

Local Pension Board

Wednesday 8 October 2025
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

Helen Laker – Employee Representative

Stuart Mumford – Employee Representative

Tony O'Brien – Retired Employee Representative

Local Pension Board

Wednesday 8 October 2025
10:00 am
Meeting Room 224, 160 Tooley Street

Order of Business

Item No.	Title
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PART A – OPEN BUSINESS

- 1. TRAINING SESSION – LPB ROLES AND RESPONSIBILITIES**
- 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 2 July 2025.
- 6. ACTION TRACKER**
- 7. PENSIONS SERVICES**
- 8. PENSIONS ADMINISTRATION STRATEGY**

9. RISK MANAGEMENT STRATEGY**10. THE GENERAL CODE – ACTION PLAN****11. PENSIONS ADVISORY PANEL MEETING PAPERS****12. LGPS UPDATE****13. RE-APPOINTMENT OF LOCAL PENSION BOARD CHAIR****14. 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.”

15. MINUTES

To agree as a correct record, the closed minutes of the meeting held on 2 July 2025.

16. PENSION FUND BUDGETS**ANY OTHER CLOSED BUSINESS**

Date: 19 September 2025

Local Pension Board

MINUTES of the OPEN section of the Local Pension Board ('LPB' or 'the Board') meeting held on Wednesday 02 July 2025 at 10.00 am at Meeting Room 224 at 160 Tooley Street, London, SE1 2QH

PRESENT: Mike Ellsmore (Independent Chair)
Sarah Feasey – Employer Representative
Helen Laker – Employee Representative
Mike Antoniou – Schools Employer Representative
Tony O'Brien – Retired Employee Representative
Dominic Cain – Employer Representative (Vice-Chair)
Clive Palfreyman
Caroline Watson
Spandan Shah
Barry Berkengoff
Tufazzul Miah
Adizatu Tarawallie

1. TRAINING SESSION – LGPS POOLING REGULATIONS AND GOVERNANCE IMPLICATIONS

Item delivered by Caroline Watson.

The training session covered various aspects of the Fit for the Future consultation, including new pooling requirements, mandate for local UK-based investments and increased focus on governance going forward.

There were subsequent questions and discussions on various aspects of the proposals. Mike Ellsmore raised a query on how decision-making on strategic asset allocation will happen post the pooling mandate. Caroline Watson gave an explanation of what the new structure may look like, including the requirement to have an independent adviser who will provide advice on all aspects of the Fund.

Dominic Cain also raised a query relating to the net zero targets of the Fund as a consequence of pooling. Caroline Watson confirmed that LCIV are working on a responsible investment matrix which will provide options to identify suitable products aligning as much as possible with our targets and priorities.

The Fund has various investment in the UK, particularly, the entire real estate portfolio. However, further clarifications are required on what will be classified as a local investment. The Fund will continue to monitor the requirements.

Mike Antoniou asked a question on the potential efficiencies to be achieved as a consequence of pooling. The efficiencies through economies of scale from pooling are expected to materialise over the medium to long term.

In-house staffing requirements from the changes will also evolve going forward given the increased focus on governance aspects of the Fund operations.

There was an additional question on what will happen in case LCIV is unable to deliver the required performance/results. The Fund will continue to engage with them on an ongoing basis and hold LCIV accountable.

2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

No apologies received.

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

It was agreed that business is to be conducted in a closed meeting with a section at the end for closed agenda points.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no disclosures made in relation to any interests or dispensations.

5. MINUTES

To agree as a correct record, the minutes of the meeting held on 2 April 2025.

6. ACTION TRACKER

Item delivered by Barry Berkengoff.

The Board's main focus was on the Fund's Administration Strategy. Barry confirmed that the revised Administration Strategy will be shared with the Chief Investment Officer and the Strategic Director of Resources by the end of the week (04/07/2025). It will then be tabled at the upcoming PAP meeting and the October Board meeting, following which it will go through a formal consultation process involving various internal and external stakeholders.

Action point(s):

Table the updated Administration Strategy at the upcoming Board meeting.

7. PENSIONS SERVICES

Item delivered by Barry Berkengoff.

An update was presented on recruitment within the service, IT and systems, national pension dashboard programme (NPD) and issuance of annual benefits statements (ABS).

Barry mentioned that in the upcoming cycle, members that do have AVC's will receive ABS statements with AVC information on them.

There was also a detailed discussion on the topic of the LGPS auto-enrolment, and a complaint raised by a member of the Fund directly with the Chair of the Board.

It was agreed that dealings between an employee and an employer are outside the scope of the Fund's remit. Such issues can be raised at other forums of the Council. However, this is an important issue for the Fund as Southwark Council is the largest employer in the Fund so the Board will work towards identifying the right solution.

Action Point(s):

Mike Ellsmore to write to Ben Plant expressing concerns about the council's approach to communications around the recent auto-enrolment process.

8. TPR GUIDANCE – MCCLOUD UNDERPIN AND 2025 ANNUAL BENEFITS STATEMENTS (ABS)

Item delivered by Barry Berkengoff.

An update was provided on the work done to date in relation to the McCloud remedy underpin.

Barry highlighted challenges around late availability of a technology solution being provided by Civica for effective implementation of the McCloud remedy, which has also led to more manual work being required to be undertaken leading to further delays. The regulator has acknowledged this issue and has released guidance allowing LGPS funds to defer the provision of implementing the McCloud remedy for affected members by a year.

Barry recommended that the Board agree to defer the implementation of the McCloud remedy by a year, in line with the regulator's guidance, considering the potential risks of incorrect implementation and errors in ABS statements (considering imminent deadline). The Board acknowledged the risks and agreed to the proposal.

There was also a query and discussion on potential members that will be affected by the McCloud remedy. Barry confirmed that based on an initial analysis, limited members (approximately 10% or less) are going to be impacted by this.

Action point(s):

Barry to add confirmation in the action plan that ABS issued next year by 31 August 2026 will include details of McCloud adjustment for affected members.

9. Revised Risk Register

Caroline Watson presented this report.

A revised risk register and new risk dashboard were introduced to the Board, detailing the changes made to the risk register but confirming use of the earlier quantification methodology to ensure alignment with risks assessed by Southwark council.

Mike Antoniou raised a question on which risks caused the main concern. Caroline provided an opinion that risks from the upcoming pooling regulations are one of the key ones in the current scenario.

Action Point

Fund officers to table Risk management policy at the upcoming Board meeting. Fund officers will also show changes made to the risk register going forward in the dashboard through some visuals.

10. BREACHES LOG

Item delivered by Barry Berkengoff.

Barry provided an update on the status of various ongoing breaches in the breaches log. It was noted that the log has been amended in consideration to the new developments relating to ABS and McCloud guidance issued by the regulator (point touched on earlier in the meeting).

Tony O'Brien raised a question on the status of a specific breach which Barry provided further details on the breach.

11. LGPS: ACCESS AND FAIRNESS CONSULTATION

Item delivered by Barry Berkengoff.

Barry presented the report on the consultation to the Board, covering the subsequent effects that the consultation will have on the Fund especially on areas including survivor pensions, death grants, opt outs, and the McCloud remedy.

Mike Antoniou raised a question on the status of refund of pension contributions in case of early leavers.

12. CYBER SECURITY: ANNUAL AUDIT OF EXTERNAL PROVIDERS

Item delivered by Spandan Shah.

Two guidelines issued by the UK National Cyber Security Centre (NCSC) – Cyber Essentials and 10 Steps to Cyber Security have been considered while assessing the readiness of the Fund's external service providers - investment managers, banking services and custodian - in relation to mitigating risks from cyber security.

Responses were requested from all 18 organisations to assess their compliance with two frameworks. Fund officers received responses from 17 organisations. Fund officers are waiting for further response from Blackstone in response to additional queries raised following review of initial information.

Mike Antoniou raised a query on potential actions to consider in the event of non-compliance/ non-response and asked Fund officers to reflect this in the risk register in case this presents a risk to the Fund operations. No major issues were highlighted from the initial review so the non-response from Blackstone does not require a standalone reference in the risk register.

Helen Laker asked a question on the type of data at risk of being compromised in the event of cyber-attacks. Spandan confirmed that the information includes sensitive investment and financial data (until available in public domain). There could be financial disruption to the Fund operations in case the banking service provider or the custodian is unable to operate.

Action point(s):

Fund officers to update the Board on the findings once further response is received from Blackstone.

13. THE GENERAL CODE – ACTION PLAN

The report was prepared by Caroline Watson.

The report was noted. Mike Ellsmore confirmed that the Board will continue to monitor the progress of the pending tasks in the action plan at future meetings.

14. LPB ANNUAL REPORT FOR 24-25

Item delivered by Mike Ellsmore.

Mike highlighted various focus areas of the Board going forward for 2025-26. Caroline confirmed that the Board Annual report will be available in the public domain later in the year once the pension fund audit is finalised for 2024-25.

There was a question as to why the report excluded the ongoing discussions/challenges around investments in conflict zones. Given the Board

operates in a scrutiny capacity and is not responsible for investment decisions, Mike clarified that it would be a matter for the Pensions Advisory Panel.

15. LGPS UPDATE

Item delivered by Spandan Shah.

Two specific updates were highlighted - the first being the local audit reforms and the government's commitment to separate pension fund accounts from those of administering authorities. The second update was in relation to the SAB acknowledging the possible implementation challenges given the pace and scale of proposals of the Fit for the Future consultation. SAB is working on developing guidelines and recommendations for LGPS to enable funds to easily navigate upcoming changes in the LGPS ecosystem.

16. ANY OTHER OPEN BUSINESS

After the meeting, Barry Berkengoff will be providing a training session on navigating through the member portal to Tony O'Brien and Helen Laker.

Caroline Watson highlighted two actions for the Board.

Action points:

- In line with the annual requirements in relation to third party disclosures required by the auditors, Board members need to complete declaration of interest forms – Fund officers will share forms with all Board members shortly.
- Fund Officers are finalising the 2024/25 Board training log which will be shared with Board members shortly for approval.

The meeting ended at 12:00 noon.

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 and then approved by PAP	July 2025	The draft revised administration strategy is included in the agenda for the October 2025 Board meeting. The plan is for the Board to provide feedback and comments on the draft. Once other fund policies and documents, which link into the administration strategy, are finalised over the next couple of months, a final version of the administration strategy will be tabled at PAP for sign off. The final version will then be tabled at a future Board meeting for noting, before going to all Southwark employers, as part of the agreed consultation process.	Progressing
10 July 2023	19	Reporting of key administration KPIs to the Board	July 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 Civica UPM software. Findings to be tabled at a future Board meeting during 2026.	Progressing

9 October 2024	21	Action Plan – General Code of Practice to be tabled at future LPB meeting	April 2025	<p>An action plan will be developed to address the gaps/improvement areas identified by Barnett Waddingham during their review.</p> <p>The action plan will be tabled at PAP and will then be included as a standing agenda item at Board meetings until all actions are completed.</p> <p>The action plan was tabled at the March 2025 PAP meeting and will be tabled at the Board meetings starting with the April 2025 meeting.</p>	Progressing
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Meeting Name:	Local Pension Board
Date:	8 October 2025
Report title:	Pension Services – Admin/Ops update
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Pensions Administration Manager

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 2025 setting out specific information on recruitment, IT/systems, National Dashboard Programme, communication initiatives, Strictly Education payroll provider and complaint management.

Recruitment

3. Two Admin and one Data Officer vacancies exist across Pension Services. We are working with Council HR to recruit these positions.

IT/Systems

4. Online modeler testing within the Member Portal is currently underway for death benefits and ill-health early retirement transactions.

National Dashboard Programme

5. Southwark's official "connect by" date remains unchanged at 31 October 2025.
6. However, Civica have made all clients aware, that due to penetration testing not covering the agreed scope, there will be a delay in connecting services to the dashboard, this currently looks to be a 4–8-week delay. Civica have been in contact with the Pensions Regulator and Pensions Dashboard Programme who are fully informed. No legal action is required from pension funds and there will be no breach for this delay.

7. Although the Government has not yet agreed an actual “go-live” date, it is expected that the Dashboard Service will commence later in 2026.

Progress to October 2025

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

Communication initiatives

9. The 2025 Annual Benefit Statement (**ABS**) exercise is now complete and active member statements were sent by the end of August 2025 deadline.
10. The 2025 Deferred member ABS and newsletter were issued in July 2025.
11. The timeline for moving to more digital communication progresses with the production of the Deferred and Active ABS in July and August 2025.
12. Pensions Saving Statements are due for issue by 6 October 2025 for anyone breaching the 2024/25 Annual Allowance. Anyone with a Confirmed tax charge will have the opportunity to make a Scheme Pays election.
13. The Fund participated in a recent LGPS Scheme Advisory Board survey: Understanding diversity of representation and Peer Support insight and provided its response on 8 September 2025.
14. Phase 1 of the new Pension Fund website is due to go-live later in October/November and includes a new landing page, new Finance and Investment sections, improved documentation layout and user navigation.

Schools payroll providers

15. The Pension Fund has been working closely with schools to strengthen employer engagement and therefore overall compliance to ensure monthly data returns are submitted on time. Training and guidance is being offered to ensure School Business Managers feel supported and can contact a dedicated data officer should there be any data problems.
16. Future developments around reporting will provide employers access to real-time compliance dashboards showing whether they are meeting legal obligations. This level of collaborative approach will help employers and the Pension Fund identify any barriers such as payroll system limitations

Complaint Management

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

- Pensions Ombudsman single complaint - pensions liberation claim that the Pension Fund undertook no receiving scheme due diligence in 2016.

Case OPEN – the Pension Fund denies all allegations. Complainant has taken an identical matter to the Crown Court, meaning the Pensions Ombudsman may discontinue its own investigation.

