Open Agenda

Pensions Advisory Panel

Tuesday 9 December 2025
12.15 pm
Meeting Room 225 - 160 Tooley Street, London SE1 2QH

Membership

Councillor Stephanie Cryan (Chair)
Councillor Emily Hickson
Councillor Rachel Bentley

Staff Representatives
Roger Stocker
Julie Timbrell
Derrick Bennett

Officers
Clive Palfreyman
Caroline Watson
Barry Berkengoff

Advisors
David Cullinan
Colin Cartwright

INFORMATION FOR MEMBERS

Contact
Andrew Weir by email: andrew.weir@southwark.gov.uk

Members of the committee are summoned to attend this meeting
Althea Loderick
Chief Executive
Date: 1 December 2025

Pensions Advisory Panel

Tuesday 9 December 2025
12.15 pm
Meeting Room 225 - 160 Tooley Street, London SE1 2QH

Order of Business

Item No.	Title	Page No.
1.	**APOLOGIES** To receive any apologies for absence.	
2.	**CONFIRMATION OF VOTING MEMBERS** Voting members of the committee to be confirmed at this point in the meeting.	
3.	**NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT**	
4.	**DISCLOSURE OF INTERESTS AND DISPENSATIONS** Members of the committee to declare any interests and dispensation in respect of any item of business to be considered at this meeting.	
5.	**MINUTES (5 MINUTES)** To agree as a correct record, the open minutes of the meeting held on 23 September 2025.	1 - 6
6.	**MATTERS ARISIING**	
7.	**ACTUARIAL VALUATION 2025 - PRELIMINARY RESULTS (15 MINUTES)**	7 - 25
8.	**INVESTMENT STRATEGY REVIEW (10 MINUTES)**	26 - 28

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9.	**CONFLICT ZONES UPDATE (15 MINUTES)**	29 - 48
10.	**ADMINISTRATION STRATEGY (10 MINUTES)**	49 - 90
11.	**LOCAL GOVERNMENT PENSION SCHEME POOLING - VERBAL UPDATE (5 MINUTES)**	
12.	**ASSET ALLOCATION UPDATE (5 MINUTES)**	91 - 98
13.	**QUARTERLY INVESTMENT UPDATE (5 MINUTES)** — **DAVID CULLINAN** — **AON**	99 - 132
14.	**RESPONSIBLE INVESTMENT UPDATE (5 MINUTES)**	133 - 143
15.	**PENSION FUND STATEMENT OF ACCOUNTS AND AUDIT FINDINGS REPORT (5 MINUTES)**	144 - 170
16.	**LOCAL PENSION BOARD UPDATE (5 MINUTES)**	171 - 174
17.	**PENSIONS SERVICES UPDATE (5 MINUTES)**	175 - 182
	ANY OTHER OPEN BUSINESS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT	

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.”

Item No.	Title	Page No.

18. CLOSED MINUTES

To agree as a correct record, the closed minutes of the meeting held on 23 September 2025.

19. INVESTMENT STRATEGY REVIEW

20. QUARTERLY INVESTMENT UPDATE - AON CLOSED REPORT

ANY OTHER CLOSED BUSINESS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT

Date: 1 December 2025

Agenda Item 5

Southwark Council

Pensions Advisory Panel

MINUTES of the OPEN section of the Pensions Advisory Panel held on Tuesday 23 September 2025 at 11.30 am at Meeting Room 225 - 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Stephanie Cryan (Chair)
Councillor Rachel Bentley (Remotely)
Councillor Emily Hickson
Clive Palfreyman
Caroline Watson
Tracey Milner
Spandan Shah
Agne Svencionyte
Adizatu Tarawallie
Tufazzul Miah
Julie Timbrell
Roger Stocker
Mike Ellsmore
David Cullinan
Colin Cartwright
Marco Gonzalez
Andrew Weir

1. APOLOGIES

Apologies were received from Barry Berkengoff.

It was noted that Councillor Rachel Bentley and Mike Ellsmore would be joining the meeting remotely.

2. CONFIRMATION OF VOTING MEMBERS

Councillor Stephanie Cryan, Councillor Rachel Bentley, Councillor Emily Hickson and Caroline Watson were confirmed as voting members.

3. **NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT**

There were none.

4. **DISCLOSURE OF INTERESTS AND DISPENSATIONS**

There were none.

5. **MINUTES**

RESOLVED:

That the open minutes of the meeting held on 19 March 2025 be agreed as a correct record and signed by the Chair.

6. **MATTERS ARISING**

There were none.

7. **FIT FOR THE FUTURE UPDATE**

Caroline Watson, the Chief Investment Officer, introduced the report.

Caroline Watson advised that there would be a training session in November for PAP and LPB members, prior to the December meeting of the panel, when decisions on strategy would be made.

There were questions on the report and a discussion.

Officers were requested to bring a risk register in relation to the lead up to the March 2026 pooling deadline.

RESOLVED:

1. That the positive progress on plans to transition the Fund's assets to the London CIV investment pool in line with the requirements of the outcome of the "Fit for the Future" consultation, which has a challenging deadline of 31 March 2026, be noted.

2. That an additional meeting shall be diarised in November, to which members of LPB will be invited, to receive training on the actuarial valuation and the Fund's strategic asset allocation review.

8. ASSET ALLOCATION UPDATE

Tracey Milner, Interim Pensions Investment Manager, introduced the report.

Tracey Milner advised that he market value of the Fund increased during the quarter from £2,269.8m to £2,328.6m, an increase of £60.0m (+2.6%).

Officers were requested to organise a tour of the buildings in the borough that Nuveen was invested in.

There were no questions on the report.

RESOLVED:

That the Fund's asset allocation at 30 June 2025, overall performance and other matters considered by the officers and advisers of the Fund during the quarter to the end of June and post quarter end, be noted.

9. QUARTERLY INVESTMENT UPDATE

David Cullinan presented his report and updated the Panel.

Colin Cartwright from AON presented his report and updated the Panel.

There were questions and a discussion on the reports.

RESOLVED:

That the quarterly investment updates be noted.

10. CARBON FOOTPRINT UPDATE

Spandan Shah, Interim ESG Manager, presented the report.

Spandan advised that the results for 30 June 2025 show an increase in Weighted Carbon Intensity ('WCI') (Scope 1 and Scope 2) of the Fund by 7% compared to the previous quarter (31 March 2025). On an aggregate basis, since September 2017 baseline, the Fund has reduced its WCI by 81%.

There were questions on the report and a brief discussion.

RESOLVED:

That the Fund's updated carbon footprint as at 30 June 2025 be noted.

11. VOTING AND ENGAGEMENT ACTIVITY

Spandan Shah, Interim ESG Manager, presented the report.

There were questions on the report and a short discussion.

RESOLVED:

That the Fund's engagement and voting activity for the underlying equity investments for the quarter ended 30 June 2025 be noted.

12. STEWARDSHIP CODE

The chair congratulated everyone involved in achieving the outcome to become a signatory to the UK Stewardship Code.

Caroline Watson, the Chief Investment Officer, introduced the report.

There were questions on the report and a discussion.

RESOLVED:

1. That the successful outcome of the Fund's recent application in May 2025 to become a signatory to the UK Stewardship Code ('the Code') be noted.

2. That the overview of the Code and next steps for the Fund be noted.

13. RESPONSIBLE INVESTMENT GENERAL UPDATE

Clive Palfreyman, the Strategic Director of Resources introduced the report.

There were questions on the report and a discussion.

Officers were asked to update the pensions advisory panel at the next meeting as to the position of Southwark Council in comparison to other councils in relation to these issues.

RESOLVED:

That the update on two key Responsible Investment ('RI') aspects of the portfolio - the Fund's 2030 net zero target and approach to exposure to conflict in the Middle East, as at 30 June 2025, be noted.

14. LOCAL PENSION BOARD UPDATE

Mike Ellsmore updated the Panel on the last meeting of the LPB and highlighted some of the key issues that had been discussed, including cybersecurity.

There were no questions.

RESOLVED:

That the update from the Local Pension Board (LPB) meeting of 2 July 2025 be noted.

15. PENSIONS SERVICES UPDATE

Agne Svencionyte, the pensions administration manager, introduced the report.

There were questions on the report and a discussion.

RESOLVED:

That the update on the pensions administration and operational function be noted.

16. REFRESH OF PENSION FUND CASH MANAGEMENT POLICY

Tracey Milner, Interim Pensions Investment Manager, introduced the report.

There were no questions on the report.

RESOLVED:

That the the updates to the Fund’s cash management policy, which reflect changes in operational procedures following the appointment of Northern Trust as the Fund’s global custodian, be noted.

EXCLUSION OF THE PRESS AND PUBLIC

That the press and 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 category 3 of paragraph 10.4 of the access to information procedure rules of the Southwark Constitution.

The following is a summary of the decisions taken in the closed part of the meeting.

17. CLOSED MINUTES

The voting members of the Panel considered the closed information relating to this item.

18. FIT FOR THE FUTURE UPDATE - CLOSED

The voting members of the Panel considered the closed information relating to this item.

19. QUARTERLY INVESTMENT UPDATE - AON - CLOSED

The voting members of the Panel considered the closed information relating to this item.

20. RESPONSIBLE INVESTMENT UPDATE - CLOSED

The voting members of the Panel considered the closed information relating to this item.

The meeting ended at 1.25pm.

CHAIR:

DATED:

Agenda Item 7

Meeting Name:	Pensions Advisory Panel
Date:	9 December 2025
Report title:	Actuarial Valuation 2025 – Preliminary Results
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer, Pensions and Treasury Investments

RECOMMENDATIONS

1. The Pensions Advisory Panel (PAP) is asked to:

    a. Note the initial valuation results presentation attached as Appendix 1

    b. Note that the amended funding strategy statement will be tabled at the March 2026 PAP meeting

    c. Note that scheme employers will have the opportunity to feedback on the amended funding strategy statement, via a consultation which will commence shortly.

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

Community impact statement

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

APPENDICES

Name	Title
Appendix 1	Initial valuation results presentation

AUDIT TRAIL

<table>
<tr><th>Lead Officer</th><td colspan="2">Clive Palfreyman, Strategic Director of Resources</td></tr>
<tr><th>Report Author</th><td colspan="2">Caroline Watson, Chief Investment Officer, Pensions and Treasury Investments</td></tr>
<tr><th>Version</th><td colspan="2">Final</td></tr>
<tr><th>Dated</th><td colspan="2">28 November 2025</td></tr>
<tr><th>Key Decision?</th><td colspan="2">No</td></tr>
<tr><th colspan="3">CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</th></tr>
<tr><th>Officer Title</th><th>Comments Sought</th><th>Comments Included</th></tr>
<tr><td>Assistant Chief Executive - Governance and Assurance</td><td>No</td><td>No</td></tr>
<tr><td>Strategic Director of Resources</td><td>Yes</td><td>Yes</td></tr>
<tr><th>Cabinet Member</th><td>No</td><td>No</td></tr>
<tr><th colspan="2">Date final report sent to Constitutional Team</th><td>28 November 2025</td></tr>
</table>

2025 valuation – initial results

London Borough of Southwark Pension Fund

Prepared for: London Borough of Southwark Pension Fund Pensions Advisory Panel

Prepared by: Laura Caudwell FIA C.Act, Youyang Zhao

9 December 2025

Introduction

This slide deck provides the initial results of the actuarial valuation of the London Borough of Southwark Pension Fund (the Fund) as at 31 March 2025.

In particular, the slides summarise the initial results for:

- The **past service liabilities** of the Fund as a whole at this valuation, on the assumptions agreed with the Administering Authority.
- The corresponding future service cost (referred to as the **primary contribution rate**)
- The adjustment to the contributions required to bring the assets back into line with the **funding target** (referred to as the **secondary contribution rate**)
- Indicative results for **Southwark Council** on the agreed funding target

1

Initial results for 2025 valuation

Initial Past Service Results (whole Fund)

The initial results are shown below alongside the results from the previous valuation.

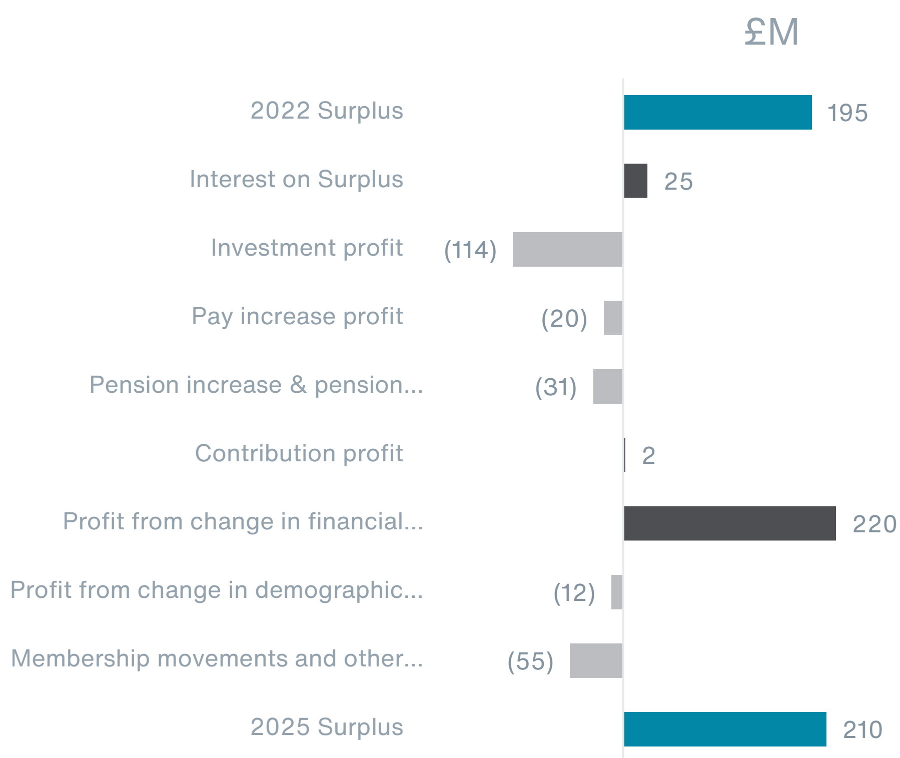
£M	31 March 2022 Valuation results	31 March 2025 initial valuation results
Probability of Funding Success (PoFS)	83%	86%
Assets	2,143.7	2,261.2
Past service liabilities	1,948.4	2,051.5
Split as: Actives	*608.8*	*643.6*
Deferreds	*446.9*	*423.2*
Pensioners	*892.6*	*984.7*
Past service surplus / (deficit)	195.3	209.7
Funding ratio	110%	110%

Notes

- The 2022 valuation results reflects the updated value of assets following completion of the audit of 2022 Report and Accounts – this increased the value of assets by £18.3M compared to that reported in the 31 March 2022 valuation report.
- Assets at 31 March 2025 are taken from the draft Report and Accounts.
- Currently all employers are valued using one funding target i.e. assumptions appropriate for Scheduled and Subsumption bodies.
- Past service liabilities includes an approximate allowance for the McCloud underpin and an approximate allowance for the Goodwin ruling.

Reasons for Change in Past Service Position (whole Fund)

The initial valuation results show that the surplus of £195M in the Fund at the previous valuation has become a surplus of £210M at this valuation.



Bars to the right show sources of gain relative to the 2022 position and bars to the left show sources of loss
Inflation experience item includes salary, revaluation and pension increase experience

Comments

The main factors which have improved the funding position are:

- The change in the financial assumptions (principally the rise in the discount rate relative to inflation)
- Changes to the longevity assumptions

These have been partially offset by the following main factors:

- Investment returns below the discount rate adopted at the 2022 valuation
- Higher than assumed pay growth on pre-2014 benefits
- Higher than expected inflation (even after allowing for the additional inflation allowance included at the previous valuation)
- Membership experience, including relating to members who should have been included in the 2022 valuation or should have been in a different status in 2022 (for example undecided should have been active, deferred or pensioner)
- Changes to other demographic assumptions, including the inclusion of an allowance for ill health retirements, which more than offset the reduction in liabilities due to the change in longevity assumptions.

Initial Primary Contribution Rate (whole Fund)

The cost of future benefits that members will earn in the Fund in future is shown below, alongside the results from the previous valuation.

	2022 valuation results	2025 Initial valuation results
Value of benefits accruing	25.9%	22.4%
Expenses	1.6%	1.7%
Less member contributions	(7.1%)	(6.9%)
Net employer cost (Primary Rate) as % Pay	20.4%	17.2%

Notes

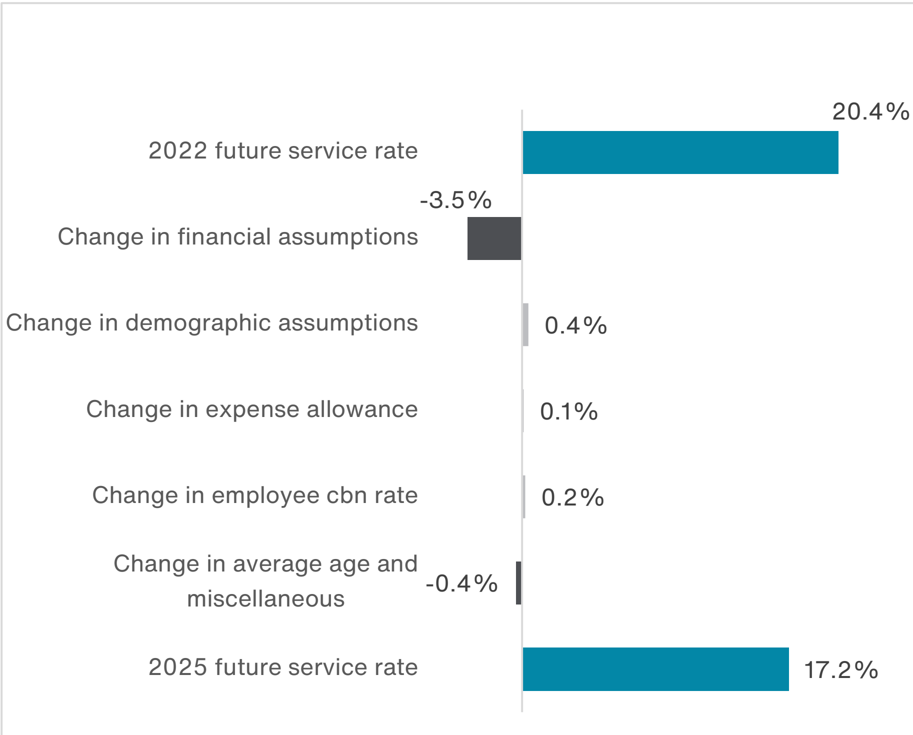
- The value of benefits accruing includes value of death in service lump sum benefit.
- The value of benefits accruing in 2025 includes the value of ill health retirement benefits, which was not included in the rates set in the 2022 valuation.

AON

The cost of benefits has reduced by 3.2% of pay since the 2022 valuation, across the whole Fund

Reasons for Change in Primary Contribution Rate (whole Fund)

The cost of future benefits (as a percentage of Pensionable Pay) on the initial 2025 valuation result has decreased by 3.2% of pay since the previous valuation.



Bars to the right show sources of cost increase relative to the 2022 rate and bars to the left show sources of cost reduction.

Comments

- The main cause of the decrease in the cost of future benefits (primary rate) is the change in the financial assumptions (principally the increase in the discount rate relative to inflation).
- The changes in the demographic assumptions have overall increased the expected cost of future benefits slightly. The reduction due to the change in mortality assumptions has been more than offset due to the inclusion of the ill health retirement assumptions (which were not included in the 2022 valuation costs).
- The active members have on average reduced in age when weighted by salary and have an expected retirement age which has on average increased when weighted by salary. Both these changes reduce the cost of accruing future benefits.

Initial Past Service and Total Contribution Rates (whole Fund)

	2022 valuation results (20 years recovery period, 110% surplus buffer)	Initial 2025 valuation results (20 years recovery period, 110% surplus buffer
Future Service Rate as % Pay	20.4%	17.2%
Past Service adjustment (% of Pay equivalent)	(0.0%)	(0.2%)
Total employer rate (% of Pay equivalent)	20.4%	17.0%

Notes

- The contributions shown are the whole of Fund contributions.
- In practice, employers' secondary contributions will be set based on each employer's underlying position using a recovery period appropriate to the employer (or group).

16

This is the aggregate contribution rate – individual employers will pay different rates based on their own circumstances

AON

Draft Results for the London Borough of Southwark Group

The indicative contribution rates for the employers in the London Borough of Southwark group are shown below, alongside the results from the previous valuation.

	2022 valuation results	Initial 2025 valuation results
Funding level	110%	110%
Net employer cost (future service rate) as % Pay	20.5%	17.3%
Recovery period	20 years	20 years
Surplus recovered only above	110%	110%
Past service contribution rate	(0.0%)	(0.0%)
Total contribution rate	20.5%	17.3%

Notes

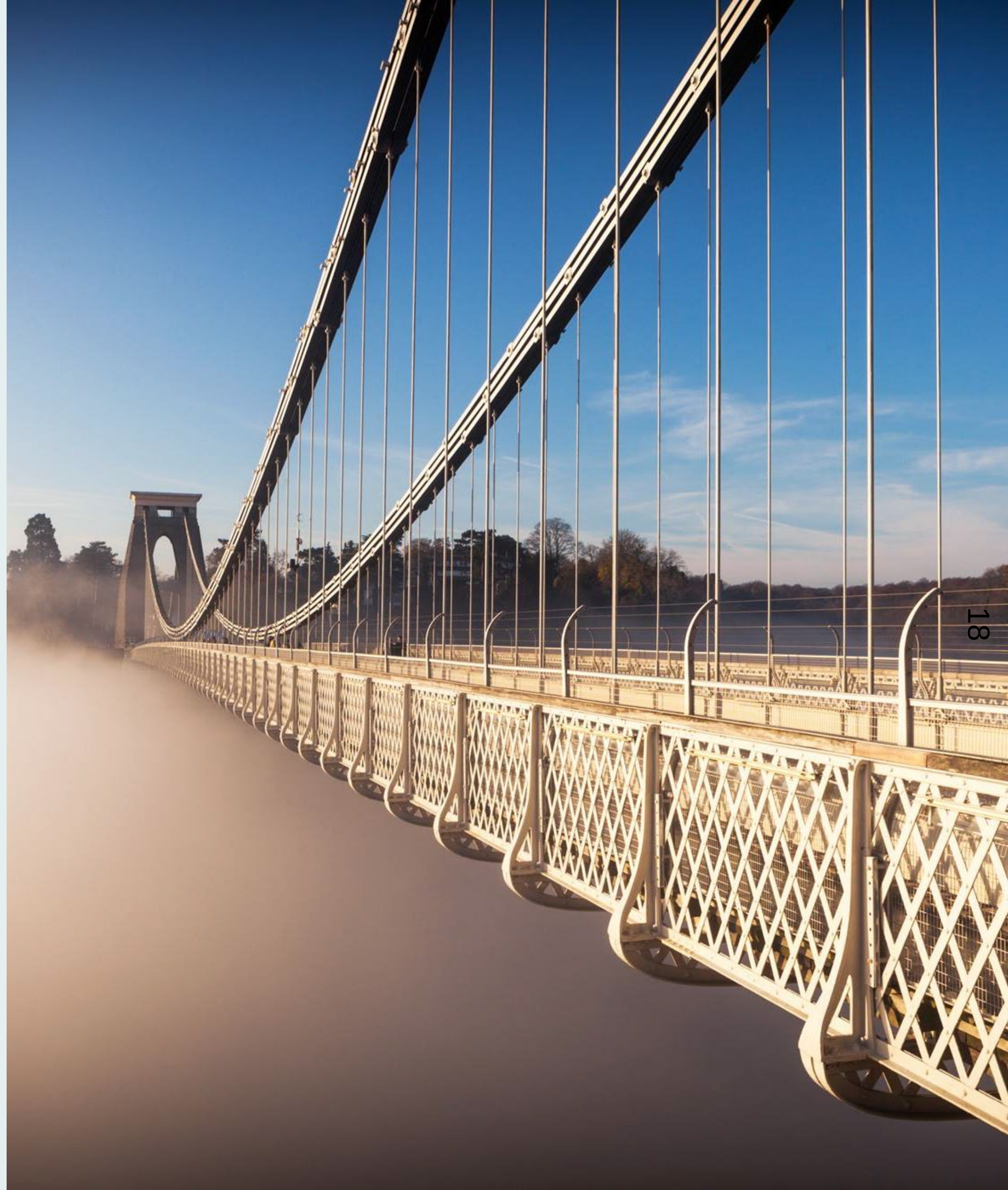
- Value of benefits accruing includes value of death in service lump sum benefit
- The secondary contribution rate is based on calculated payroll of £258M as at 31 March 2025
- The results above represent a reduction of 3.2% of pensionable pay compared to the current rate

The Group results might change as we finalise our calculations

AON

2

Summary of data and assumptions

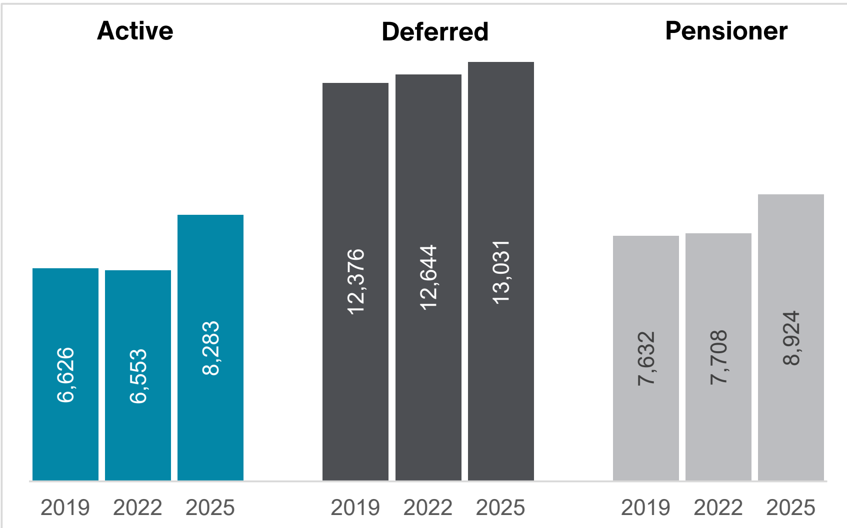


Membership Data

The results are based on membership data as at 31 March 2025:

A summary of the final data used is set out below.

