

Local Pension Board

Wednesday 9 October 2024
10.00 am
Meeting Room 224, 160 Tooley Street

Membership

Mike Ellsmore (Independent Chair)

Dominic Cain (Vice Chair) – Employer Representative

Sarah Feasey – 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 9 October 2024
10.00 am
Meeting Room 224, 160 Tooley Street

Order of Business

Item No.

Title

PART A – OPEN BUSINESS

- 1. BARNETT WADDINGHAM PRESENTATION – FINDINGS:
GENERAL CODE OF PRACTICE COMPLIANCE REVIEW**
- 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 3 July 2024.

- 6. ACTION TRACKER**
- 7. PENSIONS SERVICES**
- 8. GOVERNMENT ACTUARY DEPT – SECTION 13 REPORT: 2022
VALUATION**
- 9. RISK REGISTER**

- 10. UPDATE ON CURRENT LGPS ISSUES**
- 11. PENSIONS ADVISORY PANEL MEETING PAPERS**
- 12. OPTION TO RE-APPOINT LOCAL PENSION BOARD CHAIR**

- 13. ANY OTHER OPEN BUSINESS**

PART B – CLOSED BUSINESS

- 14. PENSION FUND BUDGET MONITORING REPORT AND CASHFLOW FORECAST**

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.”

ANY OTHER CLOSED BUSINESS

Date: 20 September 2024

Local Pension Board

MINUTES of the OPEN section of the Local Pension Board ('LPB' or 'the Board') meeting held on Wednesday 03 July 2024 at 10.00 am at Meeting Room 225 at 160 Tooley Street, London, SE1 2QH

PRESENT: Mike Ellsmore (Independent Chair)
Dominic Cain (Vice Chair) – Employer Representative
Sarah Feasey – Employer Representative
Mike Antoniou – Schools Employer Representative
Stuart Mumford – Employee Representative
Tony O'Brien – Retired Employee Representative
Clive Palfreyman
Caroline Watson
Spandan Shah
Barry Berkengoff
Tracey Milner
Tufazzul Miah

1. APOLOGIES

Apologies were received from Diana Lupulesc (Employee Representative).

2. DISCLOSURE OF INTERESTS AND DISPENSATIONS

One disclosure of interest from Mike Ellsmore. Mike has been commissioned to conduct a mid-term review of the performance of the external investment managers and advisors of Southwark Pension Fund (SPF or the Fund). For this, Mike will be remunerated separately in addition to his fees as Independent Chair of the Local Pension Board.

3. MINUTES

RESOLVED:

That the minutes of the Board meeting held on 03 April 2024 be agreed as a correct record.

4. TRAINING SESSION – UPDATE ON POOLING

Item delivered by Tracey Milner and Barry Berkengoff.

The training session covered the latest developments on LGPS pooling mandate since the initial session conducted at the April 2024 Board meeting.

The session included an overview of the timeline of events in relation to the pooling mandate; content of the Local Government Minister’s letter to councils and LGPS; impact of the upcoming general election in the UK on the pooling mandate; current status of the Fund portfolio and potential impact on individual asset allocation in the current Fund portfolio.

The training session also covered implications from a fund administration perspective including readiness of the Fund in relation to the pooling mandate.

While there are possible fee savings and operational benefits from pooling, there was a question and a discussion on potential impact on performance from the pooling mandate.

Additional discussions were centred on the role of London Collective Investment Vehicle (LCIV) and other external initiatives like The Pension Regulator’s Good Governance Project which might impact the pooling arrangements for the Fund. Potential response to the Minister’s letter (to be provided by 19 July 2024) was also discussed.

Action points

Fund officers to keep the Board apprised of the latest developments in relation to the pooling mandate and also action points and outcomes being considered and implemented to align with the pooling mandate.

5. ACTION TRACKER

Item presented by Caroline Watson.

An update was provided regarding the approach to assessing the Fund’s compliance with the General Code of Practice. The Fund has appointed Barnett Waddingham to conduct this review which is ongoing.

Barnett Waddingham will attend the next Board meeting in October 2024 where they will conduct a training on requirements of the General Code of Practice and also present findings from their review of the Fund’s current status, compliance with the updated requirements and gaps (if any) and recommendations.

6. PENSION SERVICES

Barry Berkengoff presented the report.

Barry provided an update on progress made to date on recruitment within the Fund administration team; IT systems in place; ongoing work in relation to data migration; the National Pension Dashboard (NPD); the issuance of annual benefit statements (ABS); and complaint management.

Go live date for NPD is unchanged. Review of the Fund Administration Strategy is also underway.

There were questions on the topics presented, particularly on ABS and complaints management and follow on discussions.

Action points:

Barry to provide an update to the Board in the first week of September 2024 on the status of issuing 2023-24 ABS to the Fund members.

Barry to reach out to Mike Antoniou in case any communication on data collection and sharing is required with employer schools which are part of the Fund.

7. BREACHES LOG

Barry Berkengoff presented the report.

An update was provided regarding the breaches log, including instances which are not addressed, and scenarios which are being carried forward and/or reported to the regulator.

8. ANNUAL CYBER SECURITY ASSESSMENT

Spandan Shah presented the report.

An update was provided regarding the work undertaken in assessing preparedness of the Fund's investment managers, custodian and banker in complying with the recommendations of the UK National Cyber Security Centre's (NCSC) Cyber Essentials Standards for IT Infrastructure in relation to cyber security risks across the five core technical control areas: firewalls, secure configuration, security update management, user access control and malware protection.