- Internal Dispute Resolution Procedure single complaint - the estate of deceased former employee complained that the Pension Fund failed to return a preserved refund 35 years ago or maintain regular contact with the former employee who has been described as a 'vulnerable' adult.

Case OPEN – Adjudicator upheld complaint in part but was unable to agree to the refund as the member had attained age 75 many years ago prohibiting a payment. But it was acknowledged that the Pension Fund could have done more to try and trace the individual.

- Internal Dispute Resolution Procedure single complaint - whilst a Cash Equivalent Transfer Value (CETV) was requested and produced within the statutory deadline, final payment was declined by the Pension Fund.

Case OPEN – Adjudicator upheld complaint in part (communication leading to confusion) but could not agree to transferring funds to the receiving arrangement because member was within 12 months of Normal Pension Age (NPA) by the time advice had been sought.

Admin performance monitoring

Performance metrics are detailed in Appendix 1 covering the three-month period July, August and September 2025.

Future work planning

17. Pension Services signed up to a wider Resources Directorate Business Plan over 2025/26. This includes IT-related objectives such as improved member self-service functionality and any staff survey follow-up actions.

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.

KEY ISSUES FOR CONSIDERATION

Policy framework implications

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

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

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

APPENDICES

No.	Title
Appendix 1	Admin Metrics - July, August and September 2025

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director, Resources		
Report Author	Louise Charman, Pensions Payroll Manager, Resources		
Version	Final		
Dated	08 October 2025		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Assistant Chief Executive, Governance and Assurance		No	N/a
Strategic Director of Resources		No	N/a
Cabinet Member		No	N/a
Date final report sent to Constitutional Team			

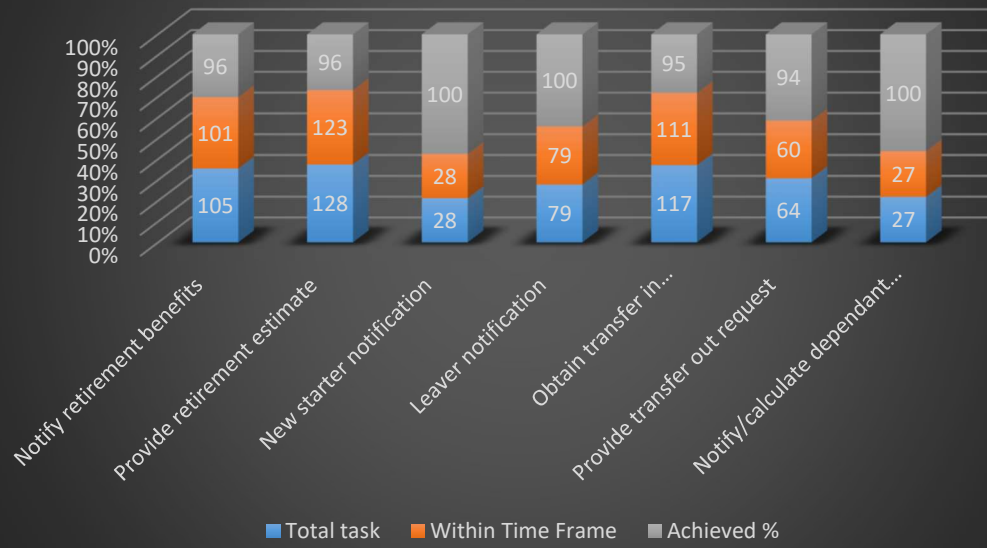
APPENDIX 1

Admin Metrics – July, August &

September 2025

	Total Tasks	Within Time frame	Achieved	
Notify Retirement Benefits (Within One Month of Retirement)	105	101	96%	→
Provide Retirement Estimate/ Quote on request	128	123	96%	→
New Starter Notification joining the LGPS	28	28	100%	→
Inform member who left scheme of leaver rights and options	79	79	100%	→
Obtain transfer details for transfer in, calculate and provide quote	117	111	95%	↑
Provide transfer out (CETV) request (Three months from date of request)	64	60	94%	↑
Calculate and notify dependants about death benefits	27	27	100%	→

Admin Metrics



Meeting Name:	Local Pension Board
Date:	8 October 2025
Report title:	Pension Services – Administration Strategy
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Pensions Payroll Manager- Resources

RECOMMENDATION

1. The Local Pension Board (the **Board**) is asked to note this paper on the draft updated Administration Strategy (the **Strategy**) and to provide comments and feedback on its content.

BACKGROUND INFORMATION

2. During 2025 both the Head of Pensions Operations and Chief Investment Officer have reviewed and amended the Strategy so it is fit for purpose and up to date.

PURPOSE AND USE

3. The aim of the strategy is to ensure both the Administering Authority, Admitted and Scheduled body employers are fully aware of their roles and responsibilities under the Fund.

STRATEGY AT A GLANCE

4. The Strategy includes the following areas:
 - Responsibilities and Administration Objectives – the Strategy clearly provides what the expectations are for both Employers and the Administering Authority as well as all relevant parties.
 - Engagement and communication – Information has been included to set out what documentation the Administering Authority will issue as part of their communication strategy. This section also covers employer training and any engagement from the Operations team.
 - Risks of non-compliance – Clear information has been provided for employers should there be persistent and ongoing failure to meet targets. Every endeavor will be made to assist the employer concerned

before any charge is levied and there is an expectation that this would only be used as a last resort whereby an employer is not engaging with the Fund.

NEXT STEPS

5. The draft will be updated following receipt of the Board's feedback.
6. Further updates will be made once the Data Management Policy and Funding Strategy Statement have been updated.
7. The final version of the strategy will be tabled for approval and sign off by the Pension Advisory Panel (PAP).
8. The final version of the Administration Strategy will be presented to the Board after it has been reviewed by the PAP.
9. Once sign off has been granted the document will be shared with employers as part of a consultation process.

KEY ISSUES FOR CONSIDERATION

Policy framework implications

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

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

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

APPENDICES

No.	Title
Appendix 1	Draft Administration Strategy

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director, Resources		
Report Author	Louise Charman, Pensions Payroll Manager - Resources		
Version	Final		
Dated	08 October 2025		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments Included	
Assistant chief executive, governance and assurance	No	N/a	
Strategic director of resources	No	N/a	
Cabinet Member	No	N/a	
Date final report sent to Constitutional Team			



The London Borough of Southwark Pension Fund

Pension Administration Strategy

DRAFT V2

Contents

1. Introduction and Background
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3. Policy Statement
 - Pension Administration Strategy Policy Statement
 - Delivering value for money
 - Regulatory Basis
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 - Administering Authority Responsibilities
 - Our Administration Aims and Objectives
 - Other LGPS documents making up the overall strategy
4. Liaison, engagement and communication
5. Delivery of Administration
6. Performance standards and responsibilities
7. Standard of expected service between the Administering Authority and employers of the Fund
8. Improving Employer Performance
9. Risks of non-compliance with Pension Administration Strategy

1. Introduction and Background

This is the Pension Administration Strategy Statement for the London Borough of Southwark Pension Fund (the **Fund**), which has been developed following consultation with all employers participating in the Fund. The aim of the strategy is to ensure both the Administering Authority along with its Admitted and Scheduled body employers are fully aware of their role and responsibilities under the Fund, and to outline performance standards that they are, with best endeavours, expected to meet to ensure delivery of a high-quality and cost-effective pension administration service.

The Aims and Objectives of this strategy document are set out in Section 3.

The London Borough of Southwark (the **Administering Authority**) is responsible for the local administration of the Fund, which is part of the national Local Government Pension Scheme (the **LGPS**) and has assets of £2.3 billion making it one of the largest pension funds in London. As at 31 March 2025 the Fund comprised of 53 active employers with 9,596 contributing (active) members, and 27,584 members in total (including deferred and pensioner members). This includes academies and 56 local authority schools that operationally are part of the London Borough of Southwark but use their own outsourced payroll providers.

Unless specifically mentioned otherwise, all reference in this strategy to 'Employers' apply to those local authority schools, and they are required to provide information as if they are separate employers.

Delivery of a high quality, accessible, cost effective, Local Government pensions administration service is not the sole responsibility of the Administering Authority, but rather a combination of different parties working collaboratively together with other stakeholders, who between them take responsibility for safeguarding benefits and ensure members receive the appropriate level of service, payment of benefits in accordance with the LGPS Regulations, and service that is compliant with statutory requirements.

The strategy sets out the relationship and segregation of roles and responsibilities between Administering Authority and Admitted and Scheduled body employers, with an aim of removing misunderstanding and conflict of duties between relevant parties.

2. Implementation

This strategy statement was approved on **dd/mm/2025** by the Strategic Director of Resources, whilst carefully considering the views of the Pensions Advisory Panel and participating employers of the Fund.

It is effective from **Month 2025.**

The strategy applies to all existing employers who participate in the Fund, and all new employers joining the Fund after the effective date above. The statement sets out the expected levels of performance of both the Administering Authority and all other employers within the Fund, and how performance levels will be monitored and the action that will be taken where persistent failures occur.

In preparing this strategy we have consulted with relevant employers and other persons and/or stakeholders considered appropriate.

We will review the strategy to ensure it remains up to date and meets the necessary regulatory requirements at least every three years.

The strategy will be included within the Fund's Annual Report and Accounts and is available on the dedicated pension fund website at www.southwarkpensions.co.uk

Any enquiries in relation to the day-to-day administration of the Fund should be directed to:-

Barry Berkengoff
Head of Pensions Operations - Resources
The London Borough of Southwark Pension Fund
160 Tooley Street
London
SE1 2QH

✉ Barry.Berkengoff@southwark.gov.uk

Should you have any enquiries about the overall financial aspects, principles or content of this strategy, please contact:-

Caroline Watson
Chief Investment Officer - Resources
The London Borough of Southwark Pension Fund
160 Tooley Street
London
SE1 2QH

✉ Caroline.Watson@southwark.gov.uk

3. Policy Statement

Pension Administration Strategy Policy Statement

At a glance strategic aims and objectives

This strategy statement sets out the overall aims and objectives of the Pension Administration Strategy and references other important pension fund documents which together make up the overall pensions administration management system.

Delivering Value For Money

At a glance how the pension fund measures success

The pension fund measures the value of services it delivers in several ways, as set out below:

Operational and financial metrics

- Time taken to process new joiners, retirements, death benefits, transfers and leavers.
- Per member admin costs relative to scheme membership size and complexity.

Compliance and accuracy

- Error rates in benefit calculations or payments leading to formal Ombudsman complaints and the results of internal/external audits.
- Compliance with statutory deadlines such as Pensions Regulator returns and issue of Annual Benefit Statements.

Member and employer outcomes

- Member complaints/compliments/surveys, website traffic metrics and overall digital engagement take up.
- Timeliness and quality of employer data submissions and feedback.

Financial stewardship

- Cost benchmarking and cost comparison to similar sized pension funds via national benchmarking clubs.
- Managing admin costs within budget whilst maintaining service quality, and efficiency savings through leaner processes such as reducing paper communication.

Regulatory Basis

At a glance regulations and rules the pension fund must follow

The LGPS is a statutory scheme, established by an Act of Parliament. The Local Government Pension Scheme Regulations 2013 (as amended) provide the conditions and regulatory guidance surrounding the production and implementation of an Administration Strategy.

3.2. In carrying out their roles and responsibilities in relation to the administration of the LGPS, the Administering Authority and employers will, as a minimum, comply with overriding legislation, including:

- | | | |
|---|---|---|
| • LGPS Regulations ; | • Freedom of Information Act 2000 ; | • Finance Act 2013 ; |
| • Pensions Act 2011 and associated disclosure legislation ; | • Equality Act 2010 ; | • Relevant Health and Safety legislation; and |
| | • Data Protection Act 1998 ; | • GDPR |

In particular, Regulations 72, 73, 74, 75 and 80 of LGPS Regulations 2013 require the following:-

Regulation 59(1) enables an LGPS Administering Authority to prepare a written statement (“the Pension Administration Strategy”) to assist in delivering a high-quality pensions administration service to members of the Fund and other interested parties, by setting out local standards which often go beyond the minimum requirements set out in overriding legislation as outlined above, and which the Administering Authority and employers should comply with. The statement can contain such of the matters mentioned below as they consider appropriate:

- Procedures for liaison and communication with the relevant employers in their Fund.
- The establishment of levels of performance which the Administering Authority and employers are expected to achieve in carrying out their functions under the LGPS by:
 - (i) the setting of performance targets;
 - (ii) the making of agreements about levels of performance and associated matters; or
 - (iii) such other means as the Administering Authority consider appropriate.
- Procedures which aim to secure that the Administering Authority and the employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance.

- Procedures for improving communication and engagement by the Administering Authority and the employers to each other of information relating to those functions.
- The circumstances in which the Administering Authority may consider giving written notice to an employer on account of that employer's unsatisfactory performance in carrying out its functions under the LGPS Regulations when measured against the desired levels of performance.
- The publication by the Administering Authority of an Annual Report dealing with:
 - (i) the extent to which the Administering Authority and the employers have achieved the desired levels of performance;
 - (ii) such other matters arising from its pension administration strategy as it considers appropriate; and
 - (iii) such other matters as appear to the Administering Authority to be suitable for inclusion in that strategy.

Regulation 59(2)(e) allows an Administering Authority to recover additional costs from an employer where, in its opinion, they are directly related to the poor performance of that employer. Where this situation arises, the Administering Authority is required to give written notice to the employer, setting out the reasons for why additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

In addition, Regulation 59(6) also requires that, where a Pension Administration Strategy is produced, a copy is issued to each of the Fund's employers as well as to the Secretary of State. It is a requirement that, in preparing or revising any Pension Administration Strategy, the Administering Authority must consult the employers and such other persons as it considers appropriate.