Membership numbers

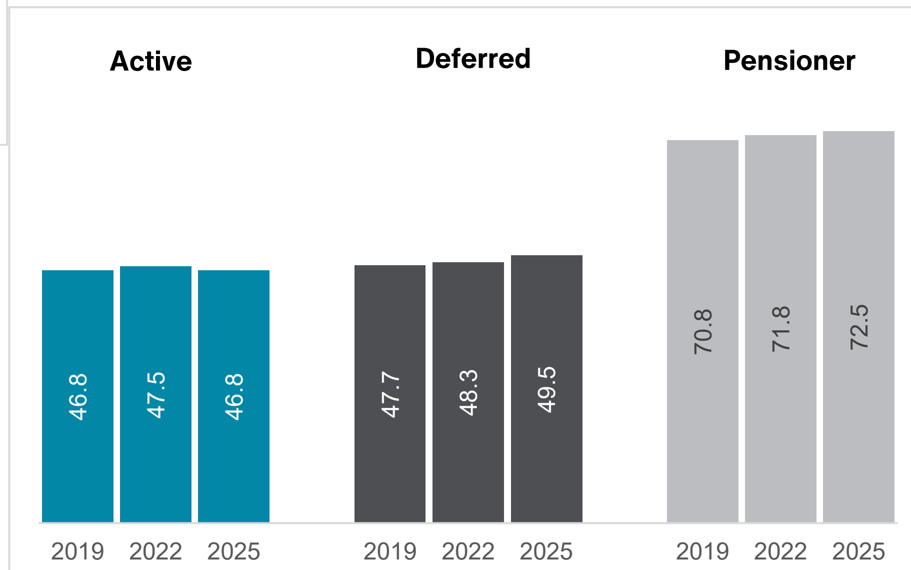


Adequacy of the data

We have conducted high level checks on the membership data provided and we are satisfied with its adequacy for the purpose of this actuarial valuation.

We have not yet reconciled the valuation results for every employer. As part of that reconciliation it may be necessary to update the data. The membership shown in the final valuation report may therefore differ slightly from that shown below.

Average ages



Asset Data

The asset figure, of £2,261.2M, has been derived as follows:

- Total net assets of the Fund (£2,261.2M) from the draft accounts obtained from the Administering Authority’s website at 9 September 2025, excluding the value of any defined contribution AVC investments

The final results of the valuation will be based on the audited accounts for the Fund. While we do not expect any material changes to the results when audited accounts are obtained, you should bear in mind that such a possibility exists.

The table to the right shows the approximate split of the Fund's assets between the different asset classes on the valuation date.

Note that this split differs from the long term strategic asset allocation used to derive the discount rate.

Asset class	Percentage
Overseas Equities	50.1%
Private equity	4.2%
Index Linked Gilts	10.2%
Property	15.8%
Infrastructure	9.8%
Multi Asset Credit	9.7%
Cash, Liquidity funds and Net current assets	0.2%

Summary of Key Assumptions (Financial)

Assumptions	2022 valuation	2025 valuation
Scheduled and subsumption body funding target		
Probability of funding success	83%	86%
Discount rate (p.a.)	4.05%	4.50%
CPI inflation (pension increases / CARE revaluation) (p.a.)*	2.30%	2.10%
Post 88 GMP pension increases (p.a.) **	2.00%	1.80%
Pay increases	CPI inflation + 1.5%	CPI inflation + 1.5%

Notes
* In 2022, a 10% uplift has been applied to the past service liabilities to make additional allowance for inflation above the long-term assumption. This will not be applied in the 2025 valuation.
** Applicable only for members with a State Pension Age before 6 April 2016.

AON

Key change. Increase in long term expected return on Fund's assets and reduction in the CPI inflation since 31 March 2022 – both reduce liabilities

Summary of Key Assumptions (Mortality)

Assumption	2022 valuation		2025 valuation	
	Member currently in this category	**Future contingent dependants of members currently in this category**	**Members currently in this category**	**Future contingent dependants of members currently in this category**
Pre-retirement mortality	25% of S3NMA_H / 25% of S3NFA_H	n/a	20% of S4NMA_H / 25% of S4NFA_H	n/a
Post-retirement mortality				
Active males retiring in normal/ill health	95% of S3NMA_H	100% of S3NFA_H	90% of S4NMA_H / 120% of S4IMA	95% of S4NFA_H
Active females retiring in normal/ill health	100% of S3NFA_H	100% of S3NMA_H	100% of S4NFA_H / 110% of S4IFA	100% of S4NMA_H
Deferred males	90% of S3NMA_H	100% of S3NFA_H	95% of S4NMA_H	95% of S4NFA_H
Deferred females	100% of S3NFA	100% of S3NMA_H	105% of S4NFA_H	100% of S4NMA_H
Pensioner males (normal health) *(includes male dependants)*	90% of S3PMA_H	100% of S3NFA_H	80% of S4NMA_H	90% of S4NFA_H
Retiree females (normal health)	95% of S3PFA_H	100% of S3NMA_H	90% of S4NFA_H	95% of S4NMA_H
Pensioner males (ill health)	110% of S3IMA	100% of S3NFA_H	115% of S4IMA	90% of S4NFA_H
Pensioner females (ill health)	120% of S3IFA	100% of S3NMA_H	105% of S4IFA	95% of S4NMA_H
Dependant females	100% of S3NFA_H	n/a	95% of S4NFA_H	n/a
Future improvements				
Projection model	CMI 2021 with long-term improvement rate of 1.50% p.a. / sk of 7.0 / A parameter of 0.5 / w 2020 and w 2021 of 0		CMI 2024 with long-term improvement rate of 1.25% p.a. / s_k of 7.0 / A parameter of 0.5 / H parameter of 1.0 and full weight (100%) on all years of experience	

AON

Summary of Key Assumptions (Other)

Assumption	2022 valuation	Initial results
Ill health Tier 1/2/3 proportions	N/A	90%/5%/5%
Commutation	Each member is assumed to surrender pension on retirement, such that the total cash received is 85% of the permitted maximum.	Each member is assumed to surrender pension on retirement, such that the total cash received is 80% of the permitted maximum.
Family details (males)	85% of non-pensioners are assumed to have a partner at retirement or earlier death. 85% of pensioners are assumed to have a partner at age 65. Surviving widow assumed to be three years younger.	85% of non-pensioners are assumed to have a partner at retirement or earlier death. 85% of pensioners are assumed to have a partner at age 65. Surviving widow assumed to be three years younger.
Family details (females)	75% of non-pensioners are assumed to have a partner at retirement or earlier death. 75% of pensioners are assumed to have a partner at age 65. Surviving widower assumed to be one year older.	75% of non-pensioners are assumed to have a partner at retirement or earlier death. 75% of pensioners are assumed to have a partner at age 65. Surviving widower assumed to be one year older.
Retirement Age		
Group 1 and 2 members (fully and taper protected)	Valuation date	Valuation date
Group 3 members (Ro85 age = 60)	64	64
Group 3 members (Ro85 age >60)	65	65
Group 4 members (Joiners pre 1 April 2014)	65	65
Group 4 members (Joiners post 31 March 2014)	SPA	SPA
	Any part of a member's pension payable from a later age than the assumed retirement age will be reduced	
Take up of 50:50 scheme	All members are assumed to remain in the scheme they are in at the date of the valuation	
Discretionary benefits	No allowance	
Rates of withdrawal, ill health retirement, and salary scale	See sample rates on following page	

AON

Summary of Key Assumptions (Other)

(continued)

The table below illustrates the proposed allowance for withdrawals from service, ill-health retirement and promotional pay increases at sample ages.

Current age (sample ages)	Percentage of promotional pay increases over the year	Percentage leaving the Fund each year as a result of withdrawal from service		Percentage leaving the Fund each year as a result of ill-health retirement
	Male and Female	Male	Female	Male and Female
20	4.0%	7.2%	8.0%	0.01%
25	3.0%	6.5%	7.4%	0.01%
30	2.5%	5.8%	6.8%	0.02%
35	2.0%	5.0%	6.1%	0.03%
40	1.0%	4.3%	5.5%	0.05%
45	0.0%	3.5%	4.9%	0.08%
50	0.0%	2.8%	4.3%	0.21%
55	0.0%	2.1%	2.8%	0.35%
60	0.0%	0.7%	0.8%	0.48%
65	0.0%	0.0%	0.0%	0.62%

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Agenda Item 8

Meeting Name:	Pensions Advisory Panel
Date:	9 December 2025
Report title:	Investment Strategy Review
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer, Pensions and Treasury Investments

RECOMMENDATIONS

1. The Pensions Advisory Panel (PAP) is asked to note that a full report on the Fund's revised Strategic Asset Allocation will be tabled at the 9 March 2026 PAP meeting.

Background

2. The investment strategy of the Southwark Fund is developed as part of a three-year cycle, involving the triennial actuarial valuation and a formal review of investment strategy as influenced by the results of the valuation.

3. The triennial valuation provides the Fund with the most accurate indication of pension liabilities, the expected rate of investment return required to meet future pension benefits and potential impact on the Fund's cash flow from forecast changes in membership.

4. The objective of a subsequent review is to ensure that the asset class allocations will best capture investment opportunities with an optimal level of risk exposure to meet future pension payments over the long term.

5. Fund officers, in conjunction with Aon, have commenced a review of the investment strategy. The review assessed the current investment portfolio in the context of the overall investment return requirements as set out in the Fund's actuarial valuation and regarding overall as well as specific risk exposures for the Fund.

6. The strategy review will also incorporate the findings of the Fit for the Future reforms to the management of the Local Government Pension Scheme and the requirement that, from 1 April 2026, the Pension Fund's assets are to be managed by the London Collective Investment Vehicle (LCIV).

7. The review will be finalised early in 2026 and PAP will be asked to consider a recommendation on a revised Strategic Asset Allocation (SAA) to the Strategic Director of Resources at the PAP meeting of 9 March 2026. The revised SAA will be communicated to LCIV by 31 March 2026.

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

Community impact statement

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

APPENDICES

Name	Title
None	

AUDIT TRAIL

<table>
<tr><td>Lead Officer</td><td colspan="2">Clive Palfreyman, Strategic Director of Resources</td></tr>
<tr><td>Report Author</td><td colspan="2">Caroline Watson, Chief Investment Officer, Pensions and Treasury Investments</td></tr>
<tr><td>Version</td><td colspan="2">Final</td></tr>
<tr><td>Dated</td><td colspan="2">28 November 2025</td></tr>
<tr><td>Key Decision?</td><td colspan="2">No</td></tr>
<tr><td colspan="3">CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</td></tr>
<tr><td>Officer Title</td><td>Comments Sought</td><td>Comments Included</td></tr>
<tr><td>Assistant Chief Executive - Governance and Assurance</td><td>No</td><td>No</td></tr>
<tr><td>Strategic Director of Resources</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Cabinet Member</td><td>No</td><td>No</td></tr>
<tr><td colspan="2">Date final report sent to Constitutional Team</td><td>28 November 2025</td></tr>
</table>

Agenda Item 9

Meeting Name:	Pensions Advisory Panel
Date:	9 December 2025
Report title:	Conflict Zones Update – 30 September 2025
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer, Pensions and Treasury Investments

RECOMMENDATIONS

1. The Pensions Advisory Panel is asked to note the following:

   i. 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.

   ii. The interconnected nature of the work on conflict zones with other ongoing workstreams.

Background

2. In response to ongoing conflicts globally, the decision has been made to escalate the action being taken to divest pension fund investments from companies profiteering from activities within conflict zones and countries linked to genocide.

3. Following the statement from the Leader in September 2025, we have committed to take the following four actions in relation to the Fund's investments:

   i. Work with fund managers to disclose and divest pension fund investments in companies listed by the United Nations Office of the United Nations High Commissioner for Human Rights ('UN List').

   ii. Call on the London Collective Investment Vehicle (LCIV) to create a robust framework that will enable future exclusions of investments linked to conflict, military occupation or genocide. This would also include developing new investment products which give greater opportunity to divest from particular asset classes within pooled funds.

iii. Take action to steer investments in pooled funds that are linked to conflict or military occupation. The pension fund changed its arrangements earlier this year to adopt "pass through voting" to give it a stronger say on key issues like climate change. The pension fund will review how it can use this mechanism in the context of human rights and investments linked to conflict or occupation.

iv. Become the first local authority to build the UN Genocide Convention into our investment framework, so we could choose not to invest in any state found by the International Court of Justice to be in breach of the convention. Our pension fund will develop a plan to implement this initiative with relevant country and sector-specific exclusions.

4. While Fund officers are prioritising work in relation to the above four actions, implementation of the commitments made will also be impacted by the ongoing work in relation to the triennial valuation as well as implications from the pooling mandate.

5. Individual sections of this report discuss the interconnected nature of the work on conflict zones with other ongoing workstreams and provide an update on the progress made on all four actions since the Leader’s statement.

Interconnected nature of the work on conflict zones with other workstreams

6. In a general scenario, any reallocation of investments (e.g. adopting UN Genocide Convention or divesting from companies in the UN List) within an asset class can be implemented as a ‘business-as-usual’ activity.

7. However, this is an unusual timing for such reallocation as outcomes from other ongoing work will also need to be factored in and will impact its implementation. These include:

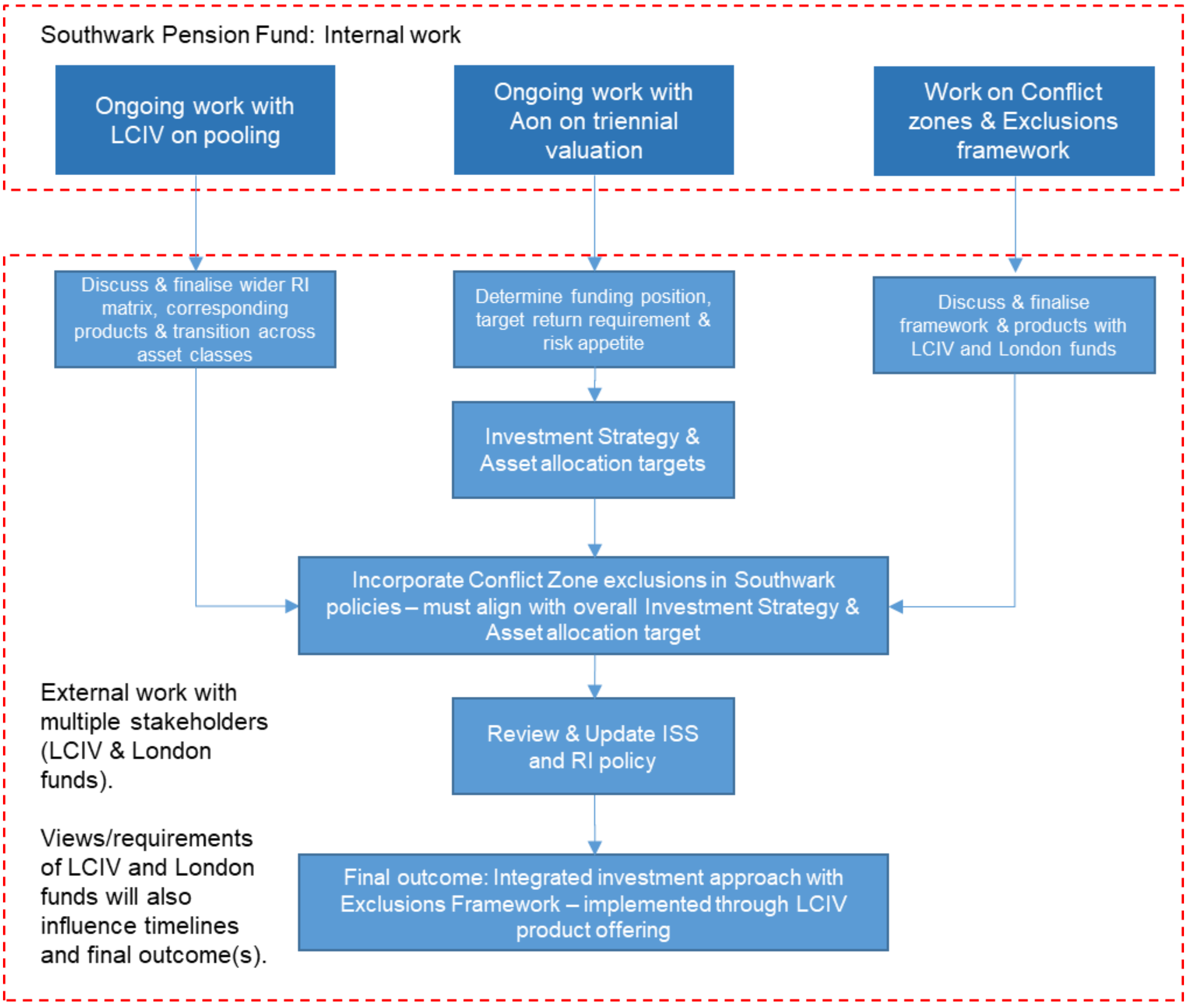
i. The 2025 triennial actuarial valuation is currently underway, whose outcome will influence our investment strategy and corresponding strategic asset allocation going forwards.

ii. The pooling mandate where we need to factor in availability of the right/appropriate products that are available via LCIV.

8. The 2025 triennial actuarial valuation will not be concluded until March 2026. The results will influence the investment strategy review process that will take place between December 2025 and March 2026, subsequently determining the fund’s strategic asset allocation going forward. The asset allocation will ultimately determine the proportion of the portfolio to be allocated to the ‘equity’ asset class.

9. From a pooling perspective, discussions on the Exclusions Framework with LCIV and other interested London funds is also expected to progress and continue over the next few months as LCIV works towards developing a standalone product on this.

10. The below chart reflects the interconnected nature of all the above workstreams:



11. Many of the tasks shown above include work undertaken by external parties like LCIV and other London boroughs (who are interested in developing similar exclusions framework for their pension funds) over which the Southwark officers do not have control. Officers are in ongoing contact with each external parties involved in the above workstreams to ensure continuous progress and to avoid any delays.

12. Due to the highly interconnected nature of the ongoing workstreams, we are not yet able to commit to a definitive timeline. Many of the actions currently underway depend on one another, and progress in one area may influence or shape decisions in another. However, the Fund views work related to conflict zones and fulfilling the commitments in the Leader's statement as a priority. We recognise the importance of these issues and we are prioritising the implementation of the Exclusions Framework, along with all other commitments made by the Leader.

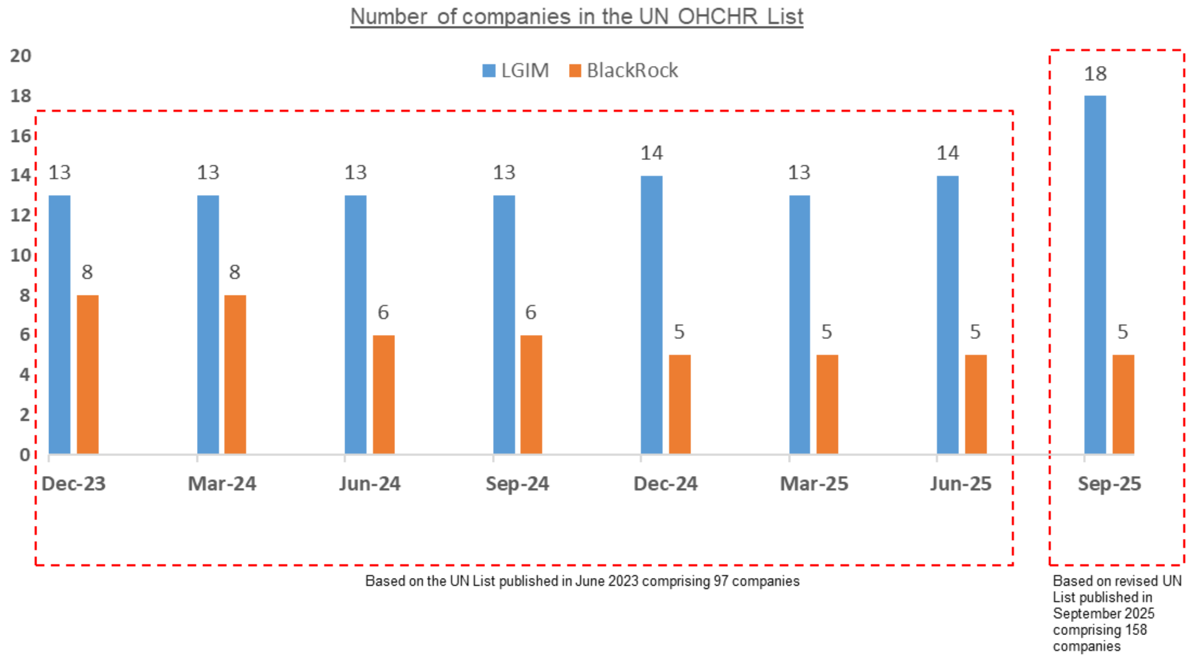
Progress on the four commitments on conflict zones made in the Council Leader's statement

Update on discussions/work with fund managers in relation to divesting companies in the UN List

13. The Fund has exposure to companies listed in the UN List and additional companies domiciled/incorporated in Israel only through the pooled equity funds with BlackRock and LGIM.

14. Since December 2023, we have been proactively monitoring the Fund's exposure to companies in the UN List. The UN List was recently updated in September 2025, increasing the number of companies from 97 to 158 since the previous list published in June 2023.

15. The below chart shows a summary of the total number of companies in the UN List held in pooled funds with BlackRock and LGIM since December 2023.



16. We have also been engaging with LGIM and BlackRock stressing the importance of human rights as a key element of responsible investment.

17. Following the statement, officers have had further meetings with LGIM and BlackRock. Officers highlighted the expectations following the Leader's commitments and discussed the potential impact and practicalities of divesting from companies in the UN OHCHR List.

18. LGIM and BlackRock highlighted very low financial materiality of companies in the UN List, lack of unified international consensus/sanctions (unlike Russia-Ukraine conflict) and lack of consensus across their global client base as key challenges they are encountering in implementing exclusions.

19. Following the meeting, BlackRock have agreed to support the Fund in establishing an exclusions-focused product (as part of the upcoming pooling mandate) alongside LCIV and other interested London funds once there is consensus on the criteria/principles to be included in such an Exclusions Framework. While LGIM are aware of the Fund's requirement, there are limitations in the legal structure of the current LGIM product (LGIM GPEW) which might prohibit implementing an exclusions-focused product.

20. We also requested details of any planned change in approach in relation to portfolio composition and/or engagement/stewardship with companies in the UN List or wider defence sector considering recent developments (e.g. initial UN report indicating Israel has committed a genocide, various countries recognising state of Palestine, etc.). This is an ongoing conversation, and officers are seeking further details from LGIM and BlackRock on this.

21. We will continue the discussions with LGIM and BlackRock including in relation to developing an exclusions-focused product once we finalise the Exclusions Framework jointly with LCIV and other interested London funds.

22. In case there is failure on the part of the fund managers in developing such an exclusions-focused product, the Fund will consider alternative product options through LCIV as part of the pooling transition.

Update on discussions/work with LCIV

23. Since the statement, officers have had multiple discussions with LCIV.

24. These include meetings with the LCIV CEO as well as the responsible investment team to discuss commitments from the Leader's statement and practicalities of developing an Exclusions Framework, participating in the Sustainability Working Group session in relation to the Responsible Investment matrix LCIV are developing, and responding recently to a questionnaire highlighting our ongoing and future RI priorities.

25. As part of all interactions, we have highlighted the focus on conflict zones and divestment from companies in the UN List as our immediate priority.

26. Given our commitments, officers have independently progressed with developing the Exclusions Framework incorporating the Leader's commitments. We shared our initial proposal of the framework with LCIV for their feedback.

27. We have incorporated LCIV's feedback into our Exclusions Framework. We have also shared the updated framework with other London funds for further discussions and buy-in.

28. The Fund will be taking the lead - while working alongside LCIV and other London funds - in finalising the framework and related products that can be rolled out widely as part of the upcoming pooling mandate.

Use of pass-through voting in case of conflict zones

29. As part of the meetings with LGIM and BlackRock, we have also discussed the possibility of applying ‘pass-through’ voting in cases involving conflict zones. Both managers have confirmed that this will be possible.

30. While there were off-the-shelf external climate-aligned voting policies available, there is no such option in the case of conflict zones.

31. The Fund will therefore have to establish its own standalone voting policy incorporating a stricter approach while voting on resolutions related to conflict zones and wider human rights.

32. Fund officers will be undertaking further research on this, including understanding of any available best practice on voting approaches in case of conflict zones. Fund officers will also discuss with wider LGPS ecosystem including LAPFF for any guidance.

33. Based on the findings, officers will develop an internal voting policy incorporating any best practice in relation to conflict zones and wider human rights.

34. Separately, we are also in discussions with LCIV to explore how to implement pass-through voting following pooling to ensure continuity of our approach over the long-term.

Incorporating UN Genocide Convention principles in our approach to Investments

35. As highlighted earlier, the Fund has already started working on developing an Exclusions Framework incorporating the principles of the UN Genocide Convention.

36. The Fund aims for the framework to be fit-for-purpose over the long-term by ensuring its applicability across all global conflicts and to not restrict its applicability to only specific current conflicts in the short-term.

37. For this, the Fund is looking at excluding all jurisdictions that have been subject to a successful prosecution of genocide by the International Court of Justice (‘ICJ’) or International Criminal Court (‘ICC’). The Fund is also considering excluding all jurisdictions that are subject to an ongoing case at the ICJ as the ‘direct’ country that is perpetrating such genocide.

38. The Exclusions Framework will also include criteria for excluding all companies in the UN List. The Exclusions Framework also includes a provision for revisiting the companies/jurisdictions periodically to account for any changes in

the political landscape of the in-scope jurisdictions/companies whilst still considering our wider RI priorities and investment criteria.

39. As part of the discussions with LGIM and BlackRock, the Fund has also discussed the potential impact and practical considerations while implementing such a framework covering both the UN List and the UN Genocide Convention.

40. The proposed Exclusions Framework is included as Appendix 1 to this report. It also includes an overview of quantitative analysis we have undertaken as well as certain additional considerations currently not factored in as part of developing the framework.

