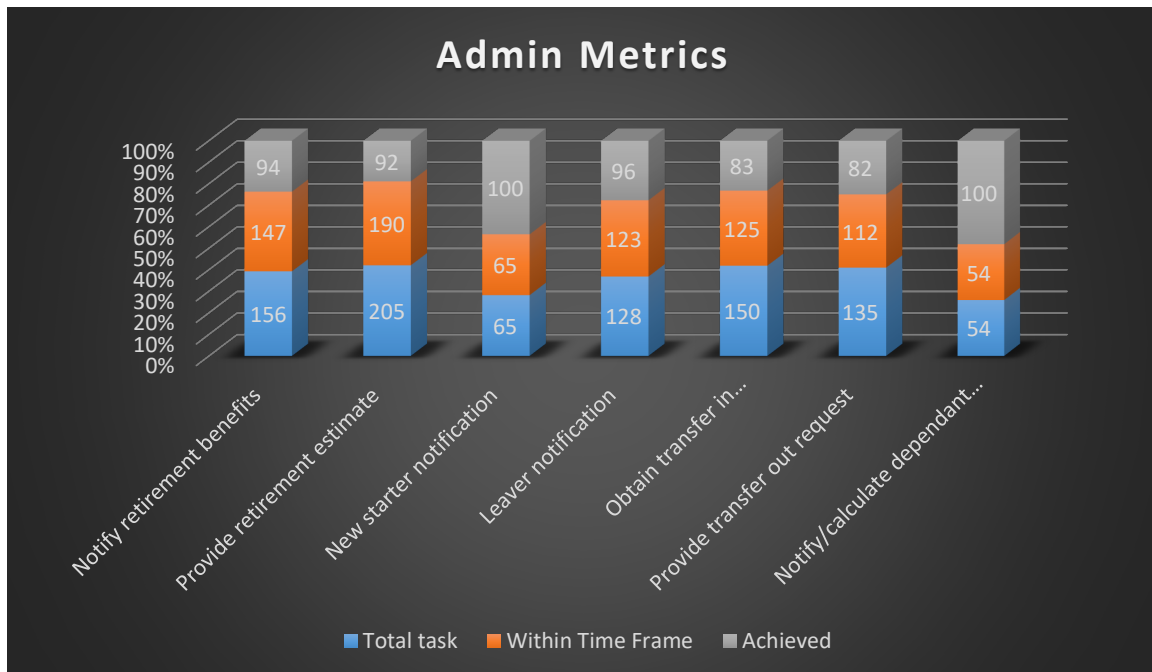
AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director, Finance	
Report Author	Barry Berkengoff, Head of Pensions Operations, Finance	
Version	Final	
Dated	26 March 2024	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Governance	No	N/a
Strategic Director of Finance and Governance	No	N/a
List other officers here		
Cabinet Member	No	N/a
Date final report sent to Constitutional Team / Scrutiny Team		

APPENDIX 1

Admin Metrics – December 2023 to February 2024

	Total Tasks	Within Time Frame	Achieved %
Notify Retirement Benefits (Within One Month of Retirement)	156	147	94%
Provide Retirement Estimate/ Quote on request	205	190	92%
New Starter Notification joining the LGPS	65	65	100%
Inform member who left scheme of leaver rights and options	128	123	96%
Obtain transfer details for transfer in, calculate and provide quote	150	125	83%
Provide transfer out (CETV) request (Three months from date of request)	135	112	82%
Calculate and notify dependants about death benefits	54	54	100%



Item No. 8	Classification: Open	Date: 3 April 2024	Meeting Name: Local Pension Board
Report title:		Pension Services – Annual Benefit Statement (ABS) Action Plan	
Ward(s) or groups affected:		None	
From:		Data Systems Manager - Finance	

RECOMMENDATION

1. The Local Pension Board (the **Board**) is asked to note this 2024 ABS Action Plan.

BACKGROUND INFORMATION

2. The Board received an update in January 2024 setting out specific information around communication initiatives, in particular the 2023 annual ABS exercise.