Both the Administering Authority and employers must have regard to the current version of the Pension Administration Strategy when carrying out their functions under the LGPS Regulations.

This statement, therefore, sets out the information required in accordance with Regulation 59 and forms the basis of the day-to-day relationship between the London Borough of Southwark as the Administering Authority and all employers of the Fund. It also sets out the circumstances where additional costs will be incurred as a result of poor performance of an employer, together with the steps that would be taken before any such costs arose.

Employer Responsibilities

At a glance an employer's role in running the pension fund

Key responsibilities:

- To decide who is eligible to become a member of the Fund, in accordance with LGPS eligibility and “worker” definitions as defined by the Employment Rights Act.
- Compliance with Auto Enrolment legislation (and Auto Re-Enrolment duties every three years) as determined by the Pensions Regulator.
- To appoint an appropriate person or persons to work alongside the Administering Authority on all pension fund matters.
- To ensure all changes or proposed changes to key employer systems (Payroll and HR) are notified to the Administering Authority to ensure no loss of service delivery to pension fund members.

Main responsibilities:

- To decide any rights or liabilities of any person under the Fund (i.e. what rate of member contribution a person pays and whether or not a person is entitled to any benefits under the Fund) as soon as is reasonably practicable.
- To formally notify that person of the decision in relation to any rights or liabilities in writing as soon as is reasonably practicable (including a decision where a person is not entitled to benefits under the Fund and why not), including information about the Internal Dispute Resolution Procedure (**IDRP**) which can be found on www.southwarkpensions.co.uk.
- To inform the Administering Authority of all such decisions made affecting pension benefits, particularly legal Settlement Agreements, Flexible Retirement and Ill-Health Early Retirement applications.
- To provide the Administering Authority with such data it requires so it can carry out its functions including as a **minimum by the end of May each year** the following information in relation to any person who has been an active member of the Fund in the previous year:-
 - (i) name and gender
 - (ii) date of birth and national insurance number
 - (iii) a unique reference number relating to each employment in which the employee has been an active member

In respect of each individual employment during that year:-

- (i) dates during which they were a member of the Fund, including any dates of approved authorised absences
 - (ii) normal pensionable pay received and employee contributions paid
 - (iii) pensionable pay received and employee contributions paid whilst there was any temporary reduction in contributions
 - (iv) normal employer contributions paid
 - (v) any additional employee or employer contributions paid
 - (vi) any Additional Voluntary/Additional Pension Contributions paid by the employee or employer
- To decide whether a person is employed in a full-time, part-time, variable time or casual capacity. If the employee is part time the employer must determine the proportion which the employees' contractual hours relate to the hours of a comparable full-time employee.
 - To determine the pensionable pay of employees for the purposes of calculating employee and employer pension contributions, in accordance with LGPS Regulations.
 - To determine final pay for the purposes of calculating benefits due from the Fund, in accordance with the LGPS Regulations.
 - To issue a notification to any employee who cannot become a member of the Fund, explaining the reason(s) why.
 - Where, after reasonable efforts, an employee fails to provide information relating to previous service, to provide basic information to the Administering Authority as required by the Administering Authority.
 - At cessation of membership of the Fund, to determine the reason for leaving and entitlement to benefit, and to notify the Administering Authority and the Fund member of the decision.
 - As referenced earlier, to supply timely, accurate and validated data each month (and at year-end) to the Administering Authority (or during any other additional periods as may be required by the Administering Authority) to ensure the correct calculation of benefits payable from the Fund. The submission format(s) will be via UPM Employer Hub and submission date(s) of such data must meet the requirements of the Administering Authority.

- To deduct Additional Voluntary/Additional Pension Contributions (AVCs/APCs) from a member's pay and to pay over to the Administering Authority by the 19th of the following month to pay AVC providers within statutory deadlines.
- To be responsible for exercising the discretionary powers given to Employers by the LGPS Regulations. These regulations also require the Employer to publish its policy in respect of the key discretions and review its discretions every three years.
- To provide a notice, drawing the employee's attention to their right of appeal under the Fund, with any statement issued to an employee relating to any decision made about the Fund.
- To use an Independent Registered Medical Practitioner qualified in Occupational Health medicine that has been approved by the Administering Authority in determining Ill Health Early Retirement recommendations.
- To repay to the Fund member any incorrectly deducted employee contributions.
- To provide the Administering Authority with an audited copy of the final annual statement for the financial year, which shall also contain the name and pensionable pay of each employee who is an active member, the amounts which represent pension deductions from pay for each of those employees and the periods covered by the deductions and any other information requested by the Administering Authority. The information should also distinguish those amounts representing deductions for additional voluntary and additional pension contributions and the employees paying those additional contributions.
- To be responsible for complying with the requirements for funding early retirement for whatever reason as set out in the rates and adjustments certificate issued by the Actuary following the triennial valuation of the Fund, or any other interim valuation of the Fund by the Actuary (as agreed by the S151 Officer).
- Pay the Administering Authority interest on payments due from the Employer which are overdue by more than one month.
- Pay the Administering Authority additional contributions when granting additional member benefits:
 - Awards of additional pension
 - Retirement before normal retirement age on unreduced benefits (eg on redundancy)
- Where a member leaves the Fund and full contributions have not been deducted for whatever reason, immediately make payment of any outstanding member and employer contributions to the Administering Authority.

- To ensure compliance with Data Protection Act 2018/GDPR.
- To appoint appropriate adjudicators to consider complaints under stage 1 of the IDRP relating to employer decisions (or a lack of a decision).
- To participate in relevant Government consultations where employer data and policy decisions might be needed, for example, 'Access and Fairness' to the LGPS and the need for employers to collect regular Opt-Out data to better understand underlying reasons, pay and reward, trends and EDI statistics.

Responsibilities of Admitted Bodies:

The pensions risk of a number of admission bodies is underwritten by London Borough of Southwark, and in return the employer's contribution is fixed at the rate set at the employer's initial entry to the Fund. This fixed rate may be subject to certain provisos in the Admission Agreement or separate risk sharing agreement. Such employers will be required to sign an agreement with London Borough of Southwark which will set out the contributions to be paid. Where an employer has this "pass-through" arrangement in place with the London Borough of Southwark, no exit credit or payment will be made, and all assets and liabilities will be subsumed by the London Borough of Southwark upon exit.

Admitted bodies who are in a pass-through agreement will remain liable for funding the cost of additional pension and early retirement costs, as well as any other discretionary benefits they award to employees.

Administering Authority Responsibilities

At a glance the administrator's role in managing the pension fund

- To monitor employer compliance with their responsibilities under the LGPS Regulations and other areas such as auto enrolment.
- To decide how previous service or the employment of an employee is counted towards pension purposes, and whether such service is classed as a period of membership.
- To notify each member of the Fund regarding pension fund membership.
- To set up and maintain an electronic record for each member of the Fund, containing all necessary information to produce accurate (both regular and annually) pension benefit calculations following all employers providing useable, accurate, validated and timely pension fund data each month.
- To calculate and pay appropriate pension benefits at the correct time, based on membership details held at the departure/transaction date, and based on final pay data provided by the employer when an employee leaves employment or ceases membership of the Fund.

- To supply beneficiaries with details of their entitlements under the Fund including, if needed, method of calculation.
- To set up and maintain an electronic record for each pensioner member of the Fund (including child pension benefits).
- To pay UK and overseas pensions each month and produce payslips and P60s at the appropriate times.
- To increase pensions periodically in accordance with the provisions of the Pensions Increase Acts and Orders.
- To pay benefits to the correct beneficiaries only, taking steps to reduce the possibility of fraud or pensions liberation.
- To ensure that sufficient information is issued to satisfy the requirements of Regulation 61 of the LGPS 2013 (statements of policy concerning communication with members and Fund employers).
- To appoint an Actuary for the purposes of the triennial valuation of the Fund and to provide periodic actuarial advice on any interim valuations when required.
- To arrange and manage the triennial valuation of the Fund.
- To ensure compliance with the Data Protection Act 2018 and GDPR.
- To appoint an adjudicator(s) to consider complaints under stage 1 of the IDRP relating to Administering Authority decisions (or a lack of a decision).
- To appoint a suitable decision maker to consider appeals under stage 2 of the IDRP (which covers both employer and Administering Authority decisions or lack of decisions).
- To provide referral rights to the Office of the Pensions Ombudsman when the IDRP becomes exhausted.
- To provide on request, any information to an employer about a complaint under the IDRP that may be required by an employer.

Our Administration Aims and Objectives

At a glance performance standards expected by all relevant parties

The purpose of this strategy statement is to set out the quality and performance standards expected by the London Borough of Southwark in its role of Administering Authority and employer, as well as all other employers who participate within the Fund.

It seeks to promote good working relationships, reduce conflict of duties, improve efficiency and enforce quality assurance amongst all employers and the Administering Authority.

Key objectives relating to administration are as follows:-

- Ensuring the Fund's employers are aware of and understand their role and responsibilities under the LGPS Regulations, and in the overall delivery of the administration functions of the Fund.
- Administer the Fund in a cost effective and efficient manner, utilising technology appropriately, with the focus on a digital first approach.
- Assisting employers to provide effective provision of timely and accurate data using secure systems.
- Ensuring benefits are paid on time, and income is collected from the right people, at the right time, and at the right amount.
- Maintain accurate electronic records and ensure sensitive data is protected and has authorised use only.
- Be accountable and take responsibility for our actions.
- Our separate Communication Strategy has a number of specific objectives relating to how we communicate and engage with our stakeholders.

To support these aims this strategy document covers:-

- The expected standards of service between the Administering Authority and participating employers in the Fund; monitoring those standards and continuously developing and improving them.
- Charges that may apply when service standards fall below expectations and put service delivery at risk.
- A strategy to continually develop digital first services for both employers and members of the Fund.

Other documents making up the overall strategy

At a glance other relevant LGPS guides and documents

- London Borough of Southwark Communication Strategy
- Data Management Strategy

- LGPS HR Guide <https://lgpslibrary.org/assets/gas/ew/HRv4.6c.pdf>
- LGPS Payroll Guide <https://lgpslibrary.org/assets/gas/ew/Pv4.6c.pdf>
- LGPS Auto Enrolment <https://www.lgpslibrary.org/assets/gas/uk/AEBv9.0c.pdf>



AELv2.1c (1) template
letters.pdf

- Auto Enrolment template letters
- Employer Discretions Policy
<https://www.lgpslibrary.org/assets/gas/ew/DISCLv1.10c.doc.pdf>
- Investment Strategy Statement
- Funding Strategy Statement
- Governance Compliance Statement

4. Liaison, engagement and communication

The Adminstrating Authority will issue and review their Communications Policy at least every three years. The policy will include a strategy for communicating with:

- Members of the Fund
- Members representatives
- Prospective members
- Employers participating in the Fund, and
- Union Reps

The Adminstrating Authority may issue an annual Engagement Plan to include events for employers, members and prospective members of the Fund, and more critically, mandatory employer training on monthly member data and contribution collection.

The Senior Officer responsible for engagement is Barry Berkengoff, Head of Pensions Operations, and can be contacted at ✉ Barry.Berkengoff@southwark.gov.uk

Good communication reminds, or alerts, employees to the benefits and value of the LGPS which aids in recruitment, retention and motivation of the workforce, and negates misleading media information, particularly around investments. Effective engagement and communication between the Administering Authority and its employers reduces errors and complaints, improves efficiency and leads to good

working relationships. In this context, good communication also includes publication of the annual report and accounts, pensions advisory panel and local pension board meeting papers, and ensuring that up-to-date versions of all Fund policies are published on the pension fund website.

The Fund is committed in providing a positive customer experience and believes all its members should expect to receive a consistent level of service when contacting the Fund as would be expected when contacting any other Council department.

In this regard the Fund sets out its customer/member promise as follows:

1. when you contact the Fund, by any channel, we should let you know what you should expect to happen and by when
2. we will strive to keep up to date on the progress of your request, so you don't have to contact us again
3. wherever possible, where the Fund cannot help you with your request (for example where someone else is responsible for providing what you need), we will signpost you to someone who can help
4. whenever you contact the Fund and for whatever reason, you should find us welcoming, courteous and respectful
5. we will be empathetic and understanding of your personal situation – especially when you are contacting us at a moment of crisis
6. we will be clear on how to contact us about an issue and what the Fund can and cannot do to help
7. we will make it easier for you to provide feedback after you contact us for any reason or by any channel
8. where we fail to live up to our standards we should apologise and put things right quickly

Occasionally, when areas of improvement are identified from monthly benchmarking or performance monitoring, the Administering Authority will appoint a Senior Officer to work closely with those employers to help improve their performance. We ask all employers to be mindful of their legal responsibilities and the 'duty of care' they have towards their own staff when it comes to playing their own role in helping to manage the pension fund.