41. As mentioned above, we have shared this with LCIV and other interested London funds and will be engaging with them over the course of the next few months with the aim of leading the overall initiative to finalise the framework and related products following the pooling mandate.

Aon feedback on Exclusions Framework Developed by the Fund

42. Officers shared the Exclusions Framework developed internally by the Fund with Aon, with a view to obtaining feedback considering the ongoing triennial valuation and review of the Investment Strategy.

43. Aon have confirmed that the proposed Exclusions Framework will not have any material impact on the Fund composition or performance considering the ongoing triennial valuation and investment strategy review.

44. Aon have reconfirmed our view that implementing the Exclusions Framework will depend on a corresponding LCIV product offering, which is why the Fund is working closely with LCIV and other London funds on this.

Next steps

45. Fund officers are prioritising all four actions and commitments made by the Council Leader in relation to conflict zones.

46. We intend to finalise the Exclusions Framework as an immediate priority in conjunction with LCIV and other interested London funds so that an exclusion-focused product can be identified to enable us to implement other related commitments. We will need to incorporate and adjust the framework to account of differing viewpoints and priorities of LCIV and other London funds. While the Fund will push for its key requirements, e.g., divestment from companies in the UN List, we will have to remain flexible in certain parameters to reach a wider consensus and ultimate solution. This will be required to ensure that any actions we take alongside LCIV and other London funds are future proof following the pooling mandate.

47. 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.

48. We will update PAP on the progress of the actions at the next quarterly meeting in March 2026.

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

Community impact statement

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

56. There are no immediate implications arising from this report

APPENDICES

Name	Title
Appendix 1	Exclusions Framework – Initial proposal document

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources		
Report Author	Spandan Shah, Interim ESG Manager, Pensions and Treasury Investments		
Version	Final		
Dated	28 November 2025		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		**Comments Sought**	**Comments Included**
Assistant Chief Executive - Governance and Assurance		No	No
Strategic Director of Resources		Yes	Yes
Cabinet Member		No	No
Date final report sent to Constitutional Team			28 November 2025

Southwark Pension Fund: Exclusions framework

Proposal document

Southwark Council

Exclusions Framework: Criteria

Southwark Pension Fund is proposing the following criteria as part of an Exclusions Framework:

#1. UN Genocide Convention

Criteria 1: Exclude all companies listed in jurisdictions that have been **subject to successful genocide convictions in the past**

- To date, successful prosecutions by International Court of Justice (ICJ) include Rwanda *(Tutsi killings by Hutus in 1994)* and Yugoslavia *(Srebrenica massacre in 1995)*
- Note that Yugoslavia *(as a country)* does not exist anymore
    - As a substitute, we consider the 7 countries *(Bosnia and Herzegovina, Croatia, Kosovo, Montenegro, North Macedonia, Serbia, and Slovenia)* formed after its breakup
    - However, in such cases (dissolution of a country), we will exclude any new countries from the exclusions criteria in case they are now run by a government unrelated to former government/political actors that have been involved in such genocide (e.g. Slovenia and Croatia – both are now NATO member countries)

Exclusions Framework: Criteria

Southwark Pension Fund is proposing the following criteria as part of an Exclusions Framework:

<u>#1. UN Genocide Convention</u>

Criteria 2: Exclude all companies listed in jurisdictions that are **subject to ongoing cases at the *ICJ*/ International Criminal Court *(ICC)* as jurisdictions 'directly' involved in possible genocide**

Currently, this includes the following jurisdictions:

- Russia
- Israel
- Myanmar

Exclusions Framework: Criteria

Southwark Pension Fund is proposing the following criteria as part of an Exclusions Framework:

#2. UN Office of the High Commissioner for Human Rights (OHCHR) List (‘UN List’)

Criteria 3: Exclude all companies in any **list published by the UN OHCHR** in relation to human rights violations globally or any global conflict(s).

Currently, this includes a list published in relation to businesses involved in Occupied Palestinian Territories (OPT) including the West Bank

- Latest UN List in relation to OPT published in September 2025 comprising of 158 companies (last list published in June 2023 comprised of 97 companies)
- Almost all companies on the list are incorporated in Israel
- A few US/ UK/ EU companies *(Booking.com, Motorola, JC Bamford, Heidelberg Materials, etc.)* also on the list

The practical implication for Southwark Pension Fund is that current exposure although small is within indirect investments in pooled funds. To meet value for money considerations, this would need to be achieved via the planned investment strategy review in 2026 following the formal triennial valuation.

Exclusions Framework: Criteria

Southwark Pension Fund is proposing the following criteria as part of an Exclusions Framework:

#3. Reinstatement of Excluded Jurisdictions/Companies

As part of our approach to investment, alongside any historical conviction, our focus is also on current behaviour of a state. We believe that "historic genocide findings alone don't justify *indefinite exclusion* if the state has undergone profound political transition and there is no elevated atrocity risk".

Potential conditions for reinstatement of excluded jurisdictions/companies at a point in the future would include the following:

- Clear evidence of a regime change
- Transitional justice mechanisms are in place (reparations, trials, etc).
- Key UN bodies and human rights indices show substantial improvements

Exclusions Framework: Criteria

Southwark Pension Fund is proposing the following criteria as part of an Exclusions Framework:

#3. Reinstatement of Excluded Jurisdictions/Companies

Criteria 3: Conditions for reinstatement of excluded jurisdictions/companies

- UN Genocide Convention: Jurisdictions previously excluded due to the UN Genocide Convention criteria (including both historical & ongoing cases) may be reconsidered for inclusion in our investment framework based on the conditions outlined earlier
  - We will review in-scope jurisdictions under the UN Genocide criteria every 5 years (or earlier if required)
  - Any 'reinclusion' will occur only after a formal reassessment confirms that the new political environment aligns with the reinstatement conditions and broader Responsible Investment parameters
- UN List: Companies previously excluded as being part of the UN List (or any other applicable lists) maybe reconsidered for inclusion in our investment framework if they cease to be part of such list (as part of ongoing review by the UN OHCHR)
  - We will review in-scope companies in the UN List (or any other applicable list) annually

Exclusions Framework: Applicability

The **Exclusions Framework is intended to apply to all assets** both listed and private in the portfolio.

This means:

Exclusions for listed assets:

- Equities issued by companies incorporated in the ‘in-scope’ jurisdictions
- Fixed-income/sovereign debt instruments (including as part of any liquid/money market funds) issued by ‘in-scope’ countries and/or companies incorporated in ‘in-scope’ jurisdictions

Exclusions for private assets:

- Multi-asset credit investments: any debt instrument issued by companies incorporated in the ‘in-scope’ jurisdictions
- For commercial real estate assets: review of any potential ‘tenancy’ agreement with ‘in-scope’ companies
- For sustainable infrastructure assets: review of any renewable energy supply agreements with ‘in-scope’ companies

Appendices

Southwark Council

Appendix 1: Genocide Definition

Article II of the Genocide Convention contains the definition of the crime of genocide. The definition contains two main elements, a mental element and a physical element.

A Mental Element:

- The includes the "intent to destroy, in whole or in part, a national, ethnical, racial or religious group"

A Physical Element, which includes the following five acts:

- Killing members of a group
- Causing serious bodily or mental harm to members of a group
- Deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part
- Imposing measures intended to prevent births within a group
- Forcibly transferring children of a group to another group

One of the key challenges in applying the provisions is that it is extremely difficult to prove 'intent'.

Appendix 2: Genocide Prosecutions

Outlined below are cases of successful prosecutions of Genocide by the ICJ and/ or a local tribunal/ court.

<u>Prosecutions by the ICJ:</u>

1. Rwandan Genocide: The mass slaughter of Tutsi and moderate Hutu by extremist Hutu in 1994.
2. Srebrenica Massacre: The mass murder of over 8,000 Bosniak men and boys by the Bosnian Serb forces in 1995. It was ruled a genocide by the International Criminal Tribunal for the former Yugoslavia.

<u>Other Prosecutions</u>

1. Cambodian Genocide during Khmer Rouge regime from 1975-1979 *(conviction by local Tribunal backed by the UN).*
2. Darfur Genocide: Systematic killing of ethnic Darfuri people during the War in Darfur during 2003-2005
   - In 2009, ICC indicted Omar Bashir *(President of Sudan)* for crimes against humanity and for having facilitated and ordered the genocide in Darfur.
3. Genocide against Yazidis by Islamic State in Iraq between 2014 to 2017 *(conviction by a German Court in 2021)*

Appendix 3:
Other Cases based on Genocide Convention

To date, there have been five other cases of a country bringing charges against another country considering the Genocide Convention. These include:

Past Cases

1. 1993: Republic of Bosnia and Herzegovina brought a case against the Federal Republic of Yugoslavia, alleging that agents of the Federal Republic were committing genocide against Bosnian Muslims in violation of the convention. The ICJ decided in 2007 that the Republic of Serbia had violated the genocide convention by failing to prevent a 1995 genocide of Bosnian Muslims and that Serbia had also failed to punish the perpetrators of said genocide.
2. 1999: Croatia brought a genocide charge against the Federal Republic of Yugoslavia in 1999, claiming it was liable for the ethnic cleansing of Croatian citizens. In response, the Republic of Serbia filed a counterclaim accusing Croatia of being responsible for genocide against Serbs who were in Croatia. In 2015, the court decided neither country had committed genocide against the other.

Ongoing Cases

1. 2019: Gambia brought a case against Myanmar, alleging that it was committing genocide against the Rohingya, a majority-Muslim ethnic group that lives in Myanmar.
2. 2022: Ukraine brought a case to the ICJ alleging Russia misused the genocide convention to justify its invasion of Ukraine.
3. 2024: South Africa's application to the ICJ that Israel's actions against Palestinians in the Gaza Strip after Hamas' Oct. 7 attack are in breach of the 1948 UN Genocide Convention. A September 2025 report from the UN Commission has preliminary concluded that Israel has committed genocide in Gaza.

Agenda Item 10

Meeting Name:	Pensions Advisory Panel
Date:	9 December 2025
Report title:	Pension Services – Pension Administration Strategy
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Pensions Payroll Manager

RECOMMENDATION

1. The Pensions Advisory Panel (the **Panel**) is asked to approve and sign off the draft updated Pension Administration Strategy (the **Strategy**) of the Southwark Pension Fund (the **Fund**).

BACKGROUND INFORMATION

2. The Strategy was last approved in March 2021. During 2025, the Head of Pensions Operations and Chief Investment Officer both reviewed and amended the Strategy, so it is fit for purpose and up to date.

3. An initial draft was tabled in October's Local Pension Board meeting. Board members provided feedback on the content and made recommendations on changes to be made to the Strategy before being tabled at this meeting. All feedback has been incorporated into the attached draft version.

4. As part of the Fit for Future Regulations expected to be published in January 2026, it is expected some new guidance may be offered around Administration Strategy content. Therefore, the version being tabled in December 2025 is subject to change following publication of the regulations/any new guidance.

Purpose and use

5. The overall aim of the Strategy is to ensure both the Administering Authority, Admitted and Scheduled body Employers are fully aware of their roles and legal responsibilities under the Fund.

6. The Strategy includes the following areas:

- Responsibilities and Administration Objectives – the Strategy clearly provides what the expectations are for both Employers and the Administering Authority as well as all relevant parties.

- Engagement and communication – information has been included to set out what documentation the Administering Authority will issue as part of their communication strategy. This section also covers Employer training and any engagement offerings from the Operations team.

- Risks of non-compliance – clear information has been provided for Employers to highlight the risks of persistent and ongoing failure to meet targets. Every endeavor will be made to assist Employers before any charge is levied and there is an expectation that this would only be used as a last resort whereby an Employer is not engaging with the Fund.

- Fining structure – clear financial information has been provided covering the most common failures around monthly data collection, which is critical in ensuring pension benefits are paid on time.

Next steps

7. Upon approval and sign off by the Panel, the final version of the 2025 Pension Administration Strategy will be shared with all Employers and key stakeholders (HR, Unions) as part of a wider 4-week consultation process.

8. Monitor proposed changes in January 2026 Regulations which could mandate proposed changes to Administration Strategy content guidance.

KEY ISSUES FOR CONSIDERATION

Policy framework implications

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

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

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	Draft Administration Strategy

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Louise Charman, Pensions Payroll Manager	
Version	Final	
Dated	28 November 2025	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	**Comments Included**
Assistant Chief Executive - Governance and Assurance	No	No
Strategic Director of Resources	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team		28 November 2025

APPENDIX 1

The London Borough of Southwark Pension Fund

Pension Administration Strategy

Contents

1. Introduction and Background

2. Implementation

3. Policy Statement
    - Pension Administration Strategy Policy Statement
    - Delivering value for money
    - Regulatory Basis
    - Employer Responsibilities
    - Administering Authority Responsibilities
    - Our Administration Aims and Objectives
    - Other LGPS documents making up the overall strategy

4. Liaison, engagement and communication

5. Delivery of Administration

6. Performance standards and responsibilities

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

8. Improving Employer Performance

9. Risks of non-compliance with Pension Administration Strategy

1. Introduction and Background

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

The principal objectives of this strategy document are summarised below:-

- Deliver efficient, accurate and timely administration ensuring benefits are paid on time.
- Clearly define roles and responsibilities of the Administering Authority and Employers.
- Maintain strong communication and engagement with Members and Employers.
- Ensure full compliance with the Local Government Pension Scheme Regulations, Regulatory bodies and governance standards.
- Set expectations and performance standards for Employers.
- Improve data quality and reduce administrative risk.
- Support sound financial planning and deliver value for money solutions.
- Drive continuous service improvement and digital efficiency.

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

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

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

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

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

2. Implementation

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

It is effective from **Month 2025.**

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

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

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

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

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

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

Barry.Berkengoff@southwark.gov.uk

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

Caroline Watson
Chief Investment Officer - Resources
The London Borough of Southwark Pension Fund

160 Tooley Street
London
SE1 2QH

Caroline.Watson@southwark.gov.uk

3. Policy Statement

Pension Administration Strategy Policy Statement

At a glance …… strategic aims and objectives

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

Delivering Value For Money

At a glance …… how the pension fund measures success

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

Operational and financial metrics

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

Compliance and accuracy

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

Member and employer outcomes

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

Financial stewardship

- Cost benchmarking and cost comparison to similar sized pension funds via national benchmarking clubs.

- Managing admin costs within budget whilst maintaining service quality, and efficiency savings through leaner processes such as reducing paper communication.

Regulatory Basis

At a glance …… regulations and rules the pension fund must follow

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

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

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

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

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

- Procedures for liaison and communication with the relevant employers in their Fund.

- The establishment of levels of performance which the Administering Authority and employers are expected to achieve in carrying out their functions under the LGPS by:

  (i) the setting of performance targets;

  (ii) the making of agreements about levels of performance and associated matters; or

  (iii) such other means as the Administering Authority consider appropriate.

- Procedures which aim to secure that the Administering Authority and the employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance.

- Procedures for improving communication and engagement by the Administering Authority and the employers to each other of information relating to those functions.

- The circumstances in which the Administering Authority may consider giving written notice to an employer on account of that employer's unsatisfactory performance in carrying out its functions under the LGPS Regulations when measured against the desired levels of performance.

- The publication by the Administering Authority of an Annual Report dealing with:

  (i) the extent to which the Administering Authority and the employers have achieved the desired levels of performance;

  (ii) such other matters arising from its pension administration strategy as it considers appropriate; and

  (iii) such other matters as appear to the Administering Authority to be suitable for inclusion in that strategy.

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

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

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

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

Employer Responsibilities

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

Key responsibilities:

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

Main responsibilities:

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

  (i) name and gender

  (ii) date of birth and national insurance number

  (iii) a unique reference number relating to each employment in which the employee has been an active member

In respect of each individual employment during that year:-

(i) dates during which they were a member of the Fund, including any dates of approved authorised absences

(ii) normal pensionable pay received and employee contributions paid

(iii) pensionable pay received and employee contributions paid whilst there was any temporary reduction in contributions

(iv) normal employer contributions paid

(v) any additional employee or employer contributions paid

(vi) any Additional Voluntary/Additional Pension Contributions paid by the employee or employer

- To decide whether a person is employed in a full-time, part-time, variable time or casual capacity. If the employee is part time the employer must determine the proportion which the employees' contractual hours relate to the hours of a comparable full-time employee.

- To determine the pensionable pay of employees for the purposes of calculating employee and employer pension contributions, in accordance with LGPS Regulations.

- To determine final pay for the purposes of calculating benefits due from the Fund, in accordance with the LGPS Regulations.

- To issue a notification to any employee who cannot become a member of the Fund, explaining the reason(s) why.

- Where, after reasonable efforts, an employee fails to provide information relating to previous service, to provide basic information to the Administrating Authority as required by the Administering Authority.

- At cessation of membership of the Fund, to determine the reason for leaving and entitlement to benefit, and to notify the Administrating Authority and the Fund member of the decision.

- As referenced earlier, to supply timely, accurate and validated data each month (and at year-end) to the Administering Authority (or during any other additional periods as may be required by the Administrating Authority) to ensure the correct calculation of benefits payable from the Fund. The submission format(s) will be via UPM Employer Hub and submission date(s) of such data must meet the requirements of the Administering Authority.

- To deduct Additional Voluntary/Additional Pension Contributions (AVCs/APCs) from a member's pay and to pay over to the Administering Authority by the 19th of the following month to pay AVC providers within statutory deadlines.

- To be responsible for exercising the discretionary powers given to Employers by the LGPS Regulations. These regulations also require the Employer to publish its policy in respect of the key discretions and review its discretions every three years.

- To provide a notice, drawing the employee's attention to their right of appeal under the Fund, with any statement issued to an employee relating to any decision made about the Fund.

- To use an Independent Registered Medical Practitioner qualified in Occupational Health medicine that has been approved by the Administrating Authority in determining Ill Health Early Retirement recommendations.

- To repay to the Fund member any incorrectly deducted employee contributions.

- To provide the Administrating Authority with an audited copy of the final annual statement for the financial year, which shall also contain the name and pensionable pay of each employee who is an active member, the amounts which represent pension deductions from pay for each of those employees and the periods covered by the deductions and any other information requested by the Administering Authority. The information should also distinguish those amounts representing deductions for additional voluntary and additional pension contributions and the employees paying those additional contributions.

- To be responsible for complying with the requirements for funding early retirement for whatever reason as set out in the rates and adjustments certificate issued by the Actuary following the triennial valuation of the Fund, or any other interim valuation of the Fund by the Actuary (as agreed by the S151 Officer).

- Pay the Administrating Authority interest on payments due from the Employer which are overdue by more than one month.

- Pay the Administering Authority additional contributions when granting additional member benefits:
    - Awards of additional pension
    - Retirement before normal retirement age on unreduced benefits (eg on redundancy)

- Where a member leaves the Fund and full contributions have not been deducted for whatever reason, immediately make payment of any outstanding member and employer contributions to the Administrating Authority.

- To ensure compliance with Data Protection Act 2018/GDPR.

- To appoint appropriate adjudicators to consider complaints under stage 1 of the IDRP relating to employer decisions (or a lack of a decision).

- To participate in relevant Government consultations where employer data and policy decisions might be needed, for example, 'Access and Fairness' to the LGPS and the need for employers to collect regular Opt-Out data to better understand underlying reasons, pay and reward, trends and EDI statistics.

Responsibilities of Admitted Bodies:

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

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

Administering Authority Responsibilities

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

- To monitor employer compliance with their responsibilities under the LGPS Regulations and other areas such as auto enrolment.

- To decide how previous service or the employment of an employee is counted towards pension purposes, and whether such service is classed as a period of membership.

- To notify each member of the Fund regarding pension fund membership.

- To set up and maintain an electronic record for each member of the Fund, containing all necessary information to produce accurate (both regular and annually) pension benefit calculations following all employers providing useable, accurate, validated and timely pension fund data each month.

- To calculate and pay appropriate pension benefits at the correct time, based on membership details held at the departure/transaction date, and based on final pay data provided by the employer when an employee leaves employment or ceases membership of the Fund.

- To supply beneficiaries with details of their entitlements under the Fund including, if needed, method of calculation.

- To set up and maintain an electronic record for each pensioner member of the Fund (including child pension benefits).

- To pay UK and overseas pensions each month and produce payslips and P60s at the appropriate times.

- To increase pensions periodically in accordance with the provisions of the Pensions Increase Acts and Orders.

- To pay benefits to the correct beneficiaries only, taking steps to reduce the possibility of fraud or pensions liberation.

- To ensure that sufficient information is issued to satisfy the requirements of Regulation 61 of the LGPS 2013 (statements of policy concerning communication with members and Fund employers).

- To appoint an Actuary for the purposes of the triennial valuation of the Fund and to provide periodic actuarial advice on any interim valuations when required.

- To arrange and manage the triennial valuation of the Fund.

- To ensure compliance with the Data Protection Act 2018 and GDPR.

- To appoint an adjudicator(s) to consider complaints under stage 1 of the IDRP relating to Administering Authority decisions (or a lack of a decision).

- To appoint a suitable decision maker to consider appeals under stage 2 of the IDRP (which covers both employer and Administering Authority decisions or lack of decisions).

- To provide referral rights to the Office of the Pensions Ombudsman when the IDRP becomes exhausted.

- To provide on request, any information to an employer about a complaint under the IDRP that may be required by an employer.

Our Administration Aims and Objectives

At a glance …… performance standards expected by all relevant parties

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

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

Key objectives relating to administration are as follows:-

- Ensuring the Fund's employers are aware of and understand their role and responsibilities under the LGPS Regulations, and in the overall delivery of the administration functions of the Fund.

- Administer the Fund in a cost effective and efficient manner, utilising technology appropriately, with the focus on a digital first approach.

- Assisting employers to provide effective provision of timely and accurate data using secure systems.

- Ensuring benefits are paid on time, and income is collected from the right people, at the right time, and at the right amount.

- Maintain accurate electronic records and ensure sensitive data is protected and has authorised use only.
- Be accountable and take responsibility for our actions.

- Our separate Communication Strategy has a number of specific objectives relating to how we communicate and engage with our stakeholders.

To support these aims this strategy document covers:-

- The expected standards of service between the Administering Authority and participating employers in the Fund; monitoring those standards and continuously developing and improving them.

- Charges that may apply when service standards fall below expectations and put service delivery at risk.

- A strategy to continually develop digital first services for both employers and members of the Fund.

<u>Other documents making up the overall strategy</u>

At a glance …… other relevant LGPS guides and documents

- London Borough of Southwark Communication Strategy

- Data Management Strategy
- LGPS HR Guide https://lgpslibrary.org/assets/gas/ew/HRv4.6c.pdf
- LGPS Payroll Guide https://lgpslibrary.org/assets/gas/ew/Pv4.6c.pdf
- LGPS Auto Enrolment https://www.lgpslibrary.org/assets/gas/uk/AEBv9.0c.pdf
- Auto Enrolment template letters AELv2.1c (1) template letters.pdf
- Employer Discretions Policy https://www.lgpslibrary.org/assets/gas/ew/DISCLv1.10c.doc.pdf
- Investment Strategy Statement
- Funding Strategy Statement
- Governance Compliance Statement

4. Liaison, engagement and communication

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

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

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

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

Good communication reminds, or alerts, employees to the benefits and value of the LGPS which aids in recruitment, retention and motivation of the workforce, and negates misleading media information, particularly around investments. Effective engagement and communication between the Administering Authority and its employers reduces errors and complaints, improves efficiency and leads to good working relationships. In this context, good communication also includes publication of the annual report and accounts, pensions advisory panel and local pension board meeting papers, and ensuring that up-to-date versions of all Fund policies are published on the pension fund website.

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

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

1. when you contact the Fund, by any channel, we should let you know what you should expect to happen and by when

2. we will strive to keep up to date on the progress of your request, so you don’t have to contact us again

3. wherever possible, where the Fund cannot help you with your request (for example where someone else is responsible for providing what you need), we will signpost you to someone who can help

4. whenever you contact the Fund and for whatever reason, you should find us welcoming, courteous and respectful

5. we will be empathetic and understanding of your personal situation – especially when you are contacting us at a moment of crisis

6. we will be clear on how to contact us about an issue and what the Fund can and cannot do to help

7. we will make it easier for you to provide feedback after you contact us for any reason or by any channel

8. where we fail to live up to our standards we should apologise and put things right quickly

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

Employer key contact officers and meetings

Each employer in the Fund must appoint a '**Key Contact Officer**'; this individual will be the main day-to-day contact regarding any aspect of administering the Fund, and the employer will ensure they keep the Administering Authority aware of the contact details for that person.

The Head of Pensions Operations and/or Chief Investment Officer will contact the Key Contact Officer to discuss any issues relating to the Fund and/or raise any issues around performance of the employer or services provided by the Administering Authority. Meetings will be arranged if necessary (particularly where specific issues around the performance of the employer arise).

Contact details of the Fund's Senior Officer are shown on page 4.

Employer Guidance

Employer Guidance is maintained on the Southwark Pension Fund website

www.southwarkpensions.co.uk

It will outline all the key responsibilities and processes that must be carried out by each employer as well as specifying the format of all information to be provided.

An email will be issued to all employers when this guidance is updated, and all new employers will be provided with a link to this guidance when they join the Fund.

Updates

Other information and procedural requirements, such as the annual procedures for FRS102/IAS19, will be disseminated by email.

Employer Reports

In addition to employer guidance, the Fund will prepare a bi-annual report for the Local Pension Board and Strategic Director of Resources, then share with the appropriate Head of Service, bringing to their attention performance or quality issues where improvements are required and next steps to address them. Reports will also include information relating to any changes to LGPS Regulations and employer procedures or responsibilities associated with them.

Employer Forums

The Fund may host an employer forum periodically to which all employers will be invited. The forum will include updates on recent developments within the LGPS or pensions generally, as well as reporting on the performance of the Fund.

UPM Employer Hub

UPM is the current software that all employers (including local authority schools) will be required to use to submit information to Pension Services (the pensions administration team). UPM provides for secure, efficient and timely data submission.

Any employer not providing data using UPM may be charged additional administration costs due to the fact that other methods can result in additional time spent validating data and hence

Website

The Fund is re-developing its existing website for the London Borough of Southwark Pension Fund at **www.southwarkpensions.co.uk**

Detailed metrics are obtained monthly of visitor numbers and their activity on the website that allows website content to be tailored to what membership and users want to see.

