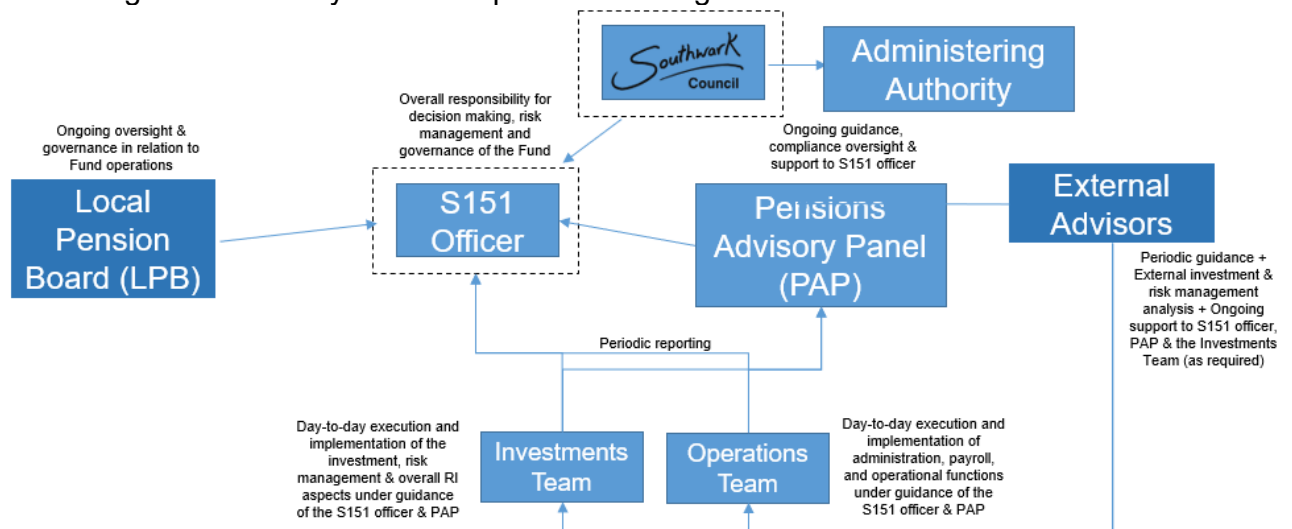


Southwark Pension Fund

Governance compliance statement

Background

The following shows the key relationships in the management of the Pension Fund:



Regulation 55 of the Local Government Pension Scheme Regulations 2013 requires that an Administering Authority must prepare, maintain and publish a written statement setting out:

- Whether the Administering Authority delegates the function in relation to maintaining a pension fund to a committee, a sub-committee or an officer;
- The frequency of any committee or sub-committee meetings;
- The terms of reference, structure and operational procedures of the delegation; and
- Whether the committee or sub-committee includes representatives of employing authorities or members.

The London Borough of Southwark Pension Fund covers each of these in the following ways:

Arrangements for maintaining a pension fund committee

Since 2004 this function has been delegated to the Pensions Advisory Panel (PAP), whose primary objective is to assist the Strategic Director of Resources (the Chief Finance Officer or CFO) in the management of the pensions function within the Council.

Frequency of meetings

The PAP meets once every quarter. Additional meetings are held where issues requiring urgent attention arise.

Terms of reference, structure and operational procedures

The primary objective of the PAP is to provide advice to the Strategic Director of Resources in the management of the Fund. This will include the provision of advice on the following:

INVESTMENTS

1. Establishing and reviewing the strategic investment objectives;
2. Reviewing the definition of the investment return target most likely to satisfy this investment objective;
3. Considering what constraints, if any, should apply to the invested assets and monitor compliance;
4. Establishing and reviewing the strategic asset allocation (benchmark) that is likely to meet the investment return target;
5. Considering and reviewing the appropriateness of the Fund structure i.e. the delegation of powers to managers (including London CIV), setting boundaries for the managers' discretion and considering which manager return targets are likely to achieve the investment return target;
6. Monitoring the performance of the investment managers at least once every three months, and from time to time consider the desirability of continuing or terminating the appointment of investment managers. In monitoring performance of investment managers, the PAP should consider:
 - i. The investments made by the managers;
 - ii. Their input to the process and the value of their advice;
 - iii. Investment returns and risk against established targets;
 - iv. Manager compliance with the Fund's requirements; and
 - v. Discussion of results with managers.
7. Monitoring risks;
8. Maintaining a responsible investment strategy;

FUNDING

9. Carrying out duties set out in the Regulations, in relation to actuarial valuations of the Fund;
10. Ensuring employer contributions are set accordingly and other relevant regulations are adhered to;
11. Considering applications, from external bodies, for membership of the Council's pension scheme;

GOVERNANCE

12. Monitoring of governance arrangements including regulatory compliance and implementation of audit recommendations;
5. Monitoring costs incurred in administering the Fund, including:
 - i. Management and other direct costs; and
 - ii. Transaction (dealing) costs.