SUMMARY OF 2023 ISSUES

3. Year-end employer data needed considerable extra work to get it into the correct format so it could be validated on UPM Employer Hub. UPM (pensions admin and payroll software) was designed to be secure, auditable and process driven.
4. Additional work was needed to the Council's interface because two pay awards were made during the same financial year (the 2021/22 pay award was agreed in March 2022 but could not be paid until April 2022 so fell into the 2022/23 financial year). The 2022/23 pay award was made later in December 2022.
5. Additional Quality Assurance checks remain in place following the migration of legacy admin data to new UPM software.

PROGRESS TO APRIL 2024

6. Southwark Council SAP data now up-to-date to March 2024.
7. Currently reconciling year-end data for 2022/23 and 2023/24 for external employers, prior to returning to monthly data collection.
8. Data/Employer Hub workshops in planning with Schools HR, School Business Managers, scheduled/admitted bodies and outsourced payroll providers.
9. Data Team recruitment is ongoing but progressing. Once additional resource is onboarded we can ensure monthly data collection is seamless.
10. Spreadsheet redesign underway for 2024/25 to help minimize input and formatting errors for external employers and their payroll providers.

CONCLUSIONS

11. All employers on target to meet 2024 data upload deadlines.
12. On track to issue ABS by statutory deadline of 31 August 2024 – see Action Plan and Timescales in Appendix 1.
13. A higher level of technical understanding now exists within the Data team regarding UPM validations and errors which will make the 2024 process easier.
14. Data driven thinking and best practice to ensure ABS data quality and reduced error validations will be fed into the Admin Strategy. This will act as driver for overall quality assurance, feeding into the existing Data Management Strategy.

KEY ISSUES FOR CONSIDERATION

Policy framework implications

15. There are no immediate implications arising from this report.

Community, equalities (including socio-economic) and health impacts Community impact statement

16. There are no immediate implications arising from this report.

Equalities (including socio-economic) impact statement

17. There are no immediate implications arising from this report.

Health impact statement

18. There are no immediate implications arising from this report.

Climate change implications

19. There are no immediate implications arising from this report.

Resource implications

20. There are no immediate implications arising from this report.

Legal implications

21. There are no immediate implications arising from this report.

Financial implications

22. There are no immediate implications arising from this report.

Consultation

23. There are no immediate implications arising from this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

24. Not applicable.

Strategic Director, Finance

25. Not applicable.

Other officers

26. Not applicable.

APPENDIX 1

Action	Context	Timeframe
ABS - Southwark data	Up-to-date as at March 2024. Better position to quality assure.	Data can now be imported/validated the first week of each month.
ABS - School data	Upload year-end data for maintained schools.	2022/23 data - 33 schools by end of March (70%). 2023/24 data - 33 schools by 19 April (70%).
	Follow up with schools who do not use Strictly Education payroll (30%)	Early April 2024 (1 st week).
	Reconcile the 30% of school data. Quality assurance.	End of April 2024.
ABS – Admitted bodies	Reconcile the 19 Employers (Admitted).	Early May 2024 (1 st Week).
	Start testing schools, admitted and scheduled bodies data by running ABS samples on UPM test.	Mid May 2024 (1 st week).
	Reconcile schools data, scheduled and admitted bodies.	Mid June 2024.
Data Integration and Standardization	Data team are going to review the data interfaces and pathways to facilitate integration of pension data from various sources i.e. Schools. Issues faced: incorrect format, training, Bulk Data Interface changes to the UPM system – improved reporting from SAP.	Start of June 2024.
Training and Capacity Building	Onboarding data staff, so at full capacity to ensure data collection is seamless. Maintain a presence with external employers. Senior Data Officer full capacity, on boarding two Data Officers by 2 nd week of April 2024, then final staff.	July 2024.

AUDIT TRAIL

Lead Officer	Barry Berkengoff, Head of Pensions Operations, Finance	
Report Author	Rikish Ramkisoorn, Data Systems Manager, Finance Peter Hughes, Technical & Projects Manager, Finance	
Version	Final	
Dated	27 March 2024	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Governance	No	N/a
Strategic Director of Finance and Governance	No	N/a
List other officers here		
Cabinet Member	No	N/a
Date final report sent to Constitutional Team / Scrutiny Team		

Item No. 9	Classification: Open	Date: 3 April 2024	Meeting Name: Local Pension Board
Report title:		Pension Fund Risk Register	
From:		Chief Investment Officer, Head of Pensions Operations	

Recommendations

The Local Pension Board is asked to:

- Note the Pension Fund risk register attached as Appendix A.

