

Local Pension Board

Wednesday 4 February 2026
10:00 am
Meeting Room 225, 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 4 February 2026
10:00 am
Meeting Room 225, 160 Tooley Street

Order of Business

Item No.	Title
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PART A – OPEN BUSINESS

- 1. TRAINING SESSION – GOOD GOVERNANCE DRAFT REGULATIONS**
- 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 8 October 2025.
- 6. ACTION TRACKER**
- 7. ANNUAL BENEFIT STATEMENTS – 2025 DEBRIEF**
- 8. PENSIONS SERVICES**
- 9. RISK REGISTER**

10. BREACHES LOG

11. PENSION FUND STATEMENT OF ACCOUNTS AND AUDIT FINDINGS REPORT

12. FORWARD PLAN – 2026-27

13. TRAINING PLAN – 2026-27

14. THE GENERAL CODE – ACTION PLAN

15. PENSIONS ADVISORY PANEL MEETING PAPERS

16. LGPS UPDATE

17. 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.”

18. MINUTES

To agree as a correct record, the closed minutes of the meeting held on 8 October 2025.

19. PENSION FUND BUDGETS

ANY OTHER CLOSED BUSINESS

Date: 29 January 2026



Local Pension Board

MINUTES of the OPEN section of the Local Pension Board ('LPB' or 'the Board') meeting held on Wednesday 08 October 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 – Employer Representative
Mike Antoniou – Schools Employer Representative
Dominic Cain – Employer Representative
Stuart Mumford – Employee Representative
Clive Palfreyman
Caroline Watson
Spandan Shah
Agne Svencionyte
Tufazzul Miah
Adizatu Tarawallie
Courtnei Thomas

1. TRAINING SESSION – LPB ROLES AND RESPONSIBILITIES

Item delivered by Caroline Watson and Mike Ellsmore.

The training session covered various aspects of the role of the Local Pension Board, including rationale for its set up and the key remit and responsibilities of the members. The Board primarily has a scrutiny role and is not responsible for decision-making in relation to any aspects of the Fund operations.

There were questions and discussions on appropriate mechanisms to address any issues raised by scheme employers and distinction between use of the Board as a forum versus pursuing other options available through the council.

There was a particular stress on recognising the difference between Southwark Council as an Administering Authority and being the biggest employer within the Fund.

There were subsequent discussions on the impact on Board responsibilities and composition of the governance structure, including Pensions Advisory Panel

(PAP), following the pooling mandate. The Board is interested in understanding how the Fund will consider independent advice in addition to receiving primary advice from London CIV as part of the pooling mandate. This is still early days, and Fund officers will provide additional information and details following publication of guidelines on this from the government in the coming months.

2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies received from Tony O'Brien and Barry Berkengoff.

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

One disclosure of interest from Mike Ellsmore in relation to Item 13 of the agenda, i.e. Re-appointment of Independent Chair of the Local Pension Board.

Mike Ellsmore abstained from the meeting during this discussion and Dominic Cain stepped in as Chair to lead this agenda item.

5. MINUTES

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

6. ACTION TRACKER

Item delivered by Caroline Watson and Agne Svencionyte.

The Board's focus was on the Fund's Administration Strategy, which was tabled as a standalone item at the meeting. Discussion on the KPIs will be considered as part of the upcoming Board meeting in January 2026.

7. PENSIONS SERVICES

Item delivered by Agne Svencionyte.

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

There were follow on questions and a discussion on the status of ABS and related issues. While there is an improvement compared to previous years, there are still issues with some members not receiving ABS.

There is also a challenge of receiving the right employer data, mainly from the schools. A new service provider is now in place so this should be addressed going forward.

There were follow-on questions on the role of Civica and a discussion on how confident the pensions administration team was in Civica delivering as per the Fund requirements.

Action Point(s):

Agne Svencionyte/ Barry Berkengoff to submit a note to the Board on all issues in relation to ABS and relevant proposals and corresponding timelines to address them. The note should include the number of ABS that went out on time.

8. PENSIONS ADMINISTRATION STRATEGY

Item delivered by Agne Svencionyte.

Agne provided an overview of the draft version of an updated Administration Strategy being developed by the Fund.

Mike Ellsmore provided feedback on the document, particularly in relation to making the structure more robust, and certain elements of the objective and metrics to be covered as part of the revised strategy. A section should be added at the beginning of the document that lists the objectives of the strategy. Reference to the General Code of Practice and Compliance with the Pensions Regulator's requirements should be added to a section that includes the seven legal metrics (which are currently in section six).

There was a discussion on provisions in place in case relevant employers do not comply with the Administration Strategy. There was also a subsequent discussion on the escalation mechanism to be considered as part of the revised strategy. The escalation route set out in section eight needs to be changed to the pensions advisory panel and local pension board. The Board have requested alignment with new KPIs laid out by the Scheme Advisory Board (SAB) and any relevant guidance from the Pensions Regulator.

Action point(s):

Agne Svencionyte/ Barry Berkengoff to present updated Administration Strategy incorporating Board's feedback at the upcoming PAP meeting in December 2025 for approval.

9. RISK MANAGEMENT POLICY

Caroline Watson presented this report.

As agreed at the last Board meeting, officers have developed a standalone Risk

Management Policy for the Fund. Caroline provided an overview of the provisions of the policy.

There were subsequent discussions and questions on the policy. Caroline confirmed that the policy is standalone for the Fund and independent from the wider Southwark Council risk management processes. However, for consistency, the Fund has adopted the same risk methodology for quantification of risks.

While PAP primarily looks at investment decisions and associated risks, the Board has suggested that they may increase the focus on investment risks from a scrutiny perspective going forward.

Subject to the above, the Board has approved the Risk Management policy.

10. THE GENERAL CODE - ACTION PLAN

The report was presented by Caroline Watson.

Caroline provided an overview of progress made across the investment activities. Agne Svencionyte also provide an update across the operations activities. Agne has confirmed that generally all tasks are progressing well. While there have been some delays, there do not have a significant impact on the operations activities.

The Board will continue to monitor the progress of the pending tasks in the Action Plan at future meetings

11. PENSIONS ADVISORY PANEL MEETING PAPERS

The report was presented by Caroline Watson.

Caroline provided an update on the topics discussed at the recent PAP meeting held on 23 September 2025, specifically covering Fit for the Future, Asset Allocation and Fund performance.

Caroline highlighted that the Fund has successfully become a signatory to the UK Stewardship Code in the latest application cycle, which is a testament to the Fund's focus on being a responsible investor.

Caroline also briefly discussed the commitments made by the Fund as part of the Council Leader's statement made in relation to the ongoing conflict in the Middle East.

There were no follow-on discussion or questions on any topic covered in the report.

12. LGPS UPDATE

Item delivered by Spandan Shah.

Spandan presented updates on current LGPS issues specifically highlighting two key updates involving consultation from the SAB on the LGPS Code of Transparency and legal advice on pooling governance and conflicts of interests.

Officers will keep the Board updated on progress and further guidance on the above two areas.

13. RE-APPOINTMENT OF LOCAL PENSION BOARD CHAIR

Clive Palfreyman chaired for this agenda item and conducted the discussion.

The Board unanimously agreed to re-appoint Mike Ellsmore as the Chair of the Local Pension Board for a further year. Clive and other members of the Board thanked Mike for his service to the Board over the last year as its Independent Chair.

14. ANY OTHER OPEN BUSINESS

As a follow-on from the previous Board meeting, Spandan Shah provided an update on the pending responses from Blackstone in relation to the annual cyber security assessment.

Spandan confirmed that Blackstone are undertaking a formal review internally in relation to gaps identified as part an independent third-party review. Blackstone team have initially confirmed that the gaps are not material to their operations, and they will provide more details in the coming weeks.

The meeting ended at 11:35 am.

CHAIR:

DATED:

Item 6
Local Pension Board - Action Tracker

Date of Meeting	Action Ref	Action	Due Date	Response	Status
7 April 2021	18	Revised Administration Strategy to be tabled at a future LPB meeting and then approved by PAP	July 2025	<p>A new draft Administration Strategy was tabled with Board members on 8 October 2025. Feedback was provided by the Board, and the strategy was subsequently updated before being signed off at the most recent PAP meeting on 9 December 2025.</p> <p>A 4-week consultation process with employers and key stakeholders ends on 5 February 2026 and all feedback / commentary received will be shared with the Board along with a final version of the Administration Strategy prior to publication.</p>	Complete
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>	Progressing

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. There is one remaining item on the action plan and this relates to non-payment of contributions. We are obtaining legal advice on how this should be addressed and will take appropriate action once the advice has been received.

Meeting Name:	Local Pension Board
Date:	4 February 2026
Report title:	Annual Benefit Statement - 2025 debrief
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Head of Pensions Operations

Recommendation

1. The Local Pension Board (the **Board**) is asked to note this report covering the 2025 Annual Benefit Statement (**ABS**) production exercise.

ABS Caveats

2. ABS exercise provides a snapshot in time of all accrued/projected LGPS benefits on 31 March (2025). Therefore, benefits cannot be guaranteed.
3. ABS success rate is broadly dependent on all employers (and payroll providers) providing clean data, on time, with no mandatory data gaps.
4. Small time window in validation of monthly/year-end data, and final ABS data cuts (2-3 months) to ensure the 31 August statutory deadline is met.

2025 Overview

5. A substantial amount of work was carried out between the 2024 and 2025 ABS exercises to ensure all Southwark employers, wherever possible, could provide all the data required to produce Annual Benefit Statements.
6. Ongoing data submission challenges with some external employers, a triennial valuation year (which was expected to highlight data anomalies), and a Strictly Education exit from the local government school's payroll sector, did result in a backlog¹ of transactional work which ultimately had an impact on the number of active member statements issued in 2025.
7. But overall, the 2025 ABS exercise was very well received, with plans in place to ensure 2026 is more successful, with increased ABS production.

¹ much of this work fell into backlog/BAU caseloads which was then managed by admin team and Aon

Deferred ABS Breakdown - 2025

8. 7,854 statements were issued at the end of July 2025, covering 87% of the total deferred membership (9,009) on 31 March 2025.
9. 1,155 statements were withheld due to missing and/or erroneous data.
10. 823 statements (10%) were not issued due to missing or outdated contact information, including instances where postal addresses or email details were not current or missing. To minimise the risk of a data ²breach, these statements were withheld until accurate contact details can be confirmed.
11. 332 statements (3%) withheld due to fatal error being flagged on final ABS extraction process. These are ³historical data errors going back many years. These longstanding issues are being gradually resolved as part of the fund's ongoing data-improvement work.

Active ABS Breakdown - 2025

12. 6,946 statements issued before the statutory deadline of 31 August 2025 which is 85% of the total active membership (8,184) on 31 March 2025.
13. 1,238 statements were not issued or 15% of the total active membership.
14. The vast majority of Council statements were issued which is not unusual given the fund has control over Council Payroll/HR data submissions. Some Council statements were not issued due to discrepancies around additional pension contracts such as APCs, JNC, and Hard to Fill benefits.
15. The majority of statements not issued or withheld were derived from Southwark schools membership due to missing or erroneous data.
16. In particular, a lack of year-end data from Strictly Education who no longer offer payroll services to many Southwark Schools, and Principals Catering (CH & CO) and St Paul's Primary School who were unable to provide any data prior to final ABS extracts being taken over June and July 2025⁴.
17. When broken down further, 2,324 statements were issued for "other employers" which equates to 66% of non-Council membership (3,537).
18. Of the 1,213 statements not issued, many were historical leavers. The pensions admin team has therefore been processing those cases and has either issued a Deferred Benefit Statement/letter or processed a refund.

² a deferred member address search and tracing exercise is planned for 2026 ABS with Lumera ITM

³ plans in place to address using old legacy records and historical data held on secure hard drive

⁴ both employers have since provided data and records are up to date at year-end 31 March 2025

19. Remaining cases are with the data team for remediation work and to address any missing or erroneous data with employers and/or their payroll providers in advance of the 2026 ABS exercise. Whilst there are no immediate plans to re-issue a 2025 ABS, we are considering adding an additional 2025 CARE element into 2026 ABS for any affected members.
20. A handful of Tier 3 and Pension Credit statements issued October 2025.

Forward Planning - 2026 ABS

21. UPM/SAP will be main data sources used for the Council's 2026 ABS exercise with Quality Assurance (**QA**) input from benefit consultants, Aon.
22. UPM/external employer and third-party payroll data will be main data sources for non-Council employers 2026 ABS exercise with QA input coming from Aon.
23. UPM testing is currently underway, including the McCloud ABS underpin.
24. Any remaining leaver processes from the 2025 ABS exercise are scheduled for completion by 31 March 2026.
25. Deferred Statements to be issued in July 2026. We expect a higher number of statements to be issued in 2026 compared to 2025.
26. Active Statements will be issued by 31 August 2026. We expect a higher number of external employer statements to be issued compared to 2025.

2026 initiatives - to improve employer compliance and future ABS runs

27. Employer Engagement Strategy in development to support employers, particularly with training around monthly data (and contribution) collection.
28. Admin Strategy with powers to fine employers over poor or missing data.
29. Development of employer compliance dashboards to assist employers and keep the Board up-to-date.
30. Cost benefit analysis planned around bulk calculation functionality to streamline caseload turnaround times.

KEY ISSUES FOR CONSIDERATION

Policy framework implications

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

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

Community impact statement

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director, Resources	
Report Author	Barry Berkengoff, Head of Pensions Operations, Resources	
Version	Final	
Dated	4 February 2026	
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		

Meeting Name:	Local Pension Board
Date:	4 February 2026
Report title:	Pension Services – Admin/Ops update
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Head of Pensions Operations

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

Recruitment

3. A number of admin vacancies currently exist across Pension Services. We will update the Board on recruitment progress at the next meeting.
4. Interviews took place in early November 2025 for a new Data Officer. I am pleased to say an offer has now been accepted by an internal candidate.

IT/Systems

5. In line with future aspirations to facilitate more digital communication and online administration services, a Member Self-Service blueprint has been agreed in principle with the Strategic Director of Resources.
6. This is at the IT feasibility stage and details will be shared with the Board in due course, setting out plans for more digital and online ¹services.

¹ the pension fund will continue to offer a non-digital service to those members with either IT restrictions or other accessibility needs

National Dashboard Programme

This is now at the Test → Live transition stage with Southwark's IT "connect by" date expected to be around mid-February 2026.

7. This is a result of Civica ²penetration testing not covering the initial agreed scope. The Pensions Regulator had been informed of the software supplier delay and so there are no legal implications for the pension fund.
8. The actual "go-live" service date is expected to be later in 2026 for all Local Government employers.