The employer section contains all the information that existing and new employers need and an interactive forms significant delays in processing, which in turn impact on the quality and timeliness of information passed to Fund members or other stakeholders such as HR/Payroll.

The Data Systems Manager monitors all data received using UPM and monitors systems to draw in data from a large number of employers and populates individual member records. In addition, on request, training will be provided by the Data Systems Manager to ensure all employer Key Contact Officers understand how to use the system.

section for employers to report information on their members directly to the pensions team. The next phase of the website will be employer and pension fund staff training using advanced web training techniques to ensure information is disseminated in a clear and effective way.

Employer specific events

The Pensions Technical Team can attend employer specific events including the annual schools conference to assist employers in understanding their roles and responsibilities around pensions best practice.

Training Sessions

The Fund will provide training to employers as and when required, or on request from employers (for example, due to changes in employer personnel responsible for pension matters). All new employers in the Fund will also be provided with training.

Employers will be expected to attend any such training, particularly where significant performance issues have been identified. Pensions training will be delivered by the Training Officer, and all modules of training will be listed on the website.

www.southwarkpensions.co.uk

Member Self Service

Members can access information about their own benefits via our online self-service facility. Members can register or sign in via the homepage of the pensions website (**www.southwarkpensions.co.uk**). The self-service facility gives members access to their own pension records, and this ‘digital first’ initiative results in fewer enquiries being dealt with by Pension Services, as members resolve many issues themselves. There is a commitment from all parties to actively promote this.

Newsletters

The Fund also issues a periodic newsletter to members, bringing to their attention information such as changes to LGPS Regulations. These are usually issued to employers to distribute to their Fund members.

Individual member meetings

One-to-one MS Team meetings are available with Pension Services on an appointment only basis, by emailing

lbspensions@southwark.gov.uk

Pension Presentations

Presentations can be given to staff, managers, new employees etc. on pension-related matters, including as part of induction and pre-retirement sessions.

E-mail and Helpline

The Fund has its own First Contact Resource Centre which is an initial point of contact for all pension fund enquiries.

Using the latest CRM software to be able to create detailed metrics for management information, the resource centre will deal with

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

5. Delivery of Administration

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

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

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

6. Performance standards and responsibilities

Quality

Local Standards

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

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

<u>Secure Data Transfer</u>

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

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

<u>UPM Employer Hub</u>

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

Employer Hub allows employers to submit monthly pensions data returns securely. Employers must adhere to the technical specifications of Employer Hub when submitting their data.

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

Verifying Monthly Contributions from Employers

The following processes are in relation to the current financial procedures.

Remittance advice for payments to the Fund Payment by BACS

In addition to uploading monthly data onto UPM Employer Hub, a copy of the upload should be emailed to lbscontributions@southwark.gov.uk. The latest this information should be received is the 19th of the following month of account, however early submissions are encouraged.

If the employer chooses an alternative presentation of data, the schedule should include:

- National Insurance Number
- Name
- Contribution band percentage rate
- Additional contribution percentage rate (where applicable) and contribution amount
- Pensionable pay (Assumed Pensionable Pay where applicable)
- Monthly Scheme member contribution
- Monthly employer contribution
- Total Scheme member and employer's contribution to date
- Total pensionable pay to date
- Date joined or left LGPS (if in current year)
- Part time hours

Note: Employer contributions are expressed as a percentage of pensionable pay and are payable at such rate(s) as may be advised by London Borough of Southwark Pension Fund following the completion of each triennial actuarial valuation of the pension fund. Employers will need to supply reasoning where employer contribution rates differ from the ones set by the actuary.

All sums to which the schedule relates shall be paid over no later than the 19th day of the month following the month of account. Payment of Interest will be charged by the Council where contributions have been received late. Contributions deducted from weekly wages should be accumulated for 4 or 5 weeks and paid over at the appropriate month end.

Late payment of pension contributions by Scheme employers is a serious offence and the Pensions Regulator or the Pensions Ombudsman has significant powers of sanction. The Pensions Regulator can impose fines. Recent changes to the Pensions Act have made it easier to prosecute employers for late payment of contributions.

Note: AVC and LPFA payments should be included on a separate schedule and should be paid directly to the council bank account. Reference to the type of scheme will need to be supplied when making payment to ensure correct allocation within the ledger. A copy of the Schedule should be forwarded to the Pensions Team (lbspensions@southwark.gov.uk) along with any new applications to pay AVC's or any notifications to cease.

Oversight of compliance and quality

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

Audit

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

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

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

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

The Pensions Regulator – and General Code of Practice

The Pensions Regulator (**tPR**) is a public body that protects UK workplace pensions. Its main purpose is to ensure members' pensions are fully protected and that pension schemes are run lawfully, well-governed, and are in members' best financial interests.

The Fund is fully complaint with tPR which demonstrates the scheme manager and Board members are fulfilling their statutory obligations around record-keeping, data, reporting breaches, member communication and contributions collection.

tPRs new General Code of Practice took effect from 28 March 2024, and amongst other things, sets out clear expectations in relation to scheme Administration, which is summarised below: -

- Processing financial transactions – including payment/collection of member and employer contributions and transfers out
- Data monitoring and improvements – including record keeping and regular data reviews
- Maintenance of IT systems – having internal controls in place to ensure systems meet legal requirements, including regular back-ups, system security, segregation of duties, and development ability
- Data Protection and Cyber controls – having processes in place to protect personal data, how to address breaches, and cyber plans
- Knowledge and Understanding – in particular, Board members around general admin and cyber risk and data protection law

Timeliness and accuracy

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

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

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

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

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

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

Performance Targets will be monitored and reported on.

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

- **AA** = Administering Authority; **E** = Employer
- Performance Targets assume all correct and relevant data has been supplied
- AA performance targets are benchmarked in line with guidance from the Scheme Advisory Board

	Administration Description	Performance Targets	Body Responsible
	New Starters and Transfers In		
	New starters: Employer to give potential new Fund members a pensions pack/guide as part of recruitment and/or induction process.	Within 20 working days before the new employee's first day of employment with Southwark/new employer.	**E**
	Auto Enrolment: Employer to assess worker status and ensure new starter is automatically enrolled into the Fund, in line with legislation.	Within 20 working days (working around payroll cut off dates)	**E**
	Ensure correct employee contribution rate is applied. Send member notification of joining the Fund along with contribution rate appeals process.	Immediately, in line with employer's policy and each April thereafter Within 10 working days	**E**
	New Fund members: Employer to send to Administrating Authority details of new members and Transfer in paperwork so process can begin.	Within 20 working days after the Fund membership start date.	**E**
	New Fund members: Administrating Authority to create new pension Fund record on pensions admin system	Within 10 working days of receipt of clean employer data	**AA**
	New Fund members: Administering Authority to send notification of joining the LGPS to new Fund member	Within 10 working days of receipt of clean employer data	**AA**

	Administration Description	Performance Targets	Body Responsible
	New Fund member: Administrating Authority to request transfer value details from previous LGPS fund or scheme	Within 10 working days of receipt of request	**AA**
	New Fund member: Administrating Authority credits member record with pension benefits due from transfer of previous pension entitlements.	Within 10 working days of receipt of payment from previous pension LGPS fund or scheme.	**AA**
	New Fund member: Notification of pension benefits purchased by an incoming transfer to be provided to the new Fund member.	Within 10 working days of receipt of the all the information.	**AA**
	Changes in circumstances		
	Arrange for reassessment of employee contribution rate in line with employer's policy	If applicable, as per employer's policy	**E**
	Notify the Administering Authority of any eligible employees who opt out of the Fund within three months of appointment.	Within 10 working days of receipt of opt-out form	**E**
	Send a Notification of Change (or equivalent) if legally required to a fund member	Within 15 working days of change	**E**
	Notify the Administering Authority of all other relevant changes in the circumstances of employees	Within 1 month of change	**E**
	Refund any employee contributions deducted in error, or where the member opts out in writing within 3 months with no previous LGPS membership	Month following the month of election	**E**
	Notify the Fund of any periods of authorised unpaid leave and contact member with buy back options	Within 1 month of the member returning to work	**E**
	To accurately record and update member records on the pension administration system	Within 15 working days of receipt of clean employer data	**AA**

	Administration Description	Performance Targets	Body Responsible
	To send a Notification of Change (or equivalent) if legally required	Within 15 working days of receipt of clean employer data	**AA**
	Retirement estimates (inc. ill-health and flexible retirement)		
	Notify the Fund when a member is due to retire, including as accurate assessment of final pay as possible and reason for retirement (and authorisation where appropriate)	As early as possible and no later than 15 working days before date of retirement	**E**
	Providing quotations on request for retirements	Within 10 working days of request	**AA**
	Providing provisional statement of retirement benefits for both active and deferred members	3 months before normal retirement date for deferred members. Within 10 working days from date notified of an active member leaving	**AA**
	Actual retirements (inc. Ill-health and flexible retirement		
	Notify the Fund when a member leaves employment, including an accurate assessment of final pay	Within 5 working days of leaving	**E**
	Agree business case with HR / Head of Service for flexible retirement and inform the Fund of changes to pension provision.	1 month before change to member terms and conditions	**E**
	Send a Notification of Entitlement to Benefit if legally required to a fund member (including determining tier of ill-health retirement if applicable)	No later than 5 working days before date of retirement	**E**
	To accurately record and update member records on the pension administration system	Within 5 working days of receipt of clean data	**AA**
	Notification of amount of retirement benefits and payment of tax-free cash sum	Within 5 working days of receipt of fully completed claim forms from member	**AA**
	Notification of amount of recalculated retirement benefits and payment of any balance tax	Within 7 working days of receipt of updated information	**AA**

	Administration Description	Performance Targets	Body Responsible
	free cash sum following updated information		
	Additional ill health retirement responsibilities		
	Appoint a qualified Independent Registered Medical Practitioner in order to consider all ill-health retirement applications, and agree this appointment with the Fund.	Within one month of becoming an employer within the Fund	**E**
	To keep a record of all Tier 3 ill-health cases and to review these cases after 18 months	Review all tier 3 cases two months prior to the member reaching 18 months since their last day of service	**E**
	Notify the Fund of the results of any review of Tier 3 ill-health cases with appropriate information to allow the Fund to recalculate benefits if necessary	Within 5 working days of receiving results of review	**E**
	Send a Notification of Entitlement to Benefit (or change in benefit) to a Fund member following the review of his/her Tier 3 ill-health benefits	Within 5 working days of receiving results of review	**E**
	To notify employers prior to scheduled discontinuation of benefit payments, and before updating the member records to "pensioner with deferred benefits".	3 months prior to scheduled discontinuation date	**AA**
	Notify employers of pension fund strain costs	Invoices issued the month following each quarter that the retirement occurred	**AA**

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

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

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

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

The different levels of benefit are:

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

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

	Members leaving before retirement		
	Employer to notify the Fund of the member's date of (and reason for) cessation of membership, and all other relevant information	Within 10 working days of leave date	**E**
	To accurately record and update member records on the pension administration system	Within 10 working days of receipt of clean data	**AA**
	To inform members who leave the Fund (and are not eligible for immediate benefits) of their options and their deferred benefit or refund entitlement as applicable	Within 20 working days of receipt of clean data	**AA**

	Provide a refund of contributions where requested	Within 10 working days of receipt of request	**AA**
	Provide a statement of current value of deferred benefits on request	Within 10 working days of receipt of request	**AA**
	Death Benefits		
	Notify the Fund, HR / Schools HR / Payroll provider of the death in service of a member, and provide details of Next of Kin (**NoK**) where available	Within 2 working days of notification	**E**
	Write to NoK or other contact requesting information following the death of a pension fund member	Within 1 working day of notification	**AA**
	Notify NoK of any over or under payment of pension made	Within 5 working days of confirmation received from payroll	**AA**
	Calculate and notify dependant(s) of amount of death benefits	Within 5 working days of receipt of all relevant information	**AA**
	Decide who should be recipient(s) of death grant and pay death benefits appropriately as directed	Within 5 working days of receipt of all relevant information	**AA**
	Transfers		
	Notify the Fund if the employer intends to outsource services that will involve TUPE transfers of staff, and work with the Fund to ensure an admission agreement is put in place and complied with or a bulk transfer arranged	Initial notification within 2 working days of becoming aware of potential outsourcing	**E**
	Obtain transfer details for transfer in, and calculate and provide quotation to member	Within 10 working days of receipt of information	**AA**
	Request transfer value upon acceptance of transfer in	Within 5 working days of receipt of acceptance	**AA**

	Notify scheme member of benefits purchased by transfer in on receipt of payment	Within 10 working days of confirmation of payment receipt	**AA**
	Provide details of transfer value for transfer out, on request	Within 10 working days of receipt of request	**AA**
	Provide payment of transfer value to appropriate recipient	Within 10 working days of receipt of accurately completed discharge form and financial advice form (if applicable)	**AA**
	Additional pension benefits (AVC/APC)		
	Commence, cease or amend (as appropriate) deduction of APCs and AVCs	In the month following election	**E**
	To provide generic information on APCs / AVCs on request to members and employers	Within 10 working days of request	**AA**
	Various financial obligations		
	Electronically pay the Fund all employee contributions deducted from payroll and all employer contributions	Immediately when deducted when paid but by the 19th day of the following month	**E**
	Pay all rechargeable items to the Fund, including additional fund payments in relation to early payment of benefits. All employers must make payments in accordance with the strain cost policy. Pay IAS19 costs plus all other costs that are deemed bespoke and non-standard	Within 20 working days from receiving invoice	**E**

	Pay all additional costs to the Fund associated with the unsatisfactory performance of the employer	Within 20 working days from receiving invoice	**E**
	Communication of valuation results for individual fund employers	Within 10 working days of receipt of results from the Fund's actuary (and in any event no later than 31 March following the valuation date)	**AA**
	To allocate received contributions to each employer's cost centre	Within 1 working day of receipt of accurate data via	**AA**
	Issue invoice in relation to additional fund payments in relation to early payment of benefits	Within 10 working days of retirement date (or information being received if later)	**AA**
	Inform employers of any new LGPS contribution bandings	5 working days after information is released from the LGA	**AA**
	Notify member of calculation and new value of pension following annual pensions increase	No later than 2 working days before payment of revised pension	**AA**
	Monthly and Annual Returns, Valuation, Annual Benefit Statements and Pensions Savings Statements		
	Provide the Fund with monthly pension data via its secure data system noted in 7.1.3.	Within 10 days of monthly payroll closure or by the 7th day of the following month, whichever is earlier	**E**
	Provide the Fund with year-end information to 31 March each year, and any other information		**E**

	Process employer year end contribution returns	Within 1 month of receipt	**AA**
	Produce Annual Benefit Statements for all active and deferred members	In line with LGPS Regulation timescales, by 31 August each year for active members	**AA**
	Provide information to the Actuary (or GAD as appropriate) for both the triennial valuation and for accounting purposes	As agreed between the Fund and the Actuary	**AA**
	Provide an electronic copy of the valuation report and associated certificate to each employer, and to answer any questions arising	Within 5 working days of receipt of report	**AA**
	Produce Pensions Savings Statements for all members of the Fund who have breached the Annual Allowance, and provide details of 'Scheme Pays'	In line with statutory and HMRC timeframes	**AA**
	General		
	Confirm a nominated representative to receive information from the Fund, and to take responsibility for disseminating it within the organisation	By effective date of admission to the Fund or within 5 working days of previous representative leaving	**E**
	Formulate and publish policies regarding all discretions that the employer may exercise, and provide a copy to the Fund	Within 2 months of sign off and review every 3 years	**E**
	Respond to admin enquiries from the Fund	Within 10 working days of receipt	**E**
	Respond to data enquiries from the Fund	Within 5 working days of receipt	**E**

	Distribute any information provided by the Fund to members / potential members	Within 5 working days of receipt	**E**
	Put in place a Stage 1 Internal Dispute Resolution Procedures	Within 2 months of joining the Fund and before the effective date of any change to the existing procedure (e.g. an appointed person leaving)	**E**
	Arrange for the setting up of an admission agreement where required	Within 3 months of all information being provided. Admission agreements set up for scheduled bodies will be sealed within 5 working days by the Section 151 officer or their nominated delegates	**AA**
	Publish and keep up to date Fund Members' Guide and Employers' Procedural Guide	Updates made within 10 working days of any legislation changes but preferably before effective date	**AA**
	Publish and keep up to date all forms that members, prospective members and employers are required to complete	Updates made within 10 working days of any legislation changes but preferably before effective date	**AA**
	Publish the Fund's Annual Report	By 1 December following the year end to which it relates	**AA**
	Publish the Fund's Annual Accounts	By 31 July following the year end to which they relate	**AA**
	Publish the Investment Strategy Statement	Publish within 30 working days of policy being reviewed by pensions advisory panel	**AA**
	Publish the Funding Strategy Statement	Reviewed at each triennial valuation, following consultation with scheme employers and the Fund's actuary.	**AA**

		Revised statement to be published at same time as valuation report is issued.	
	Provision of other responses to general enquiries from fund members and employers	Within 10 working days of receipt	**AA**
	Put in place a Stage 1 Internal Dispute Resolution Procedure and publish on website	Before the effective date of any change to the existing procedure (e.g. an appointed person leaving)	**AA**
	Put in place a Stage 2 (appeal) Internal Dispute Resolution Procedure and publish on website	Before the effective date of any change to the existing procedure (e.g. an appointed person leaving)	**AA**
	Pension Payments		
	Issue pension payments to designated bank accounts	To arrive on payment due date for BACS payments, cheques to be posted a minimum of two working days before payment due date	**AA**
	Issue payslips for those members who have 'opted in' to receive a hard copy payslip	Posted so as to arrive on or around the payment due date	**AA**
	Investigate returned payments and action appropriately	Within 10 working days of payment being returned	**AA**
	Respond to pensioner queries	Within 10 working days of receipt	**AA**
	Implement any changes to pensions in payment	By next payroll period	**AA**
	Process the annual pension increase payment award	Annually and no later than each May	**AA**

For the avoidance of doubt:

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

8. Improving Employer Performance

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

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

The Administering Authority will, where necessary (for example, before a legal breach needs to be reported to the relevant regulatory body), escalate matters beyond those identified above to the Local Pension Board and Pensions Advisory Panel.

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

Stage 1	The Head of Pensions Operations will write to the person nominated by the employer as their key point of contact, setting out the area(s) of poor performance. A nominated representative will meet with the employer to discuss the area(s) of poor performance and how they can be addressed. The employer will produce a clear action plan following the meeting and provide this to the Administering Authority for agreement.
Stage 2	Where no improvement has been demonstrated by the employer, or where there has been a failure to follow the agreed action plan, the Head of Pensions Operations will issue a formal written notice to the employer setting out the area(s) of poor performance that has been identified and the action required to improve the performance, with appropriate deadlines. The Head of Pensions Operations will give notice that additional costs may now be reclaimed if performance is not improved, as detailed below.
Stage 3	The Head of Pensions Operations will set out the calculations of any loss or additional costs resulting to the Fund / Administering authority, taking account of time and resources in resolving the specific area of poor performance.

	The Fund will make a claim against the employer for the value calculated, setting out the reasons for doing so in accordance with the regulations. The Fund will consider whether a material breach has occurred which requires them to report the employer to The Pensions Regulator or the Stakeholder Team at the Pensions Ombudsman.

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

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

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

In addition, other circumstances could generate a charge:

- Instances where the performance of the Employer in respect of compliance with the LGPS Regulations has resulted in fines being levied against the Administering Authority by the Pensions Regulator, the Pensions Ombudsman, HMRC or other regulatory body.

- Additional cost incurred in providing specialist third party advice in administering the Fund on behalf of the Employer, including but not exclusive to actuarial services, occupational medical practitioner services and legal services.

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

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

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

Calculation of costs incurred

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

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

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

	Administration description	Performance targets	Charge levied if Employer fails to comply with target
	New Fund Members		
	Employer to send to Administrating Authority details of new members, uploaded via UPM Employer Hub	Within 25 working days of the pension fund start date	£50 per case
	Leavers and Retirements		
	Employer to notify the Fund of member's date of leaving (and final pay, reason for leaving) by completing leavers section in monthly return	By 10th of the following month	£75 per case
	Notify the Fund when a member retires from employment, including an accurate assessment of final pay	Within 5 working days of leaving employment through retirement	£50 per case
	Deductions and data submissions		
	Monthly Employer to submit funds and a fully compliant remittance and monthly return of deductions from pay to Administering Authority	By 19th day of the month following the month in which contributions were deducted from pay (noting that the funds must have fully cleared to the pension fund	£100 per instance of late receipt each month

	Employers to upload monthly data returns via UPM Employer Hub	bank account by the 19th) Employer uploads by the 10th of each month (to enable reconciliation and validation ahead of 19th statutory deadline)	£100 per instance of failure to provide a fully compliant remittance and/or schedule
	Year-End Provide Administering Authority with a year-end schedule of all member deductions and any other required information for the financial year, in a format determined by the Administering Authority	By the 30th of April each year for reconciliation purposes (and to aid Annual Benefit Statement process)	£100 per instance for late or non-compliant returns
	General		
	Repeat data format and compliance errors via UPM Employer Hub (dates, NI numbers, contribution percentages, pensionable pay)		£50 per re-submission
	Missing data (key fields include DOB, NI number, starter/leaver details, pensionable pay, job role, hours, and job title where applicable)		£50 per missing or incomplete data field requiring follow-up
	Employer response times (critical)	Within 5 working days	£50 per case unresolved within timeframe (before escalation process
	Backdated leavers / new starters joining the Fund	Within 10 working days of event	£100 per leaver/starter notified more than 2 months late

9. Risks of non-compliance with Pension Administration Strategy

Legal & Regulatory Risks

Breach of statutory duties under:-

- LGPS Regulations (e.g. The Local Government Pension Scheme Regulations 2013).

- The Pensions Act 2004.
- The Public Service Pensions Act 2013.

Regulator intervention: The Pensions Regulator (TPR) can:

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

Financial Risks

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

Operational Risks

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

Reputational Risks

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

Governance Risks

- Non-compliance can signal poor governance to External Auditors.
- Failure to meet standards undermines accountability and oversight roles.

- Weak employer engagement meaning future improvements are more difficult to implement.

Examples of Non-Compliance Consequences

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

Agenda Item 12

Meeting Name:	Pensions Advisory Panel
Date:	9 December 2025
Report title:	Asset Allocation Update – 30 September 2025
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Interim Pensions Investment Manager

RECOMMENDATION

1. The Pensions Advisory Panel is asked to note the Fund's asset allocation at 30 September 2025, overall performance and other matters considered by the officers and advisers of the Fund during the quarter to the end of June and post quarter end.

Background

2. Decision making for the Southwark Pension Fund (SPF) is a bipartite mutual responsibility between the Strategic Director of Resources (S151 officer) and the Pensions Advisory Panel (PAP). London Borough of Southwark, as administering authority for the Southwark Pension Fund, has delegated responsibility for the management and decision making for the Fund to the S151 officer. All Fund investment decision making, ongoing investment monitoring and risk management by the S151 officer must be made with regard to advice received from PAP.

3. Additional oversight of the decision-making process is provided via the Local Pension Board.

Pension Fund Investments – September Quarter 2025

Position Statement at 30 September 2025

4. The market value of the Fund increased during the quarter from £2,328.6m to £2,425.8m, an increase of £96.2m (+4.1%). In contrast, in the previous quarter the market value of the Fund increased by £60.0m.

5. The value of the major asset classes at 30 September compared to 30 June is as follows:

	30 June		30 September	
	£m	%	£m	%
Low carbon passive equities	829.600	35.6	895.764	36.9
Active Emerging Market equities	97.606	4.2	105.767	4.4
Active global equities	254.276	10.9	282.821	11.7
Total Global Equities	1,181.482	50.7	1,284.353	53.0
Total Multi-Asset Credit	223.773	9.6	228.787	9.4
Total Index Linked Gilts	231.597	10.0	227.310	9.4
Total Property	372.424	16.0	385.983	15.9
Total ESG Priority	285.134	12.2	277.881	11.5
Total Cash & Cash Equivalents	34.162	1.5	20.436	0.8
Total Fund	**2,328.573**	**100.0**	**2,424.750**	**100.0**

6. The following table shows the breakdown of the market valuation as at 30 September 2025 by asset class/manager and compares the totals with the target asset allocation, which was agreed by PAP in December 2022:

	Manager(s)	**TOTAL FUND £m**	**Actual %**	**Target %**	**(Under) Overweight**
Low carbon passive equity	Blackrock LGIM	465.378 430.386	19.2 17.8	17.5 17.5	+1.7 +0.2
Active Emerging Market equity	Comgest	105.768	4.4	5.0	-0.6
Active global equity	Newton	282.821	11.7	10.0	+1.7
Total Global Equity		**1,284.353**	**53.0**	**50.0**	**+3.0**
Multi-Asset Credit	Robeco LCIV-CQS	115.031 113.757	4.7 4.7	5.0 5.0	-0.3 -0.3
Index Linked Gilts	Blackrock LGIM	106.122 121.188	4.4 5.0	5.0 5.0	-0.6 0.0
Total Property	See table (Para 10)	**385.983**	**15.9**	**20.0**	**-4.1**
Total ESG Priority	See table (Para 15)	**277.881**	**11.5**	**10.0**	**+1.5**
Cash & Cash Equivalents	LGIM Custody Northern Trust Blackrock Newton Nuveen	5.130 1.050 0.159 9.451 2.073 2.572	0.2 0.0 0.0 0.4 0.1 0.1	0.0 0.0 0.0 0.0 0.0 0.0	+0.2 0.0 0.0 +0.4 +0.1 +0.1
TOTAL Fund		**2,424.750**	**100.0**	**100.0**	**0.0**
30 June 2025		2,328.573			
31 March 2025		2,269.773			
31 December 2024		2,329.132			

30 September 2024		2,271.930			
30 June 2024		2,257.809			

7. The Fund's Strategic Asset Allocation (SAA) has tolerance, within specific ranges, for deviation from the target allocation for each manager/asset class. All allocations are within the maximum permitted by the SAA. The key overweight position is now in global equity (+3.0%), followed by ESG priority funds (+1.5%). In contrast, the key underweight is in Property (-4.1% excluding cash held by Nuveen).

8. Most of the changes in over and underweight positions are linked to market movements, with equities having another strong quarter.