While this assessment was focused on external organisations, there was a question and subsequent discussion on the measures being implemented internally to manage cyber security risk to the Fund operations and in relation to the members' data.

9. STATEMENT OF ACCOUNTS AND AUDIT FINDINGS FOR 2021-22 AND 2022-23

Caroline Watson presented the report. She provided an update on the status of audit recently concluded by Grant Thornton for 2021-22 and 2022-23. The Fund is implementing the recommendation and addressing the findings as part of 2023-24 annual accounts.

The Fund will proactively engage with KPMG, the new Fund auditors for 2023-24, to align with best practice and avoid delays in the overall audit process.

10. LPB ANNUAL REPORT

Mike Ellsmore presented the report.

Mike provided an update on the key focus areas for the Board during 2023-24, which includes the Fund administration services, particularly, delivery of the ABS and complaint management.

Additionally, going forward, the Board will continue to focus on cyber security and other governance-focused aspects of the Fund in light of evolving regulatory requirements, e.g., SAB guidance on Annual Report requirements and progress on the Good Governance Project.

Agreed: content of the LPB section of the 2023-24 Fund annual report agreed by LPB members.

11. SAB GUIDANCE ON PREPARING ANNUAL REPORTS

Tracey Milner presented the report. She discussed the work undertaken to map the new requirements for preparing annual reports under SAB's latest guidance and the Fund's level of readiness based on the Fund's 2022-23 Annual Report.

Various gaps and new/updated disclosure requirements have been highlighted as part of the discussion.

The Board will continue to monitor progress in light of the increased disclosure requirements and additional KPIs and data points to be considered as part of the latest SAB guidance on preparation of the Annual Report.

12. UPDATE ON CURRENT LGPS ISSUES

Caroline Watson presented the report.

She provided an update on the SAB Scheme Cost Assessment; letter from SAB to the Chief Secretary to the Treasury in relation to gender pensions gap and work required to perform gender pay gap analysis consistently across public sector employees; dissolution of the Parliament due to the general elections and impact on the Economic Affairs of Public Bodies (Overseas Matters) Bill; new LGPS Informer Document launched by SAB along with Institute for Chartered

Accountants in England and Wales and the publication of the 11th Scheme Annual Report by SAB and key highlights from an LGPS perspective from the report.

13. INVESTMENT UPDATE

Tracey Milner presented the report.

Tracey provided a high-level update on the Fund's performance as at 31 March 2024 including an overview of the latest mandate with LCIV.

She also presented a summary of performance of the Fund over a 1-year, 3-year, 5-year and 10-year timeline in comparison with other LGPS as highlighted in the recently released report 'Local Authority Fund Statistics 2023-24'.

Action points

Fund officers to share the Local Authority Fund Statistics 2023-24 report with the Board.

The meeting ended at 11.55 am.

CHAIR:

DATED:

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	October 2024	Following the procurement of UPM software, Barry Berkengoff will be updating the existing Administration Strategy (which was due for review in 2024 anyway). This needs to link with the fund's proposed Data Management Policy; final policy on employer fining; and employer responsibility ownership work which has begun with the Council and will result in the transfer of pensions 'payroll admin' going back to Council Payroll (was expected to transfer by August 2024 but has been delayed)Once updated a revised strategy will be tabled at PAP, then at a future LPB meeting, before going to all Southwark employers for wider consultation.	Progressing
10 July 2023	19	Reporting of key administration KPIs to the Board	January 2025	SAB has now produced new guidance around reporting and wider performance metrics. This is being considered further and how it can be implemented within existing admin software. Findings to be tabled at January 2025 meeting.	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.

Complete

Barnett Waddingham have been appointed to conduct this review and will report on their findings at the October 2024 meeting.

Item No. 7	Classification: Open	Date: 9 October 2024	Meeting Name: Local Pension Board
Report title:		Pension Services – admin/ops update	
Ward(s) or groups affected:		None	
From:		Head of Pensions Operations, Resources	

RECOMMENDATION

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

BACKGROUND INFORMATION

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

RECRUITMENT

3. Recruitment is stable albeit some vacancies exist within First Contact, Admin and Data teams.
4. An existing member of staff who was on secondment to the new Teachers' Pensions Team (now part of Schools HR) has now returned to the Data team.

IT/SYSTEMS

5. Following the circulation of the Cyber Risk Assessment (where overall findings were positive), recommendations have been shared with the software provider. We will share any feedback and next steps with the Board in due course.
6. A 2024 HealthCheck is underway with the pensions admin provider. This will focus on critical functionality and set out configuration improvements around Employer Hub, Member Portal and Contact Manager (software used to record and manage all inbound member and employer enquiries via phone and email).

NATIONAL DASHBOARD PROGRAMME

7. The Pensions Regulator (TPR) has issued a clear message to trustees and pension schemes to take immediate action to prepare for dashboards or risk facing regulatory enforcement. TPR has emphasised the importance of pension schemes being dashboard ready with accurate and complete data ahead of the connection deadlines. Whilst TPR aims to support schemes in their preparations, they acknowledge that readiness levels will vary across the pensions industry.

8. The Pensions Dashboards Programme has confirmed that Gov.UK One Login will be the identity service provider for anyone using the dashboards service.
9. Provided by the UK government, Gov.UK One Login ensures users only have to prove their identity once and can use this proof to access other services they use, saving time and effort. This means users who have already registered to use government services through Gov.UK One Login will not have to prove their identity again when registering to use the new dashboards service.
10. Southwark Council's "connect by" date remains unchanged as 31 October 2025.