Progress to February 2026

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

Communication Initiatives

10. Initial planning has now taken place to discuss the 2026 Annual Benefit Statement exercise. The pension fund is considering an alternative communication approach and the use of standardised LGPS annual pension statement output which is available from the admin system. This would help with the reduction of third-party consultancy and printer costs.
11. An Engagement Strategy is currently in development; partly to assist in improving Employer Compliance (in line with the new Administration Strategy), but also to consider all existing training and development material on My-Learning-Source and how it can be utilised more effectively at member, employer and prospective member level. This is likely to include annual mandatory employer training particularly around member data and contribution collection, IDRPs, and discretion policies.
12. The Head of Pensions Operations and Chief Investment Officer will finalise the approach to phase 2 of the refreshed pension fund website. Phase 2 will focus primarily on updating the member portal and member-related information E.g., further online member guidance (to help reduce admin contact), updated data/file structure, and pathway to retirement planners. Inclusion of additional finance/investment related information and content on upcoming changes in the LGPS environment including LGPS Fit for the Future and the Good Governance project will also be considered.
13. The existing Communications Strategy is currently under review as is the Data Management Policy. Both will be tabled at a future Board meeting.
14. As indicated earlier (in para 11), a new Administration Strategy has now been approved and is currently in the consultation stage with employers.

² an authorised cyber-attack to establish any IT vulnerabilities

Access and Fairness Consultation

15. The Government's response to the consultation has been delayed but there are plans in place, we understand, to phase in proposed changes in order to ease administration burden.
16. Phase one changes are being introduced from April 2026 and will include equalising survivors benefits, removing the age 75 limit for death grant eligibility, changes to gender pensions gap benefits such as making authorised absences of less than 15 days automatically pensionable, the introduction of mandatory gender pensions gap reporting, and correcting the Regulations so McCloud remedy is backdated from 1 October 2023 to ensure underpin calculations are clear on areas such as pension debits, transfers from other public pension schemes and interest compensation.
17. Phase two changes are expected later in 2026. The Board will be kept updated on all Access and Fairness implementation related work, much of which is dependent on HR, Employers and their Payroll providers.

Complaint Management

- 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 - 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 in transferring funds to the receiving arrangement because member was within 12 months of Normal Pension Age by the time IFA advice had been sought.

The matter is now with the Head of Pensions Operation to consider the complaint under IDRP stage 2.

Admin Performance Monitoring

Performance remains strong with transactions exceeding 93%+ in performance standards. Notification of Retirement Benefits and Provision of Retirement Estimates show a slight increase in performance compared to the last quarter.

We have seen an increase in redundancy estimates and capital cost requests due to a number of ongoing business restructures across the organisation.

Other key performance metrics remain stable, with no areas showing decline or operational concern during the period October, November and December 2025.

Performance remains consistently high for new joiners and death benefit processing (given the importance and sensitive nature of such events).

Metrics for the quarter ending 31 December 2025 are detailed in Appendix 1.

Future work planning

18. Pension Services have signed up to a wider Resources Directorate Business Plan for 2025/26. This includes IT-related objectives such as improved Member Self-Service functionality and any staff survey follow-up actions.

Conclusions

19. 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

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

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

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

APPENDICES

No.	Title
Appendix 1	Admin/Ops Performance Metrics over October, November and December 2025

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director, Resources	
Report Author	Barry Berkengoff, Head of Pensions Operations, Resources.	
Version	Final	
Dated	4 February 2026	
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, Resources	Yes	N/a
Cabinet Member	No	N/a
Date final report sent to Constitutional Team		

APPENDIX 1

Admin Metrics

October, November, December 2025

	Total Tasks	Within Time frame	Achieved	
Notify Retirement Benefits (Within one month of retirement)	96	93	97%	↑
Provide Retirement Estimate/ Quote on request (Within 10 working days of request)	135	132	98%	↑
New Starter Notification joining the LGPS (Within 10 working days of receipt of clean employer data)	43	43	100%	→
Inform member who left scheme of leaver rights and options (Within 20 working days of receipt of clean data)	54	54	100%	→
Obtain transfer details for transfer in, calculate and provide quote (Within 10 working days of receipt of information)	119	113	95%	→

Provide transfer out (CETV) request
 (Three months from date of request)

59

55

93%

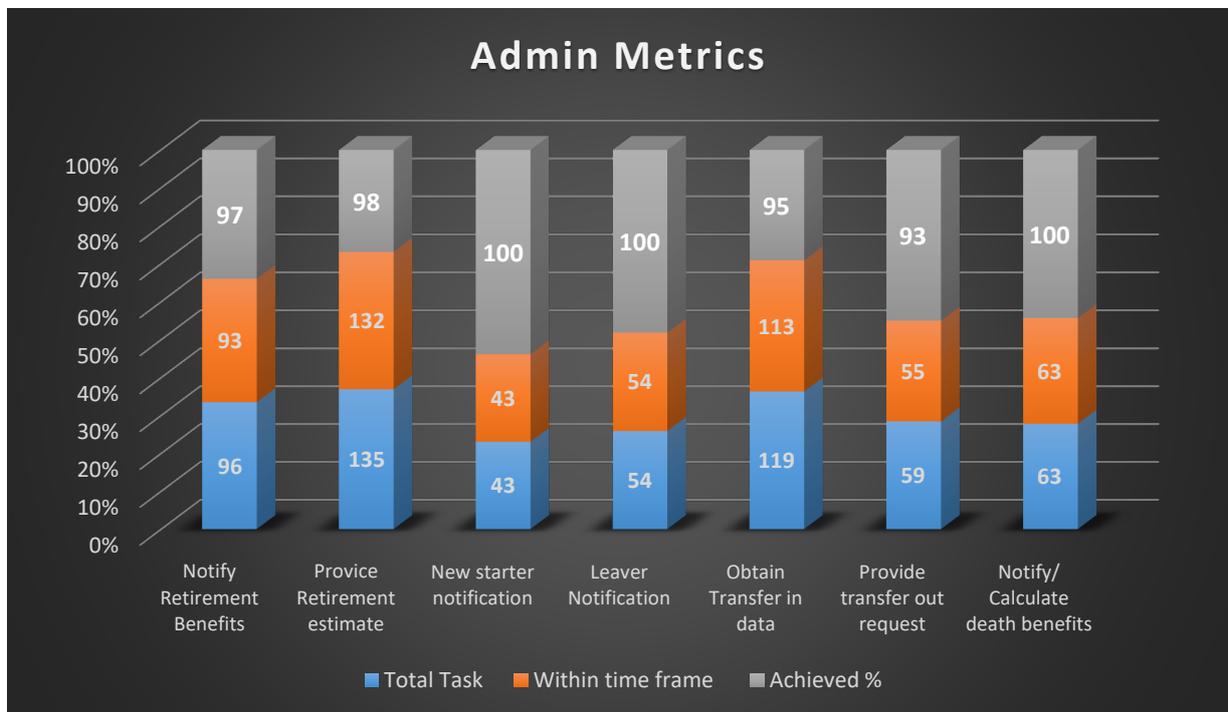


Calculate and notify dependants about death benefits
 (Within 5 working days of receipt of all relevant information)

63

63

100%



Meeting Name:	Local Pension Board
Date:	4 February 2026
Report title:	Pension Fund Risk register
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 is asked to:

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

Background

1. In July 2025, officers updated the risk register for the Fund through a combination of:
 - i. Simplifying the risk categories
 - ii. Updating the risks list
 - iii. Revising scoring of the risks
 - iv. Developing a risks dashboard
2. Officers have continued to review the Risk register on an ongoing basis and made changes, where applicable, including adding new risks/sub-risks, reflecting additional risk mitigation measures being implemented and updated scores as required.
3. Recent changes to the risk register (compared to July 2025) include:
 - i. Updates to mitigation measures for R1, R2, R8, R9, R10, R11, R17, R19 and R21
 - ii. Updates to scores for R7, R8, R10, R11 and R14
4. The risks dashboard has been updated to reflect the above changes.

Next steps

5. In the coming months, officers will undertake a further review and deep dive into the risk register to ensure that all emerging regulatory changes are captured and appropriately reflected.
6. The aim of the process will be to ensure that existing mitigation measures remain effective and are being actioned as planned considering the evolving regulatory LGPS landscape.
7. Strengthening the accuracy and responsiveness of the risk register will enhance day-to-day risk management and also ensure robust organisational readiness for future Independent Governance Reviews, supporting a proactive and well-governed approach to compliance.
8. Officers will present the findings/analysis at an upcoming LPB meeting.

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.

APPENDICES

Name	Title
Appendix 1	Risk register
Appendix 2	Risk dashboard

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Caroline Watson – Chief Investment Officer	
Version	Final	
Dated	4 February 2026	
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		

Risk ref	Risk Description	Risk Owner	Risk Category	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	PRIMARY RISK SCORE	Risk Controls (Mitigation)	RISK SCORE AFTER MITIGATIONS	Post mitigation Impact - 1 to 10 (10 highest)	Post mitigation Likelihood - 1 to 10 (10 highest)	Changes since Previous quarter
R8	Uncertainty in implementation of the proposed government regulations in relation to pooling and other LGPS regulations	CW	Financial/Investment	9	10	98	<ol style="list-style-type: none"> 1. Fund officers continue to monitor the development of the pooling regulations and await the publication of final government guidance, recognising that the absence of definitive requirements/guidance (as of 15 Jan 2026) creates uncertainty for implementation planning given pooling mandate is applicable from 1 April 2026. 2. Fund officers continue to attend Pension Officer Groups to ensure the Fund is represented and kept up to date with best practice/approach other LGPS are adopting to be well prepared for pooling. 3. Advice and guidance are sought from investment advisers, where required, to assess the potential implications of various implementation scenarios given the current lack of finalised guidance. 4. The Fund is engaging proactively with LCIV to prepare for the operational aspects of pooling through an Investment Management Agreement (IMA)—outlining requirements in relation to cashflow management, performance monitoring, administrative KPI reporting and related processes, and overall transition planning—while recognising that detailed arrangements may need to be adapted once final government guidance is issued. 5. Fund officers are proactively planning for revised investment and governance requirements under the new regulations (which maybe subject to change following final guidance from UK Government). 6. Regular updates are provided to the PAP and LPB on the evolving pooling mandate, the status of government guidance, and potential operational impacts, including the steps being taken to manage or mitigate risks arising from the uncertainty around final implementation requirements. 	86	6	10	Likelihood score increased by 1 both pre and post mitigation.
R1	The Fund's long-term investment strategy is not sufficient/inappropriate	CW	Financial/Investment	9	7	89	<ol style="list-style-type: none"> 1. The Investment Strategy Statement (ISS) is reviewed following each triennial actuarial valuation to confirm the optimal strategic asset allocation for the Fund, taking into account the updated liability profile. As part of the 2025 valuation cycle, the Fund is also assessing external market risks—such as the potential for an AI-driven equity market bubble—and their implications for long-term risk-return expectations 2. Funding Strategy Statement (FSS) also reviewed every 3 years (or earlier if required) 3. Reports on the funding levels produced quarterly and discussed at PAP meetings 4. Reports on actual asset allocation including any variances to target allocation produced quarterly and discussed at PAP meetings. These discussions now also incorporate early consideration of increasing the Fund's allocation to fixed-income assets in line with the 2025 valuation findings. 5. Ongoing monitoring by the Investments Team, alongside support from investment advisor, to identify potential underweight/overweight positions across asset classes within the portfolio - remedial actions taken proactively, where required. This includes enhanced focus on geopolitical factors, e.g. tariffs and external risk factors such as heightened valuations AI sector and proactive evaluation of rebalancing opportunities, including potential shifts toward fixed-income allocations as recommended based on results of the 2025 valuation. 	51	6	5	
R2	Poor performance of individual investment mandates compared to benchmark/target returns underpinning actuarial valuations	CW	Financial/Investment	8	7	83	<ol style="list-style-type: none"> 1. Individual manager performance monitored regularly by the Investments Team 2. PAP reviews fund manager performance quarterly against benchmark - any risks, including corrective actions, are also highlighted and discussed at PAP meetings 3. Additional review conducted by the Fund's Investment Advisers - regular reports/communication received from them with an overview of manager performance and highlighting any risks/challenges and corrective actions 4. Regular meetings with fund managers regarding performance and any other issues that might impact performance (e.g. team changes, leadership changes, etc.) 5. Where Fund has experienced investment liquidations in recent periods, they have been subject to detailed internal review to understand the underlying drivers and ensure lessons are incorporated into future decision-making 6. The Fund officers have strengthened governance arrangements around private markets and illiquid investments, including enhanced monitoring frameworks, clearer escalation routes, and more structured oversight of underperforming assets. 7. Fund officers are considering increasing the frequency and depth of discussions with investment managers where material impairments occur, ensuring greater transparency, earlier identification of risks, and more proactive intervention where appropriate 8. Fund officers considering robust KPIs/performance reporting as part of the IMA with LCIV - following pooling, LCIV will be responsible for performance monitoring and engagement with investment managers 	52	7	4	
R9	Changes in membership profile of the Fund, leading to unforeseen cash flow implications and/or forced sale of assets	CW	Financial/Investment	8	7	83	<ol style="list-style-type: none"> 1. The Fund continues to undertake long-term cashflow forecasting to identify emerging trends in cash inflows and outflows. The 2025 valuation confirms that the Fund's membership profile is changing. Additionally, current funding surplus is expected to reduce employer contribution rates. Cashflow forecasting therefore remains critical in ensuring the Fund can support pension benefit payments over the long term. 2. A formal cash flow management policy has been adopted, which ensures officers have the ability to maintain adequate liquidity to meet obligations, whilst limiting cash balances in order to maximise investment returns 3. In light of the updated 2025 valuation findings and changing membership profile, the Fund is exploring opportunities to increase allocations to income generating assets to support long-term liquidity needs and improve alignment between expected cashflow requirements and the investment strategy. 	42	6	4	
R11	Inaccurate or incomplete Member/Employer data	BB	Administrative/Operational	9	5	78	<ol style="list-style-type: none"> 1. Monthly reconciliation performed against other Council/Employer systems. 2. New Administration Strategy supports monitoring of Employer Compliance, and additional tools are being put in place such as real time compliance dashboards to show employers if they are meeting their legal obligations. 3. Data matching through National Fraud Initiative (NFI) help to identify discrepancies. 4. Mortality Screening and address tracing performed frequently. 5. Data Management Plan and GDPR in place (Data Plan to be agreed). 6. UPM Pension/Payroll software has greater analysis functionality and audit tools. 7. Fund participates in DWP "Tell us Once" initiative. 8. Triennial valuation routinely uncovers data gaps/anomalies. 9. System housekeeping and reporting helps uncover data gaps/anomalies. 10. Cloud hosting and back up arrangements in place, including compliance with national cyber security standards (independent cyber security assessment undertaken every 3 years). 	42	6	4	Post-mitigation Impact score reduced by 1