Fund Manager Activity

Listed assets

9. During the quarter officers redeemed £7m of equities from the LGIM low carbon transition fund to support day to day liquidity and to fund a property purchase by Nuveen (Para 13).

Property

10. The table below breaks down the property holdings showing the valuation of the direct and indirect fund holdings as at 30 September 2025.

Manager	Description	Market Value £m	Actual %	Target %
Nuveen	Direct property UK Retail Warehouse Fund	266.950 0.135	11.0 0.0	14.0
Invesco	UK Residential Fund	44.305	1.9	1.5
M&G	UK Residential Property Fund	44.760	1.9	1.5
Darwin	Leisure Development Fund	17.778	0.8	1.5
Frogmore	Frogmore Real Estate Fund III	2.924	0.1	0.75
Brockton	Brockton Capital Fund III	9.130	0.4	0.75
Total Property		**385.983**	**15.9**	**20.0**
Last quarter		**372.424**	**16.0**	**20.0**

11. The table shows that there is a significant underweight in the core property mandate run by Nuveen (-3.0%, excluding cash), although this has reduced from -4.3% since the end of December 2024. However, it should be noted that Nuveen have permission to draw down cash, which is held within SPF's cash balances, as and when appropriate investment opportunities arise.

12. Following a redemption request by Nuveen on behalf of the SPF, the value of the Nuveen UK Retail Warehouse fund holding is now near zero.

13. As reported at the last PAP during this quarter Frogmore requested that investors give permission to bring forward the termination of the Fund (the term of which would otherwise expire on 9th September 2026). This permission was given to Frogmore by SPF and other Limited Partners and the Fund was duly terminated on 31 October. It is expected that it will take up to a year to liquidate the Fund.

14. Post quarter end Darwin advised that there would be a further reduction in the valuation of the Leisure Fund of -2.4% due to the decision to write-off the Fund's shareholding in a lodge manufacturing business.

ESG Priority allocations (ex-property)

15. The below table breaks down the ESG priority holdings (excluding property) showing the valuation of underlying funds as at 30 June 2025 against the original commitments:

Manager	Fund	Commitment	Market Value £m	Last Quarter £m
Glennmont	Glennmont Clean Energy Fund III	€35m	33.136	32.809
Glennmont	Glennmont Clean Energy Fund IV	€50m	17.877	15.098
Temporis[1]	Operational Renewable Energy (TORES)	£33.3m	50.507	54.988
	Renewable Energy (TREF)	£30.6m	23.184	25.277
	Impact Strategy (TIV)	£31.0m	23.353	25.792
Blackrock	Global Renewable Power Infrastructure	$40m	17.012	19.814
Darwin	Bereavement Services Fund	£20m	18.868	18.874
Blackstone	Strategic Capital Holdings II	$110m	58.411	57.188
BTG Pactual	Core US Timberland	$40m	35.533	36.096
TOTAL			**277.881**	**285.134**

16. The biggest aggregate reduction in ESG priority valuations was for Temporis, a result of Northern Trust updating valuations that had been over-reported in the previous quarter, together with distributions being made to clients of TORES and TREF.

17. The Blackrock GRP valuation shown above shows another reduction in the custody value of the Fund's holding in GRP III. This is partly due to Northern

Trust reflecting the most recently available manager valuation, which reduced by ~2%, rather than adjusting prior quarter valuations for cashflows.

18. The following table shows the private market cash transactions (excluding property) for the September quarter:

	Drawdowns	**Distributions**
Blackstone	-£1.2m	£0.6m
BTG Timberland		£0.5m
Glennmont IV	-£3.1m	
Temporis Operational Renewable Energy		£0.7m
Temporis Renewable Energy		£0.3m
Temporis Impact	-£0.2m	£2.2m
Total impact on LBSPF cash balances	**-£4.5m**	**+£4.3m**
Last Q total	£0.0m	+£1.2m

19. Total cash distributions in the quarter were broadly in line with drawdowns. The biggest distribution related to a new LGPS investor committing to the Temporis Impact fund. The Blackstone distributions include compensation for the late payment of a distribution.

UK Holdings

20. Current annual reporting guidelines require that LGPS funds declare what proportion of their total portfolio is allocated to UK assets and how much of this is pooled (with LCIV). This is in line with the government's aim to increase pension fund investment in the UK. The following table identifies the estimated value of the Fund's UK based assets as at quarter end (30 September 2025), shown in the same format as for the annual report requirements

UK asset values as at 30 September 2025	**Pooled** **£m**	**Under pool management** **£m**	**Not pooled** **£m**	**Total** **£m**
UK listed equities	-	29.8	38.2	68.0
UK government bonds	-	227.3	-	227.3
UK credit	19.5	-	12.2	31.7
UK infrastructure	-	-	116.9	116.9
UK private equity	-	-	2.9	2.9
UK property	-	44.8	341.2	386.0
TOTAL	**-**	**302.1**	**470.5**	**832.8**
% of LBS Fund				**34.3%**
Last Quarter				35.5%

21. At ~£833m (34.3% of the Fund) the allocation to UK increased in absolute terms during the quarter, although this represented a lower percentage of the Fund than the previous quarter due to market movements.

Investment Performance Results for the Period

22. The following table shows the total fund returns for the quarter and for longer-term assessment periods:

	Quarter to 30 September	Year to 30 September	3 Years to 30 September p.a.	Inception to 30 September p.a.
Fund	4.3	7.4	7.2	8.3
Benchmark	5.4	10.7	10.7	n/a
Relative	-0.9	-3.3	-3.5	n/a

Source: Northern Trust (reflecting historic figures provided by JPM Morgan prior to 1/4/2025)

23. The Fund made a return of 4.3% in the quarter, behind the benchmark return of 5.4%. The total fund return for the year to the end of September 2025 was 7.4%, which was below the benchmark return of 10.7%. Over 3 years, the Fund returned 7.2% p.a. compared to a benchmark return of 10.7% p.a., a difference of -3.3% p.a. An annualised return of 8.3% since inception means that the Fund has exceeded, by some margin, the 2022 actuarial valuation's assumed investment returns of 4.05% p.a.

24. Further information on the performance of underlying managers will be provided in the adviser update (Item 14).

Operational issues

25. There were no significant operational issues during the quarter and there were no breaches of the cash management policy. To support day to day liquidity there was a redemption of £5m from the LGIM Sterling Liquidity Fund.

Manager meetings

26. During the quarter officers attended various regular investment updates with London CIV.

27. In July officers had a second transition planning meeting with London CIV – feedback on this was included in a report to the 30 September meeting of PAP. The Chief Investment Officer also attended a meeting with LCIV and other London Boroughs to discuss the draft Investment Management Agreement that will be put in place ahead of the pooling deadline of 1 April.

28. Officers also met with Newton in July and Darwin in August. Commentary on the Newton meeting was provided to the 30 September meeting of PAP.

Further Areas of Progress

29. The PAP will be updated on progress on LGPS pooling at future meetings. As requested at the 30 September meeting of PAP a register of the key risks associated with meeting the 1 April pooling deadline are considered under Item 10 of this meeting.

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

Community Impact Statement

30. There are no immediate implications arising.

Equalities (including socio-economic) Impact Statement

31. There are no immediate implications arising.

Health Impact Statement

32. There are no immediate implications arising.

Climate Change Implications

33. There are no immediate implications arising.

Resource Implications

34. No immediate implications arising

Legal Implications

35. No immediate implications arising

Financial Implications

36. No immediate implications arising

Consultation

37. No immediate implications arising

APPENDICES

Name	Title
None	

AUDIT TRAIL

<table>
<tr><th>Lead Officer</th><td colspan="2">Clive Palfreyman, Strategic Director of Resources</td></tr>
<tr><th>Report Author</th><td colspan="2">Tracey Milner, Interim Pensions Investments Manager, Treasury and Pensions</td></tr>
<tr><th>Version</th><td colspan="2">Final</td></tr>
<tr><th>Dated</th><td colspan="2">28 November 2025</td></tr>
<tr><th>Key Decision?</th><td colspan="2">No</td></tr>
<tr><th colspan="3">CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</th></tr>
<tr><th>Officer Title</th><th>Comments Sought</th><th>Comments Included</th></tr>
<tr><td>Assistant Chief Executive – Governance and Assurance</td><td>No</td><td>No</td></tr>
<tr><td>Strategic Director of Resources</td><td>Yes</td><td>Yes</td></tr>
<tr><th>Cabinet Member</th><td>No</td><td>No</td></tr>
<tr><th colspan="2">Date final report sent to Constitutional Team</th><td>28 November 2025</td></tr>
</table>

Agenda Item 13

Meeting Name:	Pensions Advisory Panel
Date:	9 December 2025
Report title:	Advisers' Updates - Quarter to September 2025
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer, Pensions and Treasury Investments

RECOMMENDATIONS

1. The pensions advisory panel is asked to:

   - Note David Cullinan's investment report attached as Appendix 1.
   - Note Aon's quarterly investment dashboard attached as Appendix 2.

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

Community Impact Statement

2. There are no immediate implications arising

Equalities (including socio-economic) Impact Statement

3. There are no immediate implications arising

Health Impact Statement

4. There are no immediate implications arising

Climate Change Implications

5. There are no immediate implications arising

Resource Implications

6. There are no immediate implications arising

Legal Implications

7. There are no immediate implications arising.

Financial Implications

8. There are no immediate implications arising

Consultation

9. No consultation is required.

APPENDICES

Name	Title
Appendix 1	Independent adviser’s report – quarter to September 2025
Appendix 2	Aon’s quarterly investment dashboard – quarter to September 2025

AUDIT TRAIL

<table>
<tr><th>Lead Officer</th><td colspan="2">Clive Palfreyman, Strategic Director of Resources</td></tr>
<tr><th>Report Author</th><td colspan="2">Caroline Watson, Chief Investment Officer, Pensions and Treasury Investments</td></tr>
<tr><th>Version</th><td colspan="2">Final</td></tr>
<tr><th>Dated</th><td colspan="2">28 November 2025</td></tr>
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</table>

APPENDIX 1

LONDON BOROUGH OF SOUTHWARK - Quarterly Report September 2025

Executive Summary

- Markets performed strongly over the quarter helped in no small part by momentum in all things AI related. Equities rose sharply and bonds made moderate gains
- The Fund returned a healthy 4.3% over the period, but lagged its benchmark by 0.9%
- The Fund returned a solid 7.4% over the full year but remained some way behind the benchmark
- Medium-term returns picked up to just north of 7%p.a. while long-term returns for the Fund remained very solid, ahead of both elevated inflation and actuarial assumption, but behind benchmark
- The near-term market outlook remains very uncertain. Rate cuts should be supportive of global growth, but inflation concerns may well dictate the pace. US trade policy uncertainty and geopolitical headwinds persist, so volatility in markets is likely to remain

Market Background

Global financial markets performed strongly in the September quarter fuelled by technology demand, particularly AI related, solid corporate earnings and rate cut expectations. Concerns over US trade policy, which had been front and centre of late, were not as evident this quarter, but uncertainty still persists.

In terms of equities, the headline index returned nearly 10% in Sterling terms with emerging markets outperforming their developed counterparts. Geographically, many regions' stock markets hit all-time highs. The best performances came from the US and Asia whilst Europe lagged. In the UK, the main All-Share index posted a very respectable 7%. Over the period, growth outpaced value as IT and communications sectors were buoyed by the AI boom. The more defensive healthcare and consumer staples sectors trailed.

Bond performance was positive in aggregate but mixed globally. US bonds performed well as yields fell while in the UK, Japan and Europe, yields rose and prices fell accordingly. Over the quarter, corporate bonds outpaced government debt as credit spreads narrowed.

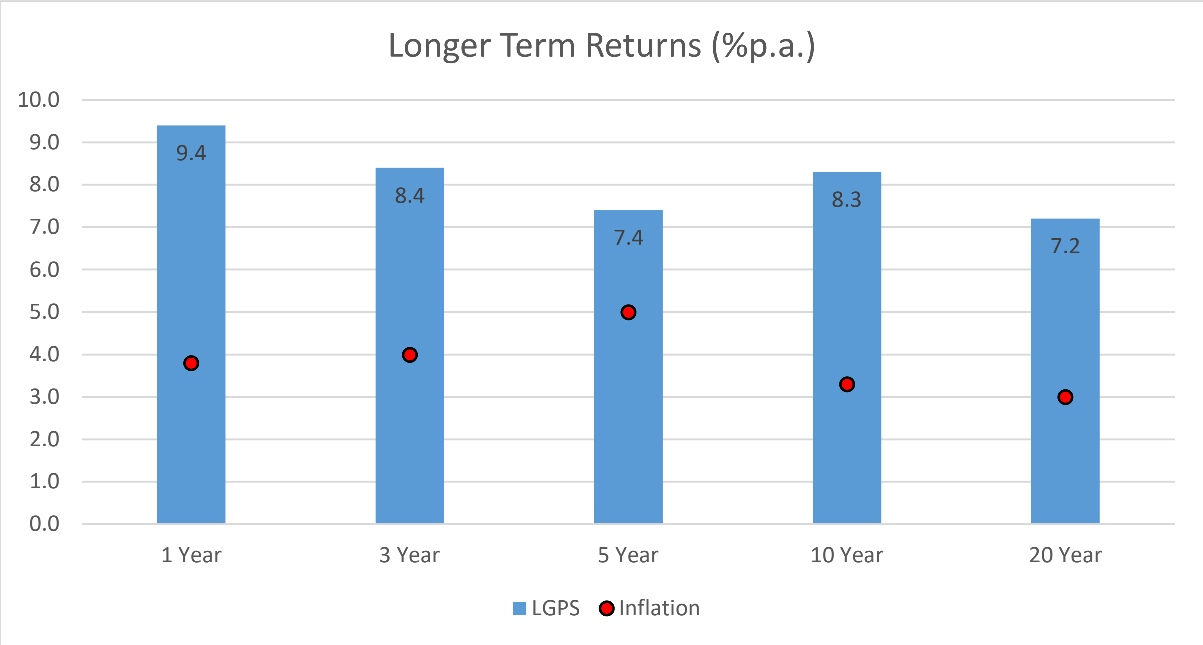
Early indications are for property to have continued the modest recovery evidenced in recent quarters with returns in the region of 2% expected over the period. Once again, capital gains were recorded in most sectors except offices.

LGPS Funds

The average LGPS fund is expected to have returned around 5% over the quarter.

Longer-Term

After strong recent performance, the average pension fund delivered over 9% for the last twelve months. The three-year result rose to over 8% p.a. Solid equity performance continued to drive the strong returns. Over the last ten years the average fund delivered returns in the region of 8% p.a. Over the longer-term periods, funds with a higher equity component will have yielded stronger returns.



Total Fund

The Fund returned a very respectable 4.3% for the quarter but fell 1% short of the benchmark which came in at 5.5%.

Performance from the Fund's managers was mixed, as is normally the case, and the analysis below shows the make-up of the returns, both absolute and graphically in relative terms:

LATEST QUARTER

	Manager	Returns		
		Fund	Benchmark	Relative
Global Equity	BLK	9.3	9.3	
	LGIM	9.7	9.7	
	Newton	8.4	9.7	
	Comgest	8.2	12.6	
MAC	Robeco	2.2	2.1	
	LCIV-CQS	2.4	2.1	
Property	Nuveen	0.1	1.5	
	Invesco	-1.4	1.9	
	M&G	0.7	1.9	
	Darwin Leisure	-5.2	1.5	
	Frogmore	-10.1	3.9	
	Brockton	0.0	3.6	
ESG Priority	Glenmont	0.0	2.4	
	Temporis	-6.8	2.4	
	Temporis (New)	-6.8	1.7	
	Temporis (Impact)	-1.7	2.4	
	BLK	-14.1	2.4	
	Darwin Bereavement	-0.0	1.5	
	Blackstone	2.4	2.9	
	BTG	1.0	1.5	
Index-Linked	BLK	-1.8	-1.9	
	LGIM	-1.9	-1.9	
Cash	LGIM/BLK/NT/Mgr Frictional	0.4	1.0	-0.6
Total Fund		**4.3**	**5.5**	**-1.1**

The Fund lagged the benchmark again this quarter, continuing a disappointing run now stretching beyond two years. As can be seen from the above graphic, there was very little positive performance. Most strikingly, performance of the ESG Priority and property portfolios was most pronounced, but the active equity managers failed to build on last quarter's momentum and delivered shortfalls.

It is worth looking at this over the full year.

YEAR

	Manager	Returns		
		Fund	Benchmark	Relative
Global Equity	BLK	17.1	16.6	
	LGIM	18.3	17.9	
	Newton	12.7	18.9	
	Comgest	8.1	16.9	
MAC	Robeco	4.1	3.9	
	LCIV-CQS	8.2	9.1	
Property	Nuveen	4.6	6.5	
	Invesco	-5.1	8.0	
	M&G	2.7	8.0	
	Darwin Leisure	-4.9	6.0	
	Frogmore	-39.0	16.5	
	Brockton	-5.8	15.0	
ESG Priority	Glenmont	3.1	10.0	
	Temporis	-6.9	10.0	
	Temporis (New)	-8.9	7.0	
	Temporis (Impact)	-12.8	10.0	
	BLK	-42.9	10.0	
	Darwin Bereavement	-18.0	6.0	
	Blackstone	18.3	12.0	
	BTG	5.3	6.0	
Index-Linked	BLK	-10.2	-10.3	
	LGIM	-10.3	-10.3	
Cash	LGIM/BLK/NT/Mgr Frictional	3.1	4.5	-1.4
Total Fund		**7.4**	**10.7**	**-3.0**

Over this longer period, the Fund returned a not insignificant 7.4% but undershot the benchmark by an uncomfortable 3%. In terms of performance attribution, the pattern is very similar to the quarter. As I reported last quarter, the targets for the non-core property and ESG portfolios have probably been quite aggressive over this challenging period and that the key disappointment has been the performance of our active equity managers.

These tables don't however consider the size and by implication, influence, of individual portfolios on the bottom line.

The tables below, covering the latest quarter and full year, group the portfolios into our preferred asset classifications and this time, the size of the positions is accounted for:

LATEST QUARTER

	Fund Weight	BM Weight	Fund Return	BM Return	Relative Return	Asset Allocation Policy	Investment Selection
Global Equity	51.1	50.0	9.1	9.8	-0.6	0.1	-0.3
MAC	9.6	10.0	2.3	2.1	0.2		
Property	16.3	20.0	-0.4	1.7	-2.1	-0.1	-0.3
ESG Priority	12.3	10.0	-2.5	2.2	-4.6	0.1	-0.6
Index-Linked	9.9	10.0	-1.9	-1.9	0.0		
Cash	0.8	0.0	0.4	1.0	-0.6		
	100.0	**100.0**	**4.3**	**5.5**	**-1.1**	**0.1**	**-1.2**

(For illustrative purposes, overweights are shaded blue as are manager outperformances).

Over the quarter, the Fund underperformed by 1.1%.

As a reminder, we don't take active allocation decisions routinely and so we expect investment selection to determine out or underperformance rather than asset allocation policy. In the latest quarter, our equities and property portfolios each surrendered c0.3% and the ESG positions, 0.6%.

YEAR

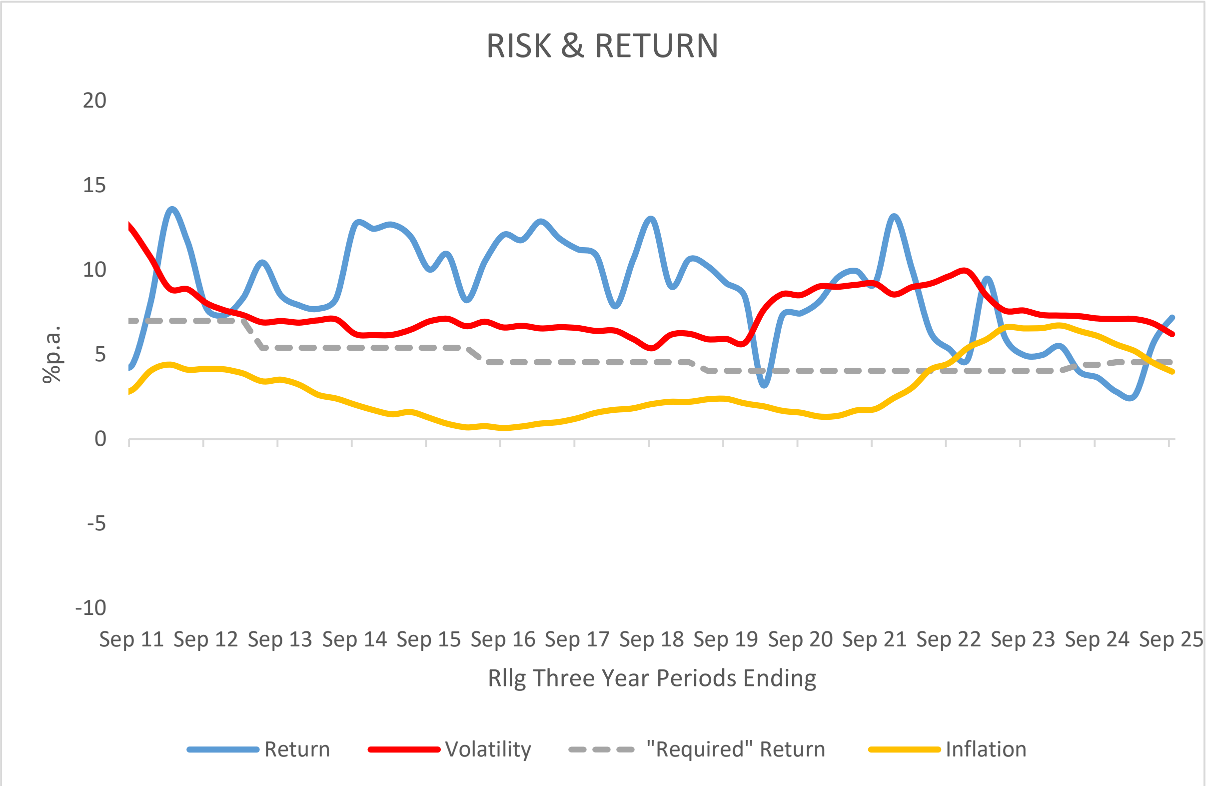
	Fund Weight	BM Weight	Fund Return	BM Return	Relative Return	Asset Allocation Policy	Investment Selection
Global Equity	52.5	50.0	15.5	17.3	-1.7		-0.9
MAC	9.5	10.0	6.1	6.6	-0.4		
Property	16.1	20.0	1.8	8.2	-5.2	0.1	-0.8
ESG Priority	12.7	10.0	-4.7	9.3	-12.7		-1.7
Index-Linked	8.5	10.0	-10.3	-10.3	0.5	0.3	
Cash	0.7	0.0	3.0	4.3	-1.3		
	100.0	**100.0**	**7.4**	**10.7**	**-3.0**	**0.4**	**-3.4**

Looking over the one year, carrying an underweighting to poorly performing index-linked added some value, but this had only a very modest offset to the pronounced underperformance within equities, property and ESG Priority.

Medium-term, the Fund has returned a very solid 7.2%p.a. and 6.7%p.a. over the three and five-year periods. Both periods' returns have been behind benchmark however, the latter by a smaller margin.

Longer-term, over the last ten-years, the Fund has delivered a very valuable 8.4%p.a. return just in excess of 1%p.a. off the target benchmark.

Repeating the analysis I've been showing for the last few quarters charting the progress of the Fund's return in the context of inflation and the return assumed by the actuary:



In summary,

- The blue line tracks the Fund's performance over rolling three-year periods. It shows a further welcome uptick in the Fund's three year return which is now ahead of the return assumption used in the Actuary's modelling and inflation
- The red line shows the volatility of the returns being delivered (sometimes, and arguably unhelpfully, termed "risk"). This has begun to show signs of moderating
- The chart also shows inflation trending downwards but remains above long-run norms

Newton – Active Global Equity

Newton returned a very solid 8.4% return over the quarter but underperformed the benchmark by more than 1%, giving back a lot of the gains made last quarter. Underperformance came from stock selection, particularly in two sectors where the portfolio is overweight, Technology and Industrials. In terms of the former, holdings in two tech firms with businesses unrelated to the 'frothy' AI spectrum, SAP and ServiceNow detracted, whilst in terms of the latter, Wolters Klewer suffered.

With only one quarter of outperformance, the annual return was a very disappointing c6% adrift of the index benchmark.

Longer-term numbers have been disappointing in benchmark relative terms, but the delivered returns have been extremely positive – 12%p.a. over the decade and 9.8%p.a. since inception.

Newton's outlook still talks of volatility in equity markets in the near-term particularly given the uncertainty over US trade policy. Newton tell us that their research focused approach seeks to identify companies that are leaders in reducing their own carbon emissions, whilst delivering positive financial returns. Time will tell how this transpires.

Comgest – Active Emerging Market Equity

Despite delivering a return of 8.2% over the quarter, Comgest returned to underperformance falling a very sizeable 4.4% behind the benchmark. Comgest cite stock selection in China and consumer discretionary as the main detractors over the period.

Over the full year, the portfolio has missed target in three quarters leading to a shortfall of over 8%.

Since inception returns have been very disappointing indeed, with the portfolio outperforming the index in only four of the sixteen quarters measured. In return terms, the portfolio has achieved a return of more than 5%p.a. behind the index.

Nuveen Real Estate – Core Property

The portfolio return was 0.6% over the quarter (Nuveen figures). This represented a depreciation in capital value of 0.5% and income return of 1.1%. Before transactions, valuations of direct investments held steady with only offices retreating. The return was behind the benchmark which returned a provisional 1.4%.

The full year return reported by Nuveen was 7%, which was ahead of the 6.5% posted by the benchmark (MSCI index +0.5%).

The three-year return reported by Nuveen was a -0.9%p.a. reflecting the weakness in the sector over this period. This was around 0.6%p.a. ahead of the property based benchmark over the same period which returned -1.5%p.a.