Risk Register

1. In line with overall council risk management procedures, the Pension Fund maintains a register of the key financial, operational and reputational risks to the Fund and the controls in place to mitigate the impact or likelihood of these risks occurring. The updated risk register is set out in Appendix A.
2. The risk register is not a complete database of all risks faced by the Fund, but is limited only to those considered as materially significant to the Fund.
3. Recent changes to the risk register include:
 - i. Review and re-weighting of impact and likelihood scores.
 - ii. Review and amendments for mitigation measures.
 - iii. Column added with a revised risk score after mitigations have been applied.

Community, Equalities (including socio-economic) and Health Impacts

4. Community Impact Statement

No immediate implications arising.

5. Equalities (including socio-economic) Impact Statement

No immediate implications arising

6. Health Impact Statement

No immediate implications arising

7. Climate Change Implications

No immediate implications arising

8. Resource Implications

No immediate implications arising

9. Legal Implications

No immediate implications arising

10. Financial Implications

No immediate implications arising

11. Consultation

No immediate implications arising

APPENDICES

No.	Title
Appendix A	Pension Fund Risk Register

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Finance
Report Author	Caroline Watson, Chief Investment Officer Barry Berkengoff, Head of Pensions Operations
Version	Final version

<i>Dated</i>	28 March 2024	
<i>Key Decision?</i>	N/A	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	N/A	N/A
Strategic Director of Finance and Governance	N/A	N/A
List other officers here		
<i>Cabinet Member</i>	N/A	N/A
<i>Date final report sent to Constitutional Team</i>		N/A

Risk ref	Risk Description	Risk Owner	Risk Category	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	PRIMARY RISK SCORE	Risk Controls (Mitigation)	RISK SCORE AFTER MITIGATIONS	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	Changes since October 2023?
R20	Failure to communicate with relevant stakeholders.	BB	Financial/Operational	9	7	89	<ol style="list-style-type: none"> Pension fund website now under in-house control. Member information guides under review. Training material developed and exists on My Learning Source. Meetings held regularly with HR/Schools HR, employers/unions. Newsletters sent with ABS to active and deferred members. Annual report prepared in accordance with statutory guidelines published on the website. More visible pension fund presence at All Staff Briefings each month. 	51	6	5	✓
R23	Employer systems - calculation of employee pension contribution bandings on Payroll/SAP.	BB	Operational / reputation	8	8	88	<ol style="list-style-type: none"> HR creating a new employee banding Policy effective from 6th April 2022. Affected members will be contacted as part of a historical exercise. Any members who owe money will have opportunity to enter a repayment plan over a mutually agreed period. Employer refunds made in March 2024. 	50	5	6	✓
R2	The Fund's asset allocation strategy is not sufficient to meet obligations and liabilities.	CW	Financial	9	6	84	<ol style="list-style-type: none"> Reports on the funding level produced quarterly by Fund actuary and reviewed by PAP. Funding strategy statement reviewed every 3 years. Fund actuary takes liability profile into consideration when setting contribution rates at each triennial valuation. Investment strategy review conducted following each triennial actuarial valuation, to determine optimal asset allocation for the Fund. Actual asset allocation reported to PAP every quarter with variances of actual allocation to target discussed. The Fund holds investments in assets, the value of which are linked to inflation, a key driver of pension liabilities, such as index linked gilts 	42	7	5	✗
R1	Poor investment performance of individual mandates could lead to a deficit and therefore a requirement for higher employer contributions.	CW	Financial	9	6	84	<ol style="list-style-type: none"> Investments are monitored regularly. Pensions Advisory Panel (PAP) reviews fund manager performance quarterly against benchmark. Regular reports received from Investment Advisers providing ratings of managers. Regular meetings with fund managers regarding performance. The Fund undertakes regular reviews of its investment strategy to ensure that the investment asset and manager allocation is appropriate to meet the future pension obligations for the fund. 	34	6	3	✓
R9	Employers fail to provide information that fund requires resulting in poor service, increased complaints and possible fines and penalties.	BB/CW	Reputational	6	9	81	<ol style="list-style-type: none"> Employer/HR function going through business transformation exercise, with emphasis on more robust processes and better understanding of fund requirements. Admin Strategy agreed by former Strategic Director of Finance & Governance allows employers to be fined for poor performance following agreed escalation process. Revised Admin Strategy in progress pending wider consultation process will link to pension fund's Data Management and Security Policy. Considerable employer engagement work planned for 2024/25 including data workshops. IDRP complaints process under review. 	82	7	8	✓