Risk ref	Risk Description	Risk Owner	Risk Category	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	PRIMARY RISK SCORE	Risk Controls (Mitigation)	RISK SCORE AFTER MITIGATIONS	Post mitigation Impact - 1 to 10 (10 highest)	Post mitigation Likelihood - 1 to 10 (10 highest)	Changes since Previous quarter
R10	Failure to communicate/engage with relevant stakeholders	BB	Administrative/Operational	8	6	77	<ol style="list-style-type: none"> 1. New Pension Fund website to be brought under in-house control. 2. Member information guides and national website video links on website. 3. Member/Employer training material developed and on 'My Learning Source'. 4. Meetings held regularly with HR/Council/Unions/Schools. 5. ABS/PI/Newsletters sent annually to all member categories. 6. Annual report prepared in accordance with statutory guidelines published on the website. 7. Comms Strategy reviewed at least every 3 years. 8. Plans in place to promote a full digital communication strategy to members (with some exceptions in place, pensioners, depot staff). 9. Engagement Strategy in development setting out how pension fund will deal with members, employers and prospective members. 	34	6	3	Post-mitigation likelihood score reduced by 1
R5	Failure of third party service providers for investment management and custodial services, including LCIV	CW	Financial/Investment	8	5	70	<ol style="list-style-type: none"> 1. Contracts with all third-party services providers are monitored and reviewed regularly 2. PAP provided with quarterly information for each manager. Where there are concerns, additional monitoring is put in place to ensure financial/operational risks are kept to an acceptable level 3. LCIV also provide an additional level of monitoring in for assets which are pooled. 4. Third parties provide Fund with an annual SAS70 (or equivalent) report which provides assurance from their auditors that adequate controls are in place and are operating effectively 5. Annual assessment of third party service providers considered in relation to key areas (e.g. cyber security) 	34	6	3	
R6	Fund liquidity and/or cash flows not as expected/insufficient to meet member liabilities	CW	Financial/Investment	8	5	70	<ol style="list-style-type: none"> 1. Ongoing review and any changes to investment strategy include consideration of split between liquid and illiquid investments and optimal risk asset allocation 2. Ongoing monitoring of investments to ensure appropriate balance between liquid and illiquid investments and limit exposure to one asset category 3. The investment strategy is split across a range of asset classes and means of implementation to allow for a variety of redemption options 4. Regular cashflow forecasting allows the Fund to predict likely cashflow requirements well in advance. Enhanced cash forecasting will be implemented in 2025-26 following the onboarding of cashflow data to the council's new treasury management system. 5. Cash Management policy in place to achieve improved flexibility on how liquidity is managed, including investments in liquid money market funds, and ensuring target balances on different tiers of liquidity holdings 6. IAS19 data is received annually and provides an early warning of any potential liquidity-related problems 	42	6	4	
R14	Failure of third-party service providers, including Council and outsourced Payroll providers (for schools and other external employers), affecting service delivery	CW/BB	Administrative/Operational	7	6	69	<ol style="list-style-type: none"> 1. Employer/HR function going through ongoing business transformation so Pension Fund has a dedicated officer to face off to Employers to help emphasise more robust processes and better understanding of fund requirements. 2. Admin Strategy allows employers to be fined for poor performance following an agreed escalation process. 3. Revised Admin Strategy in draft pending wider consultation process will link the Fund's Data Management and Security Policy. 4. Considerable employer engagement work in place, especially with Schools, including data workshops. 5. IDRP complaints process under review. 6. SAP Replacement Programme. 7. Revised Admin Strategy will clearly set out roles and responsibilities and consequences of non-compliance. 8. Regular monitoring and monthly reconciliation of contributions received from employers by pensions finance team. 9. Employers required to provide sufficient information on monthly returns to enable verification that the amounts due are correct. 10. Fund can charge interest on the late payment of contributions. 11. UPM Employer Hub allows employers to upload information to the Fund but Data/Systems team has full control over what data goes into live system. 12. Council Legal can be consulted on any employer who fails to pay over LGPS contributions, then escalated as appropriate. 13. Contributions rates and deficit recovery periods set to reflect the strength of the employer covenant(s) 14. Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate 	51	6	5	Post-mitigation impact score increased by 1
R18	Inadequate resourcing across the Fund investment functions (accounting, investments, and governance) and Operations functions (administrative, data management, etc.) - internal challenges due to budget constraint/limitations and external challenges due to reliance on a smaller pool of specialist staff across LGPS	CW/BB	Governance/Compliance	7	6	69	<ol style="list-style-type: none"> 1. Restructuring underway in pensions finance team to implement a structure which ensures sufficient resources are in place to address increased operational complexity from regulatory changes 2. Restructuring will also consider changes in fund operations on account of pooling mandate and increasing focus on governance as part of the Good Governance project - future team structure will factor these in to enable hiring of permanent staff with the right skill sets and in line with regulatory requirements/recommendations (e.g. more governance focused responsibilities vs investment activities) 3. Temporary staffing in place to cover essential pension fund accounting, investment and governance functions. 4. Pensions Admin/Ops team almost fully resourced in line with existing structure and budget, however restructure plans are imminent 5. Additional support obtained from investment advisers, where appropriate, to ensure ongoing management of fund requirements 7. Additional training will be introduced as required to provide additional knowledge and skills to full-time/temporary staff to ensure effective delivery of responsibilities 	42	6	4	

Risk ref	Risk Description	Risk Owner	Risk Category	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	PRIMARY RISK SCORE	Risk Controls (Mitigation)	RISK SCORE AFTER MITIGATIONS	Post mitigation Impact - 1 to 10 (10 highest)	Post mitigation Likelihood - 1 to 10 (10 highest)	Changes since Previous quarter
R4	Increase in inflation/interest rate exposure compared to actuarial assumptions/forecasts	CW	Financial/Investment	7	6	69	<ul style="list-style-type: none"> 1. Fund holds various assets in the portfolio that help mitigate any impact of CPI risks, e.g. direct property (with inflation-linked rental agreements), global equities (which also provide a degree of inflation protection) 2. Fund officers continue to monitor fluctuations in CPI inflation on a regular basis 3. All triennial valuations consider inflation environment - ISS and FSS are revisited to factor in any changes/impact on portfolio from high inflationary trends 	26	5	3	
R7	Failure to adequately implement net-zero and wider RI policies, including due to the LGPS pooling mandate	CW	Financial/Investment	6	7	68	<ul style="list-style-type: none"> 1. Fund has a standalone RI policy in place (currently under review and to be finalised in March 2026) outlining key priorities and approach to material topics like climate change, conflict zones and wider ESG issues 2. Where possible, there are considered as part of the investment decision-making and ongoing engagement with investment managers 3. The Fund's investment strategy has been updated to include a net zero strategy which sets out initiatives to be implemented in the short, medium and long term, to progress net zero targets whilst maintaining acceptable levels of risk and return 4. Where possible, all individual investment mandates now include net zero/Paris-aligned milestones 5. Reports with progress on carbon footprint and wider RI and stewardship aspects (e.g. voting & engagement) are discussed on an ongoing basis at PAP meetings 6. Ongoing engagement with LCIV to manage pooling requirements, including ensuring minimal impact/compromise on net zero and wider RI priorities following pooling 7. Ongoing analysis and corresponding communication/reporting to wider stakeholders on exposure to international conflicts/geopolitical events to proactively manage FOI/member queries (on RI issues) and manage any negative reputational risk 	33	5	4	Post-mitigation likelihood score reduced by 1
R19	Fund governance arrangements are not effective	CW	Governance/Compliance	7	5	61	<ul style="list-style-type: none"> 1. The Council's constitution delegates the functions of the administering authority for the pension fund to the S151 officer 2. Pensions Advisory Panel set up to provide support and guidance to S151 officer 3. Local Pension Board set up to provide additional oversight in relation to fund operations 4. Various policies established to ensure appropriate governance arrangements in place, including effective implementation and to achieve alignment with best practice 5. A training policy is in place which requires PAP and LPB members and fund officers to receive continuing training to keep up to speed with latest requirements and mandates 6. Advice sought from external advisers, where required, to ensure appropriate decision making 7. Fund officers are proactively assessing the revised governance requirements under the new regulations (Fit for Future, and Good Governance,) and are planning for necessary governance-related actions, processes, and documentation to ensure the Fund is fully compliant and implementation-ready 	26	5	3	
R17	Pressure from unions, other stakeholders and activists to divest from investments in conflict zones. The Fund's inability to divest (due to investment in pooled funds and/or lack of alternative products) could also have a reputational risk.	CW	Governance/Compliance	6	6	60	<ul style="list-style-type: none"> 1. Relevant primarily for the equity investments in pooled mandates where investments are aligned to global indexes which will mean the fund has exposures to companies in sectors like defence, oil and gas, etc. 2. Segregated equity mandates do not include any investments in companies in controversial sectors like defence, tobacco, oil and gas, gambling, pornography, etc. 3. The Fund undertakes quarterly screening of companies flagged in the UN List with exposure to the conflict in Middle East 4. Fund is actively engaging with investment managers to discuss and seek progress on approach to investment in conflict zones 5. Fund officers actively engage with LAPFF, LCIV, etc. to understand and replicate industry initiatives (where possible) within fund operations 6. The Fund is transparent in disclosing exposure to conflicts (e.g. exposure to Middle East conflict) through responding to member queries, FOI requests, etc. 7. Following pooling, the Fund's ability to fully implement these focus areas may be constrained if LCIV does not offer appropriate products or solutions - Fund officers discussing this proactively with LCIV 	25	4	4	
R12	Major IT failure/outage, or data corruption/cyber-attack resulting in the inability to process pensions and pay pension benefits on time	BB	Administrative/Operational	9	2	54	<ul style="list-style-type: none"> 1. Pensions staff undertake data management training as required. 2. Cyber Security Assessment routinely performed by third-party specialist. 3. UPM software has been extensively tested and secured against cyber-attack. 4. UPM access only allowed from pre-approved IP addresses, limited to the Southwark Council network and Aon. 5. Business Continuity and Disaster recovery plans in place throughout the Council. 6. Data stored in cloud servers hosted by Civica in a UK data centre. ISO certifications provide confidence that Civica operations meet the highest levels of information security, IT service management and has the Government's IL3 accreditation rating, the highest security rating available. 7. Secondary disaster recovery database is continuously running, and so in the event of cyber-attack or other downtime, the system can switch to a backup with limited loss of data. Every keystroke on the system is fully logged and audited. 8. Majority of member payments made are not reliant on monthly payroll cycles/software and paid via Single Payments system each week. 9. In the event of total IT failure/outage, the previous months BACS file can be put into payment with Bank to cover pensioner payroll. 	27	6	2	
R16	Failure to comply with LGPS Regs, HMRC tax laws and the Pensions Regulator – resulting in legal sanctions, Ombudsman complaints, causing detrimental impact on Council's reputation	BB	Governance/Compliance	6	5	51	<ul style="list-style-type: none"> 1. Monitoring compliance with LGPS Regulations through weekly training, overseen by Senior Technical & Projects Manager. 2. Fund breaches policy sets out clear guidance and mechanism for the reporting of breaches by those involved in management of the Fund. 3. Robust procedures in place including appropriate internal quality assurance checking processes carried out by Senior Officers. 4. Specialist advice can be obtained from external advisers where appropriate. 	33	5	4	

Risk ref	Risk Description	Risk Owner	Risk Category	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	PRIMARY RISK SCORE	Risk Controls (Mitigation)	RISK SCORE AFTER MITIGATIONS	Post mitigation Impact - 1 to 10 (10 highest)	Post mitigation Likelihood - 1 to 10 (10 highest)	Changes since Previous quarter
R20	Financial loss/impact due to investment/accounting fraud	CW	Governance/Compliance	6	5	51	<ol style="list-style-type: none"> 1. Due diligence performed on all new fund managers 2. Ongoing review and monitoring of financial transactions/dealings with fund managers in relation to capital calls/distributions, etc 3. External audit test of controls in place by independent third-parties as part of annual audit 4. Periodic checks undertaken by the council's internal audit team in relation to effectiveness of controls in place to prevent fraud 5. Authorised signatory list in place, including limits on approvals of payments by officers to ensure multiple checks in place in relation to financial transactions made by the fund 6. Ongoing implementation of any findings/recommendations from auditors to monitor and strengthen the controls in place 	25	4	4	
R3	Geopolitical events/international conflicts impact scheme funding and investments/valuations	CW	Financial/Investment	6	5	51	<ol style="list-style-type: none"> 1. Ongoing monitoring of Fund performance and investment markets 2. Fund has a long term investment horizon so any volatility in short term from certain geopolitical events might not be a case of concern 3. Periodic advice obtained from investment advisers on continuing suitability of asset allocation 4. Investments held in diversified assets, reducing volatility and ensuring long term stability 5. Fund engages with other LGPS and industry forums (LAPFF, LCIV, etc.) to understand and implement best practices to mitigate/minimise potential impact of geopolitical uncertainty and international conflicts 6. Where required, standalone advice on possible impact from a geopolitical event (e.g introduction of tariffs) or international conflict sought from investment advisers to identify appropriate course of action(s) 	25	4	4	
R21	Lack of specialist expertise across Fund governance roles (PAP and LPB)	CW	Governance/Compliance	5	5	41	<ol style="list-style-type: none"> 1. Risk of turnover of PAP membership following each local election 2. Employee and employer representatives on the PAP/LPB are not up for election, so remain in place providing continuity 3. Fund officers provide support on an ongoing basis to both PAP and LPB 4. Support from external advisers obtained by PAP/LPB on a needs basis 5. Formal training policy and training plan in place to help the PAP/LPB members gain appropriate knowledge and skills for effective decision making in relation to fund operations 6. Fund officers organise periodic training sessions for PAP/LPB members on relevant/current topics/general awareness 7. Fund officers are proactively assessing the revised governance requirements under the new regulations (Fit for Future, Good Governance project, etc.) and are planning for having a team/independent appointee(s) with required skill set/capabilities to ensure the Fund is fully compliant and implementation-ready 	13	3	3	
R15	Risk that McCloud Judgement is not complied with or done so incorrectly	BB	Governance/Compliance	4	6	40	<ol style="list-style-type: none"> 1. Scoping level of resources in line with SAB guidance and MCHLG consultation paper. 2. Remedy live from October 2023 but expected to take LGPS employers 24+ months to fully complete. 3. Pension Fund website regularly provides news updates to members. 4. Civica UPM provider has built/tested phase 1 McCloud software. 5. Pension Fund already performs 'manual' McCloud underpin checks on all individual retirements/departures. 6. McCloud Action Plan agreed and in place setting out implementation timeframe up to 31 August 2026. 	25	4	4	
R13	Fund members become victims of fraud and other scams (particularly pensions liberation)	BB	Administrative/Operational	8	1	36	<ol style="list-style-type: none"> 1. Promotion of routinely updated member education & awareness - regular comms on risks, scam awareness campaigns and transfer value guidance issued. 2. Robust due diligence on transfers out - red flag, risky, or suspicious schemes checked. The Fund only promotes FCA Regulated advisors. 3. Industry collaboration - maintain regular contact with FCA, Pensions Regulator, Money & Pension Service and Action Fraud to stay updated on latest scam tactics and trends. 4. Secure online measures - ensure member portals secure to protect personal and financial data, and robust identity verification procedures when processing new transfer requests. 	15	5	1	