<p>Employer key contact officers and meetings</p> <p>Each employer in the Fund must appoint a 'Key Contact Officer'; this individual will be the main day-to-day contact regarding any aspect of administering the Fund, and the employer will ensure they keep the Administering Authority aware of the contact details for that person.</p> <p>The Head of Pensions Operations and/or Chief Investment Officer will contact the Key Contact Officer to discuss any issues relating to the Fund and/or raise any issues around performance of the employer or services provided by the Administering Authority. Meetings will be arranged if necessary (particularly where specific issues around the performance of the employer arise).</p> <p>Contact details of the Fund's Senior Officer are shown on page 4.</p>	<p>Employer Guidance</p> <p>Employer Guidance is maintained on the Southwark Pension Fund website</p> <p>www.southwarkpensions.co.uk</p> <p>It will outline all the key responsibilities and processes that must be carried out by each employer as well as specifying the format of all information to be provided.</p> <p>An email will be issued to all employers when this guidance is updated, and all new employers will be provided with a link to this guidance when they join the Fund.</p> <p>Updates</p> <p>Other information and procedural requirements, such as the annual procedures for FRS102/IAS19, will be disseminated by email.</p>
<p>Employer Reports</p> <p>In addition to employer guidance, the Fund will prepare a bi-annual report for the Local Pension Board and Strategic Director of Resources, then share with the appropriate Head of Service, bringing to their attention performance or quality issues where improvements are required and next steps to address them. Reports will also include information relating to any changes to LGPS Regulations and employer procedures or responsibilities associated with them.</p>	<p>Employer Forums</p> <p>The Fund may host an employer forum periodically to which all employers will be invited. The forum will include updates on recent developments within the LGPS or pensions generally, as well as reporting on the performance of the Fund.</p>
<p>UPM Employer Hub</p> <p>UPM is the current software that all employers (including local authority schools) will be required to use to submit information to Pension Services (the pensions administration team). UPM provides for secure, efficient and timely data submission.</p> <p>Any employer not providing data using UPM may be charged additional administration costs due to the fact that other methods can result in additional time spent validating data and hence</p>	<p>Website</p> <p>The Fund is re-developing its existing website for the London Borough of Southwark Pension Fund at www.southwarkpensions.co.uk</p> <p>Detailed metrics are obtained monthly of visitor numbers and their activity on the website that allows website content to be tailored to what membership and users want to see.</p> <p>The employer section contains all the information that existing and new employers need and an interactive forms</p>

<p>significant delays in processing, which in turn impact on the quality and timeliness of information passed to Fund members or other stakeholders such as HR/Payroll.</p> <p>The Data Systems Manager monitors all data received using UPM and monitors systems to draw in data from a large number of employers and populates individual member records. In addition, on request, training will be provided by the Data Systems Manager to ensure all employer Key Contact Officers understand how to use the system.</p>	<p>section for employers to report information on their members directly to the pensions team. The next phase of the website will be employer and pension fund staff training using advanced web training techniques to ensure information is disseminated in a clear and effective way.</p> <p>Employer specific events</p> <p>The Pensions Technical Team can attend employer specific events including the annual schools conference to assist employers in understanding their roles and responsibilities around pensions best practice.</p>
<p>Training Sessions</p> <p>The Fund will provide training to employers as and when required, or on request from employers (for example, due to changes in employer personnel responsible for pension matters). All new employers in the Fund will also be provided with training.</p> <p>Employers will be expected to attend any such training, particularly where significant performance issues have been identified. Pensions training will be delivered by the Training Officer, and all modules of training will be listed on the website.</p> <p>www.southwarkpensions.co.uk</p>	<p>Member Self Service</p> <p>Members can access information about their own benefits via our online self-service facility. Members can register or sign in via the homepage of the pensions website (www.southwarkpensions.co.uk). The self-service facility gives members access to their own pension records, and this 'digital first' initiative results in fewer enquiries being dealt with by Pension Services, as members resolve many issues themselves. There is a commitment from all parties to actively promote this.</p>
<p>Newsletters</p> <p>The Fund also issues a periodic newsletter to members, bringing to their attention information such as changes to LGPS Regulations. These are usually issued to employers to distribute to their Fund members.</p>	<p>Individual member meetings</p> <p>One-to-one MS Team meetings are available with Pension Services on an appointment only basis, by emailing lbspensions@southwark.gov.uk</p>
<p>Pension Presentations</p> <p>Presentations can be given to staff, managers, new employees etc. on pension-related matters, including as part of induction and pre-retirement sessions.</p>	<p>E-mail and Helpline</p> <p>The Fund has its own First Contact Resource Centre which is an initial point of contact for all pension fund enquiries.</p> <p>Using the latest CRM software to be able to create detailed metrics for management information, the resource centre will deal with</p>

	<p>all phone calls and emails that come into Pension Services from members of the Fund, employers, and other stakeholders.</p> <p>Pension Services can be contacted as follows:</p> <p>✉ lb pensions@southwark.gov.uk</p> <p>☎ 0207 525 4924</p>
<p>Annual Benefit Statements</p> <p>These statements are sent annually to all active and deferred members of the Fund.</p> <p>These are emailed to members where Southwark Council holds a valid work email address, otherwise they will be posted or sent to employers to distribute to their pension fund members.</p>	

5. Delivery of Administration

The London Borough of Southwark has delegated responsibility for the management of the Fund to the Strategic Director of Resources, taking into consideration advice from the Pensions Advisory Panel, who will monitor the implementation of this strategy.

Operationally, the administration of the Fund is undertaken 'in-house' within the London Borough of Southwark. These responsibilities span a number of Council teams as illustrated below.

Most Administering Authorities provide administration services from internal teams, whilst some outsource (or partially outsource) their administration, and some utilise shared service administration arrangements across more than one Fund. At this point in time, the London Borough of Southwark believes an in-house administration is the most appropriate method for ensuring the future objectives of the Fund are met.

High level structure chart to be added

6. Performance standards and responsibilities

Quality

Local Standards

Legislative and regulatory standards are set out in Section 3. On top of these, the Administering Authority and employers will ensure that all functions and tasks are carried out to agreed local quality standards. In this respect the standards to be met are:

- compliance with all requirements as set out in employer guides;
- information to be provided in the required format and/or on the appropriate forms contained within the employer guide;
- information to be legible and accurate;
- communications to be in a plain language style;
- information provided or actions carried out to be checked for accuracy by an appropriately trained member of staff;
- information provided or actions carried out to be authorised by an agreed signatory; and
- actions carried out, or information provided, within the timescales set out in this strategy document.

Secure Data Transfer

The Administering Authority and employers will follow the London Borough of Southwark's data security guidelines when sending all personal data. This means that if data is sent by email, it should be sent using a secure system such as Egress and if that is not possible, data should be sent encrypted using WinZip or equivalent, with the password supplied separately.

One of the key methods of data transfer relating to the Fund's administration is the receipt of information from employers in relation to Fund members. In order to meet the requirements as set out in this document in a secure and efficient way (for both employers and the Administering Authority) the London Borough of Southwark provides a secure data transmission system described in section 4 (**UPM Employer Hub**). Employers not submitting data in this manner may risk compromising data integrity and security. Employers must ensure that any contracts with outsourced payroll providers includes provision for submitting data electronically via this prescribed system.

UPM Employer Hub

Southwark's current method of receiving employee data is via UPM Employer Hub, provided by Civica Software.

Employer Hub allows employers to submit monthly pensions data returns securely, and is the only way Southwark accepts monthly data returns. Employers must adhere to the technical specifications of Employer Hub when submitting their data.

Southwark on-boards any new employers to UPM Employer Hub when they join the Fund, except if the employer uses an outsourced payroll provider already on-boarded and submitting data on behalf of other employers, in which case the employer is added to that payroll provider's existing UPM account.

Oversight of compliance and quality

Ensuring compliance is the responsibility of the Administering Authority and all participating employers in the Fund. However, there are ways in which they will be subject to elements of scrutiny or oversight:

Audit

The Fund will be subject to a regular annual audit of its processes and internal controls. The Administering Authority and all employers will be expected to fully comply with any reasonable requests for information from both internal and approved external auditors. Any subsequent recommendations made will be considered by the London Borough of Southwark and where appropriate, duly implemented (following discussions with employers where necessary).

Local Pension Board, National Scheme Advisory Board and the Pensions Regulator

The Public Service Pensions Act 2013 introduced greater oversight through these entities. As a result, the Local Pension Board of the London Borough of Southwark Pension Fund was established from 1 April 2015.

In addition, the Pensions Regulator's remit was extended to include public sector schemes, and a national Scheme Advisory Board was created. The Administering Authority and employers are expected to fully comply with any guidance produced by the Scheme Advisory Board and the Pensions Regulator. Any recommendations made by any of these entities will be considered by the Administering Authority, and where appropriate duly implemented (following discussions with employers where necessary).

Timeliness and accuracy

Overriding legislation dictates minimum standards that all Local Government pension funds should endeavour to meet in providing certain pieces of information to the various parties associated with the Fund. The LGPS itself sets out a number of requirements for Administering Authorities and employers to provide information to each other, to Fund members, prospective Fund members, dependants, other pension arrangements or other regulatory bodies. Locally agreed performance standards have been agreed which cover all aspects of the administration of the Fund.

For the avoidance of doubt “accuracy” in this PAS is defined as when the Administering Authority has received completed paperwork, or transfer of electronic information where **no** mandatory data gaps exist, and with no missing information which is either contradictory or needs to be queried.

The service standards below relate to the date of an event being either the date the member started or left the Fund, or when relevant details changed such as commencing a period of long-term absence.

However, where information is required in order to carry out that responsibility, the target service standard is from the date of receipt of all relevant information (i.e. paperwork and / or data).

These locally agreed performance standards for the Fund are set out in the following tables. This table isn't an exhaustive list of the Administering Authority's and employers' responsibilities.

Employers' responsibilities are provided in more detail in LGPS Employer Guides as set out by the Local Government Association and cover areas such as HR and Payroll.

Performance Targets will be monitored and reported on.

7. Standard of expected service between the Administering Authority and Fund employers

- **AA** = Administering Authority; **E** = Employer
- Performance Targets assume all correct and relevant data has been supplied

	Administration Description	Performance Targets	Body Responsible
	<u>New Starters and Transfers In</u>		
	New starters: Employer to give potential new Fund members a pensions pack/guide as part of recruitment and/or induction process.	Within 20 working days before the new employee's first day of employment with Southwark/new employer.	E
	Auto Enrolment: Employer to assess worker status and ensure new starter is automatically enrolled into the Fund, in line with legislation.	Within 20 working days (working around payroll cut off dates)	E

	Administration Description	Performance Targets	Body Responsible
	<p>Ensure correct employee contribution rate is applied.</p> <p>Send member notification of joining the Fund along with contribution rate appeals process.</p>	<p>Immediately, in line with employer's policy and each April thereafter</p> <p>Within 10 working days</p>	E
	New Fund members: Employer to send to Administrating Authority details of new members and Transfer in paperwork so process can begin.	Within 20 working days after the Fund membership start date.	E
	New Fund members: Administrating Authority to create new pension Fund record on pensions admin system	Within 10 working days of receipt of clean employer data	AA
	New Fund members: Administering Authority to send notification of joining the LGPS to new Fund member	Within 10 working days of receipt of clean employer data	AA
	New Fund member: Administrating Authority to request transfer value details from previous LGPS fund or scheme	Within 10 working days of receipt of request	AA
	New Fund member: Administrating Authority credits member record with pension benefits due from transfer of previous pension entitlements.	Within 10 working days of receipt of payment from previous pension LGPS fund or scheme.	AA
	New Fund member: Notification of pension benefits purchased by an incoming transfer to be provided to the new Fund member.	Within 10 working days of receipt of the all the information.	AA
	Changes in circumstances		
	Arrange for reassessment of employee contribution rate in line with employer's policy	If applicable, as per employer's policy	E

	Administration Description	Performance Targets	Body Responsible
	Notify the Administering Authority of any eligible employees who opt out of the Fund within three months of appointment.	Within 10 working days of receipt of opt-out form	E
	Send a Notification of Change (or equivalent) if legally required to a fund member	Within 15 working days of change	E
	Notify the Administering Authority of all other relevant changes in the circumstances of employees	Within 1 month of change	E
	Refund any employee contributions deducted in error, or where the member opts out in writing within 3 months with no previous LGPS membership	Month following the month of election	E
	Notify the Fund of any periods of authorised unpaid leave and contact member with buy back options	Within 1 month of the member returning to work	E
	To accurately record and update member records on the pension administration system	Within 15 working days of receipt of clean employer data	AA
	To send a Notification of Change (or equivalent) if legally required	Within 15 working days of receipt of clean employer data	AA
	Retirement estimates (inc. ill-health and flexible retirement)		
	Notify the Fund when a member is due to retire, including as accurate assessment of final pay as possible and reason for retirement (and authorisation where appropriate)	As early as possible and no later than 15 working days before date of retirement	E
	Providing quotations on request for retirements	Within 10 working days of request	AA
	Providing provisional statement of retirement benefits for both active and deferred members	3 months before normal retirement date for deferred members. Within 10 working days from date notified of an active member leaving	AA

	Administration Description	Performance Targets	Body Responsible
	Actual retirements (inc. ill-health and flexible retirement)		
	Notify the Fund when a member leaves employment, including an accurate assessment of final pay	Within 5 working days of leaving	E
	Agree business case with HR / Head of Service for flexible retirement and inform the Fund of changes to pension provision.	1 month before change to member terms and conditions	E
	Send a Notification of Entitlement to Benefit if legally required to a fund member (including determining tier of ill-health retirement if applicable)	No later than 5 working days before date of retirement	E
	To accurately record and update member records on the pension administration system	Within 5 working days of receipt of clean data	AA
	Notification of amount of retirement benefits and payment of tax-free cash sum	Within 5 working days of receipt of fully completed claim forms from member	AA
	Notification of amount of recalculated retirement benefits and payment of any balance tax free cash sum following updated information	Within 7 working days of receipt of updated information	AA
	Additional ill health retirement responsibilities		
	Appoint a qualified Independent Registered Medical Practitioner in order to consider all ill-health retirement applications, and agree this appointment with the Fund.	Within one month of becoming an employer within the Fund	E
	To keep a record of all Tier 3 ill-health cases and to review these cases after 18 months	Review all tier 3 cases two months prior to the member reaching 18 months since their last day of service	E
	Notify the Fund of the results of any review of Tier 3 ill-health cases with appropriate information to allow the Fund to recalculate benefits if necessary	Within 5 working days of receiving results of review	E

	Administration Description	Performance Targets	Body Responsible
	Send a Notification of Entitlement to Benefit (or change in benefit) to a Fund member following the review of his/her Tier 3 ill-health benefits	Within 5 working days of receiving results of review	E
	To notify employers prior to scheduled discontinuation of benefit payments, and before updating the member records to "pensioner with deferred benefits".	3 months prior to scheduled discontinuation date	AA
	Notify employers of pension fund strain costs	Invoices issued the month following each quarter that the retirement occurred	AA

7

To qualify for ill-health benefits a member must have met the two-year vesting period in the scheme and their employer, based on an opinion from an independent occupational health physician appointed by them, must be satisfied that the member will be permanently unable to do their own job until they reach their Normal Pension Age (NPA) and that they are not immediately capable of undertaking gainful employment.