Risk ref	Risk Description	Risk Owner	Risk Category	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	PRIMARY RISK SCORE	Risk Controls (Mitigation)	RISK SCORE AFTER MITIGATIONS	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	Changes since October 2023?
R10	Employer data is inaccurate or contributions are received late creating a financial or regulatory risk to the fund.	BB/CW	Financial	6	9	81	<ol style="list-style-type: none"> 1. Revised Admin Strategy will clearly set out roles and responsibilities and consequences of non-compliance. 2. Communication Strategy to ensure employers reminded of information required. 3. Regular monitoring and reconciliation of contributions from employers. 4. Employers required to provide sufficient information for monthly returns to enable verification that the amounts due are correct. 5. Fund can charge interest on the late payment of contributions. 6. UPM Employer Hub allows employers to upload information to the Fund but Data/Systems team has full control over what data goes into live system. 7. 2024 ABS Action Plan will help employers understand the year-end process and their responsibilities. 	69	7	6	✓
R18	Inaccurate or incomplete member data.	BB	Financial/Operational	9	5	78	<ol style="list-style-type: none"> 1. Data Systems team in place, reconciliation against other Council/employer systems. 2. Administration Strategy supports monitoring of employer compliance. 3. Data matching through National Fraud Initiative (NFI) help to identify discrepancies. 4. Mortality Screening and address tracing is performed frequently. 5. Data Management Plan agreed. 6. New pension and payroll software has been procured with greater analysis functionality. 7. Fund participates in DWP "Tell us Once" initiative. 8. Triennial valuation exercise helps picks up incomplete data. 9. The fund participates in NFI Fraud Hub which provides another source of data matching. 10. Data Team restructure and recruitment ongoing and will provide a positive impact around data. 	70	8	5	✗
R8	Reliance on a smaller pool of specialist staff across LGPS impacts on ability to recruit and retain staff and increases the risk of a potential loss of knowledge and expertise.	BB/CW	Staffing & Culture	8	6	77	<ol style="list-style-type: none"> 1. Use of external advisers or contractors with specialist knowledge. 2. Develop and implementation/roll-out of training programmes to help ensure staff are equipped with appropriate skills and knowledge, and to show recognition of value placed on them. 3. Pension Services new structure agreed which moves away from former flat structure with limited development opportunities. This will mitigate against risks around staff retention and succession planning. New specific training role focuses on training, knowledge management, development and multi-skilling. 4. Review of the structure of the pensions investments and finance team is underway. The review will ensure that the team is sufficiently resourced and that opportunities for career progression and development are built in, thereby reducing staff turnover in the long term. 5. The wider pension fund will create it's own recruitment policy covering admin and finance and ensure succession planning needs are covered. 	61	7	5	✓
R19	Inadequate controls to safeguard pension fund records.	BB	Financial/Operational	8	6	77	<ol style="list-style-type: none"> 1. Cloud hosting and back up arrangements in place. 2. Newly procured pension system will have greater audit functionality. 3. Software regularly updated to meet LGPS requirements. 4. Audit trails and reconciliations in place. 5. GDPR in place. 6. Pensions staff undertake data management training as required. 7. Cyber Security complete - no major issues identified. 	50	5	6	✗