SPF – Risk Register

**Dashboard reflecting quantification
of risks after mitigation/controls**

February 2026

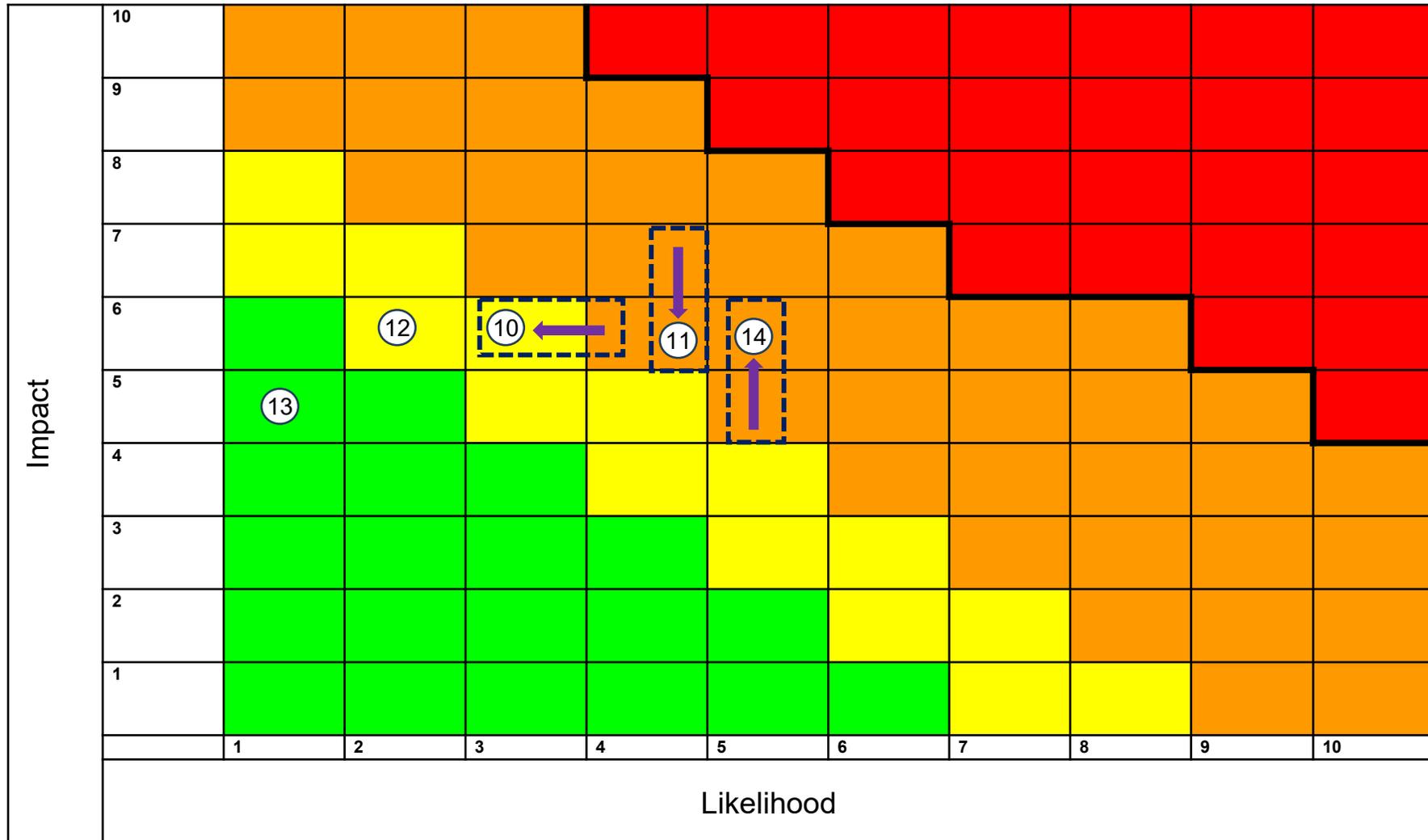
Risk Register (Financial/Investment risks) – Scores after Mitigation

Impact	10										
	9										
	8										
	7				2						
	6			5	6 9	1				8	
	5			4	7						
	4				3						
	3										
	2										
	1										
			1	2	3	4	5	6	7	8	9
Likelihood											

- Risk list:**
1. The Fund's long-term Strategic Asset Allocation Strategy is not sufficient/inappropriate
 2. Poor performance of individual investment mandates compared to benchmark/anticipated returns underpinning actuarial valuations
 3. Geopolitical events/international conflicts impact scheme funding and investments/valuations
 4. Increase in inflation/interest rate exposure compared to actuarial assumptions/forecasts
 5. Failure of third-party service providers for investment management and custodial services, including LCIV
 6. Fund liquidity and/or cash flows not as expected/insufficient to meet member liabilities
 7. Failure to adequately implement net-zero and wider RI policies, including due to the LGPS pooling mandate
 8. Uncertainty in implementation of the proposed government regulations in relation to pooling and other LGPS regulations
 9. Changes in membership profile of the Fund, leading to unforeseen cash flow implications and/or forced sale of assets

Changes compared to last review

Risk Register (Administrative/Operational risks) – Scores after Mitigation



Risk list:

- 10. Failure to communicate/engage with relevant stakeholders
- 11. Inaccurate or incomplete Member/Employer data
- 12. Major IT failure/outage, or data corruption/cyber-attack resulting in the inability to process pensions and pay pension benefits on time
- 13. Fund members become victims of fraud and other scams (particularly pensions liberation)
- 14. Failure of third-party service providers, including Council and outsourced Payroll providers (for schools and other external employers), affecting service delivery

Risk Register (Governance/Compliance risks) – Scores after Mitigation

Impact	10										
	9										
	8										
	7										
	6				18						
	5			19	16						
	4				15	17	20				
	3			21							
	2										
	1										
			1	2	3	4	5	6	7	8	9
Likelihood											

- Risk list:**
- 15. Risk that McCloud Judgement is not complied with or done so incorrectly
 - 16. Failure to comply with LGPS Regs, HMRC tax laws and the Pensions Regulator – resulting in legal sanctions, Ombudsman complaints, causing detrimental impact on Council's reputation
 - 17. Pressure from unions, other stakeholders and activists to divest from investments in conflict zones. The Fund's inability to divest (due to investment in pooled funds and/or lack of alternative products) could also have a reputational risk.
 - 18. Inadequate resourcing across Fund Investment and Operations functions - internal challenges due to budget constraint/limitations & external challenges due to reliance on a smaller pool of specialist staff across LGPS
 - 19. Fund governance arrangements are not effective
 - 20. Financial loss/impact due to investment/accounting fraud
 - 21. Lack of specialist expertise across members of the Fund governance (PAP and LPB)

Meeting Name:	Local Pension Board
Date:	4 February 2026
Report title:	Pension Fund – breaches update
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Head of Pensions Operations Chief Investment Officer

RECOMMENDATION

1. The Local Pension Board (the **Board**) is asked to note this update on breaches during 2025-26.

BACKGROUND INFORMATION

2. Irrespective of origin (Employer or Administering Authority), the Pension Fund records all legal and data breaches, and these are reported to the Board every six months.
3. Additionally, all data breaches are reported to the Corporate Information Governance Manager, and the Pension Fund prepares a report to the Corporate Governance Panel (**CGP**) twice a year covering all Pension Fund breaches.
4. Breaches that are reported to the Pensions Regulator (**tPR**) are also reported to the Board as well as the CGP.

UPDATE AT FEBRUARY 2026

5. Attached as Appendix 1 is an updated 2025-26 Breaches Log, which contains all carried forward items and any recent breaches, including details of actions taken.
6. All material breaches are reported to tPR along with details of why the event occurred and a proposal to remedy matters within a specified timeframe.
7. The Pension Fund will be guided by tPR and if it wishes to investigate matters further, but as a risk-based organisation, tPR tends not to

interfere with any internal processes as that may compound matters even further.

8. Whilst the Pension Fund will always try to minimise breaches some remain outside of its control; namely employer operational and employer payroll matters that may have an impact on the operation of the Pension Fund.
9. The Pension Fund takes all data or legal breaches seriously as part of its regulatory responsibilities in promoting good governance and working in partnership with tPR whose primary role is to help safeguard pension benefits.
10. There are no changes to the Breaches Log that was shared with the Board in July 2025 other than some of the older breaches have been updated and either marked as “closed” or updated to provide the most up-to-date position.

KEY ISSUES FOR CONSIDERATION

11. Not applicable.

Policy framework implications

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

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

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

21. Not applicable.

Strategic Director - Resources

22. Not applicable.

Other officers

23. Not applicable.

APPENDICES

No.	Title
Appendix 1	Updated Breaches Log 2025-26

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director, Resources	
Report Author	Barry Berkengoff, Head of Pensions Operations, Resources	
Version	Final	
Dated	4 February 2026	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Governance	No	N/a
Strategic Director, Resources	No	N/a
List other officers here	N/a	N/a

Cabinet Member	No	N/a
Date final report sent to Constitutional Team / Scrutiny Team		

Breaches Log 2025-26		
Date of Breach	Description of Breach	Report to tPR?
01/12/2020 c/forward	Haberdashers Aske is a new free school started within Southwark https://www.habsborough.org.uk School contacted us but are still taking no action. ACTIONS : Awaiting further contact from the school.	No
01/12/2020 c/forward	Movement of non-paid refund monies (over five years) from pension fund bank account to new bank account not occurring. ACTIONS : Waiting Regulatory clarity. February 2026 update : To be revisited as part of Access and Fairness changes from April 2026 onwards.	No
01/12/2020 c/forward	Injury Allowance (IA) has no current valid Policy in place, a member being paid IA had reached age of 65 in February 2021. ACTIONS : HR working on a revised IA policy. February 2026 update : This has been escalated again to HR Policy team by Head of Pensions Operations.	No
01/12/2020 c/forward	Discretionary and IDRPs policies not held for all external employers. ACTIONS : All external employers have been contacted and asked to submit their discretionary policies and the names of their appointed person(s) for appeals. Training also available on MyLearningSource. February 2026 update : Will be communicated again to employers as part of new Admin Strategy consultation process coming to an end.	No
24/08/2023 Closed (Dec 2025)	Auto Enrolment (AE) – tPR contacted Southwark Council (as employer) to raise concerns that there may be an operational risk with the AE process.	No

Breaches Log 2025-26		
Date of Breach	Description of Breach	Report to tPR?
	<p>ACTIONS: Council (with pension fund support) is working with the tPR to identify any potential risks around the AE process.</p> <p>February 2026 update :</p> <p>Explanatory letters and Repayment Plans have now been issued to anyone affected.</p>	
Over 2023/24 Closed (2024)	<p>Cintra, a payroll provider for two Southwark schools had stopped paying contributions to teachers and LGPS pensions.</p> <p>ACTIONS : Reported to Regulator 28 December 2023 and currently awaiting a response.</p> <p>Cintra has since passed its payroll contract over to NeoPeople in April 2024, however some issues remain with some teachers having underpaid pension contributions.</p>	Yes
Over 2025/26	<p>Admitted body Ultimate Sports has not paid employee or employer contributions since commencement.</p> <p>Legal advice has been sought from Pinsent. Once this is received, further action will be taken to recover amounts due.</p> <p>ACTIONS : Reported to TPR but no response yet.</p>	Yes
Over 2025/26	<p>Admitted body Bermondsey Antiques Market has not paid employee or employer contributions since commencement in 2021.</p> <p>Legal advice has been sought from Pinsent. Once this is received, further action will be taken to recover amounts due.</p> <p>ACTIONS : Reported to TPR but no response yet.</p>	Yes
25/04/2025 Closed	<p>A member notified the pension fund that two letters were received in one envelope. The first letter was addressed to the member, whereas the second letter was addressed to another pension fund</p>	No

Breaches Log 2025-26		
Date of Breach	Description of Breach	Report to tPR?
	<p>requesting a transfer value and contained another member's name, date of birth and NI number.</p> <p>ACTIONS : Reported to Information Governance Team.</p> <p>Hybrid mail provider asked to confirm existing protocols for automated letter feeders into envelope stuffing machines. Pension Fund staff reminded to check manually printed letters are for intended member only, especially if there are attachments.</p>	
22/05/2025 Closed	<p>A School Business Manager reported access to all LGPS members via an Employer Hub search function. Investigation showed this was due to LBS admin security profile assigned to their account.</p> <p>ACTIONS : The school account security profile has now been correctly assigned.</p> <p>Reviewed all Employer Hub accounts to ensure this was isolated to the reported school user.</p> <p>Data team has now removed the ability to assign LBS admin profiles during account creation and implemented a manual check to any account creation to ensure the correct security profiles are in place.</p>	No
18/05/2025 Closed	<p>Annual Benefit Statement (ABS) 2024/25 – McCloud 'underpin' and issuing remedial service information to members by 31 August 2025.</p> <p>ACTIONS : To be discussed with Board members on 2 July 2025.</p> <p>February 2026 update :</p> <p>A standalone paper was prepared for the Board and discussed in July, where it was agreed McCloud underpin calculations would be excluded from the 2025 ABS exercise on the basis that the software provider had been unable to release final McCloud patches into a test environment for user acceptance testing.</p>	No

Meeting Name:	Local Pension Board
Date:	4 February 2026
Report title:	Pension Fund Statement of Accounts 2024-25
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer

RECOMMENDATIONS

1. The local pension board is asked to:
 - Note the update provided in this report regarding the audit of the pension fund statement of accounts
 - Note the ISA 260 report as issued by KPMG, set out as Appendix 1.