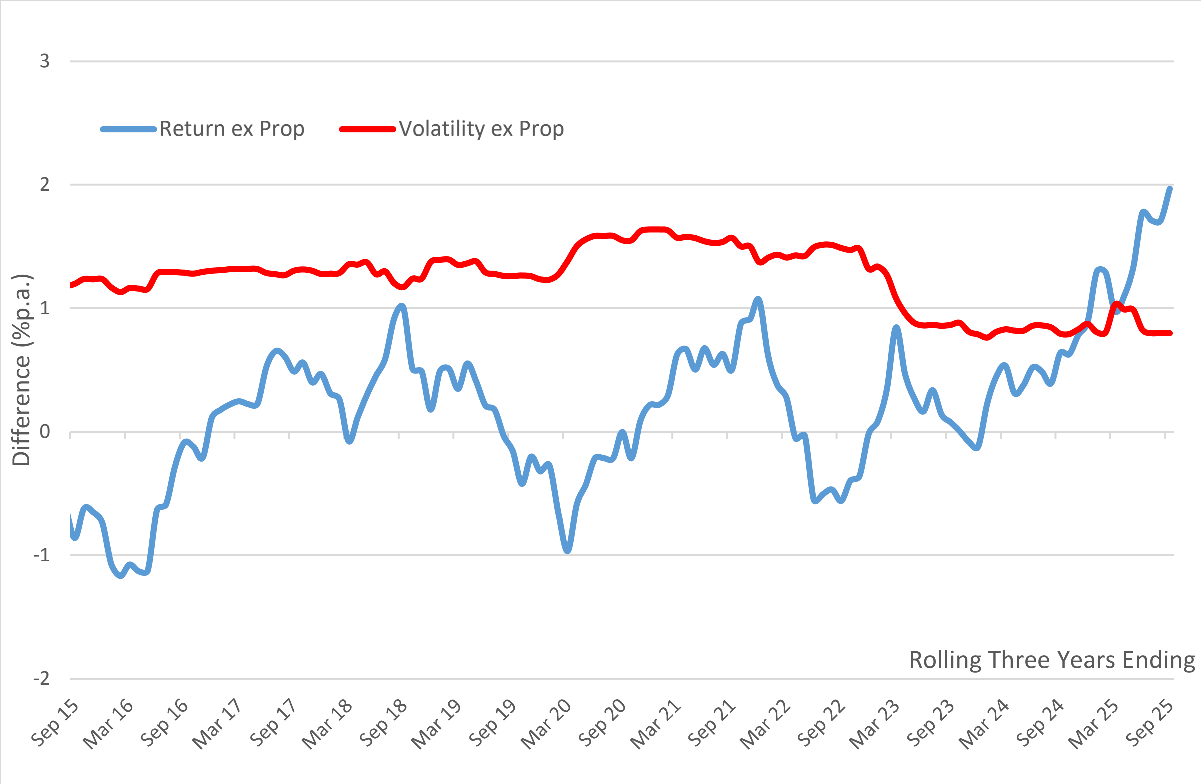
Nuveen report that the sector continues to recover despite headwinds caused by economic and interest rate uncertainty.

Residential/Opportunistic Real Estate

As can be seen from the graphics on pages 3 and 4 above, the managers of the non-core property assets struggled over the latest quarter and indeed over the full year, with all of the managers failing to hit benchmark by varying margins over the longer measure. Over the quarter, in aggregate, the residential part of the portfolio underperformed by 2.3% and the opportunistic properties by just over 6%.

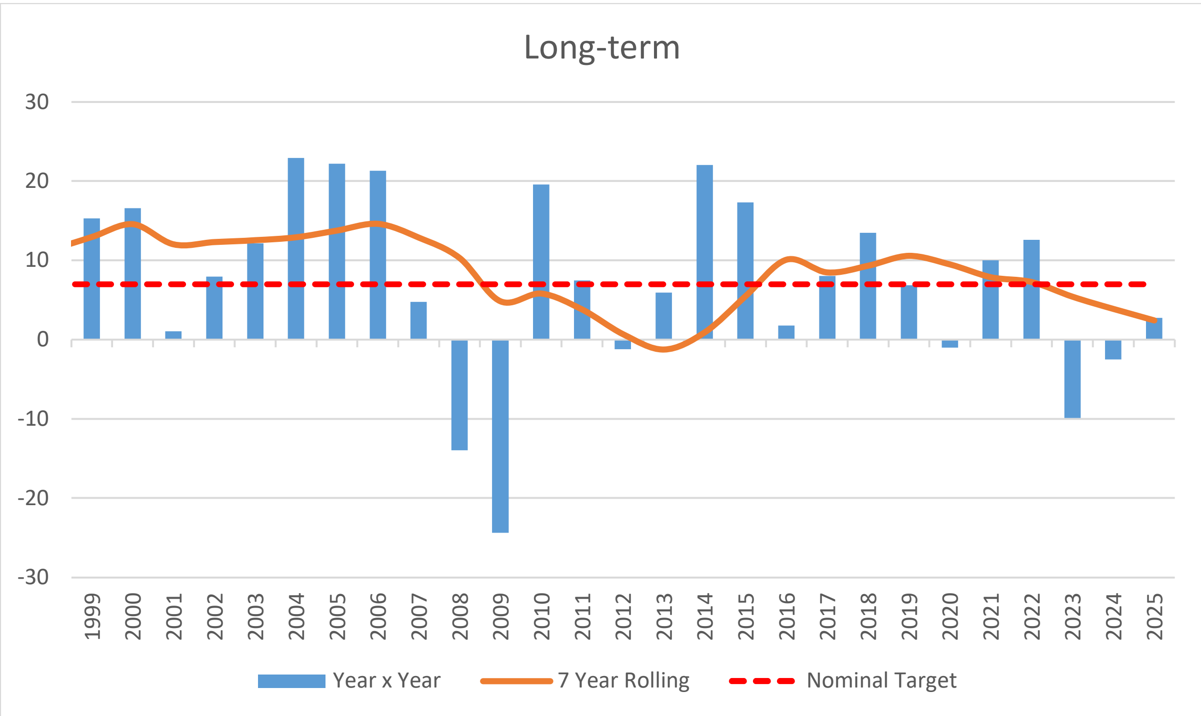
Southwark's Property Allocation

Targeted at 20%, the Fund has a significant allocation to real estate which has, and will have, a significant bearing on the performance (and volatility) of the Fund. The now familiar chart below shows the impact on risk and return over consecutive rolling three-year periods.



In the latest three-year period, the asset class has underperformed other investment types and so the Fund return was negatively impacted by our real estate holdings (by close to 2%p.a.). Volatility has been reduced however but by a lesser value. There has therefore been no benefit in terms of risk/return trade-off.

I include again a chart showing the very long-term performance of our property investments. The benchmark for the core portfolio has changed over the course of the year, but a nominal 7%p.a. is a not an unreasonable aspiration for the asset class.



As a reminder, this shows that, notwithstanding the global financial crisis period, property had been a steady generator of positive and relatively stable returns over time. It shows clearly the cyclical nature of the returns generated and there are signs of pick-up.

Robeco – Multi-Asset Credit

The portfolio delivered a 2.2% return over the period, marginally ahead of the benchmark.

Over the full year, the portfolio returned 4.1%. This again was marginally ahead of the index which returned 3.9%.

Returns since inception remained ahead of the index benchmark by around 0.3%p.a.

LCIV-CQS – Multi-Asset Credit

The portfolio returned 2.4% over the quarter, outperforming the benchmark by nearly 0.3%.

Over the full year, the portfolio has returned a very respectable 8.2% but has failed to match the benchmark which returned 9.1%.

Since inception, the portfolio has underperformed by around 0.4%p.a.

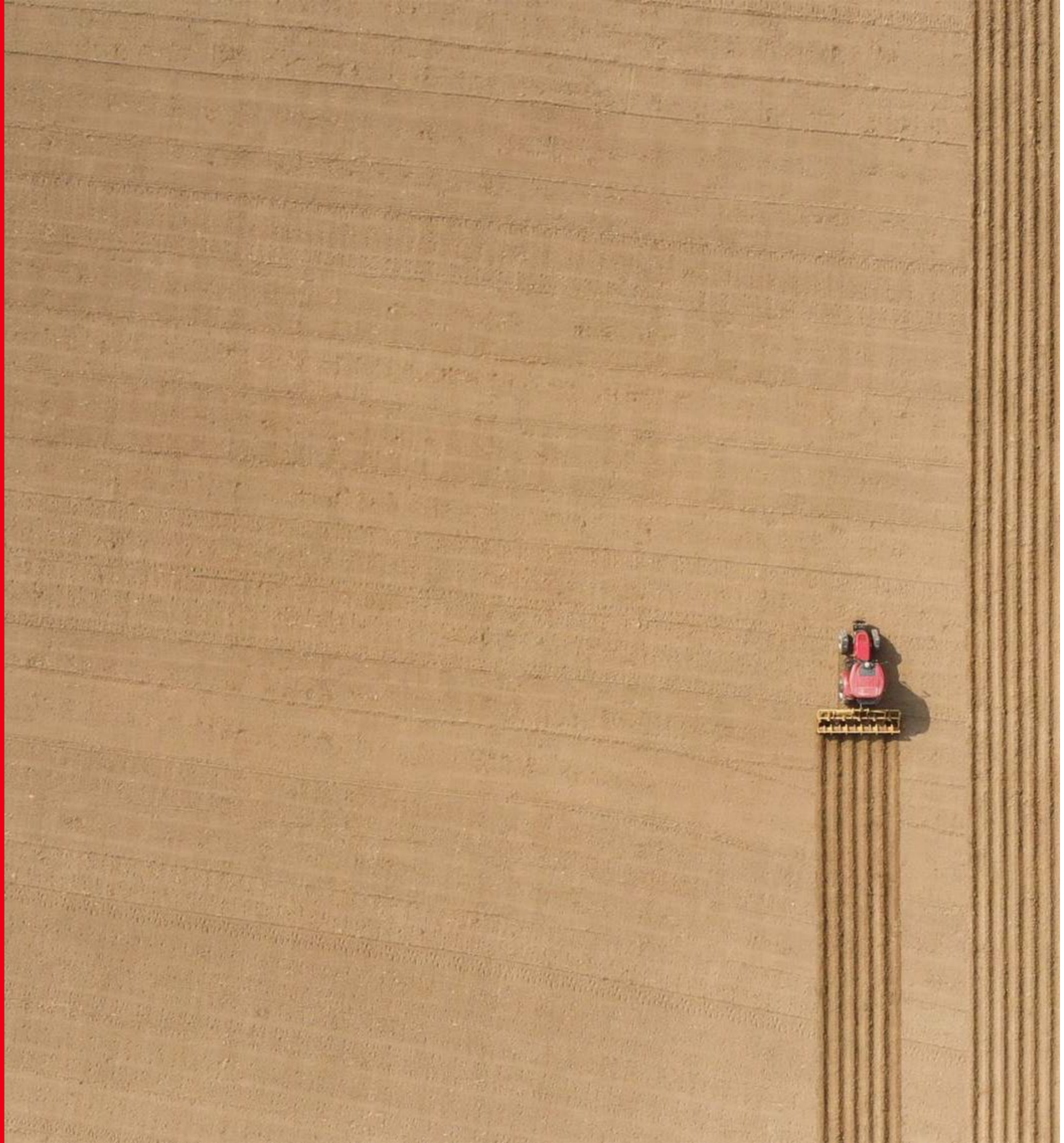
"ESG Priority" Allocation

The performance of the Fund's infrastructure and other diversified alternative investments was typically negative (relative to benchmark) over the quarter and year. As I've noted at some length previously, illiquid investments frequently deliver subdued performance in their early stages, reflecting the time needed for asset appreciation, operational enhancements, or the emergence of market demand. These strategies are best assessed over extended time horizons, rather than within a single quarter or year.

Passive Portfolios

The portfolios tracked within tolerance over the quarter.

AON



APPENDIX 2

Strategic Investment Dashboard Q3 2025

London Borough of Southwark Pension Fund

Prepared for: The Pension Advisory Panel

Prepared by: Aon

14 November 2025

1

Executive Summary

Long-term strategy

Funding level

Funding Level	**N/A**
Surplus	**N/A**

The 2025 Valuation has not been formally approved yet therefore we will not be providing any funding level updates (post 31 December 2024) until this has been signed off, as any funding update will be based on the 2022 liability information and could be inaccurate.

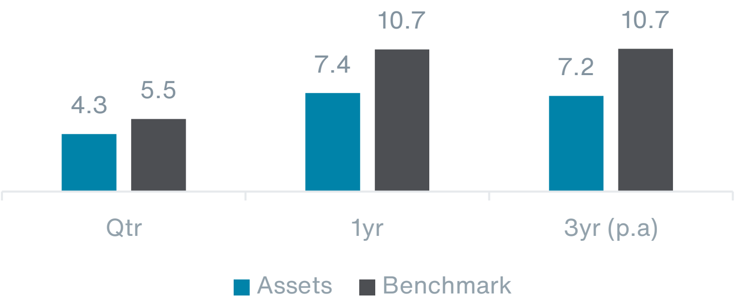
Investment Performance

Expected Return

7.4%

The 30 June 2025 expected return for the portfolio is 7.4% compared to the strategic asset allocation expected return of 7.1%.

Performance

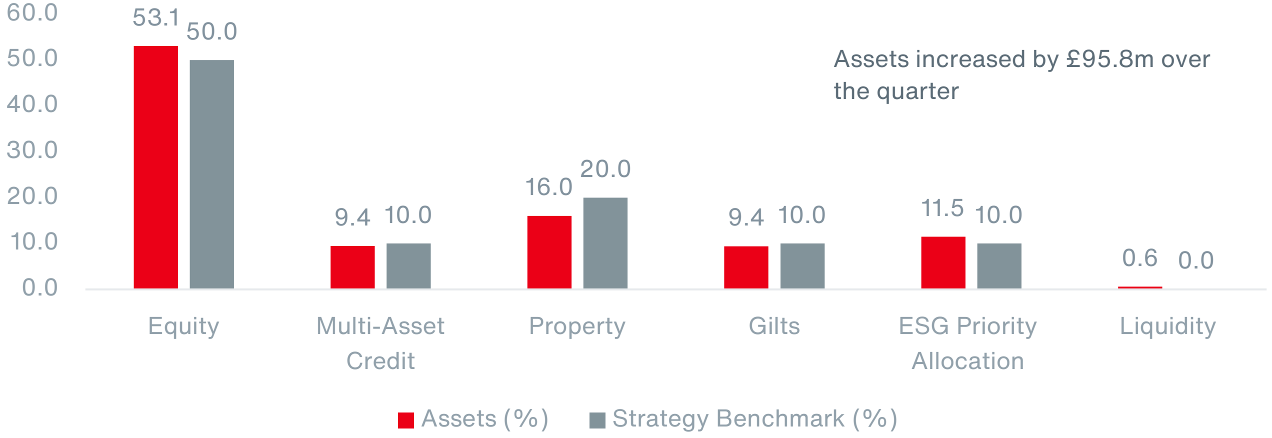


Over the quarter, the Fund's absolute performance was positive (+4.3%), resulting in a c£96m gain, primarily driven by the rise in global equity markets, which saw the MSCI ACWI generate 8.1% in local currency and 9.7% in sterling terms.

The Fund's relative underperformance is primarily due to Comgest and Newton mandates which had absolute positive returns but underperformed their respective benchmarks, and the Property allocation which had overall negative returns over the quarter. Longer term performance continues to be behind the benchmark.

Strategic Positioning

Asset Allocation



£2,424.7m

Assets increased by £95.8m over the quarter

As at quarter end, the Fund is underweight to Property and overweight to the ESG Priority Allocation relative to the current target allocations.

As part of the upcoming strategy review, the Fund will need to map the portfolio to the Fit for Future consultation, which prescribes nine asset classes in which the Fund can invest ahead of the pooling deadline of 31 March 2026.

2

Asset Allocation

Asset Allocation – Asset Class

	30 June 2025		30 September 2025			
	Valuation (£m)	Weight (%)	Valuation (£m)	Weight (%)	Strategic	Relative
Growth	**£2,062.8**	**89.3%**	**£2,182.7**	**90.0%**	**90.0%**	**0.0%**
Equity	£1,181.5	*51.1%	£1,286.4	*53.1%	50.0%	3.1%
Multi-Asset Credit	£223.8	9.6%	£228.8	9.4%	10.0%	-0.6%
Property	£372.4	*16.3%	£388.6	*16.0%	20.0%	-4.0%
ESG Priority Allocation	£285.1	12.2%	£278.9	11.5%	10.0%	1.5%
Matching	**£249.4**	**10.7%**	**£242.0**	**10.0%**	**10.0%**	**0.0%**
Index-Linked Gilts	£231.6	9.9%	£227.3	9.4%	10.0%	-0.6%
Liquidity Fund	£17.8	0.8%	£14.7	0.6%	0.0%	0.6%
Total	***£2,328.9**	**100.0%**	***£2,424.7**	**100.0%**	**100.0%**	**-**

Source: Northern Trust. Totals may not sum due to rounding.

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**Cash held by Newton and Nuveen (c£4.6m as at 30 Sept 2025) are included in the total valuation stated and in the final weightings*

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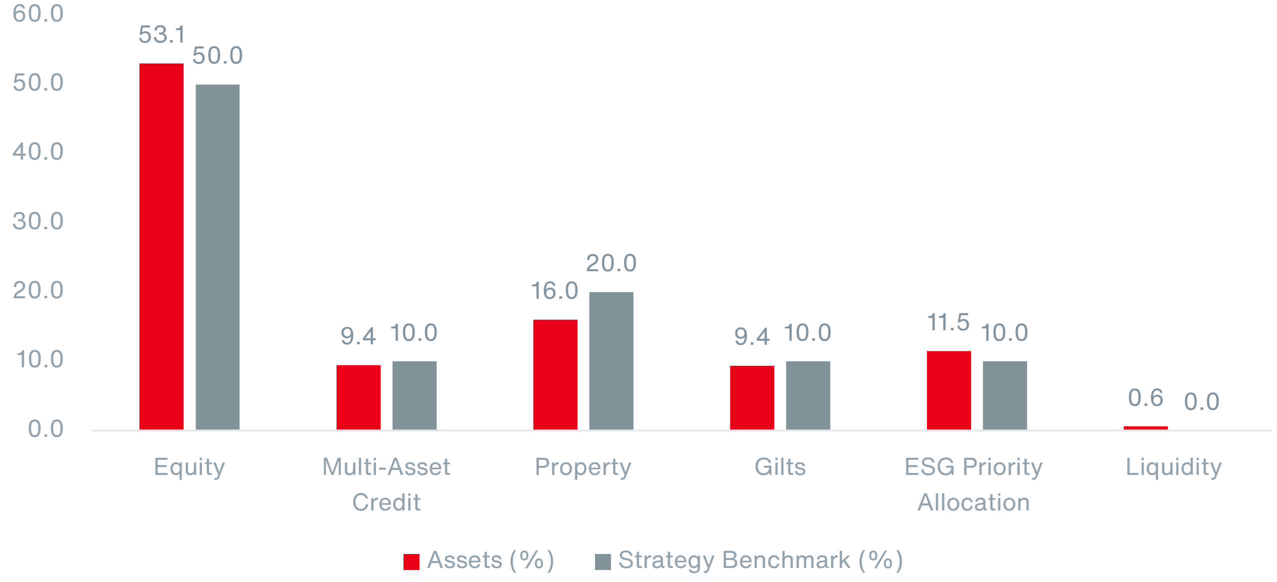
Asset Allocation – Current vs Strategic

Strategic allocation & Benchmark



£2,424.7m

Assets increased by £95.8m over the quarter

Comments

- As at quarter end, the Fund is underweight to Property and overweight to the ESG Priority Allocation relative to the target allocations.
- The Fund is ongoing a strategy review and the PAP will need to define the Fund's strategic allocation ahead of the 31st March 2026 pooling deadline.

30 June 2025

7.4%

Expected Absolute Return

30 June 2025

3.9%

Standard Deviation*

*This is a measure of portfolio volatility versus the mean return

Strategic Allocation

7.1%

Expected Absolute Return

Strategic Allocation

3.4%

Standard Deviation*

*This is a measure of portfolio volatility versus the mean return

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Manager Performance

Manager focus – returns relative to benchmark (%)

	3 month (%)		1 year (%)		3 year (%)	
	Return	Relative	Return	Relative	Return	Relative
L&G Low Carbon Transition Developed Markets Index Fund	9.7	0.0	18.2	0.4	-	-
Newton Active Global Equity	8.4	-1.3	12.7	-6.2	13.8	-4.9
Comgest Growth Emerging Markets Plus	8.2	-4.4	8.1	-8.8	4.4	-6.6
BlackRock World Low Carbon Equities Fund	9.3	0.1	17.1	0.4	-	-
Robeco Multi-Asset Credit	2.2	0.1	4.1	0.2	-	-
LCIV Alternative Credit CQS	2.4	0.3	8.2	-0.9	-	-
Nuveen Real Estate	0.1	-1.4	4.6	-2.0	-3.6	-10.4
Invesco Real Estate UK Residential Fund	-1.4	-3.3	-5.1	-13.1	-2.8	-10.8
M&G UK Residential Property Fund	0.7	-1.3	2.6	-5.4	0.1	-7.9
Frogmore Real Estate Partners III*	-10.1	-14.0	-39.0	-55.7	-31.4	-48.0
Brockton Capital Fund III	0.0	-3.6	-5.8	-20.9	-6.4	-21.4
Darwin Leisure Development Fund	-5.2	-6.7	-4.9	-10.9	-	-
Darwin Bereavement Services Fund	-0.0	-1.5	-18.0	-24.0	-3.6	-9.6
Glenmont Clean Energy Fund III	1.0	-1.4	6.2	-3.8	8.9	-1.1
Glenmont Clean Energy Fund IV	-2.3	-4.7	-5.3	-15.3	-	-
Blackrock Global Renewable Power	-14.1	-16.6	-42.9	-52.9	-15.0	-25.0
BTG Pactual OEF Fund	1.0	-0.5	5.3	-0.7	0.2	-5.8
Temporis Operational Renewable Energy Strategy	-6.8	-9.2	-6.9	-16.9	11.2	1.2
Temporis Impact Strategy V	-1.7	-4.2	-12.8	-22.8	10.8	0.8
Temporis Renewable Energy Fund	-6.8	-8.5	-8.9	-15.9	-	-
Blackstone Strategic Capital Holdings GP Stakes Fund II	2.4	-0.5	18.3	6.3	0.3	-11.7

Source: J.P.Morgan and fund managers as required. Totals may not sum due to rounding. The total 1-year and 3-year performance includes prior period performance of the Fund's legacy holdings.

*Frogmore Real Estate Partners III Fund was terminated on the 31st October 2025

Manager focus – returns relative to benchmark (%) (cont.)

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	3 month (%)		1 year (%)		3 year (%)	
	Return	Relative	Return	Relative	Return	Relative
L&G Over 5y Index Linked Gilts	-1.9	0.0	-10.3	0.0	-	-
BlackRock Aquila Over 5y Index Linked Gilts	-1.8	0.1	-10.2	10.3	-4.1	-0.6
BlackRock Sterling Liquidity Fund	0.0	-1.0	2.2	-2.3	-	-
L&G Sterling Liquidity Fund	0.9	-0.1	4.4	0.1	-	-
Northern Trust Money Market Fund	0.0	-1.0	2.7	-1.9	-	-
Total performance	**4.3**	**-1.1**	**7.4**	**-3.3**	**7.2**	**-3.5**

Source: J.P.Morgan and fund managers as required. Totals may not sum due to rounding. The total 1-year and 3-year performance includes prior period performance of the Fund’s legacy holdings.

Equity Mandate

Market Commentary & Outlook

Global equity markets rose over the quarter, with the MSCI ACWI rising by 8.1% in local currency and 9.7% in sterling terms. The third quarter of 2025 saw a rapprochement of trade and tariff ties amongst the US and its trade partners, with numerous trade deals being put in place. Meanwhile, concerns over the UK's fiscal outlook gained prominence as Chancellor Rachel Reeves delayed the autumn budget announcement to November 26.

US equities posted positive returns in both local and sterling terms. The Information Technology sector, which constitutes 34.5% of the MSCI US Index, outperformed the broader index with a rise of 13.2%. The Communication Services and Consumer Discretionary sectors also experienced gains, increasing by 12.4% and 9.1%, respectively. Despite concerns surrounding the tariff war initiated by President Trump, the earnings growth for S&P 500 companies in the second quarter of 2025 exceeded expectations. The Technology sector continued to gain momentum, benefiting from AI-led earnings beats, favourable regulatory outcomes, and substantial capital expenditures in AI infrastructure. According to FactSet data, a record-high number of S&P 500 Technology Companies have issued positive earnings guidance for the third quarter of 2025. The Consumer Staples sector was the only negative performer, declining by 2.4%

UK equities increased by 7.8%. Despite this growth, the MSCI UK Index continues to trade at a discount relative to its global peers. The Materials sector significantly outperformed, delivering a return of 22.3%. Shares in the mining and metal sectors saw notable gains due to trade restrictions on competitor firms, rising copper prices, and strategic positioning amid supply chain disruptions. The Financial sector, which constitutes 24.6% of the MSCI UK Index, increased by 8.9%. Meanwhile, the Healthcare sector, representing 13.2% of the index weight, was the second-best performing sector.

Fund Manager News

Newton – Performance Commentary: Fund delivered a positive return but underperformed its benchmark due mainly to weak stock selection in the technology and industrials sectors, despite strong gains from some AI-related holdings like Micron Technology, Apple, and Alphabet. Defensive sectors, such as healthcare and consumer staples, lagged, with medical equipment makers Alcon and Boston Scientific detracting from returns. Not owning Tesla and underperforming software holdings, such as SAP and ServiceNow, also negatively impacted the portfolio. On the positive side, Belgian pharmaceutical company UCB and European banks ING Groep and HSBC contributed well. The fund started new positions in BNP Paribas and Alibaba and exited holdings in Omnicom and Sanofi, while reallocating into Tencent and increasing stakes in select existing holdings after share price movements.

Comgest – Performance Commentary: The fund delivered solid absolute returns during the quarter but underperformed its benchmark, mainly due to stock selection in China and the consumer discretionary sector. A significant factor was not holding Alibaba, which outperformed despite weaker earnings outlook and drove much of the index's gains in those segments. Detractors included Shriram Finance in India, due to compressed margins, and Polish retailer Dino Polska, which missed earnings expectations but remains a long-term conviction owing to robust sales and expansion. On the positive side, Delta Electronics in Taiwan surged nearly 100% thanks to strong operating results and its market position in AI server power supply, while Tencent contributed significantly amid strong financial results and optimism around its AI potential. The portfolio added new positions, such as ASPEED Technology—a leading semiconductor firm—and exited others, including JB Chemicals and Wal-Mart de Mexico due to mergers and concerns about competition. Overall, the fund remains committed to holding high-quality growth companies across diverse emerging markets sectors, targeting double-digit earnings growth not reliant on single themes like AI, and supported by ongoing engagement with company management teams in key markets.