PROGRESS TO OCTOBER 2024

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

COMMUNICATION INITIATIVES

11. Whilst the 2024 Annual Benefit Statement (**ABS**) production exercise has been a lot smoother this year, employer data validation remains very time consuming.
12. Therefore, the pension fund plans to undertake an employer engagement piece of work around Q1 2025 around ABS, but also on wider employer responsibilities relating to the pension fund (employer discretions, IDRPs, ill-health and so on).
13. As part of future planned work for ABS 2025, we will be making changes to the Employer Hub (secure portal for employers to upload data) to include built-in year-end validation and variance checking to try and reduce data/upload errors.
14. Pension Savings Statements (**PSS**) for Annual Allowance (**AA**) purposes are currently being prepared. Anyone affected or with a tax charge will receive a PSS in early October 2024 for the period 2023/24.
15. The standard AA increased from £40,000 to £60,000 on 6 April 2023 which should be beneficial to many Southwark staff.
16. A re-modelled Southwark Pension Fund website will be going live shortly. This will include up-to-date Southwark house style, improved user navigation, and a dedicated section for Pension Fund Finance and Investments.

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 - protracted complaint from a former member of Council staff about pension benefits under a Settlement Agreement.

Case Open - Southwark has provided its formal response and now awaits a final decision from the Ombudsman.

- IDRP stage 1 - ill-health complaint against the Council as employer. Whilst the ill-health tiering award was not in dispute, a disagreement existed over contractual hours which affected the final value of pension benefits to be paid.

Case Closed - Council HR upheld complaint in favour of member and benefits were re-calculated and put into payment.

Against Administering Authority (i.e. Pension Fund):

- Pensions Ombudsman single complaint - cohabiting partners' pension/death grant claim made against pension fund. Applicant alleged both he and the deceased were financially dependent on one another and living together as husband and wife. **Complaint formally determined and upheld in part. Ombudsman found no evidence of a cohabiting relationship and said the Administering Authority had reached the correct decision based on the evidence available. Complainant appealed the Ombudsman's decision.**

Case Open – being appealed at High Court of Justice in October 2024.

- Pensions Ombudsman single complaint - pensions liberation claim that pension fund undertook no receiving scheme due diligence when a transfer out was paid in 2016.

Case Open - Pension Fund denies all allegations. The complainant has now taken an identical matter to the Crown Court, meaning the Pensions Ombudsman may have to discontinue its own investigation.

- IDRP stage 2 - dispute over the allocation of a lump sum death grant.

Case Open - new evidence being considered by IDRP stage 2 Adjudicator.

ADMIN PERFORMANCE MONITORING

Performance metrics are detailed in Appendix 1 covering the three-month period to September 2024 (at the time of writing report).

FUTURE WORK PLANNING

17. 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 in due course.

CONCLUSIONS

18. Recruitment and retention of key staff with the necessary skills is critical to the achievement of all future plans, as is succession planning.
19. 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.

KEY ISSUES FOR CONSIDERATION

Policy framework implications

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

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

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS Director of Law and Governance

29. Not applicable.

Strategic Director, Resources

30. Not applicable.

Other officers

31. Not applicable.

APPENDICES

Name	Title
Appendix 1	Admin Metrics – June, July and August 2024

AUDIT TRAIL

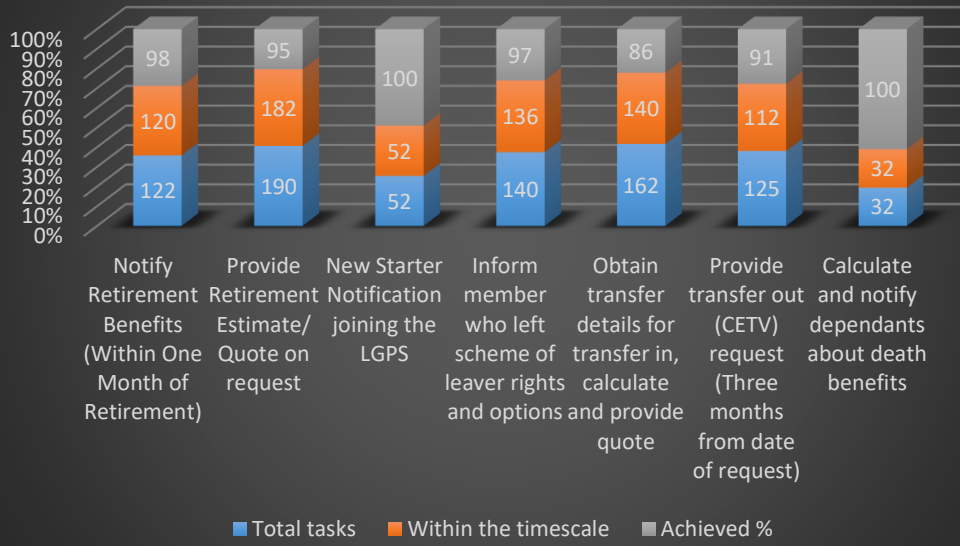
Lead Officer	Clive Palfreyman, Strategic Director, Resources	
Report Author	Barry Berkengoff, Head of Pensions Operations, Resources	
Version	Final	
Dated	30 September 2024	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Governance	No	N/a
Strategic Director of Finance and Governance	No	N/a
List other officers here	N/a	N/a
Cabinet Member	No	N/a
Date final report sent to Constitutional Team / Scrutiny Team		