BENEFITS ADMINISTRATION

14. Considering policy matters in relation to the Fund and the Council's early retirement policy;
15. Monitoring early retirements; and
16. Considering the effectiveness of the administering authorities' management of pension administration.

Constitution of the Pensions Advisory Panel (PAP)

- i. Three members (two members from the majority group and one member of the majority opposition) who have received the appropriate training; one of those members will chair the Panel (voting);
- ii. Three officers (the Chief Finance Officer (CFO) (non-voting), an officer with specialist knowledge on finance and investments (voting) and an officer with specialist knowledge of pension administration (voting);
- iii. Two independent advisers (non-voting); and
- iv. A representative appointed by the constituent trade unions representing beneficiaries (non-voting).

The PAP will be constituted as follows:

- Decisions should aim to be reached by consensus. Where agreement cannot be reached, then a majority vote will apply. Voting rights are restricted to members and officers (excluding the CFO), with the Chair having the casting vote if required.
- Decisions of the Panel will be treated as advice to the CFO.
- To be quorate, at least three voting members of the Panel must be present, plus at least one independent adviser. At least one of the voting members must be an officer.

Local Pension Board

1. The Panel will work closely with the Local Pension Board (the Board) to ensure the Fund is administered efficiently and effectively and will share with the Board reports and documents to enable the Board to meet its remit; and
2. The Panel will consider any reports the Board may produce in the course of their duties and respond accordingly within a reasonable period of time.

Conflicts of interest

1. All members of the PAP must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Panel;
2. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Panel. It does not include a financial or other interest arising merely by virtue of that person being a member of the Fund; and
3. On appointment to the Panel and following any subsequent declaration of potential conflict by a Panel member, the Administering Authority shall ensure that any potential conflict is

effectively managed in line with both the internal procedures of the Panel's conflicts policy and the requirements of the Code.

- (i) Securing compliance with the LGPS regulations and other legislation relating to the governance and administration of the LGPS and any statutory pension scheme that is connected with it;
- (ii) Securing compliance with requirements imposed in relation to the LGPS and any connected scheme by The Pensions Regulator; and
- (iii) Such other matters as the LGPS regulations may specify.

Representation from employing authorities or members

When deciding on the composition of the PAP, it was decided that as London Borough of Southwark represents the majority of the Fund membership, admitted bodies would not be included on the Panel. There are 13 admitted bodies in the Fund. Although they are not represented on the Panel, they are fully consulted on and kept informed of all decisions made by the Panel.

The Local Pension Board

The Public Service Pensions Act (2013) required all Administering Authorities to establish a Local Pension Board (the Board) by 1 April 2015. The Board has the responsibility to assist the Administering Authority to ensure the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including:

The Administering Authority retains ultimate responsibility for the administration and governance of the Southwark Council LGPS. The role of the Board is to assist the Administering Authority to fulfil that responsibility. The Board meets quarterly, and the membership and work of the Board can be viewed in the Annual Report of the Board, which is included in the Pension Fund annual report.

The principles Principle Structure	Fully compliant?	Note
The management of the administration of benefits and strategic management of the Fund assets clearly rests with the main committee established by the appointed Council.	Yes	
The representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	See note	1
That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Not applicable	
That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member	Not applicable	

from the secondary committee or panel.

Representation

See note

1

That all key stakeholders are afforded the opportunity to be represented, within the main or secondary committee structure.

These include:

- Employing authorities (including non-scheme employers, e.g., admitted bodies);
- Scheme members (including deferred and pensioner scheme members);
- Where appropriate, independent professional observers; and
- Expert advisers (on an ad-hoc basis).

That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.

Yes

Selection and role of lay members

That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.

Yes

Training/facility time/expenses

See note

2

That in relation to the way in which statutory and related decisions are taken by the Administering Authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.

That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.

Yes

That the Administering Authority considers the adoption of annual training plans for committee

Yes

members and maintains a log of all such training undertaken.

Meetings (frequency/quorum)

That an Administering Authority's main committee or committees meet at least quarterly. **Yes**

That an Administering Authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits. **Not applicable**

That an Administering Authority that does not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented. **Not applicable**

Scope

That Administering Authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements. **Yes**

Publicity

That Administering Authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements. **Yes**

Note 1

When deciding the composition of the Pensions Advisory Panel, it was decided that as the London Borough Southwark represents over 90% of the Fund membership, admitted bodies would not be included in the Panel. Although they are not represented on the Panel, they are fully consulted on and kept informed of all decisions made by the Panel.

Note 2

A training policy that covers both Pensions Advisory Panel and Local Pension Board members was put in place in 2023-2024. As a minimum, those responsible for the governance of the Southwark Pension Fund must undertake four hours training per annum. The training undertaken during the annual reporting year can be found in section 3 of the pension fund annual report. It is part of the terms of reference of the Panel that members will have had training and be trained on all matters requiring a decision prior to meetings where these issues are on the agenda. A summary log of training participation can be found in the Pension Fund Annual Report.

Date of last review: September 2025