Risk ref	Risk Description	Risk Owner	Risk Category	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	PRIMARY RISK SCORE	Risk Controls (Mitigation)	RISK SCORE AFTER MITIGATIONS	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	Changes since October 2023?
R13	Detrimental investment performance and reputational damage resulting from untimely or incorrect implementation of the Fund's commitment to achieve net zero carbon by 2030.	CW	Financial	8	6	77	<ol style="list-style-type: none"> The Fund has committed to achieve net zero carbon within its investments by 2030. An updated investment strategy has been launched which sets out how this will be achieved in the short, medium and long term, whilst maintaining acceptable levels of risk and return. The Fund maintains regular contact with like minded LGPS Funds and other advisory bodies to keep abreast of all pertinent regulatory and investment developments. The Fund will monitor the impact of any changes in investment strategy. 	42	6	4	X
R3	International conflicts and changing market conditions impact fund performance and income from investments, resulting in a reduction in fund value and impact on ability to pay pensions.	CW	Financial	7	6	69	<ol style="list-style-type: none"> Ongoing monitoring of Fund performance and investment markets. Advice obtained from investment advisers on continuing suitability of asset allocation. Review of scheme employers' financial strength and likelihood of exit. The Fund holds investments in diversified assets, reducing volatility and ensuring long term stability. Cash flow monitored on a regular basis. Investment income reinvested and not required to pay pensions. Review of investments to identify holdings in Russia completed. Fund has a very small exposure representing 0.023% of total Fund value. Plans are in place to exit these holdings as soon as Russian investment markets reopen. Additional reporting received on emerging market holdings to monitor impact of ongoing conflict. 	42	6	4	X
R22	Inadequate resourcing across pension fund accounting and investment functions, following recently increased complexity of investment strategy, could lead to insufficient management of investments resulting in a potential reduction in Fund value.	CW	Financial	7	6	69	<ol style="list-style-type: none"> Restructure underway to identify additional resources required to address increased complexity and number of investment mandates introduced as a result of net zero carbon commitment. Additional support obtained from investment advisers to ensure ongoing management of increasingly complex investments. Temporary staffing resources in place until restructure is completed. 	34	6	3	X
R5	Failure of third party providers for investment management and custodial services, including LCIV, could have a serious financial impact on the Fund.	CW	Financial	7	5	61	<ol style="list-style-type: none"> Contracts are monitored regularly. PAP provided with quarterly information for each manager. Where there are concerns additional monitoring is put in place to ensure financial risks are kept to an acceptable level. Third parties provide Fund with an annual SAS70 (or equivalent) report which provides assurance from their auditors that adequate controls are in place and are operating effectively. Assets to be transferred to the pool only upon satisfactory business case and due diligence 	20	5	2	X
R16	Major IT failure or data corruption/cyber attacks results in administration function's inability to progress pension queries, and potential loss or permanent corruption of data files.	BB	Reputational	9	2	54	<ol style="list-style-type: none"> Civica UPM, has been extensively tested and secured against cyber-attack. the system only allows access from pre-approved IP addresses, limited to the Southwark Council network and Aon. maintain business continuity and disaster recovery plans. data is stored in cloud servers hosted by Civica in a UK data centre. ISO certifications provide confidence that Civica operations meet the highest levels of information security, IT service management and has the Government's IL3 accreditation rating, the highest security rating available. a secondary disaster recovery database is continuously running, and so in the event of cyber-attack or other downtime, the system can switch to a backup with limited loss of data. Every keystroke on the system is fully logged and audited. 	35	7	2	X