APPENDIX 1

Admin Metrics – June, July and August 2024

	Total Tasks	Within Time frame	Achieved	
Notify Retirement Benefits (Within One Month of Retirement)	122	120	98%	↑
Provide Retirement Estimate/ Quote on request	190	182	95%	↓
New Starter Notification joining the LGPS	52	52	100%	→
Inform member who left scheme of leaver rights and options	140	136	97%	↑
Obtain transfer details for transfer in, calculate and provide quote	162	140	86%	↓
Provide transfer out (CETV) request (Three months from date of request)	125	112	91%	↑
Calculate and notify dependants about death benefits	32	32	100%	→

Admin Matrix



Item No 8	Date: 9 October 2024	Meeting Name: Local Pension Board
Report title:		Government Actuary Department – Section 13 Report
From:		Chief Investment Officer - Treasury and Pensions

Recommendations

It is recommended that the Local Pension Board:

- Note the attached report and appendix which sets out the Government Actuary Department’s report on the 2022 triennial actuarial valuation.

Background

1. Section 13 of the Public Service Pension Schemes Act 2013 requires a “suitably qualified person” appointed by the Secretary of State to carry out a review of the triennial actuarial valuations of funded public service pension schemes. This requires the Government Actuary to report on whether a scheme has achieved the following four aims:
 - Whether the fund’s valuation is in accordance with the scheme regulations.
 - Whether the fund’s valuation has been carried out in a way which is not inconsistent with the other fund valuations within the LGPS.
 - Whether the rate of employer contributions is set at an appropriate level to ensure the solvency of the pension fund.
 - Whether the rate of employer contributions is set at an appropriate level to ensure the long-term cost efficiency of the scheme, so far as relating to the pension fund.
2. GAD has carried out its initial review and has provided a two-page summary for the Southwark Pension Fund (Appendix 1). The initial

findings on the individual funds have resulted in some warning flags across a few LGPS funds. However, Southwark is not one of those funds.

Southwark Pension Fund: GAD position

3. The Pension Fund received green flags across the spectrum on the GAD's various different financial tests. This reflects that the Fund is in a relatively strong position.
4. The funding level of the Pension Fund, as per the triennial valuation, has increased from 103% as at 31 March 2019 to 109% as at 31 March 2022. The main driver for this improvement was significant investment returns above what was assumed in the 2019 valuation. The best estimate funding level for the Fund based on the GAD assessment is 126.2%, which puts the Fund in a surplus position.
5. The Pension Fund is ranked 12 of 87 LGPS funds for required investment return to achieve full funding in 20 years' time on the standardised market consistent basis, with a 2.5% return required. Additionally, the Fund is ranked 14 for required investment return rates, compared with the Fund's expected best estimate future returns assuming current asset mix maintained.

Review of the LGPS E&W 2022 Fund Valuations

6. The Government Actuary's Department [has published its report](#) to the Ministry of Housing, Communities and Local Government on the 2022 fund valuations.
7. The purpose of the report is to examine whether the separate 87 fund valuations have achieved the 4 aims set out in the Act – they are compliance, consistency, solvency and long-term cost efficiency.
8. As part of the process, GAD also analysed other data provided by the funds and their actuaries and undertook engagement exercises with relevant funds. The report includes 3 recommendations for the Scheme Advisory Board, which are being considered.

APPENDICES

Name	Title
Appendix 1	GAD Initial Summary – Southwark 2022

AUDIT TRAIL

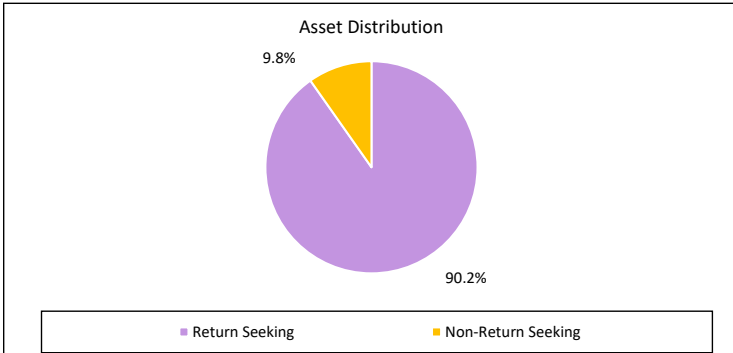
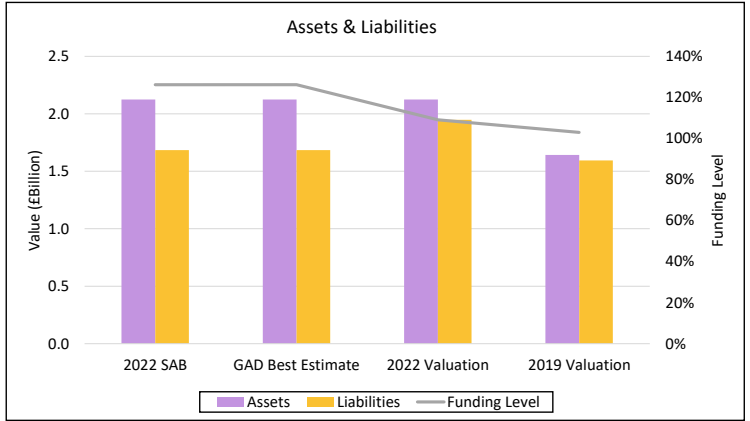
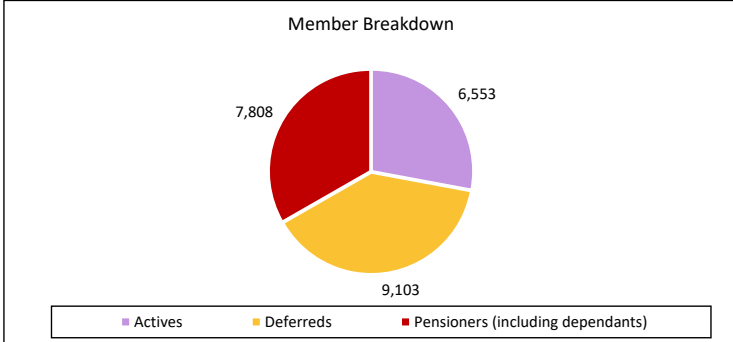
Lead Officer	Clive Palfreyman, Strategic Director, Resources	
Report Author	Caroline Watson, Chief Investment Officer – Treasury and Pensions	
Version	Final version	
Dated	25 September 2024	
Key Decision?	N/A	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	N/A	N/A
Strategic Director of Resources	N/A	N/A
List other officers here		
Cabinet Member	N/A	N/A
Date final report sent to Constitutional Team	N/A	