Multi-Asset Credit Mandate

Market Commentary & Outlook

UK investment grade credit spreads narrowed by 10bps to 82bps over the quarter, based on the iBoxx Sterling Non-Gilts index. Both higher-quality and lower-quality bond credit spreads narrowed, with AAA-rated non-gilt spreads falling by 4bps to 19bps, AA-rated non-gilt spreads fell by 5bps to 49bps, and BBB-rated non-gilt spreads fell by 14bps to 115bps. The iBoxx Sterling Non-Gilts Index posted a return of 0.7%.

Global investment grade credit spreads fell by 11bps to 77bps over the quarter. US high yield saw its credit spreads decline by 16bps, ending the quarter at 280bps (based on the ICE BofA Global Corporate index and US High Yield index, respectively). Hard currency emerging debt credit spreads fell by 38bps to 284bps (based on the JP Morgan EMBI Global Diversified index).

Fund Manager News

Robeco - The Fund delivered stronger returns than its respective benchmark over Q3, maintaining a generally neutral beta throughout the period. Positive portfolio results were driven in large part by the overall tightening of market spreads. Most of the outperformance in Q3 resulted from the portfolio's overweight position in EUR-denominated credit, which experienced a notable tightening from 92 basis points to 79 basis points - surpassing the performance of the U.S. corporate credit market, where spreads contracted from 83 basis points to 74 basis points.

LCIV Alternative Credit Fund – The Fund returned 2.4% over the quarter, performing ahead of its benchmark of SONIA (30-day compounded) + 4.5% p.a. Credit markets delivered a strong performance in the third quarter, supported by steady economic growth, strong corporate fundamentals, and the U.S. Federal Reserve's initial interest rate cut. In local currency terms, U.S. investment grade and high yield bonds outperformed euro-denominated debt. Within Europe, bank-issued debt stood out as a particularly positive area, benefiting from healthy fundamentals and the prospect of consolidation within the banking sector. Following European financials, the largest contributions to performance came from U.S. corporate high yield bonds as well as European and U.S. loans and asset-backed securities, with income serving as the primary driver of returns.

Property Mandate

Market Commentary & Outlook

UK property capital values rose over the third quarter leading to a total return of 1.8%. Capital values rose by 0.4%, and the income return was 1.4%. Vacancy rates fell from 12.2% to 11.7%.

The Office sector was the worst performer, returning 0.8%, while the Retail sector was the best performer, returning 2.3%. The Industrial sector rose 1.9%.

In real estate, valuations appear to be bottoming out, with strength in sectors like housing, data centres, and logistics where supply remains limited, but demand is rising.

Fund Manager News

Darwin Leisure Development Fund – Recent NAV Decline and Portfolio Activity:

Aon held a meeting with Darwin to discuss the fund's underperformance and repositioning of the strategy.

The Fund's NAV declined by approximately 2.4% in September. This includes a complete write-off of the Fund's £2m investment in Bentley Rowe, following a sector-wide, prolonged downturn in lodge sales and insufficient demand. Additionally, the imminent sale of the Rosetta site in Scotland will realise a loss estimated to be c.£0.8m, as changing market dynamics have favoured smaller, boutique resorts over larger sites. These setbacks were partially buffered by strong August performance, with portfolio EBITDA on budget, earnings and holiday rental income well above last year, and operating costs reduced by 2% despite higher occupancy.

Development and Strategic Focus:

The Fund remains focused on reallocating resources to higher-value opportunities, particularly at Blenheim Palace, where there is strong potential for long-term growth. Planning permission has been granted for 28 new lodges at Kilnwick Percy, and a pre-application is underway for a low-cost, nature-focused development at Blenheim Palace.

Frogmore Real Estate Partners III – Fund termination

Limited Partner approval has now been received for the early termination and winding up of Frogmore Real Estate Partners III, following a period of sustained cash constraints and disappointing asset sale outcomes. The Fund was terminated on 31 October 2025. Despite the injection of £3.35m of preferred equity earlier in the year and the sale of the Notting Hill Gate Estate for £148m in two transactions, sale proceeds have proven insufficient to cover outstanding bank interest, debts, and to provide further distributions to investors. Offers for the remaining assets have not met the levels required to cover bank debt, and liquidity remains limited.

As termination proceeds, the appointment of a liquidating trustee is underway. The wind-down will follow the process set out in the Limited Partnership Agreement, with professional fees and guarantees settled where possible, and management fees ceasing upon the resignation of FREPFM as Manager. All steps are being taken to ensure an orderly and cost-effective liquidation.

ESG Priority Allocation Mandate

Market Commentary & Outlook

Within illiquid alternatives, several areas stand out for medium-term opportunity. In private infrastructure, stable contracted or regulated revenues and a strong asset base continue to support valuations and performance, making this sector relatively robust even in a slower economic environment.

For private equity, ongoing investor portfolio repositioning means discounts persist in the secondaries market, presenting attractive entry points. Overall, these asset classes are supported by favourable market dynamics and may offer especially attractive opportunities in current and upcoming vintages.

Fund Manager News

Darwin Bereavement Services Fund – Performance Commentary

Aon held a meeting with Darwin to discuss the fund's underperformance and repositioning of the strategy.

In Q3, the Darwin Bereavement Services Fund experienced performance consistent with the seasonally quieter summer period, as both the UK and the Fund's companies were affected by a death rate c6% below the five-year average. As a result, volumes for Memoria Group and GreenAcres - whose services are directly linked to the death rate, were impacted. Despite this, the Fund's businesses overall traded ahead of the same quarter last year, though slightly below budget for Q3. Notably, GreenAcres performed strongly, with pre-need sales up by 11% and at-need sales 17% above budget, supported by premium living memorials performing 80% above expectations and market share gains. The business continued to focus on operational efficiency, streamlining central costs and boosting profitability.

In terms of contributors, GreenAcres led the way due to effective promotional strategies and a strong focus on profitability improvements. Addfield also posted a robust quarter, outperforming its budget despite a planned decrease in EBITDA relative to the prior year, driven by progress in electric cremator projects and key initiatives. On the other hand, Memoria's standard cremation income fell short of budget, reflecting not only the lower death rate but also the sector-wide industry shift towards direct cremation, which now constitutes around 20% of all cremations. Memoria maintained its market share in standard cremations and, under its new CEO, has increased its focus on expanding burial and memorial sales, which are expected to provide growth opportunities over time.

ESG update: From an ESG perspective, Memoria made significant strides, performing 24% of its 3,582 quarterly cremations using electric technology, resulting in a carbon saving equivalent to a petrol car driving 48 million miles. These efforts delivered a reduction of 74.46 tonnes of CO_2 and substantial progress on lowering nitrogen oxide emissions. Furthermore, GreenAcres received strong recognition at the industry's Good Funeral Awards, with its Epping site earning Cemetery of the Year for its commitment to environmentally conscious service. These accolades and environmentally focused achievements underline the Fund's alignment with the growing public demand for sustainable, nature-aligned funeral options.

Matching Portfolio

Market Commentary & Outlook

The UK nominal gilt yield curve shifted upwards across the maturities. The 10-year nominal bond yield rose by 26bps to 4.88%, whereas the 30-year nominal bond yield rose by 25bps to 5.82%.

The index-linked gilt yield curve also shifted upwards over the quarter as yields rose across all maturities. Breakeven inflation rose across all maturities, except for the one- and two-year maturities. The 10-year breakeven inflation rate rose by 3bps to 3.15%.

Performance Summary

BlackRock Sterling Liquidity Fund - The Fund underperformed its benchmark (SONIA) over the third quarter of 2025.

L&G Sterling Liquidity Fund – The Fund slightly underperformed its reference index (SONIA) in Q3 2025, but continues to outperform in the 1-year and 3-year.

Northern Trust MMF – The Fund underperformed its benchmark (SONIA) over the third quarter of 2025.

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Appendix

Explanation of Ratings – InForm assessment

Aon InForm assessment

Our manager research process assesses each component using both our qualitative and Aon InForm criteria. With the exception of Operational Due Diligence ("ODD"), each component is assessed as follows:

Qualitative Outcome	Explanation
1	Weak
2	Average
3	Above Average
4	Strong

Barometer Outcome	Explanation
▬ (blue)	Factor in insolation meets or exceed our desired criteria. The further the blue bar is to the right, the more favourable the outcome.
▬ (red)	Factor in insolation does not meet our desired criteria. The further the red bar is to the left, the less favourable the outcome.
| & |	Represents prior quarter outcome
-	There is a lack of data, which means that we are not able to assess this factor, however we do not consider this in isolation to justify an Alert

Inform Outcome	Explanation
✓	Pass: This component in isolation meets or exceed our desired criteria
⚐	Alert: This component in isolation does not meet our desired criteria, or the lack of data on this component means that we are not able to judge whether it meets our desired criteria
-	Not assessed: There is a lack of data, which means that we are not able to assess this component, however we do not consider this in isolation to justify an Alert
↗	Component has improved over the quarter
=	Component remains broadly unchanged over the quarter
↘	Component has worsened over the quarter

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Explanation of Ratings - ODD

Operational Due Diligence (“ODD”)

- The ODD factor is assigned a rating. The table below describes what these ratings mean.
- Please note: Operational due diligence inputs provided to the research team by Aon’s Operational Risk Solutions and Analytics Group (ORSA). ORSA is an independent entity from Aon Solutions UK Limited, Aon Hewitt Investment Consulting, Inc., and Aon Hewitt Inc./Aon Hewitt Investment Management Inc. Investment advice is provided by these Aon entities.

Rating	Explanation
A1 Pass	No material operational concerns – the firm’s operations largely align with a well-controlled operating environment.
A2 Pass	The firm’s operations largely align with a well-controlled operating environment, with limited exceptions – managers may be rated within this category due to resource limitations or where isolated areas do not align with best practice.
Conditional Pass (“CP”)	Specific operational concerns noted that the firm has agreed to address in a reasonable timeframe; upon resolution, we will review the firm’s rating.

Explanation of Ratings – Overall Ratings

Overall Ratings

An overall rating is then derived taking into account both the above outcomes for the product. The table lists how the overall rating can be interpreted.

The comments and assertions reflect our views of the specific investment product and our opinion of its quality. Differences between the qualitative and Aon InForm outcome can occur and if meaningful these will be explained within the Key Monitoring Points section. Although the Aon InForm Assessment forms a valuable part of our manager research process, it does not automatically alter the overall rating where we already have a qualitative assessment. Overall rating changes must go through our qualitative manager vetting process. Similarly, we will not issue a Buy recommendation before fully vetting the manager on a qualitative basis.

Colour	Rating	Explanation
	Buy-rated	The strategy is rated as best in class by Aon's manager research specialists
	Qualified	The strategy is rated as suitable for pension scheme investment by Aon's manager research specialists
	Sell	The strategy is rated as not suitable for pension scheme investment by Aon's manager research specialists
	Not Rated	The strategy is not monitored on an ongoing basis by Aon's manager research specialists

Explanation of Ratings – Overall Ratings

Overall Ratings

An overall rating is then derived taking into account both the above outcomes for the product. The table lists how the overall rating can be interpreted.

The comments and assertions reflect our views of the specific investment product and our opinion of its quality. Differences between the qualitative and Aon InForm outcome can occur and if meaningful these will be explained within the Key Monitoring Points section. Although the Aon InForm Assessment forms a valuable part of our manager research process, it does not automatically alter the overall rating where we already have a qualitative assessment. Overall rating changes must go through our qualitative manager vetting process. Similarly, we will not issue a Buy recommendation before fully vetting the manager on a qualitative basis.

Rating	Explanation
Advanced	The fund management team demonstrates an advanced awareness of potential ESG risks in the investment strategy. The fund management team can demonstrate advanced processes to identify, evaluate and potentially mitigate these risks across the entire portfolio.
Integrated	The fund management team has taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within the portfolio.
Limited	The fund management team has taken limited steps to address ESG considerations in the portfolio.
N/A (Not Applicable)	ESG risks and considerations are not applicable to this strategy, for example, on the grounds of materiality or asset class relevance.
NR (Not Rated)	An evaluation of ESG risks is not yet available for this strategy.

Key assumptions of the model (1)

- The purpose of the model is to consider and monitor the return and risk characteristics of the long-term investment strategy of the Fund.
  - The analysis considers the expected return of the Fund's investment strategy, and the standard deviation (measure of portfolio volatility versus the mean return) implied by the strategy.
  - Return statistics are shown relative to the expected return of the Fund's liabilities.
  - There is only one outcome for inflation, benefit cashflows and contributions.
  - Unless otherwise stated, the parameters of the model (e.g. member movements, historic funding performance and contributions assumed) are unaltered from previous iterations of this quarterly report.
- In the calculation of risk and return, the Fund's liabilities are represented by a proxy of purely fixed and purely real investment instruments ("the liability proxy").
- Investment risk is included in the model outputs but this is not the only risk that the Fund faces; other risks include covenant risk, longevity risk, timing of member options, basis risks and operational risks.

Key assumptions of the model (2)

- The calculation of portfolio risk is approximate;
  - The calculation considers (5000 stochastic) simulations of returns over a single year of the Fund's investment strategy relative to simulations of the liability proxy.
  - The simulations are constructed using Aon Investment's Asset Model – the details and assumptions of which are outlined in this appendix.
  - The calculation does not take into account any cashflows payable over the year; if cashflows are expected to be material the result is likely to be different.
  - The calculation may not perfectly capture inflation risk in the liabilities; actual liability returns are likely to differ to the liability proxy due to any limited inflation linkage in benefits (e.g. benefits linked to the increase in RPI with a 5% cap).
  - The calculation does not take into account longevity risk (i.e. liability values increasing due to members living longer than assumed).
  - Owing to these approximations, a more detailed ALM study is likely to result in a different result to the VaR calculation.
  - Other portfolios with different risk and return characteristics may be available to the Fund.

TAS compliance

This document has been prepared in accordance with the framework below.

This document, and the work relating to it, complies with 'Technical Actuarial Standard 100: General Actuarial Standards' ('TAS 100').

The compliance is on the basis that the Pension Advisory Panel of the London Borough of Southwark Pension Fund are the addressees and the only users. If you intend to make any other decisions after reviewing this document, please let me know and I will consider what further information I need to provide to help you make those decisions.

The document has been prepared under the terms of the Agreement covering Scheme Actuarial services between the PAP and Aon Solutions UK Limited on the understanding that it is solely for the benefit of the addressees.

If you require further copies of this document, please let me know.

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Agenda Item 14

Meeting Name:	Pensions Advisory Panel
Date:	9 December 2025
Report title:	Responsible Investment Update – 30 September 2025
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Interim ESG Manager, Pensions and Treasury Investments

RECOMMENDATIONS

1. The Pensions Advisory Panel is asked to note the following aspects of the Fund's approach to responsible investment:

    a. Carbon footprint as at 30 September 2025.
    b. Engagement and voting activity during the quarter ended 30 September 2025

Background

2. In order to provide the Pensions Advisory Panel ('PAP') with a more comprehensive and integrated overview of the Fund's overall approach to Responsible Investment ('RI'), the standalone reports on Carbon Footprint and Voting and Engagement have now been combined into a single document titled 'RI Update'.

3. These two areas are closely connected, as both contribute to managing the Fund's exposure to climate-related risks and understanding the progress towards decarbonisation of the portfolio while supporting ongoing stewardship of the assets.

4. By combining them together in a single report, officers aim to ensure consistency, avoid duplication, and highlight how carbon measurement and engagement activities collectively inform the Fund's broader approach to responsible investment strategy and long-term sustainability objectives.

5. Individual sections of the report cover an update on both areas for the quarter ended 30 September 2025.

Carbon footprint update

6. The results for quarter ended 30 September 2025 show an increase in Weighted Carbon Intensity ('WCI') (Scope 1 and Scope 2) of the Fund by 1% compared to the previous quarter (30 June 2025). On an aggregate basis, since September 2017 baseline, the Fund has reduced its WCI by ~81%.

7. For the calculations, we rely on the Weighted Average Carbon Intensity (WACI) provided by our fund managers and available from Trucost, our carbon data provider. In our calculations, we currently consider Scope 1 and Scope 2 carbon emissions only.

8. The table on the next page sets out the weighted carbon intensity (with $ million revenue as a base) by asset class against our benchmark period of September 2017.

Weighted Carbon Intensity over time		Weighted Carbon Intensity (Scope 1 & Scope 2) tCO2e/$m revenue							
Asset Class	**Fund Managers**	**Sept 2017 (baseline)**	**Mar 2021**	**Mar 2022**	**Mar 2023**	**Mar 2024**	**Mar 2025**	**Jun 2025**	**Sept 2025**
Equity - Developed	Blackrock, LGIM	98.7	23.0						
Equity - Developed Market Low Carbon	Blackrock, LGIM		24.2	51.0	17.5	13.7	10.4	10.9	12.1
Equity - Emerging Markets	Blackrock	18.1	19.1						
Equity - Emerging Markets	Comgest			0.2	0.4	2.2	1.6	1.6	1.9
Equity - Global	Newton	10.6	4.4	5.8	6.9	4.5	2.9	3.4	3.7
Diversified Growth Fund	Blackrock	26.7	15.6	16.5	12.6				
Absolute Return Bonds	Blackrock	22.4	10.0	6.8	19.6				
Multi-Asset Credit	Robeco, LCIV					5.1	5.1	4.8	4.6
Core Property	Nuveen	14.3	10.6	12.0	1.8	1.7	2.8	2.9	2.5
ESG Priority Allocation - Property	Invesco, M&G, Brockton, Frogmore	8.8	10.9	4.6	4.8	0.8	1.1	1.1	0.9
ESG Priority Allocation - Alternatives	BTG Pactual, Blackstone, Darwin			0.1	0.5	1.1	1.0	0.5	0.4
Sustainable Infrastructure	Blackrock, Glennmont, Temporis	0.0	0.0	0.0	0.0	1.8	1.8	4.2	4.1
IL Gilts	Blackrock, LGIM	14.0	14.0	24.2	21.4	8.8	11.1	10.9	10.3
Cash And Equivalents	Blackrock, Nuveen, Newton	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Weighted Carbon Intensity		213.7	131.7	121.4	85.5	39.7	37.8	40.4	40.6
Total Change in Footprint			**-38.3%**	**-43.2%**	**-60.0%**	**-81.4%**	**-82.3%**	**-81.1%**	**-81.0%**

9. The changes in Weighted Carbon Intensity (WCI) of standalone investments in the portfolio during Q2 are discussed below:

    a. Developed market equities (negative impact): There is an increase in WCI for the BlackRock and LGIM developed market low-carbon equities (12.1 vs 10.9). On a standalone basis, there is a 1% decrease in the WCI of the LGIM fund and a 20% increase in the WCI of the BlackRock fund, primarily driven by increase in stock level emissions intensity of companies in the Industrials, Energy and Utilities sectors.

    b. Comgest (negative impact): There is an increase in WCI of the Comgest investment (1.9 vs 1.6), driven by increase in stock level emissions intensity of certain companies in the portfolio.

    c. Newton Global Equity (negative impact): Overall WCI of the Newton portfolio has increased compared to previous quarter (3.7 vs 3.4). This is primarily driven by an increase in stock level emissions intensity of certain companies in the portfolio.

    d. Multi-asset credit funds with LCIV and Robeco (positive impact): Overall WCI for both the multi-asset credits funds is positive (4.6 vs 4.8), driven primarily by a c. 20% decrease in WCI of the Robeco fund and a stable WCI of the LCIV-CQS fund.

    e. Nuveen (positive impact): There is a decrease in WCI for the quarter (2.5 vs 2.9). This is driven by a substantial revenue increase across some key assets in the portfolio. We expect to see an ongoing improvement in the long-term.

    f. ESG Priority Allocation (positive impact): Aggregate WCI for all investments in the ESG Priority Allocation category including both property assets (Invesco, M&G, Brockton, etc) and wider infrastructure assets (BTG Pactual, Darwin) has decreased compared to the previous quarter (1.4 vs 1.6). This is on account of overall reduction in composition of these assets as a proportion of the total portfolio. We use Nuveen WACI as a proxy for these investments.

    g. Sustainable Infrastructure (neutral): Aggregate WCI for all investments in the category has decreased marginally (4.1 vs 4.2). This is on account of overall reduction in composition of these assets as a proportion of the total portfolio. As these assets become fully operational and revenue increases gradually, we expect to see an improvement over time.

    h. Index-linked Gilts (positive impact): WCI for the index-linked gilts over the quarter has decreased (10.3 vs 10.9). This is primarily due to market movements.

10. The unweighted exposure for each investment is set out below:

Unweighted Carbon Intensity		Unweighted Carbon Intensity tCO2e/$m revenue
Asset Class	**Fund Manager(s)**	**Sept 2025**
Cash And Equivalents	BlackRock, LGIM, Nuveen, Newton	0.00
Core Property	Nuveen	22.70
Global Equities	Newton	32.00
Low Carbon Equity	BlackRock	36.20
Low Carbon Equity	LGIM	29.20
Emerging Markets Equity	Comgest	43.00
ESG Priority Allocation - Alternatives	BTG Pactual, Blackstone, Darwin Bereavement & Leisure Dev	50.40
ESG Priority Allocation - Property	Brockton, Frogmore, Invesco, M&G	90.80
Multi-asset Credit Funds	Robeco, LCIV	97.60
Sustainable Infrastructure	BlackRock, Glenmont, Temporis	257.80
Index Linked Gilts	Blackrock, LGIM	220.00
Total		**879.70**

11. We will continue to engage with fund managers on an ongoing basis to advance decarbonisation of the underlying assets across the Fund portfolio.

Voting & Engagement update

12. During the quarter ended 30 September 2025, the key ESG focused engagement and voting themes for the listed assets are outlined below:

    a. Environment-focused themes:

        i. Climate risk & mitigation
        ii. Deforestation
        iii. Water management

    b. Social themes:

        i. Human rights

    c. Governance-related themes:

        i. Board effectiveness
        ii. Corporate Strategy
        iii. Compensation & remuneration.

13. Previously, we provided engagement & voting statistics received from each equity fund manager as well as from LAPFF. However, we feel the standalone data by itself does not provide more meaningful insights. We have therefore decided to include only a selection of voting & engagement-focused case studies that better highlight tangible outcomes and effectiveness of the Fund's stewardship activities.

14. These examples provide a clearer narrative of how engagement and voting decisions have contributed to positive change within investee companies and supported the Fund's broader responsible investment objectives.

15. This approach aims to give the PAP a more accessible and outcome-focused understanding of stewardship progress and impact.

16. Appendix 1 to this report includes selected case studies from engagement and voting activity undertaken by fund managers with various companies in their respective portfolios during the quarter ended 30 September 2025.

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

Community Impact Statement

17. There are no immediate implications arising

Equalities (including socio-economic) Impact Statement

18. There are no immediate implications arising

Health Impact Statement

19. There are no immediate implications arising

Climate Change Implications

20. There are no immediate implications arising

Resource Implications

21. There are no immediate implications arising

Legal Implications

22. There are no immediate implications arising

Financial Implications

23. There are no immediate implications arising

Consultation

24. No consultation is required.

APPENDICES

Name	Title
Appendix 1	Case studies - Engagement and Voting

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Spandan Shah, Interim ESG Manager, Pensions and Treasury Investments	
Version	Final	
Dated	28 November 2025	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	**Comments Included**
Assistant Chief Executive - Governance and Assurance	No	No
Strategic Director of Resources	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team		28 November 2025

Select case studies: Engagement and Voting activity during the quarter from 1 July 2025 to 30 September 2025

Fund manager: Comgest

Case Study 1 – Engagement with Mobile World Investment Corporation

- **Overview:** Comgest participated in the Carbon Disclosure Project's (CDP) annual Non-Disclosure Campaign. As part of this initiative, Comgest acted as lead investor with four companies, including Mobile World. In this role, Comgest sent a letter to the company requesting that it respond to the climate change module in the CDP corporate questionnaire. Mobile World's Sustainability Manager responded promptly, requesting details on the costs associated with completing the questionnaire as well as clarification on access to disclosed information—whether responses are made public or only available to investors. Comgest analysts provided guidance on these points and noted that the company would discuss its potential participation internally.

- **Outcome/ next steps**: Mobile World has been targeted by the CDP Non-Disclosure Campaign since 2023, with Comgest acting as lead investor for the first time this year. While the company has not yet responded to the climate change module, its inquiries into the process mark a constructive first step. Comgest aim to keep the dialogue open and continue encouraging the company to strengthen its environmental disclosures. For context, the CDP targeted 272 Vietnamese companies in its 2024 campaign, of which only 11 responded. Notably, one respondent was Vietnam Dairy Products—a company Comgest engaged with during both the 2023 and 2024 campaigns—highlighting that progress in disclosure often requires sustained engagement over time.

Case Study 2 – Engagement with E Ink Holdings Inc.

- Comgest analysts met E Ink's CFO at the company's Hsinchu headquarters and toured the showroom before a sit-down discussion.

- On sustainability and social utility, the CFO emphasised ultra-low energy draw as a differentiator for indoor and outdoor signage, which along with light-pollution restrictions in European cities and higher electricity costs, has reopened dialogues with potential clients.

- Comgest discussed the materials used for company's e-paper technology which were described as 100% recyclable, and the company highlighted its intention to integrate more "green" practices into the manufacturing process. Comgest also discussed its multilayered IP stack and dedicated R&D efforts.

- The CFO highlighted public recognition, including index inclusion with the FTSE's methodology classifying 99.9% of its revenue as "green". On governance, the company remains cautious in publicly emphasising its technology leadership, mindful of past TFT-LCD antitrust cases, and sees no current antitrust risks.