Risk ref	Risk Description	Risk Owner	Risk Category	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	PRIMARY RISK SCORE	Risk Controls (Mitigation)	RISK SCORE AFTER MITIGATIONS	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	Changes since October 2023?
R15	Failure to comply with data protection legislation which results in reputational damage, scrutiny by the ICO and potential financial loss.	BB	Legal & regulatory	7	3	43	1. Robust procedures are in place which are subject to audit review. 2. Council's action plan for GDPR includes the pension fund and is on track. 3. New training is available and all pensions staff will be required to complete this and refresher training on an annual basis.	26	5	3	X
R14	Structural changes in Fund membership, leading to unforeseen cash flow implications and the forced sale of assets to meet pension benefits.	CW	Financial	6	4	42	1. The Fund undertakes long term cash forecasting to identify trends in cash in/outflows which is built into a strategy to ensure suitable cash inflows to support pension benefit costs. 2. The Fund currently generates surplus cash flows through investment income which could be directed to pay pension benefits if required. 3. A formal cash flow management policy has been adopted, which ensures officers have the ability to maintain adequate liquidity to meet obligations, whilst limiting cash balances in order to maximise investment returns.	20	5	2	X
R17	That required liquidity in investment assets is not available to allow the fund to meet obligations as they fall due.	CW	Financial	7	4	52	1. Changes to investment strategy include consideration of split between liquid and illiquid investments. 2. Ongoing monitoring of investments to ensure appropriate balance between liquid and illiquid investments ensuring the fund benefits from the potential for higher returns associated with illiquid investments, whilst still being able to meet obligations as they fall due. 3. The investment strategy is split across a range of asset classes and means of implementation to allow for a variety of redemption options. 4. Cashflow forecasting allows the Fund to predict likely cashflow requirements well in advance. 5. A cash framework has been implemented which will achieve improved flexibility on how liquidity is managed. This includes the addition of two money market funds, and target balances on different tiers of liquidity holdings.	20	5	2	✓
R21	Impact of McCloud judgement.	BB	Financial/Operational	4	6	40	1. Scoping level of resources in line with SAB guidance and MCHLG consultation paper. 2. Expected to take LGPS employers 18-24 months to complete. 3. Pension Fund website regularly provides news updates to members. 4. Civica UPM provider testing McCloud software. 5. McCloud remedy live from October 2023. 6. McCloud calculations being performed for all leavers and members are being contacted if the underpin bites.	32	4	5	X
R12	Fraud perpetrated against the fund either internally or externally resulting in a significant financial loss.	BB	Financial	7	2	35	1. The internal controls for the Fund and Council as Administering Authority are reviewed by internal and external audit on a regular basis. 2. Control arrangements are in place to ensure transactions require multiple layers of authorisation. 3. Participation in NFI data matching exercises. 4. Fund now participates in DWP "Tell us Once" initiative. 5. Fund now participates in NFI Fraud Hub.	20	5	2	X
R11	Pension information to scheme members is inaccurate resulting in claims for compensation against the fund and the Pensions Ombudsman.	BB	Financial	4	5	32	1. Robust procedures in place including appropriate internal checking processes carried out by Senior Officers. 2. Specialist advice can be obtained from external advisers where appropriate.	13	3	3	X

Risk ref	Risk Description	Risk Owner	Risk Category	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	PRIMARY RISK SCORE	Risk Controls (Mitigation)	RISK SCORE AFTER MITIGATIONS	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	Changes since October 2023?
R7	Admitted/Scheduled Bodies – failure of body/deficits on termination of contracts – could lead to an increase in other scheme employers' contributions.	CW	Financial	3	5	24	<ul style="list-style-type: none"> 1. Admission agreements for transferee admission bodies place liability for pension deficits with Southwark Council limiting the Fund's counterparty exposure risk 2. Funding levels for employers are monitored at each valuation. Contributions and deficit recovery periods set at appropriate level to take into account strength of covenant 3. Regular monitoring of amounts due from admitted/scheduled bodies. Actions taken to recover late payments. 4. Academy pension liabilities are supported by a guarantee from the Department for Education. 	13	3	3	X
R6	Failure to comply with existing/new Scheme regulations – resulting in legal sanctions and detrimental effect on Council's reputation.	BB	Legal & regulatory	3	4	18	<ul style="list-style-type: none"> 1. Monitoring of compliance with regulations. 2. Pension Services restructure now agreed and ongoing use of external advisers with specialist knowledge to advise on implementation of regulations if required. 3. Fund breaches policy sets out clear guidance and mechanism for the reporting of breaches by those involved in management of the Fund and to the Pensions Regulator. 	13	3	3	X
R4	Inaccuracy of financial information affects organisational decision making.	CW	Reputational	4	2	14	<ul style="list-style-type: none"> 1. Accounting data reconciled on timely basis. 2. Fund manager valuations independently verified by Fund's custodian. 3. Accounts prepared in accordance with relevant regulatory codes 	5	2	2	X

Item No. 10	Classification: Open	Date: 3 April 2024	Meeting Name: Local Pension Board
Report title:		Update on Current LGPS Issues	
From:		Chief Investment Officer	