Background Information

2. The pension fund statement of accounts for 2024-25 was published on 27 June 2025, with the audit of the accounts commencing in July 2025 and concluding in November 2025. The statement of accounts for 2024-25 can be accessed via the following link: [Statement of accounts | Southwark Council](#)

Audit Opinion

3. KPMG have issued an unqualified opinion on the council and pension fund statement of accounts for 2024-25. The year-end report to audit, governance and standards committee (ISA 260 report) on the London Borough of Southwark Pension Fund is attached as Appendix 2.
4. The purpose of the above report is to detail their findings and matters arising during the course of auditing the financial statements.
5. Starting on page 19 of the report, the control deficiencies section sets out recommendations to management regarding the financial statements. There were no new recommendations resulting from the 2024-25 audit work and this section therefore provides an update from KPMG on progress against the recommendations arising from the previous year’s audit.

Recommendation	Current status (November 2025)
<p>Approval of journals: segregation of duties</p> <p>The Pension Fund has a process where journal entries require authorisation prior to posting in SAP. Whilst all journal entries selected for testing were properly authorised, the system does not enforce authorisation.</p>	<p>Outstanding</p> <p>The Pension Fund is in the process of migrating to a new version of SAP. We would not anticipate the Pension Fund making substantial changes to the operation of the existing system due to its imminent replacement and consequently have not re-raised our recommendation.</p>
<p>Management review of valuation of direct property</p> <p>It is recommended that the Fund review and challenge the valuations provided by the valuer and that the process should be fully documented.</p>	<p>Closed</p> <p>The Pension Fund's view is that their approach adequately addresses their risks and consequently is content with their process as it stands. Consequently, this recommendation is outstanding but closed.</p>
<p>Membership Reconciliation</p> <p>No formal member reconciliation is performed noting changes in membership during the year. There is a risk that membership information be incorrect.</p> <p>We therefore recommend that the Fund considers performing an annual membership reconciliation to ensure the completeness and accuracy of member records, which should be checked against the underlying payroll records at the year end.</p>	<p>Outstanding</p> <p>The Pension Fund is currently working to expand its membership reconciliation processes to also track changes in member status.</p> <p>This enhancement will allow for a reconciliation of movements within member categories to be available for the next year end. The reconciliation will then be validated against underlying payroll records for active and pensioner members.</p>
<p>Related Parties</p> <p>We recommend that the Pension Fund ensures it always uses the most up to date declaration of interests and chases members to provide declarations if not up to date during the accounts preparation process.</p>	<p>Implemented</p> <p>We have not identified any similar issues this year.</p>

Recommendation	Current status (November 2025)
<p>Valuation of Investments</p> <p>No formal process is in place to update the investment valuations after preparing the draft financial statements.</p> <p>We recommend that the Fund considers obtaining asset valuations from fund managers again (at least after 6 months from the year-end) for assets recorded at lagged valuations in the first draft of the financial statements.</p>	<p>Implemented</p> <p>We have not identified any similar issues this year.</p>

6. With the exception of minor amendments to disclosure notes arising from technical reviews, no material changes to the Pension Fund accounts were identified during the audit.

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

Community Impact Statement

7. No immediate implications arising

Equalities (including socio-economic) Impact Statement

8. No immediate implications arising

Health Impact Statement

9. No immediate implications arising

Climate Change Implications

10. No immediate implications arising

Resource Implications

11. No immediate implications arising

Legal Implications

12. No immediate implications arising

Financial Implications

13. No immediate implications arising

Consultation

14. No immediate implications arising

APPENDICES

Name	Title
Appendix 1	ISA 260 Report – 2024-25

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Caroline Watson, Chief Investment Officer	
Version	Final	
Dated	4 February 2026	
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		

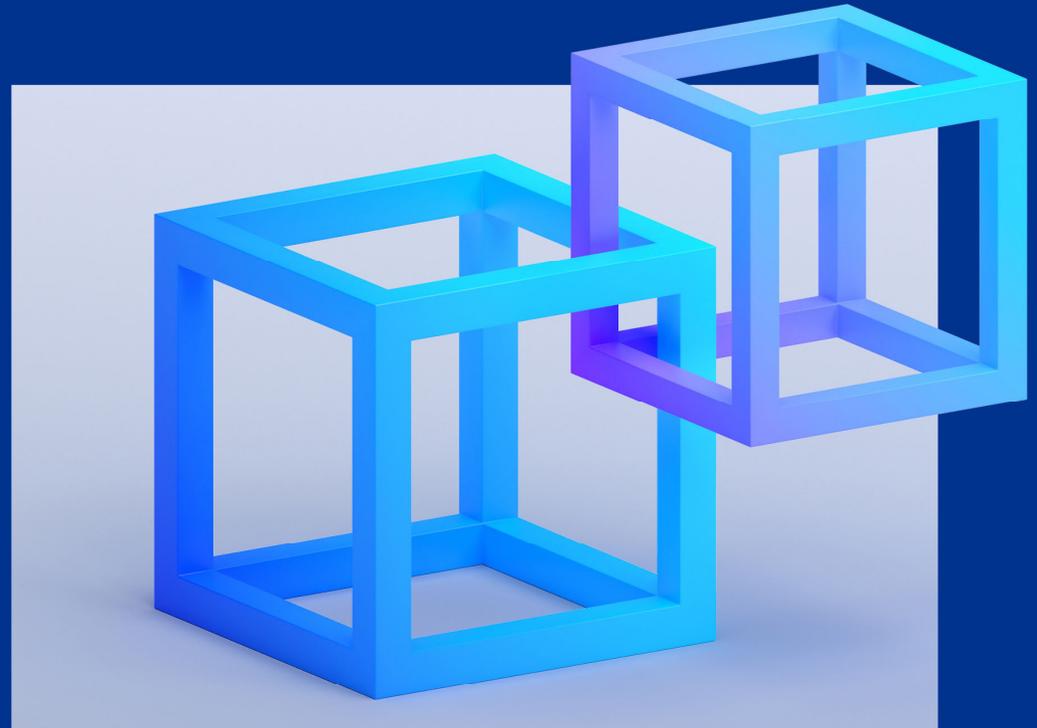


London Borough of Southwark Pension Fund

Year End Report to the Audit, Governance and
Standards Committee

**Year end report for the year ended 31 March
2025 DRAFT**

19 November 2025



Introduction

To the Pension Fund Committee of London Borough of Southwark Pension Fund

We are pleased to have the opportunity to meet with you to discuss the results of our audit of the financial statements of London Borough of Southwark Pension Fund, as at and for the year ended 31 March 2025.

We are providing this report in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions. This report should be read in conjunction with our audit plan and strategy report, presented on 02 June 2025. We will be pleased to elaborate on the matters covered in this report when we meet.

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG, and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when:

- Audits are executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality management; and,
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We are committed to providing you with a high-quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact me (Fleur.Nieboer@kpmg.co.uk), the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with the response, please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Tim Cutler. (tim.cutler@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access KPMG's complaints process here: [Complaints](#)

Subject to the approval of the statement of accounts, we expect to issue an unmodified Auditor's Report.

There have been no significant changes to our audit plan and strategy except the materiality numbers. Materiality in the audit plan was based on total assets as per the 31 March 2024 audited accounts; however, it was updated using revised balances as per the 31 March 2025 draft accounts for audit.

	Planning materiality (based on 31 March 2024 audited accounts)	Final materiality (based on 31 March 2025 draft accounts)
Materiality (1% of total assets)	22.4m	22.6m
Performance Materiality	16.8m	16.9m
Reporting threshold	1.1m	1.1m

We draw your attention to the important notice on page 3 of this report, which explains:

- The purpose of this report
- Limitations on work performed
- Restrictions on distribution of this report

Yours sincerely



Fleur Nieboer
Partner KPMG LLP

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Important notice	3
Our audit findings	4
Significant risks and Other audit risks	5
Audit risks and our audit approach	6
Other matters	13
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Important notice



This report is presented under the terms of our audit under Public Sector Audit Appointments (PSAA) contract.

The content of this report is based solely on the procedures necessary for our audit.

Purpose of this report

This Report has been prepared in connection with our audit of the financial statements of London Borough of Southwark Pension Fund (the "Fund"), prepared in accordance with International Financial Reporting Standards ('IFRSs') as adapted Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, as at and for the year ended 31 March 2025.

This Report has been prepared for the Administering Authority's Pension Fund Committee, a sub-group of those charged with governance, in order to communicate matters that are significant to the responsibility of those charged with oversight of the financial reporting process as required by ISAs (UK), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

This report summarises the key issues identified during our audit but does not repeat matters we have previously communicated to you by written communication on 02 June 2025.

Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Fund's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

Status of our audit

Our audit is close to completion with matters communicated in this Report may change pending signature of our audit report. We will provide an oral update on the status. Page 4 'Our Audit Findings' outlines the outstanding matters in relation to the audit. Our conclusions will be confirmed with you before our audit report is signed.

Restrictions on distribution

The report is provided on the basis that it is only for the information of the Audit, Governance and Standard Committee of the Administering Authority's; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.





Our audit findings

Significant audit risks Pages 5–8

Significant audit risks	Risk change	Our findings
Management override of controls	No change	We have not identified any instances of management override of controls in our work
Valuation of Directly held Property	No change	We have utilised KPMG Real Estate experts as part of our work in this area. The overall valuation is considered as balance.

Key accounting estimates Pages 10-12

Valuation of Directly held Property	Balanced	We assessed the assumptions underpinning the valuation as balance.
Valuation of Level 3 Pooled Investment Vehicles	Optimistic	We agreed the value to investment manager confirmations and assessed the NAV statements as reliable. We assessed the assumptions as optimistic mainly due to the overstatement on account of lagged assets. See page 10 for details.
Valuation of Level 1 & 2 Pooled Investment Vehicles and Segregated Investments	Balanced	No issues to report. We verified valuations to independent pricing sources provided by our in-house pricing team. For ULIPs, we verified from fund manager the willingness to transact at the price obtained. For any investment positions our pricing team were unable to obtain an independent price for, we performed retrospective review procedures as an alternative.

Uncorrected audit misstatements Page 18

Understatement/ (overstatement)	£m	%
Net assets	(1.60)	(0.07)

Uncorrected misstatements in respect of disclosures Page 18

Disclosure	Our findings
None	

Number of control deficiencies Page 19

Understatement/ (overstatement)	
Significant control deficiencies	1
Other control deficiencies	2
Prior year control deficiencies remediated	2

Outstanding matters

Our audit is substantially complete except the following outstanding matters:

- Review of updated draft financial statements
- Completion of internal reviews and quality control procedures
- Completion of our post balance sheet ents review up to the date of sign off
- Receipt of signed letter of representation and approved and signed financial statements.



Significant risks and other audit risks

We discussed the significant risks which had the greatest impact on our audit with you when we were planning our audit.

Our risk assessment draws upon our historic knowledge of the business, the industry and the wider economic environment in which London Borough of Southwark Pension Fund operates.

We also use our regular meetings with senior management to update our understanding and take input from local audit teams and internal audit reports.

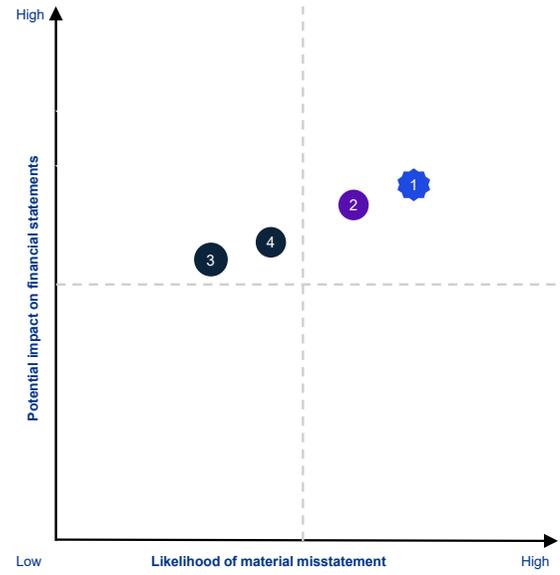
See the following slides for the cross-referenced risks identified on this slide.

Significant risks

- 1 Management override of controls
- 2 An inappropriate amount is estimated for the value of directly held property

Other audit risks

- 3 Level 1, Level 2 and Level 3 investments are not complete, do not exist or are not accurately recorded
- 4 Valuation of Level 1, Level 2 and Level 3 investments is misstated



- KEY**
- Blue gear icon: Presumed significant risk
 - Purple circle: Significant financial statement audit risks
 - Black circle: Other audit risks



Audit risks and our audit approach

1 Management override of controls ^(a)

Fraud risk related to unpredictable way management override of controls may occur



Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit



Our response

Our audit methodology incorporates the risk of management override as a default significant risk. We have:

- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluate the selection and application of accounting policies
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post-closing adjustments.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the normal course of business or are otherwise unusual.
- Assess the completeness of the population of journal entries and test specific journals through the year using our selected high-risk criteria, focusing our testing on those with a higher risk, such as journals with unusual code combinations outside our expectations.

Note: (a) Significant risk that professional standards require us to assess in all cases.

Audit risks and our audit approach (cont.)

1 Management override of controls ^(a)

Fraud risk related to unpredictable way management override of controls may occur



Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit

Note: (a) Significant risk that professional standards require us to assess in all cases.



Our findings

- We have not identified any indication of management override in the year leading to material misstatement or significant concern.
- We identified a weakness in journal entries because there are routes by which journal entries can be posted without authorisation or segregation of duties. This is typical of many large organisations, and the pension fund is satisfied it has adequate mitigations for the risks posed. As this finding is common for many funds, we have not had to vary our audit approach as we assume that controls are ineffective.
- We have reviewed the accounting records and did not identify any significant unusual transactions.
- We have also reviewed management estimates, and the journal entries posted in the period and around the year end. We did not identify any areas of bias in key judgements made by management.
- We performed the screening of journals listing and did not identify any high-risk criteria. Our screening procedures identified 5 journal entries and our examination of these did not identify unauthorised, unsupported or inappropriate entries.
- Our testing over journals is complete and we have not identified any instances of management overriding internal controls. We have been able to satisfactorily address this audit risk.

Audit risks and our audit approach (cont.)