The NPA in the LGPS is linked to your State Pension Age (with a minimum of 65).

Ill-health benefits can be paid at any age and are not reduced on account of early payment.

Gainful employment means paid employment for not less than 30 hours in each week for a period of not less than 12 months.

The different levels of benefit are:

- **Tier 1** - if a member is unlikely to be capable of gainful employment before their Normal Pension Age, ill-health benefits are based on the pension the member has already built up in their pension account at the date of leaving the scheme plus the pension they would have built up, calculated on assumed pensionable pay, had they been in the main section of the scheme until they reached their NPA;
- **Tier 2** - if a member is unlikely to be capable of gainful employment within three years of leaving, but are likely to be capable of undertaking such employment before their NPA, ill-health benefits are based on the pension they have already built up in their pension account at the date of leaving the scheme plus 25% of the pension they would have built up calculated on assumed pensionable pay, had they been in the main section of the scheme until they reached their NPA; or
- **Tier 3** – if a member is likely to be capable of gainful employment within three years of leaving, or before their NPA if earlier, ill-health benefits are based on the pension they have already built up in their pension account at leaving. Payment of these benefits will be stopped after three years, or earlier if they are in gainful employment or become capable of such employment, provided they have not reached their NPA by then.

A strain/capital cost will normally be generated on an ill-health retirement and more details are in the strain cost policy.

	Members leaving before retirement		
	Employer to notify the Fund of the member's date of (and reason for) cessation of membership, and all other relevant information	Within 10 working days of leave date	E
	To accurately record and update member records on the pension administration system	Within 10 working days of receipt of clean data	AA
	To inform members who leave the Fund (and are not eligible for immediate benefits) of their options and their deferred benefit or refund entitlement as applicable	Within 20 working days of receipt of clean data	AA
	Provide a refund of contributions where requested	Within 10 working days of receipt of request	AA
	Provide a statement of current value of deferred benefits on request	Within 10 working days of receipt of request	AA
	Death Benefits		
	Notify the Fund, HR / Schools HR / Payroll provider of the death in service of a member, and provide details of Next of Kin (NoK) where available	Within 2 working days of notification	E
	Write to NoK or other contact requesting information following the death of a pension fund member	Within 1 working day of notification	AA
	Notify NoK of any over or under payment of pension made	Within 5 working days of confirmation received from payroll	AA
	Calculate and notify dependant(s) of amount of death benefits	Within 5 working days of receipt of all relevant information	AA
	Decide who should be recipient(s) of death grant and pay death benefits appropriately as directed	Within 5 working days of receipt of all relevant information	AA

	Transfers		
	Notify the Fund if the employer intends to outsource services that will involve TUPE transfers of staff, and work with the Fund to ensure an admission agreement is put in place and complied with or a bulk transfer arranged	Initial notification within 2 working days of becoming aware of potential outsourcing	E
	Obtain transfer details for transfer in, and calculate and provide quotation to member	Within 10 working days of receipt of information	AA
	Request transfer value upon acceptance of transfer in	Within 5 working days of receipt of acceptance	AA
	Notify scheme member of benefits purchased by transfer in on receipt of payment	Within 10 working days of confirmation of payment receipt	AA
	Provide details of transfer value for transfer out, on request	Within 10 working days of receipt of request	AA
	Provide payment of transfer value to appropriate recipient	Within 10 working days of receipt of accurately completed discharge form and financial advice form (if applicable)	AA
	Additional pension benefits (AVC/APC)		
	Commence, cease or amend (as appropriate) deduction of APCs and AVCs	In the month following election	E
	To provide generic information on APCs / AVCs on request to members and employers	Within 10 working days of request	AA
	Various financial obligations		
	Electronically pay the Fund all employee contributions	Immediately when deducted when paid but	E

	deducted from payroll and all employer contributions	by the 19th day of the following month	
	<p>Pay all rechargeable items to the Fund, including additional fund payments in relation to early payment of benefits. All employers must make payments in accordance with the strain cost policy.</p> <p>Pay IAS19 costs plus all other costs that are deemed bespoke and non-standard</p>	Within 20 working days from receiving invoice	E
	Pay all additional costs to the Fund associated with the unsatisfactory performance of the employer	Within 20 working days from receiving invoice	E
	Communication of valuation results for individual fund employers	Within 10 working days of receipt of results from the Fund's actuary (and in any event no later than 31 March following the valuation date)	AA
	To allocate received contributions to each employer's cost centre	Within 1 working day of receipt of accurate data via	AA
	Issue invoice in relation to additional fund payments in relation to early payment of benefits	Within 10 working days of retirement date (or information being received if later)	AA
	Inform employers of any new LGPS contribution bandings	5 working days after information is released from the LGA	AA
	Notify member of calculation and new value of pension following annual pensions increase	No later than 2 working days before payment of revised pension	AA
	Monthly and Annual Returns, Valuation, Annual Benefit Statements and		

	Pensions Savings Statements		
	Provide the Fund with monthly pension data via its secure data system noted in 7.1.3.	Within 10 days of monthly payroll closure or by the 7th day of the following month, whichever is earlier	E
	Provide the Fund with year-end information to 31 March each year, and any other information		E
	Process employer year end contribution returns	Within 1 month of receipt	AA
	Produce Annual Benefit Statements for all active and deferred members	In line with LGPS Regulation timescales, by 31 August each year for active members	AA
	Provide information to the Actuary (or GAD as appropriate) for both the triennial valuation and for accounting purposes	As agreed between the Fund and the Actuary	AA
	Provide an electronic copy of the valuation report and associated certificate to each employer, and to answer any questions arising	Within 5 working days of receipt of report	AA
	Produce Pensions Savings Statements for all members of the Fund who have breached the Annual Allowance, and provide details of 'Scheme Pays'	In line with statutory and HMRC timeframes	AA
	General		
	Confirm a nominated representative to receive information from the Fund, and to take responsibility for	By effective date of admission to the Fund or within 5 working days of previous representative leaving	E

	disseminating it within the organisation		
	Formulate and publish policies regarding all discretions that the employer may exercise, and provide a copy to the Fund	Within 2 months of sign off and review every 3 years	E
	Respond to admin enquiries from the Fund	Within 10 working days of receipt	E
	Respond to data enquiries from the Fund	Within 5 working days of receipt	E
	Distribute any information provided by the Fund to members / potential members	Within 5 working days of receipt	E
	Put in place a Stage 1 Internal Dispute Resolution Procedures	Within 2 months of joining the Fund and before the effective date of any change to the existing procedure (e.g. an appointed person leaving)	E
	Arrange for the setting up of an admission agreement where required	Within 3 months of all information being provided. Admission agreements set up for scheduled bodies will be sealed within 5 working days by the Section 151 officer or their nominated delegates	AA
	Publish and keep up to date Fund Members' Guide and Employers' Procedural Guide	Updates made within 10 working days of any legislation changes but preferably before effective date	AA
	Publish and keep up to date all forms that members, prospective members and employers are required to complete	Updates made within 10 working days of any legislation changes but preferably before effective date	AA

	Publish the Fund's Annual Report	By 1 December following the year end to which it relates	AA
	Publish the Fund's Annual Accounts	By 31 July following the year end to which they relate	AA
	Publish the Investment Strategy Statement	Publish within 30 working days of policy being reviewed by pensions advisory panel	AA
	Publish the Funding Strategy Statement	Reviewed at each triennial valuation, following consultation with scheme employers and the Fund's actuary. Revised statement to be published at same time as valuation report is issued.	AA
	Provision of other responses to general enquiries from fund members and employers	Within 10 working days of receipt	AA
	Put in place a Stage 1 Internal Dispute Resolution Procedure and publish on website	Before the effective date of any change to the existing procedure (e.g. an appointed person leaving)	AA
	Put in place a Stage 2 (appeal) Internal Dispute Resolution Procedure and publish on website	Before the effective date of any change to the existing procedure (e.g. an appointed person leaving)	AA
	Pension Payments		
	Issue pension payments to designated bank accounts	To arrive on payment due date for BACS payments, cheques to be posted a minimum of two working days before payment due date	AA
	Issue payslips for those members who have 'opted in' to receive a hard copy payslip	Posted so as to arrive on or around the payment due date	AA

	Investigate returned payments and action appropriately	Within 10 working days of payment being returned	AA
	Respond to pensioner queries	Within 10 working days of receipt	AA
	Implement any changes to pensions in payment	By next payroll period	AA
	Process the annual pension increase payment award	Annually and no later than each May	AA

For the avoidance of doubt:

- Date of receipt of anything by the Administering Authority is deemed to be the same day where receipt is before 5pm, and is deemed to be the following day if receipt is after 5pm.
- “Final” pension figures will only be provided on receipt of clean data. If gaps exist in member records the employer and their payroll provider are responsible for providing any missing data.

8. Improving Employer Performance

The Head of Pensions Operations and Chief Investment Officer (and other designated Senior Officers) will seek, at the earliest opportunity, to work closely with employers in identifying any areas of poor performance or misunderstanding, provide opportunities for necessary pension fund training and development, and put in place appropriate processes or internal controls to improve the level of service delivery in the future

In this context, “employer”, covers HR, Schools HR, School Business Managers, Head Teachers, Director of Education, Heads of Service and relevant Strategic Directors.

The Administering Authority will, where necessary (for example, before a legal breach needs to be reported to the relevant regulatory body), escalate matters beyond those identified above to the Leader of the Council and Chief Executive.

Where persistent and ongoing failure occurs and no improvement is demonstrated by an employer, and / or unwillingness is shown by the employer to resolve the identified issue, the following sets out the steps that will be taken in dealing with the situation:

Stage 1	<p>The Head of Pensions Operations will write to the person nominated by the employer as their key point of contact, setting out the area(s) of poor performance.</p> <p>A nominated representative will meet with the employer to discuss the area(s) of poor performance and how they can be addressed. The</p>
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	employer will produce a clear action plan following the meeting and provide this to the Administering Authority for agreement.
Stage 2	<p>Where no improvement has been demonstrated by the employer, or where there has been a failure to follow the agreed action plan, the Head of Pensions Operations will issue a formal written notice to the employer setting out the area(s) of poor performance that has been identified and the action required to improve the performance, with appropriate deadlines.</p> <p>The Head of Pensions Operations will give notice that additional costs may now be reclaimed if performance is not improved, as detailed below.</p>
Stage 3	<p>The Head of Pensions Operations will set out the calculations of any loss or additional costs resulting to the Fund / Administering authority, taking account of time and resources in resolving the specific area of poor performance.</p> <p>The Fund will make a claim against the employer for the value calculated, setting out the reasons for doing so in accordance with the regulations. The Fund will consider whether a material breach has occurred which requires them to report the employer to The Pensions Regulator or the Stakeholder Team at the Pensions Ombudsman.</p>

The Administering Authority has the right to recover from the Employer any additional costs that it may incur because of an Employer's poor performance in respect of its obligations to the LGPS, which includes the Employer's inability to provide data in an accurate and timely manner to the Administering Authority.

The Administering Authority will always have constructive dialogue with any employer that is failing to meet any of its obligations under the LGPS. The final decision on whether to impose costs or charges rests with the Administering Authority. **All Employers have a duty to seek advice from the Administering Authority if they are experiencing any difficulties in meeting their obligations.**

In accordance with the regulations the Administering Authority will give the reasons for imposing any charges or recovering any additional costs it incurs.

In addition, other circumstances could generate a charge:

- Instances where the performance of the Employer in respect of compliance with the LGPS Regulations has resulted in fines being levied against the Administering Authority by the Pensions Regulator, the Pensions Ombudsman, HMRC or other regulatory body.
- Additional cost incurred in providing specialist third party advice in administering the Fund on behalf of the Employer, including but not exclusive to actuarial services, occupational medical practitioner services and legal services.

- Persistent failure to resolve issues in a timely and satisfactory manner.

In these circumstances the Administering Authority will set out calculations of any loss or additional costs incurred, in writing, stating the reason for the cost(s) and the basis for the calculation.

The Administering Authority will monitor performance as administering authority in carrying out our responsibilities in relation to the Fund and will regularly monitor performance by benchmarking against other Administering Authorities, using benchmarking clubs and other comparators available.

Calculation of costs incurred

The Administering Authority will recharge costs from the point in time at which a formal letter is written to the employer until the issue is resolved, at a daily rate of £500 per day to resolve the matter, exclusive of VAT.

For persistent and ongoing failure to meet targets, following intervention to assist the employer concerned, we will recharge the additional costs due to the employer's unsatisfactory performance on a 'time spent' hourly basis (£70 per hour) or a maximum £500 daily rate).

Where the performance of the employer results in fines or additional costs being levied against the Fund it will recharge the full costs it has incurred to the relevant employer. Specific charges for routine work are detailed below.