Recommendations

1. The Local Pension Board (LPB) is asked to note the updates provided in this report.

Scheme Advisory Board (SAB) Commissioned Report on the LGPS and Sharia Law

2. In 2022 the SAB considered legal advice on the issue of members opting out of the LGPS on the basis of their (principally Islamic) religious belief, and whether this might constitute unlawful discrimination on behalf of the scheme.
3. The advice recommended that an expert in Islamic finance should be instructed to provide advice on the issue of whether the LGPS is Sharia compliant.
4. The report has now been received and concluded that, as part of the contractual agreement between employers and employees, Muslim employees can continue to contribute to, and benefit from, the benefits offered by the LGPS. The rationale for this conclusion is set out on the SAB website ([LGPS Scheme Advisory Board - Home \(lgpsboard.org\)](https://www.lgpsboard.org))
5. It is hoped that the report may encourage some employees who have opted out to opt back in.
6. It has been concluded that the legal risk of a case being successfully brought against a scheme employer in an employment tribunal, on the basis of indirect discrimination, remains low.
7. It is recommended that funds may wish to consider this issue in relation to their AVC provider (noting that these will be a defined contribution arrangement).

Economic Activity of Public Bodies (Overseas Matters) Bill

8. The Bill (also known as the Boycotts, Divestments and Sanctions Bill) seeks to ban LGPS administering authorities from making investment decisions influenced by political and moral disapproval of foreign state conduct, except

where required by formal Government legal sanctions, embargoes and restrictions.

“Preparing the Pension Fund Annual Report” Updated Guidance Published

9. Replaces the 2019 guidance produced by the CIPFA Pensions Panel, which was disbanded in 2021. The updated guidance was reviewed and jointly approved by the SAB’s Compliance and Reporting Committee, CIPFA and DLUHC.
10. The new guidance applies to 2023-24 annual reports and later years. Funds are expected to use their best endeavours to comply with the requirements for 2023-24.
11. Examples of the new requirements include the addition of a paragraph to address audit delays; provide commentary on how the investment strategy statement and funding strategy statement have been applied; and additional reporting on progress on pooling.

SAB Response to DLUHC’s Consultation on the Audit Backlog

12. The SAB took the opportunity to re-emphasise earlier representations it made asking that pension fund audits should be separated out from the host authority audit. This would resolve some of the consequential problems with backlogs as it is not the audit of the pension fund accounts that is usually holding up the completion of the host authority’s audit report.

Update on Outstanding Audits - Pension Fund Statement of Accounts

13. The outstanding 2021-22 and 2022-23 pension fund audits have now been completed. The draft audit findings reports have been issued for both audits and Grant Thornton have confirmed that they anticipate that they will provide unmodified audit reports.
14. There will be a change of auditor from Grant Thornton to KPMG from 1 April 2024. KPMG have commenced the planning audit for the 2023-24 accounts.

Community, Equalities (including socio-economic) and Health Impacts

15. Community Impact Statement

No immediate implications arising.

16. Equalities (including socio-economic) Impact Statement

No immediate implications arising

17. Health Impact Statement

No immediate implications arising

18. Climate Change Implications

No immediate implications arising

19. Resource Implications

No immediate implications arising

20. Legal Implications

No immediate implications arising

21. Financial Implications

No immediate implications arising

22. Consultation

No immediate implications arising

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Finance	
Report Author	Caroline Watson, Chief Investment Officer	
Version	Final	
<i>Dated</i>	28 March 2024	
<i>Key Decision?</i>	N/A	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	N/A	N/A
Strategic Director of Finance and Governance	N/A	N/A
List other officers here		
<i>Cabinet Member</i>	N/A	N/A
<i>Date final report sent to Constitutional Team</i>		N/A

Item No. 11	Classification: Open	Date: 3 April 2024	Meeting Name: Local Pension Board
Report title:		Pensions Advisory Panel Meeting Papers – 26 February 2024	
From:		Pensions Investments Manager	

Recommendations

The LPB is asked to:

- Note the key items covered at the 26 February 2024 Pensions Advisory Panel meeting, which covered activity between 1st July and 31st December 2023.