2 Valuation of directly held property



Significant Audit risks

- An inappropriate amount is estimated for the value of property due to inappropriate assumptions, errors in the underlying data or inaccurate computation of the valuation estimate.
- The significant risk is driven by the market assumptions due to the subjectivity and complexity involved in their determination. Values of directly held property is c£248.3m as at 31 March 2025.



Our response



Our findings

- We obtained the property valuation produced by the independent valuer as at 31 March 2025 directly from Nuveen, fund manager who further engage an independent valuer, Knight Frank (the property valuer). We noted no issues with the proposed valuation recorded by management.
- We assessed Knight Frank as a management specialist and assessed their competency as a property valuer and their work for use as an audit evidence.
- We involved KPMG property valuation specialists to evaluate the assumptions underlying the properties' valuations for a selection of the directly held property portfolio, holding direct discussion with Knight Frank in respect of the underlying assumptions used for the valuation.
- The KPMG Real Estate team have challenged the valuer on the valuation inputs and reasons for value movement, considered any comparable evidence provided by the valuer and referred to our own internal sources of comparable data, market research, benchmark yields and MSCI data throughout our review. The KPMG Real Estate team evaluated a risk-based sample of properties and concluded that the valuations were balanced.
- Directly held property valuation is assessed by management for appropriateness. However, the review was not performed on a sufficiently detailed or documented basis to allow us to rely on the control. Consequently, we concluded that controls in place to review the valuation were ineffective, consistent with the prior period. We note pension fund appoints a third party (Knight Frank) to value the property and the review is considered adequate by management for their own purposes.

Key:
 Prior year Current year



Audit risks and our audit approach (cont.)

3 Level 1, Level 2 and Level 3 investments are not complete, do not exist or are not accurately recorded



Other risks

- Level 1, Level 2 and Level 3 investments are not complete, do not exist or are not accurately recorded.
- Investments are held to pay benefits of the Fund. They are held with 9 investment managers across a number of asset classes. The investments are material to the financial statements (99% of the Statement of Net Assets) and therefore there is a risk of material misstatement.
- There is a risk of material misstatement relating to completeness, existence and accuracy as there has been a number of investment transitions in the year between investment managers.



Our response

- As part of our audit procedures, we gained an understanding of the processes over the completeness, existence and accuracy of Level 1, Level 2 and Level 3 investments. This included gaining an understanding of the control environment at all the investment managers and the custodian by reviewing their internal controls reports to identify any control deficiencies that would impact our audit approach.
- We obtained direct confirmations from your custodian and all your investment managers to vouch the holdings and valuation of assets at the year end.
- We vouched purchases and sales to custodian reports.
- We recalculated change in market value and compare this to the overall investment return stated in the Pension Fund Committee's report for consistency with the amounts reported in the financial statements. We investigated any material deviations.



Our findings

There are no matters arising from our work over this risk area.

Audit risks and our audit approach (cont.)

4 Valuation of Level 1, Level 2 and Level 3 investments is misstated



Other risks

- Investments are held to pay benefits of the Fund. They are largely held as pooled investment vehicles held with 9 investment managers. The investments are material to the financial statements (99% of the Statement of Net Assets) and therefore there is a risk of material misstatement.
- There is a base risk of material misstatement relating to fair values of Level 1 and 2 pooled investments, due to the estimation uncertainty resulting from the pricing of these investments.
- There is an elevated risk of material misstatement relating to fair values of Level 3 pooled investments, due to the estimation uncertainty resulting from unobservable inputs to these investments.



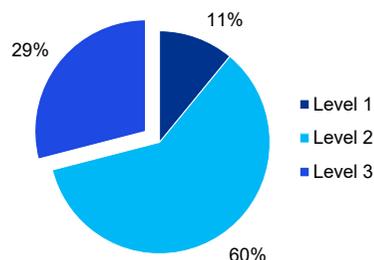
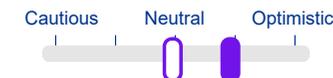
Our response

Our approach in relation to valuation for different types of investments is as follows:

- **Segregated financial instruments:** Our in-house investment valuation team, iRADAR, was engaged to independently revalue segregated securities and over the counter (OTC) derivative prices and identify stale price issues of directly held financial instruments within the investment portfolio as well as any exposures to hard to value assets.
- **Level 1 & 2 Pooled Investment Vehicles:** We recalculated the value of the Level 1 and 2 pooled investments using published pricing of the pooled investment vehicles at the year end (where available). For ULIPs, we verified from fund manager the willingness to transact at the price obtained.
- **Level 3 Pooled Investment Vehicles:** For each Level 3 pooled investment vehicle investment manager, we obtained the unaudited Net Asset Value ('NAV') Statement at (or closest to) the measurement date and vouched the valuation to this. We further assessed the reliability of the NAV statement for all Level pooled investment vehicles by:
 - Obtaining and inspecting the latest audited financial statements for the underlying funds where available;
 - Inspecting the audit report to confirm that it is unqualified and that the audit has been carried out by a reputable audit firm; and

See following pages for our findings.

Audit risks and our audit approach (cont.)



Type of security	Portfolio	Market value 2025 (£m)	Percentage of portfolio 2025 %	Market value 2024 (£m)	Percentage of portfolio 2024 %
Level 1: Segregated		249.40	11%	313.57	14%
Level 2: PIVs		1,350.73	60%	1,287.76	58%
Level 3: PIVs		413.51	18%	404.41	18%
Level 3: Property		248.30	11%	218.77	10%
Total		2,261.94	100%	2,224.35	100%

Our findings

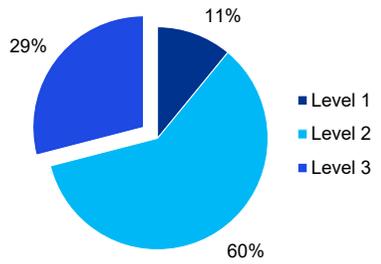
Type of security	Our findings	Assessment of accounting estimate
Level 3: Property	<ul style="list-style-type: none"> Refer to page 8 for the commentary and findings in respect of property assets. 	
Level 3: Pooled Investment Vehicles	<ul style="list-style-type: none"> We obtained direct confirmations from the custodian and all the investment managers to vouch the holdings and valuation of assets at the year end; The draft financial statements are prepared on the basis of latest available valuations that are sometimes lagged due to delay in preparing the quarterly valuation statements by investment managers. Our audit procedures involved obtaining valuations as at 31 March 2025. We have identified an overstatement of £1.60m between the values in the draft financial statements and those provided by the investment managers as at 31 March 2025. This is relating to Invesco. This is not material to our financial statement's opinion, but we do consider the valuation to be slightly optimistic as recorded. See page 18 for details. 	

Key: Prior year Current year





Audit risks and our audit approach (cont.)



Type of security	Portfolio	Market value 2025 (£m)	Percentage of portfolio 2025 %	Market value 2024 (£m)	Percentage of portfolio 2024 %
Inputs are unobservable (i.e. market data is unavailable)					
Level 1: Segregated		249.40	11%	313.57	14%
Level 2: PIVs		1,350.73	60%	1,287.76	58%
Level 3: PIVs		413.51	18%	404.41	18%
Level 3: Property		248.30	11%	218.77	10%
Total		2,261.94	100%	2,224.35	100%

Our findings

Type of security	Our findings	Assessment of accounting estimate
Segregated assets	<ul style="list-style-type: none"> Our in-house investment team, iRADAR, was used to verify the segregated securities and over the counter (OTC) derivative prices and identify stale price issues of directly held financial instruments within the investment portfolio as well as any exposures to hard to value assets. No issues were noted in these assets. 	
Level 2 Pooled Investment Vehicles	<ul style="list-style-type: none"> We obtained direct confirmations from the custodian and all the investment managers to vouch the holdings and valuation of assets at the year end; We engaged our in-house investment team, iRADAR who verified the pricing of the pooled investment vehicles at the year end to an external pricing source (where available) and noted no issues in these assets. For ULIPs, we verified from fund manager the willingness to transact at the price obtained and noted no issues. 	

Key:
| Prior year | Current year



Other matters

Narrative Report and Annual Governance Statement

As of the date of this report, the Annual Report and Governance Compliance Statement have not yet been received. Consequently, no review has been performed on these documents. Upon receipt, we will carry out the necessary audit procedures to confirm their consistency with the financial statements.

Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning, and no further work or matters have arisen since then.

We have not completed any non-audit work at the Fund during the year.

Audit Fees

Our scale fee for the 2024/25 audit, as set by PSAA is **£86,000** plus VAT (£75,000 plus VAT in 2023/24).





Appendix

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Uncorrected and Corrected audit misstatements	18
Control Deficiencies	19
ISA (UK) 240 Revised	21
KPMG's Audit quality framework	22

Required communications

Type	Response
Our draft management representation letter	<input checked="" type="checkbox"/> OK We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2025./OR explain additional representations requested.
Adjusted audit differences	<input checked="" type="checkbox"/> OK There was no adjusted audit difference.
Unadjusted audit differences	<input checked="" type="checkbox"/> OK The aggregated impact on net assets of unadjusted audit differences would be £1.60m. In line with ISA 450 we request that you adjust for these items. However, this will have no effect on the opinion in the auditor's report, individually or in aggregate. See page 18.
Related parties	<input checked="" type="checkbox"/> OK There were no significant matters that arose during the audit in connection with the entity's related parties.
Other matters warranting attention by the Audit Committee	<input checked="" type="checkbox"/> OK There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
Control deficiencies	<input checked="" type="checkbox"/> OK We communicated to management in writing all deficiencies in internal control over financial reporting of a lesser magnitude than significant deficiencies identified during the audit that had not previously been communicated in writing.
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	<input checked="" type="checkbox"/> OK No actual or suspected fraud involving management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements identified during the audit.
Issue a report in the public interest	<input checked="" type="checkbox"/> OK We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters.

Type	Response
Significant difficulties	<input checked="" type="checkbox"/> OK No significant difficulties were encountered during the audit.
Modifications to auditor's report	<input checked="" type="checkbox"/> OK None
Disagreements with management or scope limitations	<input checked="" type="checkbox"/> OK The engagement team had no disagreements with management, and no scope limitations were imposed by management during the audit.
Other information	<input checked="" type="checkbox"/> OK No material inconsistencies were identified related to other information in the statement of accounts.
Breaches of independence	<input checked="" type="checkbox"/> OK No matters to report. The engagement team and others in the firm, as appropriate, the firm and, when applicable, KPMG member firms have complied with relevant ethical requirements regarding independence.
Accounting practices	<input checked="" type="checkbox"/> OK Over the course of our audit, we have evaluated the appropriateness of the London Borough of Southwark Pension Fund's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
Significant matters discussed or subject to correspondence with management	<input checked="" type="checkbox"/> OK The significant matters arising from the audit were discussed, or subject to correspondence, with management.
Certify the audit as complete	<input checked="" type="checkbox"/> OK We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above. We have not yet certified the audit as complete because our work on WGA is outstanding.

Fees

Audit fee

Our fees for the year ending 31 March 2025 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2024/25 (£'000)	2023/24 (£'000)
Audit services		
Financial Statements	86	75
ISA 315(R)	-	8
Fee variations	-	10
TOTAL	86	93

Prior period fee variations:

Fee variations were agreed by PSAA for the prior period as follows:

- New auditing standards: £7,840
- Work in respect of quality and preparation of supporting evidences: £10,306

Total: ££18,146 (24% of scale fee).

Billing arrangements

Fees have been billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

If we identify any fee variations upon the completion of our work, we will agree these with management and report them at a later date.

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the partner and audit staff is not impaired.

To the Audit, Governance and Standard Committee

Assessment of our objectivity and independence as auditor of London Borough of Southwark Pension Fund

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result, we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

The conclusion of the audit engagement partner as to our compliance with the FRC Ethical Standard in relation to this audit engagement is subject to review by an engagement quality control reviewer, who is a partner not otherwise involved in your affairs.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

No non-audit services are being provided directly to the Fund during the year ended 31 March 2025 and we have not committed to providing any such services.

Fee level

We do not consider that the objective, reasonable and informed third party would conclude that it is probable that our independence would be compromised by the level of the audit fee.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP, each member of the audit engagement team, and anyone else within the Firm who can influence the conduct or outcome of this audit engagement is independent within the meaning of regulatory and professional requirements. This report is intended solely for the information of the Committee and should not be used for any other purposes. We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP



Audit misstatements

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit, Governance and Standard Committee with a summary of **uncorrected audit differences** (including disclosure misstatements) identified during the course of our audit, other than those which are 'clearly trivial', which are not reflected in the financial statements.

Below is the summary of uncorrected audit differences:

Uncorrected audit differences (£m)				
No.	Detail	Fund account (Dr/Cr)	Net Asset Statement (Dr/Cr)	Comments
1	Dr Change in market value	£1.6	-	Latest available value for pooled property was taken at the time of preparing the financial statements. However, it was the lagged valuation. While performing the audit, KPMG was able to confirm a more up to date valuation as at 31 March 2025 by obtaining an independent confirmation from fund manager and noted variance between the management's valuation and latest NAV.
	Cr Pooled Property (L3 pooled funds)	-	(£1.6)	
Total		£1.6	(£1.6)	

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit, Governance and Standard Committee with a summary of **corrected audit differences** (including disclosure misstatements) identified during the course of our audit.

There are no corrected misstatements to report.