	Administration description	Performance targets	Charge levied if Employer fails to comply with target
	New Fund Members		
	Employer to send to Administering Authority details of new members, uploaded via UPM Employer Hub	Within 25 working days of the pension fund start date	£50 per case
	Leavers and Retirements		
	Employer to notify the Fund of member's date of leaving (and final pay, reason for leaving) by completing leavers section in monthly return	By 10 th of the following month	£75 per case

	Notify the Fund when a member retires from employment, including an accurate assessment of final pay	Within 5 working days of leaving employment through retirement	£50 per case
	Deductions and data submissions		
	<p>Monthly Employer to submit funds and a fully compliant remittance and monthly return of deductions from pay to Administering Authority</p> <p>Employers to upload monthly data returns via UPM Employer Hub</p>	<p>By 19th day of the month following the month in which contributions were deducted from pay (noting that the funds must have fully cleared to the pension fund bank account by the 19th)</p> <p>Employer uploads by the 10th of each month (to enable reconciliation and validation ahead of 19th statutory deadline)</p>	<p>£100 per instance of late receipt each month</p> <p>£100 per instance of failure to provide a fully compliant remittance and/or schedule</p>
	<p>Year-End Provide Administering Authority with a year-end schedule of all member deductions and any other required information for the financial year, in a format determined by the Administering Authority</p>	By the 30 th of April each year for reconciliation purposes (and to aid Annual Benefit Statement process)	£100 per instance for late or non-compliant returns
	General		
	Repeat data format and compliance errors via UPM Employer Hub (dates, NI numbers, contribution percentages, pensionable pay)		£50 per re-submission
	Missing data (key fields include DOB, NI number, starter/leaver details, pensionable pay, job role, hours, and job title where applicable)		£50 per missing or incomplete data field requiring follow-up
	Employer response times (critical)	Within 5 working days	£50 per case unresolved within

			timeframe (before escalation process)
	Backdated leavers / new starters joining the Fund	Within 10 working days of event	£100 per leaver/starter notified more than 2 months late

9. Risks of non-compliance with Pension Administration Strategy

Legal & Regulatory Risks

Breach of statutory duties under:

- LGPS Regulations (e.g. The Local Government Pension Scheme Regulations 2013).
- The Pensions Act 2004.
- The Public Service Pensions Act 2013.

Regulator intervention: The Pensions Regulator (TPR) can:

- Issue improvement notices.
- Impose fines for persistent failures (e.g., breaches of record-keeping or late submission of Annual Benefit Statements).
- Potential challenge from members for loss caused by maladministration.

Financial Risks

- Fines and penalties for failure to meet statutory deadlines (e.g. late or incorrect Annual Benefit Statements, Annual Allowance tax reporting).
- Increased administrative costs to fix errors and address backlogs.
- Compensation claims from members (e.g. where late or incorrect processing affects retirements or transfers).
- Reputational damage can lead to employer disengagement, affecting cashflow.

Operational Risks

- Backlogs in processing member benefits (retirements, transfers, deaths).
- Poor data quality due to late or inaccurate employer submissions (pay data, HR data, service breaks, etc.).
- Increased burden on administration teams trying to recover from non-compliance.
- Impact on actuarial valuations (if data quality is poor), potentially leading to incorrect employer contribution rates.

Reputational Risks

- Loss of trust and confidence from Fund members, employers, and stakeholders.
- Adverse publicity (especially as LGPS funds are public bodies and subject to FOI and media scrutiny).
- Risk of scrutiny from Local Pension Board, Audit Committees, and the Scheme Advisory Board.

Governance Risks

- Non-compliance can signal poor governance to External Auditors.
- Failure to meet standards undermines accountability and oversight roles.
- Weak employer engagement meaning future improvements are more difficult to implement.

Examples of Non-Compliance Consequences

Non-Compliance Area	Potential Consequences
Late submission of employer data	Additional charges to employer
Failure to issue Annual Benefit Statement by 31 August deadline	Reportable breach to TPR, potential fines
Poor data quality for valuation purposes	Incorrect funding positions, contribution rates
Delay in processing retirements or death benefits	Member complaints, financial hardship, claims and possible compensation

Meeting Name:	Local Pension Board
Date:	8 October 2025
Report title:	Risk Management policy
Ward(s) or groups affected:	Not applicable
Classification	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer

Recommendations

The Local Pension Board (LPB) is asked to:

- Review the draft Risk Management policy (included as an appendix to this report) outlining the approach to risk management for the Southwark Pension Fund (the Fund) and make a recommendation to the Pensions Advisory Panel that they approve it for adoption as a Fund policy.

Background

1. There have been various discussions at earlier LPB meetings on the requirement to simplify the Risk register and adopt a consistent approach to quantifying the risks. Alongside this, as best practice, it has also been agreed to develop a standalone Risk Management policy for the Fund.
2. Officers have drafted a Risk Management policy (the Policy) for the Fund with the aim of effectively identifying, assessing, managing, and monitoring of risks affecting the Fund operations.
3. The Policy applies across all the Fund's activities. This includes governance, internal activities like compliance, funding, investment, administration and operations, employer covenant (covering both legal obligations and the financial ability of employers to support the Fund now and in the long-term), and external factors such as economic, political, cyber, and environmental risks.
4. In drafting the Policy, officers have considered best practice and guidance laid out in various regulations including CIPFA guidance, The Pension Regulator's Code of Practice and the Pensions Act.

Southwark Pension Fund Risk Management Policy

5. The draft Risk Management policy is included as Appendix 1 to the report. If adopted, the policy will apply to the Strategic Director of Resources (as the overall decision-making authority for the Fund), all members of Pension Advisory Panel, (whether voting or not) and the Local Pension Board and all officers responsible for the day-to-day management of the Fund.
6. The Fund's Risk Management policy covers the following areas:
 - I. Risk management philosophy for the Fund
 - II. How risk management is implemented
 - III. Responsibilities of various stakeholders in relation to risk management
 - IV. The Fund's risk management process and approach to identifying and quantifying risks
7. The Fund will continue to apply a consistent approach to risk management in line with that adopted by the Southwark Council.
8. The Policy has been drafted internally and reviewed by the Chief Investment Officer and the Head of Pensions Operations. The final version of the Policy is circulated for formal sign-off.

Policy framework implications

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

Community impact statement

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources		
Report Author	Spandan Shah – Interim ESG Manager		
Version	Final		
Dated	08 October 2025		
Key Decision?	N/A		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Assistant chief executive, governance and assurance		N/A	N/A
Strategic Director of Resources		N/A	N/A
Cabinet Member		N/A	N/A
Date final report sent to Constitutional Team			

Southwark Pension Fund - Risk Management Policy

Introduction

This is the Risk Management Policy (**'the Policy'**) of the London Borough of Southwark Pension Fund (**'the Fund'**), which is part of the Local Government Pension Scheme (**'LGPS'**) and managed and administered by London Borough of Southwark (**'the Administering Authority'** or **'Southwark Council'**).

The aim of the Policy is the effective identification, assessment, management, and ongoing monitoring of risks affecting the Fund. This ensures that risks are understood, controlled where possible, and appropriately escalated.

The Policy details the risk management strategy for the Fund, including:

- the risk philosophy for the management of the Fund, and in particular the attitude to, and appetite for, risk
- how risk management is implemented
- responsibilities in relation to risk management
- the procedures that are adopted in the Fund's risk management process
- the key internal controls operated by Southwark Council and other parties responsible for the management of the Fund.

The Policy forms part of the Fund's wider governance framework linking to the Funding Strategy Statement, Investment Strategy Statement, Administration Strategy, and Data Management and Cyber Security Policies.

Southwark Council, in its role as administering authority for the Fund, recognises that effective risk management is an essential element of good governance in the LGPS. By identifying and managing risks through a standalone risk management policy and strategy, as an Administering Authority, Southwark Council can:

- demonstrate best practice in governance
- improve financial management
- minimise the risk and effect of adverse conditions
- identify and maximise opportunities that might arise
- minimise threats

Southwark Council adopts best practices when looking at risk management, including a structured and focused approach to managing risks and ensuring that risk management is an integral part in the governance of the Fund both at a strategic and an operational level.

The Fund emphasises transparency and accountability in its approach. The Policy is aligned with relevant industry standards and professional guidance, including the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and the

Pensions Regulator's Code of Practice. This ensures that the Fund's approach is robust and in line with recognised good practice.

To whom this Policy applies This Policy applies to the Strategic Director of Resources (also the s151 officer), who is responsible for overall decision-making in relation to all risks facing Fund operations, and all officers involved in the day-to-day management of the Fund.

The Policy also applies to all members of the Pensions Advisory Panel (PAP) and the Local Pension Board (LPB), including both scheme member and employer representatives.

Advisers and other external service providers to the Fund are also expected to be aware of this Policy and assist the Strategic Director of Resources, other Fund officers, PAP members and LPB members as required, in meeting the objectives of this Policy.

Aims and Objectives

Southwark Council, as Administering Authority to the Fund, has an important role to play on behalf of the Fund's stakeholders. One of the key governance objectives is to proactively understand and monitor risks to the Fund operations.

In relation to this, Southwark Council aims to:

- protect the interest of members, employers and other key stakeholders to ensure the delivery of the Fund's long-term investment and funding objectives
- integrate risk management into the day-to-day activities of the Fund
- raise awareness of the need for risk management by all those connected with the management of the Fund (including advisers, employers and other stakeholders)
- anticipate and respond positively to changes from regulatory requirements or evolving focus areas for the LGPS
- minimise the probability of negative outcomes for the Fund and its stakeholders
- establish and maintain a robust framework for identification, analysis, assessment and management, and the reporting and recording of risks to Fund operations
- ensure consistent application of the risk management methodology across all Fund activities.
- ensure compliance with statutory requirements and embed a risk management framework into decision making at different levels (Strategic Director of Resources, PAP, LPB, and other Fund officers)

To assist in achieving these objectives in the management of the Fund, Southwark Council has delegated the authority to the Strategic Director of Resources, in-turn supported by the Fund officers, who will consider elements on managing risks as outlined in:

- the CIPFA publication Managing Risk in the Local Government Pension Scheme
- the Pensions Act 2004 and the Pensions Regulator's Code of Practice for Public Service Pension Schemes
- Southwark Council's Risk Management Framework to ensure that the Fund's risks are scored in a consistent manner with that of the council's framework

Risk Management Philosophy

Southwark Council believes that managing risk is essential to effective governance. Southwark Council considers that risks need to be managed proactively and that maintaining a robust system of risk management supports the council in delivering overall objectives of the Fund.

Southwark Council takes a proactive approach to the management of risks to support its strategies, day-to-day operations and achievement of the Fund objectives.

A key determinant in selecting the action to be taken in relation to any risk is its potential impact on the Fund's objectives considering Southwark Council's risk appetite, particularly in relation to investment matters. Balance between the cost of risk control actions against the possible effect of the risk occurring is also another important element of the risk management philosophy.

Southwark Council is clear that risk management applies across all the Fund's activities. This includes governance and compliance, funding, investment, administration and operations, employer covenant (covering both legal obligations and the financial ability of employers to support the Fund now and in the long-term), and external factors such as economic, political, cyber, and environmental risks.

In managing risk, Southwark Council will:

- ensure that there is a proper balance between risk taking and the opportunities to be gained
- adopt a system that will enable the Fund to anticipate and respond positively to change
- minimise loss and damage to the Fund and to other stakeholders who are dependent on the benefits and services provided
- make sure that any new areas of activity (e.g., new investment strategies), are only undertaken if the risks they present are fully understood and taken into account in making decisions.

Southwark Council also recognises that risk management is not an end in itself; nor will it remove risk from the Fund or the Administering Authority. However, it is a sound management technique that is an essential part of Southwark Council's stewardship of the Fund.

The benefits of a sound risk management approach include:

- better decision-making

- improved performance and delivery of services to the Fund stakeholders
- more effective use of resources and
- the protection of reputation

CIPFA, the Pensions Act and The Pensions Regulator's Requirements

CIPFA: Managing Risk in the Local Government Pension Scheme

CIPFA has published technical guidance on managing risk in the LGPS. The publication explores how risk may materialise across the broad spectrum of activity that constitutes LGPS financial management and administration, and how, by using established risk management techniques, those risks can be identified, analysed and managed effectively.

The publication also considers how to approach risk in the LGPS in the context of the role of an administering authority and how the approach to risk might be communicated to other stakeholders.

The Pensions Act: Internal Controls Requirements

Section 249B of the Pensions Act 2004 includes the following requirement to have internal controls in public service pension schemes (which includes the LGPS)

- The scheme manager of a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed:
 - in accordance with the scheme rules and
 - in accordance with the requirements of the law

Section 249A of the Pensions Act 2004 defines internal controls as:

- arrangements and procedures to be followed in the administration and management of the scheme
- systems and arrangements for monitoring that administration and management and
- arrangements and procedures to be followed for the safe custody and security of the assets of the scheme

Accordingly, internal controls are a critical element of risk management.

The Pension Regulator's Code of Practice

Section 90A of the Pensions Act 2004 requires the Pensions Regulator to issue a code of practice relating to internal controls.

The Pensions Regulator has issued such a code in which they encourage scheme managers (i.e. administering authorities in the LGPS) to employ a risk-based approach to assessing the adequacy of their internal controls and to ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls.

The Pensions Regulator General Code of Practice includes the following modules relating to risk management which either apply (due to underlying legal requirements) or are good practice for public service pension schemes:

- identifying, evaluating, and recording risks
- internal controls
- assurance reports on internal controls
- scheme continuity planning
- conflicts of interest
- own risk assessment

The Code of Practice also sets out requirements in relation to how the governing body, in this case Southwark Council, and subsequently the Strategic Director of Resources to whom such responsibility has been delegated - of a public service pension scheme should:

- Identify, record (in a risk register), regularly review and evaluate risks (with detailed requirements against each of these areas set out in the Code)
- Have processes in place that establish ownership and the responsible person(s) for monitoring risk and issues between meetings of the governing body
- Determine which risks require internal controls to reduce their incidence and impact
- Design internal controls to ensure the scheme is administered and managed in accordance with legal requirements, including scheme rules
- Document and regularly review (at least annually) internal controls, and ensure they are also reviewed when there are substantial scheme changes including to scheme personnel, providers and IT systems
- Use assurance reporting (by both internal and external parties) to assess whether the scheme or service providers meet legal requirements relating to internal controls
- Develop and implement continuity plans to ensure scheme operations can be maintained in the event of a disruption to scheme activities
- Take conflicts of interest into consideration when identifying and evaluating risks
- Consider carrying out a regular risk assessment of how effective the key elements of the systems of governance are

Southwark Council's Risk Management Framework

Southwark Council's risk management framework is based on the following objectives:

1. To continue to support the strategic aims and operational objectives of the council as defined through the Council Plan by supporting the management of risks.
2. To ensure that risk management is embedded into all key council activities, including business planning and the budget process.