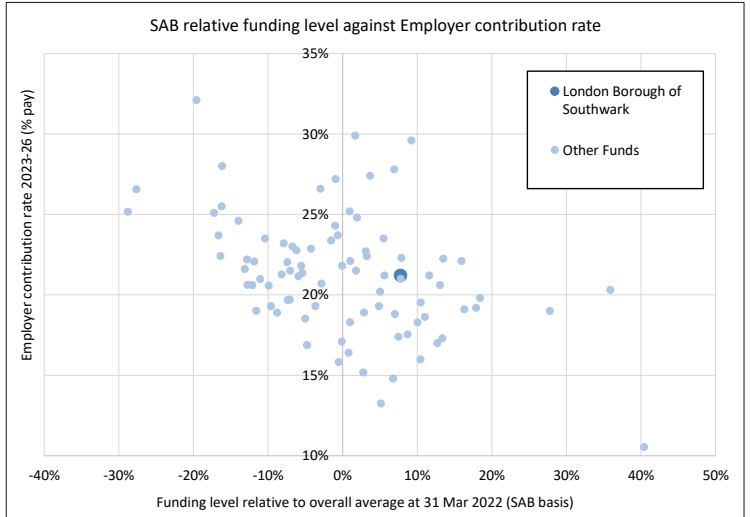
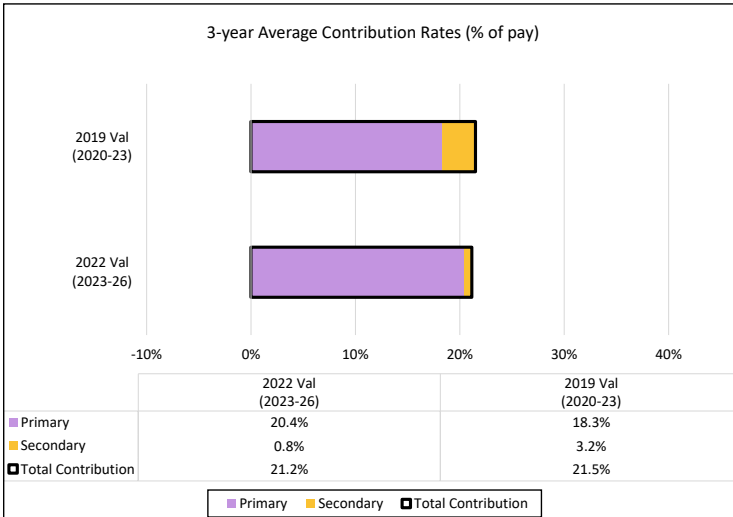
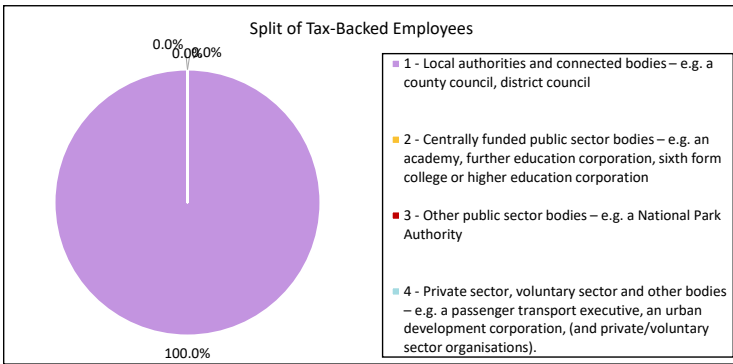
Government Actuary's Department

LGPS (E&W) Section 13 Report at 31 March 2022 - Data Summary - London Borough of Southwark

The purpose of GAD sharing these summaries is to give you an opportunity to consider the preliminary results including any flags indicated and to let GAD know if you think we have misinterpreted the data provided or if there are any material inaccuracies in the data used. Please note these summaries are only intended for funds and their advisors and should not be shared more widely. For more information on the metrics shown please see the [2019 LGPS \(E&W\) Section 13 report](#), where details on the calculations and methodology can be found in the [Appendices](#)