Control Deficiencies

There are no new recommendations as a result of our work in current year. However, we have also followed up the recommendations from previous year audit, in summary:

Priority rating for recommendations

- 1** **Priority one:** issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.
- 2** **Priority two:** issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.
- 3** **Priority three:** issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

#	Risk	Issue, Impact and Recommendation	Current Status (November 2025)
1	1	<p>Approval of journals: Segregation of duties</p> <p>The Pension Fund has a process where journal entries require authorisation prior to posting in SAP. Whilst none of the journal entries we selected for testing lacked authorisation, we note that the system – as configured – does not enforce authorisation meaning there is a risk that a journal could be posted without approval.</p> <p>We understand the limitations the Pension Fund has identified in the current system meaning they do not believe an approval workflow will be useful. The Pension Fund should consider introducing an approval workflow in its replacement finance system.</p>	<p>Outstanding</p> <p>The pension fund is in the process of migrating to a new version of SAP. We would not anticipate the pension fund making substantial changes to the operation of the existing system due to its imminent replacement and consequently have not re-raised our recommendation.</p>
2	2	<p>Management review of valuation of directly held property</p> <p>Under the International Standards of Auditing, we are required to identify and evaluate the design and implementation of an internal control in relation to significant risks. Whilst the Audit, Governance and Standard Committee appoints a third-party fund manager, Nuveen to manage its property portfolio and who further in turn engage Knight Frank to value the property, we did not identify an associated management review or other control that meets the requirements of the auditing standards.</p> <p>We recommend that the Fund review and challenge the valuations provided by the valuer. This process should be fully documented.</p>	<p>Closed</p> <p>The pension fund's view is that their approach adequately addresses their risks and consequently is content with their process as it stands. Consequently, this recommendation is outstanding but closed.</p>
3	3	<p>Membership reconciliation</p> <p>We noted that no formal member reconciliation is performed noting membership changes in the year, reconciling movements and cross checking against the underlying payroll records. There is a risk that membership information may be incorrect.</p> <p>We therefore recommend that the Fund considers performing an annual membership reconciliation to ensure the completeness and accuracy of member records, which should be checked against the underlying payroll records for active and pensioner members at the year end or keep an audit trail and do a formal check when a report is run for the year end.</p>	<p>Outstanding</p> <p>The Pension Fund is currently working to expand its membership reconciliation processes to also track changes in member status. This enhancement will allow for a reconciliation of movements within member categories to be available for the next year end. The reconciliation will then be validated against underlying payroll records for active and pensioner members</p>

Control Deficiencies

There are no new recommendations as a result of our work in current year. However, we have also followed up the recommendations from previous year audit, in summary:

Priority rating for recommendations

- 1** **Priority one:** issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.
- 2** **Priority two:** issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.
- 3** **Priority three:** issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

#	Risk	Issue, Impact and Recommendation	Current Status (November 2025)
4	2	<p>Related parties</p> <p>The Pension Fund used old declarations of interest as part of identification of related parties. In many cases we identified more recent declarations on the Council's website, although we acknowledge these may not have existed at the time of preparing the disclosure.</p> <p>If outdated declarations are used, there is a risk the disclosure in the accounts will be incorrect.</p> <p>We recommend that the Pension Fund ensures it always uses the most up to date declaration, and chases members to provide declarations if not up to date during the account's preparation process.</p>	<p>Implemented</p> <p>We have not identified any similar issues this year.</p>
5	2	<p>Valuation of investments</p> <p>We noted that no formal process followed by pension fund to update the investment valuations after preparing draft financial statements. There is a risk that investments are recorded at lagged valuations.</p> <p>We therefore recommend that the Fund considers obtaining the asset confirmations from fund managers again (at least after 6 months from the year end) for those assets which were recorded at lagged valuations within the first draft of financial statements.</p>	<p>Implemented</p> <p>We have not identified any similar issues this year.</p>



ISA (UK) 240 Revised: changes embedded in our practices

Ongoing impact of the revisions to ISA (UK) 240

- ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) *The auditor's responsibilities relating to fraud in an audit of financial statements* included revisions introduced to clarify the auditor's obligations with respect to fraud and enhance the quality of audit work performed in this area. These changes are embedded into our practices and we will continue to maintain an increased focus on applying professional scepticism in our audit approach and to plan and perform the audit in a manner that is not biased towards obtaining evidence that may be corroborative, or towards excluding evidence that may be contradictory.
- We will communicate, unless prohibited by law or regulation, with those charged with governance any matters related to fraud that are, in our judgment, relevant to their responsibilities. In doing so, we will consider the matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud.

Matters related to fraud that are, in our judgement, relevant to the responsibilities of Those Charged with Governance

Our assessment of the risks of material misstatement due to fraud may be found on page 4 and 6. We also considered the following matters required by ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) *The auditor's responsibilities relating to fraud in an audit of financial statements*, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud:

- Concerns about the nature, extent and frequency of management's assessments of the controls in place to prevent and detect fraud and of the risk that the financial statements may be misstated.
- A failure by management to address appropriately the identified significant deficiencies in internal control, or to respond appropriately to an identified fraud.
- Our evaluation of the entity's control environment, including questions regarding the competence and integrity of management.
- Actions by management that may be indicative of fraudulent financial reporting, such as management's selection and application of accounting policies that may be indicative of management's effort to manage earnings in order to deceive financial statement users by influencing their perceptions as to the entity's performance and profitability.
- Concerns about the adequacy and completeness of the authorization of transactions that appear to be outside the normal course of business.

Based on our assessment, we have no matters to report to Those Charged with Governance.





KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight (and Risk) Committee, and accountability is reinforced through the complete chain of command in all our teams.

■ Commitment to continuous improvement

- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



■ Association with the right entities

- Select clients within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members employed KPMG specialists and specific team members





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Document Classification: KPMG Confidential

Meeting Name:	Local Pension Board
Date:	4 February 2026
Report title:	Local Pension Board Forward Plan 2026-27
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer

RECOMMENDATIONS

- Local Pension Board (LPB) members are asked to review the suggested agenda items for 2026-27.

BACKGROUND INFORMATION

1. In order to consider the coming year's rolling work programme, it is useful to refer to the Local Pension Board's Terms of Reference, which can be found at:

[SOUTHWARK COUNCIL LOCAL PENSION BOARD TERMS OF REFERENCE](#)

2. The core functions of the LPB, extracted from the Terms of Reference, are set out below:

- *The first core function of the Board is to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme. Within this extent of this core function the Board may determine the areas it wishes to consider.*
- *The second core function of the Board is to ensure the effective and efficient governance and administration of the Scheme. Within this extent of this core function the Board may determine the areas it wishes to consider.*

Work Programme for 2026-27

3. The work programme for 2026-27 is set out below:

Date	Agenda Items
1 April 2026	<ul style="list-style-type: none"> • Pension Fund Annual Budget 2026-27 • Final Valuation Report & Funding Strategy Statement • Communications Policy – whole Fund • Combined Governance Strategy, Training Strategy and Conflicts of Interests Policy • Breaches Log • The General Code – Action Plan • Training: Annual Benefit Statements, Data and Accuracy
1 July 2026	<ul style="list-style-type: none"> • LPB Annual Report • Cyber Security: Annual Audit of External Providers • ABS Progress Update • Governance Update • McCloud • Risk Register • Pension Dashboard • Pension Budget Update - 2026 -27 • Training: Integrated Risk Management: Covenant Assessment
7 October 2026	<ul style="list-style-type: none"> • Pension Budget Update - 2026 -27 • Breaches Log • Option to re-appoint LPB Chair • Training: Access and Fairness Overview
January 2027	<ul style="list-style-type: none"> • Forward Plan 2027-28 • Training Plan 2027-28 • Pension Fund Statement of Accounts and Audit Findings report 2025-26 • Risk Register • Pension Budget Report • Training: Pensions Dashboards Readiness, Requirements and Risks
Standing Items	<ul style="list-style-type: none"> • Pension Services Update • Update on Current LGPS Issues • Monitoring of LGPS “Fit for the Future” progress • PAP Update
Items with no defined date	

4. Local Pension Board members are asked to contribute other areas of work that could be included.

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

5. Community Impact Statement

No immediate implications arising.

6. Equalities (including socio-economic) Impact Statement

No immediate implications arising

7. Health Impact Statement

No immediate implications arising

8. Climate Change Implications

No immediate implications arising

9. Resource Implications

No immediate implications arising

10. Legal Implications

No immediate implications arising

11. Financial Implications

No immediate implications arising

12. Consultation

No immediate implications arising

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Caroline Watson, Chief Investment Officer	
Version	Final	
Dated	4 February 2026	
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:	4 February 2026
Report title:	Local Pension Board Training Plan 2026-27
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer

RECOMMENDATIONS

Local Pension Board (LPB) members are asked to:

- Agree the LPB training plan set out as Appendix A of this report.
- Note the training undertaken by LPB members to date, set out as Appendix B of this report.

BACKGROUND INFORMATION

1. The Pension Board is required under the Public Service Pensions Act 2013 to possess sufficient skills, knowledge and understanding to run the Southwark Pension Scheme effectively. Local Pension Board (LPB) members actively participate within this framework to ensure a broad range of knowledge and understanding sufficient to exercise scrutiny in the discharge of their functions.
2. The Annual Training Plan updated for 2026 is designed to ensure that LPB members develop and maintain the knowledge and skills in line with regulatory and professional frameworks, currently in use, and extend knowledge to encompass emerging regulatory developments arising from the LGPS (Amendment) Regulations 2026 (the 2026 Regulations), effective from 1 April 2026.
3. This Fund Training Plan may be amended as regulatory developments arise throughout the year. Any changes will be presented to PAP for discussion and approval and further tabled at LPB for review.

APPROACH TO TRAINING

4. The 2026 Regulations introduce a number of changes that shall shape the LPB agenda and work plan in 2026. Officers have used this as an opportunity to review training currently available from Hymans Robertson.
5. In January 2026, Fund officers, together with the LPB Chair, met with Hymans Robertson to discuss transition to the Hymans learning platform, currently in development and which would go live in May 2026. This new learning portal features eight modules, videos on demand and knowledge assessment tools. Officers shall continue working with Hymans to ensure the learning offer is appropriate to the requirements of Southwark Pension Fund. Officers shall provide an update at the next meeting of LPB.
6. A draft training plan for 2026-2027 is attached as Appendix A of this report – this will be updated as soon as the Hymans Robertson training product becomes available and also be informed by training needs assessment.
7. As a matter of good practice, LPB members are asked to complete an annual refresh of their training needs assessment, which is attached at Appendix C. The returns shall be reported to LPB at its next meeting in April 2026.
8. Training sessions will take place prior to quarterly meetings. Where relevant, members of the Pensions Advisory Panel will be invited to join these training sessions, either in person or via Teams. If they are unable to attend, the Teams training will be recorded.
9. LPB members are asked to advise of any training gaps going forward in order that suitable training can be arranged to address them.
10. Details of the training undertaken by LPB members to date are included for reference as Appendix B of this report.

INDIVIDUAL LEARNING

11. The Pensions Regulator Public Service Toolkit can be accessed from the following link:

<https://education.thepensionsregulator.gov.uk/my/>
12. The CIPFA Guide for Local Pension Boards has been sent to Local Pension Board members.
13. Members are also asked to complete a pro-forma reporting tool which describes any relevant training that they have participated in outside of the scheduled LPB sessions. This can be found at Appendix B.

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

14. **Community Impact Statement**
No immediate implications arising

15. **Equalities (including socio-economic) Impact Statement**
No immediate implications arising

16. **Health Impact Statement**

No immediate implications arising

17. **Climate Change Implications**
No immediate implications arising

18. **Resource Implications**

No immediate implications arising

19. **Legal Implications**
No immediate implications arising

20. **Financial Implications**
No immediate implications arising

21. **Consultation**
No immediate implications arising

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Caroline Watson, Chief Investment Officer	
Version	Final	
Dated	4 February 2026	
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		

Appendix A – TRAINING PLAN

Date	Description	Provider
Feb-26	Good Governance Draft Regulations	CW
Apr-26	Annual Benefits Statements, Data and Accuracy	BB
Jul-26	Integrated Risk Management: Covenant Assessment	CW
Oct-26	Access and Fairness Overview	BB
Jan-27	Pensions Dashboard Readiness, Requirements and Risks	BB

Appendix B

LOCAL PENSION BOARD TRAINING UNDERTAKEN TO DATE

Training Category	Training Undertaken
1 – Pensions legislation	LPB Introduction session - June 2015 Recent LGPS developments - July 2018 General Data Protection Regulations - April 2018 Pensions Benefits - January 2017 LGPS Benefits - January 2016 Breaches of the Law – July 2022
2 – Pensions governance	LPB Introduction session - June 2015 Recent LGPS developments - July 2018 SAB Good Governance Project – July 2021 Equality, Diversity and Inclusion – July 2023 Conflicts of Interest – January 2024 Spring Budget and the LGPS – April 2024 LGPS pooling – July 2024 General Code of Practice – October 2024 LGPS Governance Conference – January 2025 SAB Update on LGPS Issues/LCIV Update/ Nature Based Solutions – March 2025 LGPS Pooling Regulations & Governance – July 2025 The Role of Southwark Pension Board – October 2025
3 – Pensions administration	LPB Introduction session - June 2015 Taxation & the LGPS - October 2018 Admitted & Scheduled Bodies - September 2017 Complaints Management – April 2021 Additional Voluntary Contributions – October 2021 Administration Strategy – Administering Authority and Employer Responsibilities – January 2022
4 – Investment decision making, performance and risk management	LPB Introduction session - June 2015 Asset Classes (Mercer) - October 2015 Diversified Growth & Absolute Return Bonds - April 2016 Investment Strategy and Approach to Fossil Fuel Divestment – April 2022 UK Budget 2023 – April 2023 Cost Transparency – October 2023 Net Zero Carbon Target Governance Framework and developments in Responsible Investment reporting – January 2025 Case Study on a Transition – January 2025 Asset Classes – December 2025 LCIV – December 2025
5 – Actuarial methods, standards and practices	LPB Introduction session - June 2015 Joint actuarial training with PAP - June 2016 Actuarial Valuations – October 2022 Actuarial Valuation – December 2025

Appendix B

Individual training received by LPB members

LPB Members are asked to complete the below table, which identifies any individual training that they have received since October 2023. As a minimum, members are expected to complete 4 hours of training per annum (including training received at LPB). The training can be received through a variety of routes including attendance at conferences or other educational events, online learning or one-to-one training with officers.

Role	Event	Provider	Date	Event Type	Content	Duration (hrs)
Chair of LPB						
Vice-Chair of LPB						
Member of LPB						

Appendix C
LPB training needs assessment 2026

Rate your knowledge - please score each item according to the following scale:

- 1 = Poor, Not effective, No Understanding
- 2 = Satisfactory, Quite Effective, Limited Understanding
- 3 = Good, Effective, Some understanding
- 4 = Very Good, Very effective, Full Understanding

	Area of Understanding	Score 1 - 4
	1 – Pensions legislation	
1	A general understanding of the pensions legislative framework in the UK	
2	An overall understanding of the legislation and statutory guidance relating to LGPS benefits, administration and investment.	
3	An appreciation of LGPS discretions and how the discretionary policies impacts on the pension fund, employers and local taxpayers	
	2 – Pensions governance	
4	Knowledge of the role of the administering authority in relation to the LGPS.	
5	An understanding of the roles and powers of the following bodies and how they relate to the workings of the scheme:	
	i) • MHCLG	
	ii) • Pensions Regulator	
	iii) • Pensions Ombudsman	
	iv) • CIPFA	
	v) • LGPS Scheme Advisory Board	
6	A detailed knowledge of the duties and responsibilities of Pensions Advisory Panel and Local Pension Board members in the context of Good Governance	
7	Knowledge of mandatory and desirable policies, e.g. Investment Strategy Statement, Governance Compliance Statement	
8	Knowledge of the stakeholders of the pension fund	
9	Knowledge of how pension fund risk is monitored and managed.	
10	An understanding of how conflicts of interest are identified and managed.	
11	Knowledge of how pension fund service providers (e.g. actuary, investment consultant) are procured and monitored	
12	An understanding of how breaches in law are reported.	
13	A broad knowledge of Pension Fund accounting and an understanding of the role of both internal and external audit in the governance and assurance process.	