Fund manager: BlackRock

Case Study 1 – Engagement with Infineon Technologies AG (Infineon) on incentives aligned with financial value creation

- Infineon is a Germany-based firm that markets and manufactures semiconductors and other technology systems. At Infineon's February 2025 annual general meeting (AGM), BlackRock Investment Stewardship (BIS) did not support management's recommendation on the remuneration policy to communicate concerns about the company's approach to structuring and disclosing executive remuneration. The item received 56.7% support from shareholders.
- In July 2025 and at Infineon's request, BIS engaged with Infineon's chair, as well as representatives from the company's executive leadership team, to better understand the company's approach to executive remuneration and its response to the shareholder vote following the February 2025 AGM.
- Specifically, the company noted its plans to increase the holding period for its long-term incentive plan (LTIP), update the modifier for its short-term incentive plan (STIP), and strengthen other provisions in the policy. BIS also discussed ways in which Infineon's executive remuneration disclosures could be enhanced in the future to provide investors with helpful information on how the company's approach to this matter aligns with long-term financial value creation.

Case Study 2 – Engagement with Loblaw Companies Limited (Loblaw) on climate-related risks and opportunities

- Loblaw is a Canadian food and pharmacy retailer. In September 2025, BIS engaged with representatives from Loblaw's corporate leadership to discuss several business-relevant matters, including the company's approach to managing and disclosing its financially material climate-related risks and opportunities.
- Specifically, the BIS team received an update on ways in which the company is enhancing its sustainability reporting practices, including focusing on the disclosure of decision-useful relevant sustainability information, and ensuring its finance team's integration into the preparation of such disclosures.
- Loblaw also discussed its progress towards certain targets it has set in the realm of plastics use, food waste, and carbon reduction; as well as other biodiversity- and deforestation-related efforts.
- BIS will continue the discussions with Loblaw and provide further updates as the engagement progresses.

Fund manager: Robeco

Case Study 1 – Engagement with South Korean chip manufacturer aligned to Robeco's net zero theme

- Following review of the company's latest Sustainability Report, Robeco held a call with its investor relations team to discuss the Decarbonisation Strategy and Capital Alignment in relation to its climate targets.
- Robeco commended the company for its commitment to Power Purchase Agreements (PPAs) totalling 100MW of renewable and solar energy - particularly

notable given the limited availability of renewable sourcing options in South Korea. Robeco inquired about how the company intends to manage the dual challenge of scaling up semiconductor production and expanding facilities while maintaining Scope 1 and 2 emissions at 2020 levels, noting that this objective will become increasingly difficult as operations grow.

- The company acknowledged that, given current emissions-reduction technologies, achieving absolute reductions will be possible but highly challenging. It is also exploring ways to report climate-related capital expenditures in alignment with the Korean taxonomy (K-Taxonomy).
- Robeco discussion included the widespread adoption of the EU Sustainable Finance Disclosure Regulation (SFDR), specifically the classifications under Articles 6, 8, and 9 for SFDR-aligned financial products. The company expressed concerns about the current Science Based Targets initiative (SBTi) framework, citing the lack of semiconductor-specific guidance, the complexity of setting Scope 3 (value chain) targets, and the framework's limited consideration of technological innovation and economic constraints.
- Robeco are encouraged by the company's efforts to develop a robust approach to reporting climate-related capital expenditures. The discussion highlighted that the company would benefit from further guidance on international regulatory standards and climate disclosure frameworks. As a next step, Robeco plan to share relevant materials on climate-related frameworks in upcoming meetings to support their progress.

Fund manager: LGIM

Case Study 1 – Voting on 'Climate' at SSE plc's AGM in July 2025

- SSE plc is a UK-based utilities company that invests in, builds, and operates electricity infrastructure for a clean energy system.
- While LGIM are aware of inherent challenges in the decarbonisation efforts of the utilities sector, in line with their internal climate strategy, LGIM expect companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C.
- One of the resolutions at SSE plc's AGM in July 2025 was to Approve net zero transition plan.
- LGIM voted in favour of the resolution and with the management on the resolution. LGIM commend the company's efforts in setting SBTi approved, 1.5°C aligned targets and transparently reporting progress against these targets, as well as committing to net-zero across all scopes of emissions. However, LGIM are also aware of the lack of near-term emissions reduction targets in the transition plan. Furthermore, while LGIM acknowledge the reduced capital investment plan through 2027 due to market conditions, they consider the investment strategy to remain aligned with the decarbonisation strategies identified to meet the company's targets. LGIM would encourage greater transparency on the future generation mix based on the planned investment allocations to low-carbon thermal generation and renewables, and the potential impact on the generation mix should market

conditions continue to negatively impact development of renewable energy capacity.

- From LGIM perspective, this vote is significant as it relates to the work under their climate & nature theme, and specifically to their expectations that companies should put suitably credible and ambitious climate transition plans to a shareholder vote.

Agenda Item 15

Meeting Name:	Pensions Advisory Panel
Date:	9 December 2025
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, Pensions and Treasury Investments

RECOMMENDATIONS

1. The pensions advisory panel 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 confirmed their intention to issue 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)
Approval of journals: segregation of duties 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.	**Outstanding** 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.
Management review of valuation of direct property It is recommended that the Fund review and challenge the valuations provided by the valuer and that the process should be fully documented.	**Closed** 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.
Membership Reconciliation No formal member reconciliation is performed noting changes in membership during the year. There is a risk that membership information be incorrect. 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.	**Outstanding** 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.
Related Parties 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.	**Implemented** We have not identified any similar issues this year.

Recommendation	Current status (November 2025)
Valuation of Investments No formal process is in place to update the investment valuations after preparing the draft financial statements. 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.	**Implemented** We have not identified any similar issues this year.

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. There are no immediate implications arising

Equalities (including socio-economic) Impact Statement

8. There are no immediate implications arising

Health Impact Statement

9. There are no immediate implications arising

Climate Change Implications

10. There are no immediate implications arising

Resource Implications

11. There are no immediate implications arising

Legal Implications

12. There are no immediate implications arising.

Financial Implications

13. There are no immediate implications arising

Consultation

14. No consultation is required.

APPENDICES

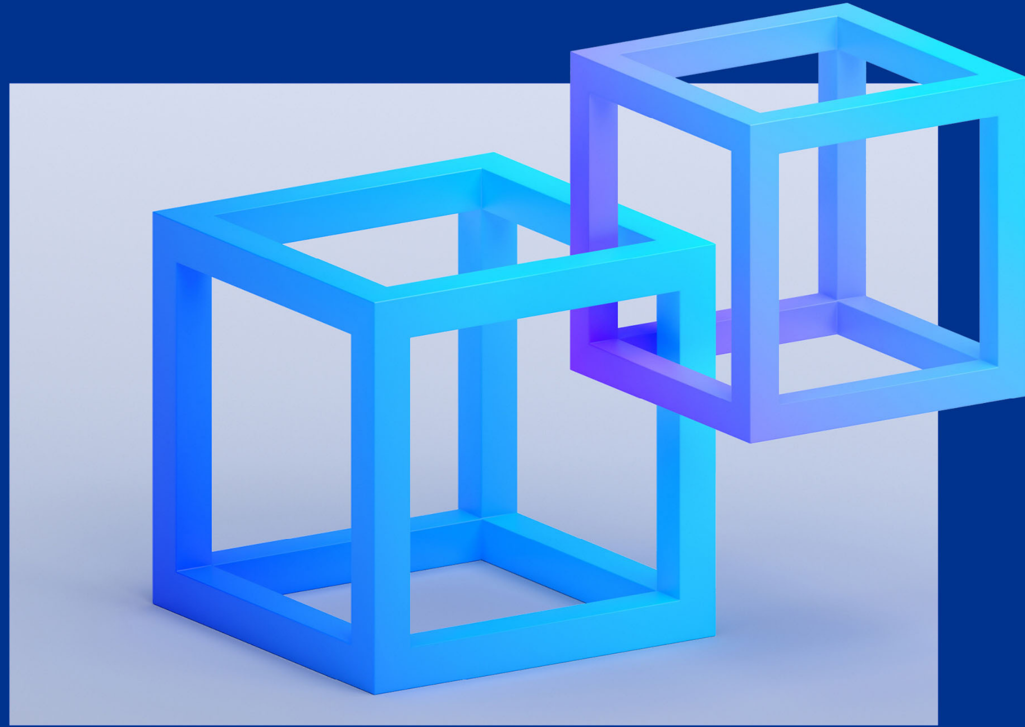
Name	Title
Appendix 1	ISA 260 Report: 2024-25

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources		
Report Author	Caroline Watson, Chief Investment Officer, Pensions and Treasury Investments		
Version	Final		
Dated	28 November 2025		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		**Comments Sought**	**Comments Included**
Assistant Chief Executive - Governance and Assurance		No	No
Strategic Director of Resources		Yes	Yes
Cabinet Member		No	No
Date final report sent to Constitutional Team			28 November 2025

KPMG

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.culter@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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Significant risks and Other audit risks	5
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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.

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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 transacts 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.

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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.

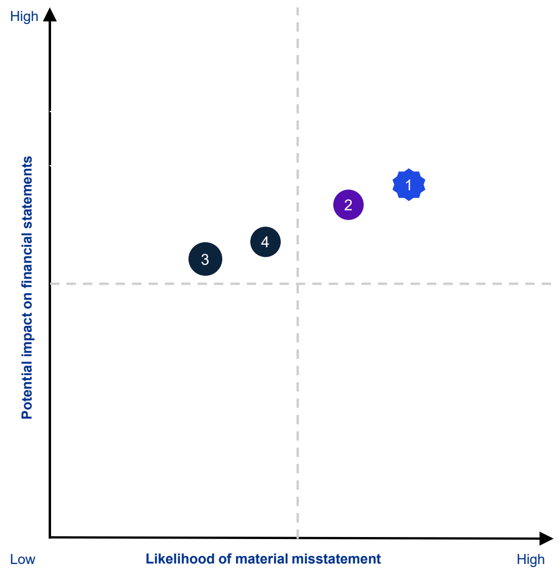
See the following slides for the cross-referenced risks identified on this slide.

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

- Presumed significant risk
- Significant financial statement audit risks
- Other audit risks

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Audit risks and our audit approach

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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.

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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.

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Audit risks and our audit approach (cont.)

2 Valuation of directly held property

Cautious Neutral Optimistic

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

DRAFT

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.

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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 transacts 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.

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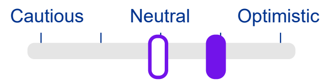
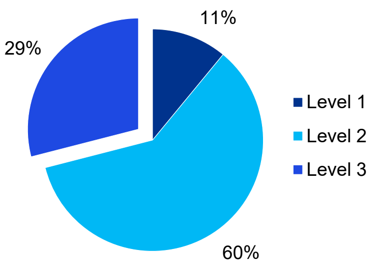
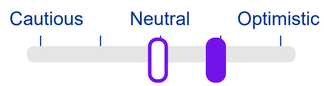
Audit risks and our audit approach (cont.)





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	• Refer to page 8 for the commentary and findings in respect of property assets.	
Level 3: Pooled Investment Vehicles	• 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

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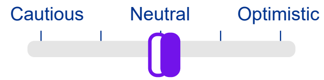
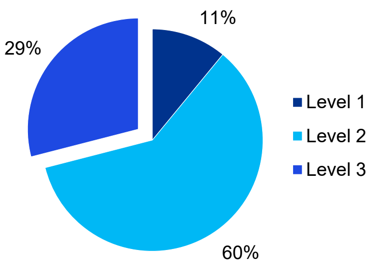
Audit risks and our audit approach (cont.)





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%

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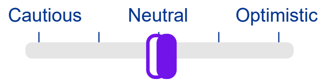
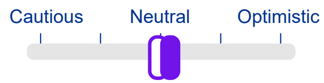
Our findings

Type of security	Our findings	Assessment of accounting estimate
Segregated assets	• 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	• 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 transacts at the price obtained and noted no issues.	

Key:
Prior year   Current year

DRAFT

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).

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Appendix

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Required communications

Type	Response
Our draft management representation letter	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	There was no adjusted audit difference.
Unadjusted audit differences	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	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	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	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	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	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	No significant difficulties were encountered during the audit.
Modifications to auditor's report	None
Disagreements with management or scope limitations	The engagement team had no disagreements with management, and no scope limitations were imposed by management during the audit.
Other information	No material inconsistencies were identified related to other information in the statement of accounts.
Breaches of independence	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	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	The significant matters arising from the audit were discussed, or subject to correspondence, with management.
Certify the audit as complete	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.

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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.

DRAFT

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

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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 Cr Pooled Property (L3 pooled funds)	£1.6 -	- (£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.
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.

DRAFT

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

❶ **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.

❷ **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.

❸ **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	❶	**Approval of journals: Segregation of duties** 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. 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.	**Outstanding** 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.
2	❷	**Management review of valuation of directly held property** 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. We recommend that the Fund review and challenge the valuations provided by the valuer. This process should be fully documented.	**Closed** 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.
3	❸	**Membership reconciliation** 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. 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.	**Outstanding** 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

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DRAFT

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	**Related parties** 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. If outdated declarations are used, there is a risk the disclosure in the accounts will be incorrect. 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.	**Implemented** We have not identified any similar issues this year.
5	2	**Valuation of investments** 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. 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.	**Implemented** We have not identified any similar issues this year.

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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.

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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

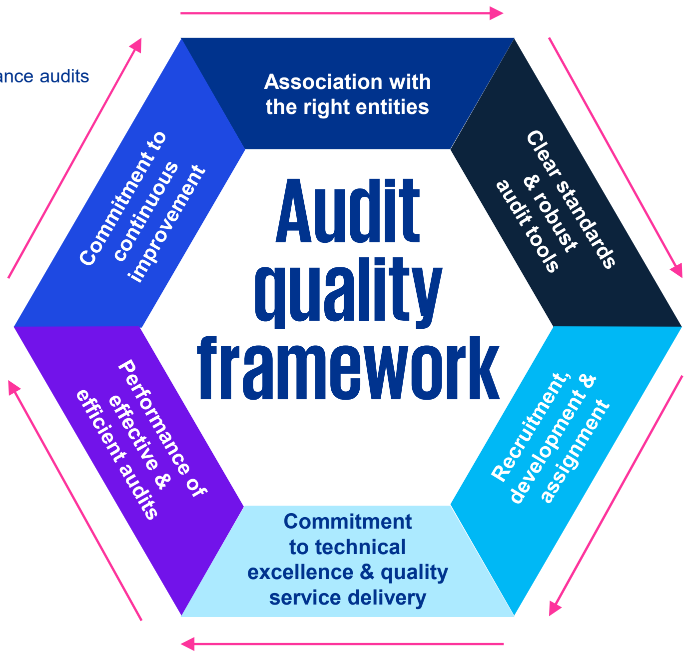
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

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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Meeting Name:	Pensions Advisory Panel
Date:	9 December 2025
Report title:	Update on the Local Pension Board
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chair of the Local Pension Board

RECOMMENDATION

1. The Pensions Advisory Panel (PAP) is asked to note the update from the Local Pension Board (LPB or the Board) meeting of 8 October 2025.

KEY AREAS OF DISCUSSION

Training session – Local Pension Board Roles and Responsibility and other initiatives

2. The training session was conducted jointly by the Chair of the LPB and Chief Investment Officer. The session covered various aspects of the role of the LPB, 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 was a focus on recognising the difference between Southwark Council as an Administering Authority and being the biggest employer within the Fund.

3. 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.

4. There were subsequent discussions on the impact on Board responsibilities and composition of the governance structure, including the PAP, following the pooling mandate. The Board is interested in understanding how PAP will consider independent advice in addition to receiving primary advice from London CIV as part of the pooling mandate.

5. Both the Chair of the Board and the Chair of PAP recently attended a one-day Conference on the LGPS organised by the Scheme Advisory Board and aimed specifically at Board and Committee Chairs. Three Board members and one

member of PAP will attend the national, two-day LGPS governance conference in January 2026.

Action Tracker

6. The Chief Investment Officer and Pensions Administration Manager presented the Action Tracker. An update was provided regarding progress made on each item in the tracker.

7. The Board will consider a detailed discussion on the KPIs at the upcoming meeting in February 2026.

Pension Services

8. The Pensions Administration Manager presented the report.

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

10. There were follow on questions and a discussion on the status of ABS and related issues.

11. Pensions Operations team have been requested to submit a note to the LPB on all issues in relation to ABS and relevant proposals and corresponding timelines to address them. The note should also include the number of ABS that went out on time during the latest financial year.

Pensions Administration Strategy

12. The Pensions Administration Manager provided an overview of the draft version of an updated Administration Strategy being developed by the Fund.

13. The Chair 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.

14. 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 Board have requested alignment with new KPIs laid out by the Scheme Advisory Board (SAB) and any relevant guidance from the Pensions Regulator.

15. As next steps, the Pensions Operations team will present updated Administration Strategy incorporating Board’s feedback at the upcoming PAP meeting in December 2025 for approval.

Risk Management Policy

16. The Chief Investment Officer presented the standalone Risk Management Policy for the Fund.

17. There were subsequent discussions and questions on certain operational aspects of the policy. Following the discussions, the Board approved the Risk Management policy.

18. Going forward, the Board has suggested that they may increase the focus on investment risks from a scrutiny perspective going forward.

The General Code – Action Plan

19. The report was prepared by the Chief Investment Officer.

20. The Board noted the report. The Board will continue to monitor the progress of the pending tasks in the action plan at future meetings.

Update on Current LGPS issues

21. An update was provided on current LGPS issues specifically highlighting two key areas involving consultation from the SAB on the LGPS Code of Transparency and legal advice on pooling governance and conflicts of interests.

Re-appointment of Local Pension Board Chair

22. The voting members unanimously agreed to re-appoint Mike Ellsmore as the Chair of the Local Pension Board for a further year. Members thanked Mike for his continuing valuable contribution to the Board.

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

Community impact statement

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

APPENDICES

Name	Title
None	

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Mike Ellsmore, Chair of Local Pension Board	
Version	Final	
Dated	28 November 2025	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	**Comments Included**
Assistant Chief Executive - Governance and Assurance	No	No
Strategic Director of Resources	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team		28 November 2025

Meeting Name:	Pensions Advisory Panel
Date:	9 December 2025
Report title:	Pension Services Update
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Pensions Administration Manager

Recommendation

1. The Pensions Advisory Panel (the **Panel**) is asked to note this update on the pensions administration and operational function.

Background Information

2. The Panel last received an update in September 2025 setting out specific information on recruitment, IT/systems, National Dashboard Programme, communication initiatives, Strictly Education payroll provider and complaint management.

Recruitment

3. Two admin and two data team vacancies currently exist across Pension Services. We are working with Council HR to recruit these positions.

4. Interviews took place at the beginning of November for our data officer role. We will update the Panel in due course.

IT/Systems

5. Online modeler testing is ongoing within the Member Self-Service Portal and ill-health retirement transactions are now live.

National Dashboard Programme

6. Southwark's "connect by" date has now changed to 12th January 2026.

7. Civica had made all clients aware that due to [1]penetration testing not covering the agreed scope, there would be a delay in connecting services to the dashboard. Civica have been in contact with the Pensions Regulator and Pensions Dashboard Program, who are fully informed. No

[1] an authorised cyber-attack to establish any IT vulnerabilities

legal action is required from pension funds and there will be no breach for this delay.

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

Progress to December 2025

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

Communication initiatives

10. The 2025 Annual Benefit Statement (**ABS**) exercise is complete, and statements were sent out by the end of August 2025 deadline.

11. The 2025 Deferred member ABS and newsletter were issued in July 2025.

12. The timeline for moving to more digital communication progresses with the production of the Deferred and Active ABS in July and August 2025.

13. Pensions Savings Statements were issued by 6 October 2025 for anyone breaching the 2024/25 Annual Allowance. Anyone with a confirmed tax charge has the opportunity to make a Scheme Pays election.

14. The Fund participated in a recent LGPS Scheme Advisory Board survey: Understanding diversity of representation and Peer Support insight and provided its response on 8 September 2025.

15. Phase 1 of the new Pension Fund website is now live and includes a new landing page, new Finance and Investment sections, and improved documentation layout and user navigation.

Complaint Management

Against Employer:

- Pensions Ombudsman single complaint - ill-health tiering award appeal against a former school employer. All ill-health tiering awards are recommended by Occupational Health following a medical assessment, but the employer makes the final decision.

  Case OPEN – with Ombudsman pending allocation and decision.

- Pensions Ombudsman single complaint - protracted complaint from a former member of Council staff about a legal Settlement Agreement.

Case OPEN – the Council received Pension Ombudsman's Final Determination on 25 March 2025 which upheld the complaint in part, but only for an element of non-financial injustice[2]. The Council accepted the Final Determination whereas the complainant did not and has decided to appeal the Ombudsman's decision in Court, on a point of law. Further updates to the Panel to follow in due course.

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

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

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

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

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

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

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

Admin Performance Monitoring

Overall performance remains strong within the team, with key transactions exceeding 90+% performance. Transfers in/out and retirement estimates show an increased performance rate compared to the previous quarter, indicating improved data and processing response times from within Admin/Ops team.

Other key metrics remain stable; with no areas showing decline or any operational concern in the period September, October and November 2025.

[2] Non-financial injustice is awarded when there has been proven maladministration and covers distress, inconvenience, or 'time and trouble' suffered by a complainant. Whereas financial injustice is where maladministration is proven and there has been an actual financial loss as a result of the injustice.

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

Performance metrics for the three-month period to November 2025 are detailed in Appendix 1.

Future work planning

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

Conclusions

17. 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

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

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

Community impact statement

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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Climate change implications

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Financial implications

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Consultation

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

APPENDICES

Name	Title
Appendix 1	Admin/Ops Performance Metrics September, October, November 2025

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources		
Report Author	Agne Svencionyte, Pensions Administration Manager, Resources		
Version	Final		
Dated	28 November 2025		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		**Comments Sought**	**Comments Included**
Assistant Chief Executive - Governance and Assurance		No	No
Strategic Director of Resources		Yes	Yes
Cabinet Member		No	No
Date final report sent to Constitutional Team			28 November 2025

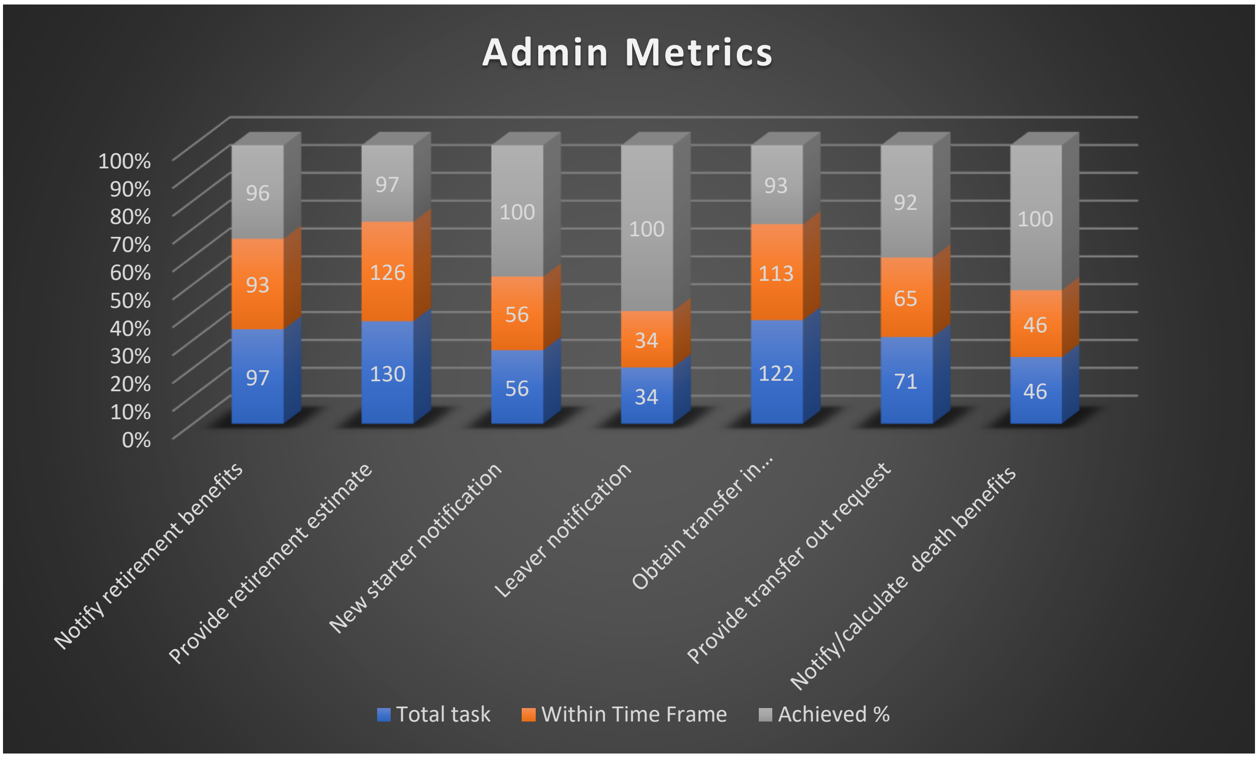
APPENDIX 1

Admin Metrics

September/October/November 2025

	Total Tasks	Within Time frame	Achieved	
Notify Retirement Benefits (Within one month of retirement)	97	93	96%	→
Provide Retirement Estimate/ Quote on request (Within 10 working days of request)	130	126	97%	↑
New Starter Notification joining the LGPS (Within 10 working days of receipt of clean employer data)	56	56	100%	→
Inform member who left scheme of leaver rights and options (Within 20 working days of receipt of clean data)	34	34	100%	→
Obtain transfer details for transfer in, calculate and provide quote (Within 10 working days of receipt of information)	122	113	93%	↑

Provide transfer out (CETV) request (Three months from date of request)	71	65	92%	↑
Calculate and notify dependants about death benefits (Within 5 working days of receipt of all relevant information)	46	46	100%	→



Admin Metrics
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
96
93
97
97
126
130
100
56
56
100
34
34
93
113
122
92
65
71
100
46
46
Notify retirement benefits
Provide retirement estimate
New starter notification
Leaver notification
Obtain transfer in...
Provide transfer out request
Notify/calculate death benefits
Total task
Within Time Frame
Achieved %

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MUNICIPAL YEAR 2024-25

COMMITTEE: Pensions Advisory Panel

NOTE: Original held by Constitutional Team. All amendments/queries to Andrew Weir Tel: 020 7525 7222. Email: Andrew.weir@southwark.gov.uk

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Dated: 1 December 2025

Last updated – September 2024