Local Authority	Core Spending (£m)	Core Spending (%)
Total	440	100%
Southwark	344	78%
Southwark GLA	96	22%



LGPS (E&W) Section 13 Report at 31 March 2022 - Data Summary - London Borough of Southwark

<u>Solvency Breakdown</u>	
Fund Open/Closed	Open
SAB Funding Level	126.2%
Percentage of Non-Statutory Employees (Group 3 + Group 4)	0.0%
Asset Shock	
<i>The calculations for the asset shock:</i>	
(a) Assets are classified as: (i) Return seeking - Equity, Property, Infrastructure (equity type) & other return seeking assets; and (ii) Non-return seeking - All other assets	
(b) Return seeking assets are stressed, with a one-off reduction of 15%	
(c) New deficit allocated to tax-raising authorities	
= (Pre-stress asset value - Post-stress asset value) × % Tax backed employees	
(d) The new deficit is then spread over 20 years of annual payments, and compared to the fund's core spending	
	£m
Pre-stress asset value	2,125.4
Post-stress asset value	1,837.7
New deficit allocated to tax raising authorities (Group 1 + Group 3)	287.7
Annual deficit payment (spread over 20 years)	15.7
Deficit percentage of core spending (where core spending is £440m)	3.6%
Deficit percentage of core spending (allowing for post-asset shock surplus)	Surplus
Employer Default Shock	
<i>The calculations for the employer default shock:</i>	
(1) Determine funding level on GAD's best estimate basis	
(2) If the fund is in deficit, non-tax backed deficits are allocated to tax-backed	
(3) The non-tax backed deficit is spread over 20 years and compared to the fund's core spending	
	£m
Deficit on best estimate basis	0.0
Proportion of deficit allocated to non-tax raising authorities	0.0
Annual deficit payment (spread over 20 years)	0.0
Deficit percentage of core spending	Surplus

<u>Long Term Cost Efficiency</u>	
Deficit Recovery Period	
<i>Implied deficit recovery period calculated on GAD's best estimate basis</i>	
Recovery period (years)	Surplus
Ranking of fund (out of 87 funds)	N/A
Required Return	
<i>Required investment return rates to achieve full funding in 20 years' time on GAD's best estimate basis</i>	
Required return under best estimate basis (ranking)	2.5%
Ranking of fund (out of 87 funds)	12
Repayment Shortfall	
<i>Difference between:</i>	
(i) actual contribution in excess of GAD's best estimate of future service cost; and	
(ii) the annual deficit recovery contributions required as a percentage of payroll to pay off deficit in 20 years, where the deficit is calculated on GAD's best estimate basis	
Actual contribution rate paid less SCR on best estimate basis	5.9%
Annual deficit recovery payment as % of implied 31 March 2022 payroll	0.0%
Difference	5.9%
Return Scope	
<i>Fund's expected best estimate future returns, assuming current asset mix maintained, compared with the required investment return rates, as calculated in required return above</i>	
Expected return	4.8%
Required return	2.5%
Difference	2.3%
Ranking of fund (out of 87 funds)	14
Deficit Reconciliation	
<i>Confirmation that the deficit period can be demonstrated to be a continuation of the previous deficit recovery plan</i>	
2020-23 Average Contribution Rate	21.5%
2023-26 Average Contribution Rate	21.2%
Difference in Average Contribution Rate between 2020-23 and 2023-26	-0.3%
Valuation	2019
Deficit Recovery End Point	Surplus
	2022
	Surplus
Increase in deficit recovery end point (years)	Surplus
Surplus Retention	
<i>For funds in surplus on GAD's best estimate basis:</i>	
(i) comparison of the average actual employer contribution rate with the contribution rate required to meet the cost of accruing future benefits, calculated on GAD's best estimate basis; or	
(ii) where the rate is less than the best estimate future service cost the implied surplus sharing period over which a surplus on a best estimate basis might be spread is not considered too short	
Actual contribution rate paid less SCR on best estimate basis	5.9%
Implied surplus payment period	N/A

Minor inconsistencies in totals may occur due to rounding.

24 June 2024

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

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. The addition of a new risk covering potential scams and actions the Fund has in place to mitigate the risk.

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, Resources
Report Author	Caroline Watson, Chief Investment Officer, Treasury and Pensions Barry Berkengoff, Head of Pensions Operations, Resources
Version	Final version

<i>Dated</i>	04 October 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 April 2024?
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 Member Learning Source.. Meetings held regularly with HR/employers/unions. ABS sent annually to active and deferred members. Annual report prepared in accordance with statutory guidelines published on the website. Newsletters are issued etc. 	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 an agreed escalation process. Revised Admin Strategy in draft 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 April 2024?
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. A 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 to be 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 has just signed up to 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. 4. 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 Assessment is currently being undertaken by Aon. 	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 April 2024?
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"> 1. The Fund has committed to achieve net zero carbon within its investments by 2030. 2. 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. 3. The Fund maintains regular contact with like minded LGPS Funds and other advisory bodies to keep abreast of all pertinent regulatory and investment developments. 4. The Fund will monitor the impact of any changes in investment strategy. 	42	6	4	
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"> 1. Ongoing monitoring of Fund performance and investment markets. 2. Advice obtained from investment advisers on continuing suitability of asset allocation. 3. Review of scheme employers' financial strength and likelihood of exit. 4. The Fund holds investments in diversified assets, reducing volatility and ensuring long term stability. 5. Cash flow monitored on a regular basis. Investment income reinvested and not required to pay pensions. 6. 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. 7. Additional reporting received on emerging market holdings to monitor impact of ongoing conflict. 	42	6	4	
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"> 1. 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. 2. Additional support obtained from investment advisers to ensure ongoing management of increasingly complex investments. 3. Temporary staffing resources in place until restructure is completed. 	34	6	3	
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"> 1. Contracts are monitored regularly. 2. 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. 3. 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. 4. Assets to be transferred to the pool only upon satisfactory business case and due diligence 	20	5	2	