Summary

1. Asset Allocation and Net-Zero Strategy Update – Agenda Item 9

- The new £100m multi-asset credit allocation to Robeco was fully invested on 6 September 2023. This was funded by full redemption of the Fund's holding in Blackrock's Dynamic Diversified Growth Fund and partial redemption from the Blackrock Absolute Return Bond Fund.
- PAP members considered a report on progress to appoint additional manager(s) to run the balance of the allocation to Multi-Asset Credit (£100m), to be funded by full redemption from the Blackrock Absolute Return Bond Fund.
- The £15m additional commitment to the Invesco UK Residential Property Fund was drawn down in full.
- The S151 officer agreed to vote in favour of an extension to the fund life of the Nuveen UK Retail Warehouse Fund, to 30 June 2024.
- In December Nuveen advised that offers had been made on a number of properties on behalf of the Fund. These purchases were funded through cash held by Nuveen and within the Pension Fund's cash balances.
- Darwin advised that there had been a significant decrease in the Net Asset Value of the Leisure Development Fund during September. This was driven by a change in the way that the assets are valued reflecting, amongst other things, an increase in the cost of borrowing.
- An update on the Government response to the LGPS Next Steps on Investments consultation: the key areas of interest to PAP are that government is progressing proposals (that were set out in the consultation) to accelerate and expand pooling, and increase investment in levelling up and private equity.

2. Glennmont Clean Energy Fund IV – Agenda Item 10

- PAP noted that, in line with the governance arrangements for new investments, voting members of PAP made an offline recommendation to the Strategic Director of Finance to progress a €50m commitment to the Glennmont Clean Energy Fund IV.
- LBSPF subsequently received confirmation that the application to become a Limited Partner in the Fund was effective from 20 December 2023.

3. Investment Adviser Performance Updates – Agenda Item 11

- Fund value increased by £108m during the quarter to December 2023, from £2,057.9m to £2,165.9m.
- Fund return quarter to December 2023: 5.9% (benchmark 5.8%)
- Fund return year to December 2023: 10.5% (benchmark 11.4%)
- Fund return 3 years to December 2023: 5.0% (benchmark 6.3%)
- Funding level increased by 3% over the quarter, to 115%, due to a reduction in the value of the fund's liabilities which more than offset the lower-than-expected return on assets.

4. Multi-Asset Credit Update – Agenda Item 12

- Report considered on progress to appoint additional manager(s) to run the balance of the allocation to Multi-Asset Credit (£100m).
- PAP agreed to the officer proposal to invite manager(s) and LCIV to attend a meeting for voting members of PAP on 4th March

5. Carbon Footprint Update – Agenda Item 13

- Reduction in the Fund's carbon footprint between September 2017 and December 2023 was 73%.

6. Update on Approach to Engagement and Voting – Agenda Item 14

- PAP noted the update on the engagement and voting activity for the underlying investments of the Fund.
- Some of the key ESG-focused engagement and voting themes were climate change (E), employee diversity (S) and board composition (G)

7. Actuarial Funding Update and Amended Funding Strategy Statement – Agenda Item 15

- PAP noted that Southwark Council, in its role as scheme employer, requested a review of the contribution rate set at the 2022 valuation with a view to removing the 1% secondary contribution rate, effective 1 April 2024.

- Noted that, following discussions with the scheme actuary and consultation with scheme employers, this had been agreed and the Funding Strategy Statement updated accordingly.

Community, Equalities (including socio-economic) and Health Impacts

8. Community Impact Statement

No immediate implications arising.

9. Equalities (including socio-economic) Impact Statement

No immediate implications arising

10. Health Impact Statement

No immediate implications arising

11. Climate Change Implications

No immediate implications arising

12. Resource Implications

No immediate implications arising

13. Legal Implications

No immediate implications arising

14. Financial Implications

No immediate implications arising

15. Consultation

No immediate implications arising

AUDIT TRAIL

<i>Lead Officer</i>	Clive Palfreyman, Strategic Director of Finance	
Report Author	Tracey Milner, Interim Pensions Investments Manager	
Version	Final version	
<i>Dated</i>	22 March 2024	
<i>Key Decision?</i>	N/A	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	N/A	N/A
Strategic Director of Finance and Governance	N/A	N/A
List other officers here		
<i>Cabinet Member</i>	N/A	N/A
<i>Date final report sent to Constitutional Team</i>		N/A