3. To embed and extend risk management procedures to include key partnerships.
4. To ensure that there is a transparent and prompt escalation and communication process through the council on risk management to key decision-makers, enabling them to make considered risk decisions. These will include the decision whether to eliminate where possible any unacceptable risk exposures.
5. To consider not only the risks that may affect the achievement of strategic aims and objectives but also to consider opportunities (positive risks) that may help improve the chances of succeeding in achieving those aims and objectives.
6. To achieve standards in risk management which are best practice in both the public and private sector, exceeding regulatory requirements

The Fund will ensure a structured process in how risks are addressed and involves:

- Risk identification – sources of risk (internal, external, operational, or strategic).
- Risk assessment – analysing the likelihood and impact of risks, including a scoring to support prioritisation.
- Risk appetite – setting tolerance levels and thresholds for escalation.
- Risk control – determining appropriate responses, including mitigation, transfer, acceptance, or avoidance of risks.
- Risk monitoring – ensuring that risks and controls are regularly reviewed, with quarterly reporting to the Local Pension Board, more frequent operational reviews by senior officers, and escalation of significant risks as required.

Southwark Council's framework outlines a robust mechanism in place covering multiple components to achieve the above objectives.

Application to the Southwark Pension Fund

Adopting the principles contained in CIPFA guidance, the Pension Regulator's code of practice and Southwark Council's risk management framework, the Policy highlights how the Fund strives to achieve those principles through use of risk management processes and internal controls incorporating regular monitoring and reporting.

Responsibility

As Administering Authority, Southwark Council has the responsibility to ensure that all risks in relation to the Fund operations are appropriately managed. For this purpose, Southwark Council has delegated the authority on risk management to the Strategic Director of Resources for ensuring the process outlined below is carried out effectively alongside additional oversight provided by the LPB.

However, it is the responsibility of each individual/group covered by the Policy to identify any potential risks for the Fund and ensure that they are fed into the risk management process.

The table below explains the key roles and responsibilities to ensure effective risk management in relation to the Fund operations.

Forums/Teams involved	Description of roles & responsibilities in relation to risk management
Strategic Director of Resources (ultimate financial accountability)	<p>Overall responsibility for decision making in relation to identifying, assessing and monitoring of risks to the Fund operations, including developing relevant internal controls to mitigate/minimise impact of the identified risks</p> <p>This includes:</p> <ul style="list-style-type: none"> • Ensuring the management of risks is discussed as required to meet the objectives of this Policy at LPB, PAP and other forums, as appropriate • Ensuring robust risk management in line with this Policy is integrated into all aspects of the management of the Fund on a day-to-day basis • Receiving regular risk updates from Fund officers and escalating risks in line with this Policy where considered appropriate • Reviewing all changes to the Fund's Risk register • Ensuring this Policy is regularly reviewed (at least three yearly) and kept up to date
LPB (assists in ensuring compliance and effective risk governance)	<ul style="list-style-type: none"> • Delegated authority to approve the Policy (and any changes going forward) • Reviewing the Fund's full risk register at LPB meetings • Providing oversight and challenge on the effectiveness of the Fund's Risk management processes, and systems • Providing oversight and challenge on escalated and deteriorating risks •
PAP (overall responsibility for risk oversight)	<ul style="list-style-type: none"> • Reviewing key risks, particularly in relation to the Fund investments and operations • Providing guidance/recommendations to the Strategic Director of Resources on effective management of the identified risks in relation to Fund investments and operations •
Chief Investment Officer (day-to-day management of finance/investment risks)	<ul style="list-style-type: none"> • Responsible for identification and management of risks in accordance with this Policy in relation to investments, accounting and treasury activity of the Fund
Head of Pensions Operations	<ul style="list-style-type: none"> • Responsible for identification and management of risks in accordance with this Policy in relation to operations and administrative activity of the Fund

Forums/Teams involved	Description of roles & responsibilities in relation to risk management
(day-to-day management of admin/ops risks)	<ul style="list-style-type: none"> •
Advisors (specialist input on key risks)	<ul style="list-style-type: none"> • Providing ongoing advice in relation to the identification and management of Fund risks, including: <ul style="list-style-type: none"> ○ Alerting Fund officers to new or evolving risks ○ Highlighting areas where risk is not appropriately reflected • Provide assurance on request about how they meet standards for internal controls within their own organisations
Internal Auditors (specialist input on key risks)	<ul style="list-style-type: none"> • Carrying out periodic review of the Fund's risks and effectiveness of the internal risk management controls in place
External auditors (specialist input on key risks)	<ul style="list-style-type: none"> • Carrying out annual review of the Fund's risks and effectiveness of the internal risk management controls in place
Employers (legal obligation around funding risks)	<ul style="list-style-type: none"> • Responsible for managing own covenant related risks

Southwark Pension Fund - Risk Management Process

Southwark Council's risk management process is a continuous approach which looks at risks surrounding the Fund's end-to-end activities, including assessing future impact from any proposed regulatory changes. The main processes involved in risk management are:

1. Risk Identification

The risk identification process is both a proactive and reactive one: looking forward i.e. horizon scanning for potential risks, and looking back, by learning lessons from reviewing how previous decisions and existing processes have manifested in risks to the organisation.

Risks are identified by a number of means including, but not limited to:

- formal risk assessment exercises managed by the Fund officers
- performance measurement against agreed objectives
- findings of internal and external audit and other advisor reports
- feedback from formal review of the Fund's Risk register undertaken by the LPB on an ongoing basis

- meetings of the Strategic Director of Resources and/or other officers involved in Fund management
- liaison with other organisations, regional and national associations, professional groups, etc.

Once identified, risks will be documented on the Fund's Risk register, which is the primary control document for the subsequent analysis, control and monitoring of those risks.

2. Risk Assessment

Once potential risks have been identified, the next stage of the process is to analyse and profile each risk. Risks will be assessed by considering the likelihood of the risk occurring and the impact if it does occur, with the score for likelihood multiplied by the score for impact to determine the current overall risk rating.

When considering the risk rating, Fund officers will have regard to the existing controls and mitigatory measures in place, and these will be summarised in the Fund's Risk register.

3. Risk Control

The Fund's Risk register assigns scores and a 'red', 'amber' and 'green' rating to each risk. Such scoring helps determine key risks and whether any further action is required to control/mitigate impact from the risk should it occur. Risk control actions, often referred to as internal controls, could comprise taking steps to avoid, transfer and/or mitigate risk.

The s151 officer has the overall responsibility to determine the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to control the risk, including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur.

The result of any change to the internal controls could result in any of the following:

- Risk elimination: for example, ceasing an activity or course of action that would give rise to the risk
- Risk reduction: for example, choosing a course of action that has a lower probability of risk or putting in place procedures to manage risk when it arises
- Risk transfer: for example, transferring the risk to another party either by insurance or through a contractual arrangement

The Fund's Risk register details:

- description of the risk
- all control actions considered in relation to a particular risk
- likelihood and impact scores both before and after mitigatory measures for each individual risk
- the overall owner for the risk

4. Risk Monitoring

Risk monitoring is the final part of the risk management cycle. The Fund officers, particularly the Chief Investment Officer and the Head of Pensions Operations monitor risks on a regular basis. In monitoring the risk management activity, they consider whether:

- the risk controls implemented have achieved the desired outcomes
- the procedures adopted and information gathered for undertaking the risk assessment were appropriate
- greater knowledge of the risk and potential outcomes would have improved the decision-making process in relation to that risk
- there are any lessons to learn for the future assessment and management of risks

All Fund officers work closely with and provide support to the s151 officer in undertaking ongoing review and monitoring of risks to the Fund operations.

5. Risk Reporting

Progress in managing risks will be monitored and recorded on the Risk register.

The Fund officers formally present an updated/latest Risk register to the LPB on a six monthly basis for any feedback and detailed discussions to ensure the Risk register reflects all risks appropriately and that adequate measures are in place to mitigate their impact.

In order to identify whether the objectives of this Policy are being met, Southwark Council will review the delivery of the requirements of this Policy taking into consideration any feedback from the LPB to ensure appropriate mechanisms are in place to effectively manage all risks to the Fund operations in line with the wider risk management framework relevant for Southwark Council.

Key risks to the effective delivery of this Policy

The key risks to the delivery of this Policy are outlined below. The LPB will monitor these and other key risks and consider how to respond to them.

- Risk management becomes mechanistic, is not embodied into the day-to-day management of the Fund and consequently the objectives of the Policy are not delivered
- Changes in LPB and/or PAP membership and/or officers in the Fund mean key risks are not identified due to lack of knowledge
- Insufficient resources are available to satisfactorily assess or take appropriate action in relation to identified risks
- Risks are incorrectly assessed due to a lack of knowledge or understanding, leading to inappropriate levels of risk being taken without proper controls
- Lack of engagement or awareness of external factors means key risks are not identified
- Conflicts of interest or other factors lead to a failure to identify or assess risks appropriately

Training and awareness

- Ongoing training for PAP and LPB on risk management
- Induction for new Panel/Board members and Fund officers
- Access to CIPFA knowledge and Pensions Regulator guidance

Approval, Review and Consultation

This Policy was approved by the PAP on dd/mm/yyyy following a full review by the LPB on 8 October 2025.

The Policy will be formally reviewed and updated at least every three years or sooner if the risk management arrangements or other matters included within it merit reconsideration.

Meeting Name:	Local Pension Board
Date:	8 October 2025
Report title:	General Code of Practice – Action Plan
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer

RECOMMENDATIONS

1. Local Pension Board (LPB) members are asked to note the progress made on the Action Plan since the previous meeting to address gaps/improvement areas in order for the Fund to comply with requirements of the revised General Code of Practice ('the Code').

Background

2. The Code came into force on 28 March 2024. The Code applies to governing bodies of occupational, personal, and public service pension schemes and sets out the Pension Regulator's expectations of the conduct and practice governing bodies should meet to comply with their duties under pensions legislation.
3. The Fund officers developed an Action Plan to address gaps/improvement areas following an independent review from Barnett Waddingham in October 2024 where they assessed the Fund's readiness in complying with the new requirements of the Code.

Progress made on the Action Plan

4. During the quarter, the Fund officers have made progress on the following items in the Action Plan:
 - a. Managing advisers and service providers (both teams)
 - b. Identifying, evaluating, and recording risks (both teams): Risk register has been updated. Additionally, a standalone Risk Management policy has been tabled separately at today's LPB meeting.
 - c. Financial transactions (Operations): Data Management Policy has been updated to reflect changes in 2025 Pension Administration Strategy. Action is now complete.

- d. Transfers out (Operations): Transfer-out training has been shared with administration officers. Some challenges are currently being discussed with Civica. Timeline for completion revised from 31/07/2025 to 31/10/2025.
 - e. Resolving overdue contributions (Investments): progress has been made in documenting the informal process which has been followed to date with a view to the process being updated once external legal advice has been received.
 - f. Annual pension benefit statements (Operations): All AVC statements were not issued alongside ABS statements as per original timeline due to some operational challenges. The team is working with the expectation to issue the AVCs (via email or post) to all members by 31/10/2025. Timeline for completion revised from 31/07/2025 to 31/10/2025
 - g. Retirement risk warnings and guidance (Operations): Retirement Risk guidance has now been developed as part of a wider communication review around retirement letters/statements. Action is now complete.
5. The updated Action Plan is attached as Appendix 1 to the report. The updated Action Plan contains additional comments and any revised due dates against each of the items.

Action Plan & Next Steps

- 6. As LPB will lead on monitoring the implementation of the Action Plan, it will be a standing item at upcoming LPB meetings until completion of all actions to be taken to address the gaps/improvement areas.
- 7. At the upcoming LPB meetings, Fund officers will discuss progress in relation to the action plan and any challenges/risks in implementation. The Fund officers will also keep the PAP updated on the progress of the Action Plan.