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 April 2024?
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"> 1. Civica UPM, has been extensively tested and secured against cyber-attack. 2. the system only allows access from pre-approved IP addresses, limited to the Southwark Council network and Aon. 3. maintain business continuity and disaster recovery plans. 4. 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. 5. 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	
R17	That required liquidity in investment assets is not available to allow the fund to meet pension fund obligations as they fall due.	CW	Financial	7	4	52	<ol style="list-style-type: none"> 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. 	20	5	2	
R24	Pension Scams	BB	Financial Operational Reputational	9	1	45	<ol style="list-style-type: none"> 1. Member education & awareness - regular comms on risks, scam awareness campaigns and transfer value guidance 2. Robust due diligence on transfers - red flag risky or suspicious schemes and promote FCA Regulated advisors only, 3. Industry collaboration - maintain regular contact with FCA, Pensions Regulator, Action Fraud to stay updated on latest scam tactics and trends. 4. Secure online measures - ensure member portals secure to protect personal and financial data, and robust identity verification procedures when processing new transfer requests. 	9	3	2	
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	<ol style="list-style-type: none"> 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	
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	<ol style="list-style-type: none"> 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	

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 April 2024?
R21	Impact of McCloud judgement.	BB	Financial/Operational	4	6	40	<ul style="list-style-type: none"> 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 has already built/tested McCloud software. 5. McCloud remedy live from October 2023. 	32	4	5	
R12	Fraud perpetrated against the fund either internally or externally resulting in a significant financial loss.	BB/CW	Financial	7	2	35	<ul style="list-style-type: none"> 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. Regularisation in NFI data matching exercises. 	20	5	2	
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	<ul style="list-style-type: none"> 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	
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 	13	3	3	
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 	13	3	3	
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	

Item No. 10	Classification: Open	Date: 09 October 2024	Meeting Name: Local Pension Board
Report title:		Update on Current LGPS Issues	
From:		ESG Manager, Treasury and Pensions	

Recommendations

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

SAB Statement on Fiduciary Duty and dealing with lobbying

2. As agreed in its July 2024 meeting, the SAB has published a [statement](#) to address the current situation whereby administering authorities are dealing with increasing queries about how LGPS funds are invested.
3. The statement reaffirms that the primary purpose of LGPS must be to achieve the required financial returns in an appropriately risk-managed way to pay members liabilities when they become due. ESG factors need to be considered in a manner that would not lead to significant financial detriment and where it would have support of the members.
4. The statement further mentions that it is not appropriate for investment decisions to be driven directly by the political views except as where prescribed in law.
5. The SAB hopes that the statement is helpful to pension committee and board members, as well as LGPS officers, advisers, scheme members and others involved in lobbying activity.
6. The SAB Secretariat is also seeking an opinion from Counsel as to whether there is a need to update the previous advice received on the nature of fiduciary duty for LGPS administering authorities and further information will be published, when available.

Code of Transparency data system

7. To support compliance with the LGPS Code of Transparency, the LGPS Scheme Advisory Board (SAB) is researching the longer-term future of the data compliance system that supports it.
8. The system allows for the SAB to have oversight of compliance with the Code of Transparency and allows funds to run various reports and compare their costs with funds of a similar size.
9. SAB launched an early market engagement exercise in June 2024 to assess future iterations of the data system. A subsequent 'meet the buyer event' was held on 10 July 2024, following which SAB published supporting information to help funds draft responses to the Board's questions.

SAB Cost Management Process now complete

10. The Government Actuary's Department completed the scheme cost assessment. The final report was completed using methodology and assumptions determined by the SAB, following discussion at the Cost Management, Benefit Design and Administration (CMBDA) Committee.
11. Scheme costs were assessed as being 20.5 per cent of pensionable pay, 1 per cent above the 19.5 per cent target overall cost. Following discussion, the SAB agreed not to recommend any changes in its letter informing the Secretary of State of the outcome.

Letter to MHCLG re: Shared Cost Additional Pension Contributions (SCAPCs)

12. SAB Secretariat wrote to MHCLG officials asking for a review of the actuarial factors and regulations surrounding SCAPC's, which was one of the first recommendations of the Gender Pensions Gap working group.
13. SAB believe that current regulations may impact those with caring responsibilities (predominantly female members) who may lose pension when they take authorised unpaid leave.
14. The letter asks that the rules around buying back pension during unpaid authorised leave should be made easier to understand and more flexible to implement.

Pensions Investment Review: Call for Evidence

15. A Call for Evidence has been published inviting interested parties to inform the first phase of the Pensions Investment Review. It includes questions for stakeholders within LGPS to answer, and invites responses to include 'data or unpublished analysis or reports relevant to the questions'.
16. The SAB has submitted its response to the Pensions Review Call for Evidence that went out on 4 September 2024. Given the word limit, there have been challenges to address all questions relevant to LGPS.
17. Government has reassured that there will be extensive engagement with the SAB and other stakeholders beyond the Call for Evidence itself.

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

18. Community Impact Statement

No immediate implications arising.