	Area of Understanding	Score 1 - 4
	3 – Pensions administration	
14	An understanding of best practice in pensions administration e.g. performance and cost measures	
15	Understanding of the required and adopted scheme policies and procedures relating to:	
	i) • member data maintenance and record-keeping processes	
	ii) • internal dispute resolution	
	iii) • contributions collection	
	iv) • scheme communication and materials.	
16	Knowledge of the pensions administration strategy and delivery	
17	An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration.	
18	An understanding of what AVC arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.	
19	A deep dive into improvement of member primary and secondary data and what this means for Access and Fairness.	
20	Integrated risk management: funding strategy, employer covenant affordability and monitoring.	
21	A Strawman's understanding of the Pension Regulator's Pensions Dashboard: readiness, data quality and data governance.	
22	Annual Benefits Statements	
24	Pension administration data improvement programs, costs, benefits and outcomes.	
25	Cyber threats, controls, third party supplier risk and response planning in pension administration.	
26	Business Continuity Planning for pension administration functions.	
	4 – Investment decision making, performance and risk management	
27	An understanding of the fund's investment strategy statement	
28	An understanding of the limits placed by regulation on the investment activities of local government pension funds.	
29	An understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.	
30	An understanding of the key risks the Fund faces with regard to investment markets.	
31	An understanding of the Fund's approach to being a responsible asset owner, including the management of climate and other non-financial risks	

	Area of Understanding	Score 1 - 4
32	Knowledge of how the Fund can seek to limit the extent of such risks through portfolio construction or through specific risk mitigation instruments.	
33	Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.	
34	A broad understanding of LGPS pooling and the relationship between LBS PF and London CIV pool	
35	A broad understanding of the workings of the financial markets and of the investment vehicles (including via the London CIV LGPS pool) available to the pension fund and the nature of the associated risks.	
	Area of Understanding	Score 1 - 4
	4 – Investment decision making, performance and risk management (cont)	
36	An understanding of the risks involved in the investment of particular asset classes and their specific return characteristics and their role in long term investment.	
	i) <i>Listed Equities</i>	
	ii) <i>Unlisted Equities - e.g. Private Equity</i>	
	iii) <i>Fixed Interest Gilts/Bonds</i>	
	iv) <i>Index Linked Gilts</i>	
	v) <i>Property</i>	
	vi) <i>Infrastructure - Debt and Equity</i>	
	vii) <i>Derivatives and Risk Mitigation</i>	
	5 – Actuarial methods, standards and practices	
37	A general understanding of the role of the fund actuary	
38	Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring.	
39	An awareness of early and ill health retirement strain costs and risks to employers.	
40	A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers.	
41	A general understanding of the relevant considerations in relation to outsourcings and bulk transfers.	
42	A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers.	

Meeting Name:	Local Pension Board
Date:	4 February 2026
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 (Operations & Investments): Quarterly meeting with key service providers/advisers for both investment and administration function now in place.
 - b. Transfers out (Operations): Data Team has now corrected, and transfer output has been amended to include previous information that was being added manually.
 - c. Resolving overdue contributions (Investments): Waiting for advice from

external legal counsel on this. Officers will implement appropriate next steps once such external inputs/guidance received.

- d. Annual pension benefit statements (Operations): AVC fund values on 31 March 2025 were incorporated into main LGPS Annual Benefit Statements issued in August 2025. The existing AVC provider was unable to meet all pension fund data requirements and so hard copy AVC statements were sent to members later in October 2025.
5. The updated Action Plan is attached as Appendix 1 to the report. Other than resolving overdue contributions (subject to external legal advice), all immediate actions planned in relation to the General Code are now complete.

Action Plan & Next Steps

6. In addition to the immediate actions already implemented to address the gaps, officers aim to undertake further steps in the coming months in relation to some of the focus areas from the review. These include:
 - a. Develop a formal Conflicts of Interest policy for end-to-end Fund operations and the governance structure. Conflicts related to advisers and service providers will be considered in the policy.
 - b. Guidance and controls around how we deal with overdue contributions will also be considered as part of the Fund Contribution Policy and while implementing the Fund Administration Strategy.
 - c. An update on AVC provision will be considered as part of the phase 2 website refresh planned in Q1 2026-27. An AVC supplier review later will be conducted in 2026-27 as part of its financial fit for future campaign and technology commitments in provision of more digital member self-service.
7. Officers will update the LPB as work progresses. The Fund officers will also keep the PAP updated on the work undertaken.

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 – February 2026

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Caroline Watson – Chief Investment Officer	
Version	Final	
Dated	4 February 2026	
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	The Fund complies with the Code and no further action is required at this time
Green	35 (66%)	Yellow	The expectation does not apply to the LGPS but the Fund may wish to comply with this expectation as a matter of good practice
Awaiting assessment	3 (6%)	Red	The Fund does not comply with the Code and action is required
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 details on annual supplier reviews and how other key advisers are monitored.	Pensions Investments & Operations Team	30/06/2025	Investments team: Caroline Watson, Spandan Shah, Operations team: Barry Berkengoff, Peter Hughes		30/06/2026	Action completed during Q3 2025-26. Quarterly meetings now in place with AON software supplier for Administration function to discuss service performance, outstanding issues, etc. Officers also working on a formal Conflicts of Interest policy for end-to-end Fund operations and the governance structure. Conflicts related to advisers and service providers will be considered in the policy.
2	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.	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, Operations team: Barry Berkengoff, Peter Hughes	Revised Risk register already discussed at the Board meeting on 02/07/2025.	Not Applicable	Action already 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.	Pensions Investments Team	No Action required	Investments team: Caroline Watson, Jenny Han-Nguyen	Not Applicable	Not Applicable	No Action required
			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 Operations Team	30/06/2025	Operations team: Barry Berkengoff, Peter Hughes	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.	31/08/2025	Action already 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	Action completed during Q3 2025-26. Data Team has now corrected and transfer output has been amended to include previous information that was being added manually
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.	31/03/2026	Following inputs from the council's legal team, we have reached out to an external legal counsel for guidance on this issue. We will action appropriate next steps accordingly. Additionally, guidance and controls around how we deal with overdue contributions will also be considered as part of Fund Contribution Policy and while implementing the Fund Administration Strategy.
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 2024-25.
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	Action completed during Q3 2025-26. Additionally, an update on AVC provision will be considered as part of phase 2 website refresh planned in Q1 2026-27. An AVC supplier review later will be conducted in 2026-27 as part of its financial fit for future campaign and technology commitments in provision of more digital member self-service.
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 already 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:	4 February 2026
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 9 December 2025 Pensions Advisory Panel (PAP) meeting, which covered activity between 1 July and 30 September 2025.

Publication of Meeting Papers

2. The PAP meeting papers have been published on the pension fund website and can be accessed via the following link: [\(Public Pack\)Agenda Document for Pensions Advisory Panel, 09/12/2025 12:15](#)

Actuarial Valuation (Preliminary results) – Agenda Item 7

3. PAP was asked to note preliminary results of the 2025 triennial actuarial valuation exercise. Key highlights include:
 - i. stable funding position
 - ii. improvement in the overall surplus at aggregate Fund level
 - iii. reduction in costs of benefits at aggregate Fund level
 - iv. scope for reduction in employer contribution rate going forward
4. The above outcomes are based on preliminary analysis which Aon is still finalising. Officers will update the PAP and Board once the valuation exercise is complete and final results are available.

Investment Strategy Review – Agenda Item 8

5. Alongside Aon, officers have commenced a review of the Fund's current investment strategy. The review assessed the current portfolio in the context of the overall investment return requirements as set out in preliminary results from the actuarial valuation and considering specific risk exposures for the Fund.
6. The strategy review will also incorporate the requirements of the Fit for the Future regulations and the requirement that, from 1 April 2026, implementation of the pension fund's investment strategy will be handed over to the London Collective Investment Vehicle (LCIV).
7. A full report on the Fund's revised Strategic Asset Allocation will be tabled at the upcoming PAP meeting in March 2026.

Conflict Zones Update – Agenda Item 9

8. Officers updated the PAP on progress on each of the four commitments made in the Council Leader's statement released on 15 September 2025 in relation to the Fund's approach to investment in conflict zones.
9. PAP was updated on the discussions officers have had with investment managers managing our pooled equity funds as well as with LCIV.
10. Officers also presented the framework incorporating principles of the UN Genocide Convention and the UN List as part of the investment decision-making process going forward.
11. As the outcomes of the triennial valuation and the investment strategy review progress, the Fund will prioritise embedding the outcome of all four actions on conflict zones into the investment process.
12. An update on all actions will be provided to PAP at the next meeting in March 2026.

Pension Administration Strategy – Agenda Item 10

13. PAP signed off and approved the updated Administration Strategy for the Fund.
14. Officers have now shared the latest Administration Strategy with all employers and key stakeholders of the Fund as part of the consultation process.

LGPS Pooling (Verbal Update) – Agenda Item 11

15. Officers provided a verbal update on the latest developments including discussions and progress with LCIV, and the draft guidance released in relation to the pooling mandate.

Asset Allocation Update – Agenda Item 12

16. All allocations are within the maximum permitted by the Strategic Asset Allocation.
17. The key overweight position is in global equity (+3.0%), followed by ESG priority funds (+1.5%). In contrast, the key underweight position is in Property (-4.1% excluding cash).
18. Most of the changes in over and underweight positions are linked to market movements, with equities having another strong quarter.

Quarterly Investment Update – Agenda Item 13

19. The following are the key updates in relation to the Fund’s performance during the quarter:

- Fund value increased by £96.2m during the quarter to 30 September 2025, from £2,328.6m to £2,425.8m.
- Fund return quarter to September 2025: 4.3% (benchmark 5.4%)
- Fund return year to September 2025: 7.4% (benchmark 10.7%)
- Fund return 3 years to September 2025: 7.2% p.a. (benchmark 10.7% p.a.)

Responsible Investment Update – Agenda Item 14

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

21. Officers also provided an update on the key engagement and voting themes for the quarter together with select case studies from the Fund’s equity managers.

Pension Fund Statement of Accounts and Audit Findings Report – Agenda Item 15

22. Officers provided an update on the audit of the pension fund statement of accounts and discussed certain findings and recommendations provided by KPMG, the Fund auditor.

23. KPMG confirmed their intention to issue an unqualified opinion on the council and pension fund statement of accounts for 2024-25. There were no new recommendations resulting from the audit work for 2024-25.

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

24. Community Impact Statement

No immediate implications arising.

25. Equalities (including socio-economic) Impact Statement

No immediate implications arising

26. Health Impact Statement

No immediate implications arising

27. Climate Change Implications

No immediate implications arising

28. Resource Implications

No immediate implications arising

29. Legal Implications

No immediate implications arising

30. Financial Implications

No immediate implications arising

31. Consultation

No immediate implications arising

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director, Resources	
Report Author	Caroline Watson, Chief Investment Officer	
Version	Final	
<i>Dated</i>	4 February 2026	
<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:	4 February 2026
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) response to CIPFA's Code of Practice on Local Authority Financial Reporting in the UK consultation

2. The consultation focusses on the 2026-27 Code of Practice on Local Authority Accounting in the UK which will apply to accounting periods starting on or after 1 April 2026.
3. SAB supports the proposal to separate pension fund accounts from those of the administering authority (AA).
4. SAB considers decoupling the accounts as an opportunity to improve the quality of pension fund reporting, enabling readers to better assess effectiveness of the pension fund's governance framework and address historical issues like delays in sign-off of consolidated accounts due to issues with AA accounts.
5. SAB response can be found [here](#).

SAB response to Fit for Future – technical consultation

6. SAB published its response to the Fit for Future technical consultation which can be found [here](#).

Revised Code of Transparency now published

7. SAB published the revised Code of Transparency (the Code) in December 2025.
8. The changes to the Code alongside the new framework (which is expected to go live in 2026) are aimed at ensuring that the Code continues to deliver on its intended objective of increased transparency within LGPS.

9. Some of the key changes are outlined below:

- Revisions to definitions of pools, investment managers and financial year.
- Timeline for an investment manager to develop the infrastructure necessary to provide clients with investment cost data has decreased from twelve to six months.
- Timescales for submission of templates reduced to 60 days (from 90 days) in the case of public market templates.

10. The revised Code can be found [here](#). FAQs in relation to the revised Code can be found [here](#).

SAB response to MHCLG closed consultation on draft Investment, pooling and governance guidance

11. SAB published its response to the MHCLG closed consultation on draft Investment, pooling and governance guidance – technical consultation which can be found [here](#).

12. Some of the key highlights/areas are outlined below:

- With multiple changes and regulations in the pipeline, SAB has highlighted the need for a ‘roadmap’ to enable AA’s to effectively implement all proposed changes.
- SAB has acknowledged that additional guidance is required in relation to Governance Strategy, Training Strategy and managing Conflicts of Interest.
- SAB has highlighted certain areas where additional clarifications are needed in relation to the role of a ‘Senior LGPS officer’ and an ‘Independent Person’.
- SAB has also sought more clarity on the process of conducting the Independent Governance Review.
- SAB has also sought additional clarity and guidance on various aspects of pooling including decision-making on RI issues, local investments and pool governance.
- SAB has sought further guidance on the role of the Independent Person and local pension board (LPB) in deciding the Investment Strategy Statement.
- SAB has reiterated its concerns over the breadth of the powers being taken by the Secretary of State in relation to the making of directions to AAs.

SAB response to Access and Protections consultation

13. SAB published its response to the Access and Protections consultation which can be found [here](#).

14. This has been discussed separately as part of the Pensions Administration Report (Agenda Item 8).

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

15. Community Impact Statement

No immediate implications arising.

16. Equalities (including socio-economic) Impact Statement

No immediate implications arising

17. Health Impact Statement

No immediate implications arising

18. Climate Change Implications

No immediate implications arising

19. Resource Implications

No immediate implications arising

20. Legal Implications

No immediate implications arising

21. Financial Implications

No immediate implications arising

22. Consultation

No immediate implications arising

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Spandan Shah, Interim ESG Manager	
Version	Final	
<i>Dated</i>	4 February 2026	
<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