Policy framework implications

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

Community impact statement

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

APPENDICES

No.	Title
Appendix 1	General Code Action Plan – October 2025

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources		
Report Author	Caroline Watson – Chief Investment Officer		
Version	Final		
Dated	08 October 2025		
Key Decision?	N/A		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments Included	
Assistant chief executive, governance and assurance	N/A	N/A	
Strategic Director of Resources	N/A	N/A	
Cabinet Member	N/A	N/A	
Date final report sent to Constitutional Team			

RAG Rating	Module count (Percentage)	Key to colours	
Red	0 (0%)	Colour	Meaning
Amber	6 (11%)		
Green	35 (66%)		
Awaiting assessment	3 (6%)		
N/A*	9 (17%)		
Total	53 (100%)		

*Not specifically applicable to the LGPS

Action Plan following Barnett Waddingham review of Southwark Pension Fund's compliance with requirements of the revised General Code of Practice

#	Topic	Current finding/status	Action Required	Responsibility	Due Date	Team members	Progress made in Q2 2025-26	Revised Due Date	Outcome/Comments
1	Managing advisers and service providers	Conflicts of Interest (southwarkpensions.co.uk) The above documents identifies how conflicts of interest are managed with regard to Aon.	The Fund may wish to include a high-level summary on the procurement and appointment process of advisers and service providers and may wish to provide more detail on annual supplier reviews and how other key advisers are monitored.	Pensions Investments & Operations Team	30/06/2025	Investments team: Caroline Watson, Spandan Shah, Tracey Milner Operations team: Barry Berkengoff, Peter Hughes		31/10/2025	As part of the upcoming review of the conflicts of interest policy the recommended high level summary will be added to cover how we manage conflicts relating to advisers and service providers. This will be a combination of annual supplier reviews and periodic/annual feedbacks requested either by the fund officers or by the service providers (e.g. Aon).
2	Identifying, evaluating, and recording risks	Risk register which outlines the key risks of the Fund, stakeholders, ownership and mitigation of the Fund's key risks.	The Fund may wish to include wording on the identification process of the Fund's key risks.	Pensions Investments & Operations Team	30/04/2025	Investments team: Caroline Watson, Spandan Shah, Tracey Milner Operations team: Barry Berkengoff, Peter Hughes	Revised Risk register already discussed at the Board meeting on 02/07/2025.	Not Applicable	Action completed during Q2 2025-26.
3	Financial transactions	The Fund has in place a detailed Data Management Policy which highlights the administration system along with standards expected. It is expected that there are strong processes for the governance of investing contributions.	The Fund may wish to outline at a high level the processes and checks and controls with the investment of contributions. The Fund may wish to update the Data Management Policy to include the following: SLA's of the administrator system and reviews (if completed).	Pensions Investments Team Pensions Operations Team	No Action required 30/06/2025	Investments team: Caroline Watson, Jenny Han-Nguyen Operations team: Barry Berkengoff, Peter Hughes	Not Applicable Data Management Policy has now been updated to reflect changes in 2025 Pension Administration Strategy. This includes specific SLAs of the administration system, including Help Desk resolution, security, disaster recovery etc.	Not Applicable 31/08/2025	No Action required Action completed during Q2 2025-26.
4	Transfers out	The Fund has in place the correct processes to ensure transfers are completed which meets the statutory requirements but it is not formally documented.	Continue the development of formal documentation and processes in line with LGA and FCA guidance.	Pensions Operations Team	31/05/2025	Operations team: Barry Berkengoff, Peter Hughes, Agne Svencionyte	Transfer Out training material being prepared and will initially be rolled out to pensions admin staff at a technical level, then followed up with appropriate administration system training.	31/10/2025	Transfer-out training has been shared with administration officers. Letters have also been reviewed: at present, the transfer-out letter does not automatically include details of the member's final salary pension, lump sum, or survivor's pension. These details must currently be added manually. This issue is under review with the Data Team and Civica.
5	Resolving overdue contributions	The Fund has in place detailed reconciliation spreadsheets. These spreadsheets would cover the reconciliation and identification of overdue contributions. However, we were unable to locate specific wording to resolving the process.	To confirm/update if there is formal guidance and processes to resolving overdue contributions with employers.	Pensions Investments Team	30/06/2025	Investments team: Caroline Watson, Jenny Han-Nguyen	We have been working on formalising the process currently being followed. However, resolving overdue contributions with employers requires the input of other teams across the council including Pensions Services and Legal. We will also need to take into account external legal advice on this matter when it is obtained.	30/09/2025	We are in the process of developing guidance and controls around how we deal with overdue contributions. The final process that is implemented will take into consideration external legal advice which is expected to be obtained once we receive confirmation from the council's legal team on what the scope of the external advice should be.
6	Scams	It would be expected that the internal audit would cover pension scam reviews and the fund would have in place processes to mitigate potential scams.	The Fund may wish to update the risk register to include potential scams and actions the Fund have in place to mitigate the risk.	Pensions Investments & Operations Team	Action completed	Investments team: Caroline Watson Operations team: Barry Berkengoff	Not Applicable	Not Applicable	Action already completed in Q4 2025
7	Annual pension benefit statements	The Fund has in place a webpage providing details on AVCs, however, we have been unable to locate wording with regard to the production of the benefit statements. It is expected that AVC benefit statements are produced and distributed to members.	The Fund has confirmed that the Administration team are building a Policy and the processes on how AVC benefits should be dealt with. The status can be amended upon the completion of this work.	Pensions Operations Team	30/06/2025	Operations team: Barry Berkengoff, Peter Hughes, Agne Svencionyte	Plans in place with AVC provider to deliver annual AVC benefit statements by 31 July 2025 for sending to members on or before 31 August 2025.	31/10/2025	AVC statements were not issued alongside ABS statements. AVC fund values were included within main ABS just in case we could not send a hard copy AVC statement at same time. The provider sent a single PDF containing around 2,000 pages. FCO are assisting by splitting the file into individual member statements, averaging 10 pages each. So far, around 400 pages have been split and uploaded to members' UPM folders. The remaining statements are being processed and are expected to be fully divided and issued (via email or post) to members by 30 October 2025.
8	Retirement risk warnings and guidance	Unable to locate any specific documentation or wording with regard to risk warnings.	The Fund has confirmed that the Administration team are building a Policy and the processes on how AVC benefits should be dealt with in line with LGA guidance. The status can be amended upon the completion of this work.	Pensions Operations Team	30/06/2025	Operations team: Barry Berkengoff, Peter Hughes, Agne Svencionyte	Retirement Risk guidance has been developed as part of a wider communication review around retirement letters/statements. Updated retirement letters now include LGA guidance on "stronger nudge" regulations and the requirement to refer members with AVCs to Pension Wise before the fund can proceed with any AVC transactions (unless member elects to opt-out).	31/08/2025	Action completed during Q2 2025-26.
9	Systems of governance	This is an overarching module, so need to look at individual modules for compliance.	Need to monitor actions against other modules.	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Meeting Name:	Local Pension Board
Date:	8 October 2025
Report title:	Pensions Advisory Panel Papers
Ward(s) or groups affected:	Not applicable
Classification	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer

Recommendations

The LPB is asked to:

1. Note the key items covered at the 23 September 2025 Pensions Advisory Panel (PAP) meeting, which covered activity between 1 April and 30 June 2025.

Fit for the Future Update – Agenda Items 7/18

2. PAP was asked to note the positive progress on plans to transition the Fund's assets to the London CIV investment pool in line with the requirements of the outcome of the "Fit for the Future" consultation, which has a challenging deadline of 31 March 2026. PAP agreed that an additional meeting be diarised in November, to which members of LPB will be invited, to receive training on the impact of the actuarial valuation on the Fund's Strategic Asset Allocation.
3. PAP requested that officers continue to provide updates on the status of pooling via a risk register.

Asset Allocation Update – Agenda Item 8

4. All allocations in the portfolio are within the maximum permitted by the Fund's Strategic Asset Allocation (SAA). The key overweight position is in ESG Priority Funds (+2.2%). In contrast, the key underweights is in Property (-4.0% excluding cash held by Nuveen).
5. During the quarter there was an £11m redemption from the LGIM low carbon transition fund to provide funding for a Nuveen property transaction that was subsequently halted. The funds were returned by Nuveen and were held in Money Market Funds (rather than reinvested in equity) given expected cashflows over the coming months. Post quarter end, officers redeemed an additional £7m of equities from the LGIM low carbon transition fund to support day to day liquidity and to fund a separate property purchase by Nuveen.
6. Private market distributions exceeded drawdowns for the quarter.

7. As at 30 June 2025, it is estimated that 36% of the LBSPF was invested in UK assets.
8. During the quarter officers participated in a significant amount of onboarding activity following the award of a new custody contract to Northern Trust, who replaced JP Morgan from 1st April 2025
9. Officers had update meetings with Newton (global equity), Nuveen (direct property) and Invesco (pooled property). Officers also met separately with Sian Kunert, the new LCIV relationship manager for LBSPF, and Dean Bowden, the LCIV CEO. In both instances there was discussion about the likely outcome of the Fit for the Future consultation together with the need to establish a transition plan to transfer the LBSPF assets to the London CIV.

Investment Adviser Performance Updates – Agenda Item 9

10. Following are the key updates in relation to the Fund's performance during the quarter:
 - Fund value increased by £60.0m during the quarter to 30 June 2025, from £2,269.8m to £2,328.6m.
 - Fund return quarter to June 2025: 2.9% (benchmark 3.6%)
 - Fund return year to June 2025: 3.5% (benchmark 6.8%)
 - Fund return 3 years to June 2025: 5.7% p.a. (benchmark 8.9% p.a.)
 - There was no funding level update given that the 2025 actuarial valuation is currently underway. The funding level at the end of December 2024 was estimated as 120%.

Carbon Footprint Update – Agenda Item 10

11. Reduction in the Fund's carbon footprint between September 2017 and June 2025 was ~81%.

Voting and Engagmeent Activity – Agenda Item 11

12. 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.

UK Stewardship Code Application Update – Agenda Item 12

13. An update on the successful outcome of the Fund's application to become a signatory to the UK Stewardship Code, which was confirmed in May 2025.

Responsible Investment Update – Agenda Item 13

14. The PAP received an update on the Fund's 2030 net zero target and approach to perceived exposure to conflict in the Middle East. The latter was considered in the context of the statement made in September 2025 by the new Leader of Southwark Council.

Refresh of the Pension Fund Cash Management Policy – Agenda Item 16

15. The PAP noted the review of, and updates to, the Pension Fund's cash management policy, which reflects changes in operational procedures following the appointment of Northern Trust as the Fund's global custodian.

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

16. Community Impact Statement

No immediate implications arising.

17. Equalities (including socio-economic) Impact Statement

No immediate implications arising

18. Health Impact Statement

No immediate implications arising

19. Climate Change Implications

No immediate implications arising

20. Resource Implications

No immediate implications arising

21. Legal Implications

No immediate implications arising

22. Financial Implications

No immediate implications arising

23. Consultation

No immediate implications arising

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director, Resources	
Report Author	Tracey Milner, Interim Pensions Investments Manager	
Version	Final version	
Dated	08 October 2025	
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

Meeting Name:	Local Pension Board
Date:	8 October 2025
Report title:	LGPS update on current issues
Ward(s) or groups affected:	Not applicable
Classification	Open
Reason for lateness (if applicable):	Not applicable
From:	Interim ESG Manager

Recommendations

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

Scheme Advisory Board (SAB) launched consultation on the LGPS Code of Transparency

2. On 14 July 2025, SAB launched a consultation on proposed changes to the LGPS Code of Transparency.
3. The Code was launched in May 2017 and outlines obligations on Code signatories to provide consistent data to LGPS funds and pools on investment management fees and costs.
4. SAB subsequently developed the Cost Transparency Initiative (CTI) in 2018, and a centralised data system was also launched in 2020 to collect the associated CTI templates. These arrangements gave a means for the Board to have oversight of compliance with the Code.
5. SAB is currently exploring replacement of the centralised data system with a framework approach and is also taking the opportunity to review the Code itself to ensure that it continues to deliver on its intended aims.
6. SAB will update on the findings from the consultation in due course.

SAB response to Local Government Pension Scheme in England and Wales: Access and fairness consultation

7. SAB has submitted additional points on the consultation supplementing the initial response submitted by Local Government Pensions Committee (LGPC).
8. The responses highlight the Board's additional views and considerations in relation to areas including authorised absences, mandatory reporting, opt-outs, forfeitures,

etc.

9. The additional points submitted by the SAB can be found [here](#).

SAB survey: Understanding diversity of representation and Peer Support insight

10. On 18th August 2025, SAB launched a short survey to seek information from LGPS administering authorities on:

- The diversity of representation within Pension Committees and Boards
- Views on peer support within LGPS

11. SAB will use the responses as part of its ongoing work to promote best practice and develop guidance for funds. Information provided will be held securely and only reported in aggregate at scheme level.

12. Southwark Pension Fund has participated in the survey. Alongside support from the interim ESG manager, the Pensions Operations Lead has submitted our responses to the survey earlier this month.

SAB commissions legal advice on pooling governance and conflict of interests

13. SAB commissioned high-level advice from the legal firm Burges Salmon to help administering authorities consider practical ways of working that were consistent with the government's Fit for the Future proposals on pooling while managing conflicts of interest.

14. The advice is intended to help inform the development of wider pooling governance guidance that SAB may issue in the future in relation to addressing the issue of conflicts of interest.

15. Key principles from the advice are:

- i. Agree to full transparency between advisors and Administering Authorities at the outset, ensuring clear roles and responsibilities are defined for all parties.
- ii. Monitor investment advisor and/or manager performance against defined, appropriate goals and targets.
- iii. Ensure the advisor/manager also has an appropriate conflict of interest policy in place.
- iv. Recognise that managing conflicts is not a one-time process – the procedure to identify, manage and monitor conflicts needs to evolve over time as and when circumstances change.

16. Full copy of the advice can be found [here](#).

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

17. Community Impact Statement

No immediate implications arising.

18. Equalities (including socio-economic) Impact Statement

No immediate implications arising

19. Health Impact Statement

No immediate implications arising

20. Climate Change Implications

No immediate implications arising

21. Resource Implications

No immediate implications arising

22. Legal Implications

No immediate implications arising

23. Financial Implications

No immediate implications arising

24. Consultation

No immediate implications arising

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Spandan Shah, Interim ESG Manager	
Version	Final	
<i>Dated</i>	08 October 2025	
<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 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

Meeting Name:	Local Pension Board
Date:	8 October 2025
Report title:	Option to Re-appoint Local Pension Board Chair
Ward(s) or groups affected:	Not applicable
Classification	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer

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 9 October 2024 meeting of the Local Pension Board it was agreed that the independent chair would be reappointed until the end of October 2025.
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 Investments		
Version	Final		
Dated	08 October 2025		
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