19. Equalities (including socio-economic) Impact Statement

No immediate implications arising

20. Health Impact Statement

No immediate implications arising

21. Climate Change Implications

No immediate implications arising

22. Resource Implications

No immediate implications arising

23. Legal Implications

No immediate implications arising

24. Financial Implications

No immediate implications arising

25. Consultation

No immediate implications arising

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director, Resources	
Report Author	Spandan Shah, ESG Manager, Treasury and Pensions	
Version	Final	
Dated	03 October 2024	
Key Decision?	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		
Cabinet Member	N/A	N/A
Date final report sent to Constitutional Team		N/A

Item No. 11	Classification: Open	Date: 9 October 2024	Meeting Name: Local Pension Board
Report title:		Pensions Advisory Panel Meeting Papers – 30 September 2024	
From:		Pensions Investments Manager - Treasury & Pensions	

Recommendations

The LPB is asked to:

1. Note the key items covered at the 30 September 2024 Pensions Advisory Panel meeting, which covered activity between 1 April and 30 June 2024.

Summary

Asset Allocation and Net-Zero Strategy Update – Agenda Item 10

2. Some rebalancing of equities took place in the quarter to fund private market drawdowns: with £14.3m redeemed from the LGIM equity fund. An additional £5m of cash returned by Newton. This approach is in line with the cash management framework that was agreed by PAP in March 2023.
3. The largest private market drawdown was €13.6m, which was the first drawdown against the new €50 million commitment to the Glennmont IV Clean Energy Fund. In addition, £4m was transferred to Nuveen to fund the purchase of an industrial unit in Northamptonshire.
4. Following discussions with London CIV and M&G, an agreement is now in place to aggregate the assets held by various London funds in the M&G Residential Housing Fund. This has led to a net fee reduction of 5 basis points and the assets are now deemed to be under pool management since they fall under the supervision of London CIV.
5. Under new annual reporting guidelines, LGPS funds are expected to declare what proportion of their total portfolio is allocated to UK assets. This is in line with the government's aim to increase pension fund investment in the UK. As at 30 June, it is estimated that 33% of the LBSPF is in UK assets.
6. Officers had update meetings to discuss portfolio performance and developments with some of the Fund's managers including Temporis

(renewable energy), Newton (global equity), Nuveen (direct property) Darwin Alternatives (leisure and bereavement services) and Robeco (credit).

7. On 15 May the then Minister of Local Government issued a request that each LGPS fund administrating authority outline the approach to efficiencies in the management, governance and administration of the LGPS by 19 July. Officers prepared and submitted a response ahead of the deadline.

8. On the 20 July the new Chancellor of the Exchequer announced a “landmark” pensions review for which the terms of reference were published on the 16 August – with a focus on “improving the affordability and sustainability of the LGPS”. On 4 September Government issued a call for evidence to inform the pension review. Officers submitted a response ahead of the 25 September deadline.

Investment Adviser Performance Updates – Agenda Item 12

- Fund value increased by £18.9m during the quarter to 30 June 2024, from £2,238.9m to £2,257.8m.
- Fund return quarter to June 2024: 1.1% (benchmark 1.9%)
- Fund return year to June 2024: 9.7% (benchmark 13.4%)
- Fund return 3 years to June 2024: 4.0% p.a. (benchmark 6.2% p.a.)
- Funding level increased slightly over the quarter, from 115% to 116%

Carbon Footprint Update – Agenda Item 13

- Reduction in the Fund’s carbon footprint between September 2017 and March 2024 was 83.1%.

Update on approach to Engagement and Voting – Agenda Item 14

- An update on the key engagement and voting themes for the quarter together with an outline of the activity for the Fund’s equity managers.

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

9. Community Impact Statement

No immediate implications arising.

10. Equalities (including socio-economic) Impact Statement

No immediate implications arising

11. Health Impact Statement

No immediate implications arising

12. Climate Change Implications

No immediate implications arising

13. Resource Implications

No immediate implications arising

14. Legal Implications

No immediate implications arising

15. Financial Implications

No immediate implications arising

16. Consultation

No immediate implications arising

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director, Resources	
Report Author	Tracey Milner, Pensions Investments Manager	
Version	Final version	
Dated	25 September 2024	
Key Decision?	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 Resources	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 12	Date: 9 October 2024	Meeting Name: Local Pension Board
Report title:		Option to Re-appoint Local Pension Board Chair
From:		Chief Investment Officer - Treasury and Pensions

Recommendation

It is recommended that the Local Pension Board:

- Vote on the decision to retain the role of the Local Pension Board Chair and the reappointment of the current Chair for a further year.

Background

1. At the 11 October 2023 meeting of the Local Pension Board it was agreed that the independent chair would be reappointed until the end of October 2024.
2. Local Pension Board members are asked to consider whether the role of the independent chair should be retained and whether the current incumbent is performing to an expected standard and therefore should be re-appointed for a further year.

KEY ISSUES FOR CONSIDERATION

3. N/a

Policy framework implications

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

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

Community impact statement

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

13. Not applicable.

Strategic Director of Resources

14. Not applicable.

Other officers

15. Not applicable.

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director, Resources
Report Author	Caroline Watson, Chief Investment Officer – Treasury and Pensions
Version	Final

Dated	25 September 2024	
Key Decision?	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 Resources	N/A	N/A
List other officers here		
Cabinet Member	N/A	N/A
Date final report sent to Constitutional Team	N/A	