

Local Pension Board

Wednesday 2 July 2025
10:00 am
Meeting Room 224, 160 Tooley Street

Membership

Mike Ellsmore (Independent Chair)

Dominic Cain (Vice Chair) – Employer Representative

Sarah Feasey – Employer Representative

Mike Antoniou – Schools Employer Representative

Helen Laker – Employee Representative

Stuart Mumford – Employee Representative

Tony O'Brien – Retired Employee Representative

Local Pension Board

Wednesday 2 July 2025
10:00 am
Meeting Room 224, 160 Tooley Street

Order of Business

Item No.	Title
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PART A – OPEN BUSINESS

- 1. TRAINING SESSION – LGPS POOLING REGULATIONS AND GOVERNANCE IMPLICATIONS**
- 2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**
- 3. NOTIFICATION OF INTENTION TO CONDUCT BUSINESS IN A CLOSED MEETING**
- 4. DISCLOSURE OF INTERESTS AND DISPENSATIONS**

Members of the board to declare any interests and dispensation in respect of any item of business to be considered at this meeting.
- 5. MINUTES**

To agree as a correct record, the open minutes of the meeting held on 2 April 2025.
- 6. ACTION TRACKER**
- 7. PENSIONS SERVICES**
- 8. TPR GUIDANCE – MCCLOUD UNDERPIN AND 2025 ANNUAL BENEFIT STATEMENTS (ABS)**

9. RISK REGISTER

10. BREACHES LOG

11. LGPS: ACCESS AND FAIRNESS CONSULTATION

12. CYBER SECURITY: ANNUAL AUDIT OF EXTERNAL PROVIDERS

13. THE GENERAL CODE – ACTION PLAN

14. LPB ANNUAL REPORT FOR 2024-2025

15. LGPS UPDATE

16. ANY OTHER OPEN BUSINESS

PART B – CLOSED BUSINESS

EXCLUSION OF PRESS AND PUBLIC

The following motion should be moved, seconded and approved if the sub-committee wishes to exclude the press and public to deal with reports revealing exempt information:

“That the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1-7, Access to Information Procedure rules of the Constitution.”

17. MINUTES

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

18. PENSION FUND BUDGETS

ANY OTHER CLOSED BUSINESS

Date: 20 June 2025

Local Pension Board

MINUTES of the OPEN section of the Local Pension Board ('LPB' or 'the Board') meeting held on Wednesday 2 April 2025 at 10.00 am at Meeting Room 225 at 160 Tooley Street, London, SE1 2QH

PRESENT:

- Mike Ellsmore (Independent Chair)
- Mike Antoniou – Schools Employer Representative
- Tony O'Brien – Retired Employee Representative
- Clive Palfreyman
- Caroline Watson
- Barry Berkengoff
- Helen Laker
- Stuart Mumford
- Spandan Shah
- Tufazzul Miah

1. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies were received from Dominic Cain and Sarah Feasey.

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

RESOLVED:

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

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no disclosures made.

4. MINUTES

RESOLVED:

That the minutes of the Board meeting held on 22 January 2025 to be agreed as correct record.

5. MATTERS ARISING

Caroline Watson provided an update on the legal opinion and other actions being taken regarding the ongoing issue of failure by three employers /admitted bodies to pay contributions. Fund officers will keep the Board updated on the progress.

Caroline also informed that work is underway in relation to the annual renewal of insurance of the Board.

6. ACTION TRACKER

Item presented by Caroline Watson and Barry Berkengoff.

Caroline discussed a new action item has been included in relation to complying with The General Code.

Barry Berkengoff discussed work being done in developing an updated Administration Strategy for the Fund and provided an update on various KPIs/metrics in relation to the pensions services.

7. PENSIONS SERVICES

Barry Berkengoff presented the report.

Barry provided an update on the recruitment activity and progress made in relation to IT systems in place.

Barry discussed activity and planning done for the issuance of Annual Benefit Statements (ABS) for financial year 2024-25. There were queries and additional discussions in relation to difficulties members are facing in accessing member portal and in viewing pension related information on the portal.

Barry gave an update possible impact to the Fund due to Strictly Education discontinuing their pensions payroll services. BB discussed possible alternative options being considered by schools, including the possibility of insourcing the service to the Fund.

Barry also discussed status of various ongoing member complaints and outcomes.

Finally, Barry also gave an update on other relevant areas including gender pay gap review, change in the pensions age, survivors benefit and upcoming legislation changes.

Action points:

Barry to provide an update about insourcing the payroll service

Barry to conduct a training session on accessing member portal and various pensions related information that can be viewed on the member portal. The training will be conducted for Helen Laker, Tony O'Brien and Stuart Mumford.

Barry to share with the Board the criteria and principles laid down by the Court

for availing pensions benefits in case of cohabiting partners.

8. PENSIONS DASHBOARD

Barry Berkengoff presented the report.

The go-live connect date is October 2025. There was a discussion on the timelines and what members could potentially expect and benefits once the National Pensions Dashboard is available.

9. PENSIONS ADVISORY PANEL MEETING PAPERS

Caroline Watson presented the report.

Caroline provided an update on the topics discussed at the recent Pensions Advisory Panel meeting on 19 March 2025, including working with London CIV regarding pooling, updates on asset allocation and Fund performance for the quarter.

There was a query and subsequent discussion in relation to possible impact or actions to be undertaken, if any, in relation to the Fund's exposure to US equities. Considering long-term nature of the investment horizon, no immediate actions or rebalancing is required.

10. PENSION FUND STATEMENT OF ACCOUNTS AND AUDIT FINDINGS REPORT 2023-24

Caroline Watson presented the report.

Caroline updated the Board that KPMG as the new auditor had issued an unqualified audit opinion for financial year 2023-24. She also discussed various recommendations from the auditors.

There was a query on the recommendations being shared with any external stakeholders or governing bodies, i.e. standards board. To the extent applicable, Fund officers will consider them for the accounts going forward.

There was an additional question on instances of being classified as related parties. The Fund addresses this through Annual Declaration of Interests.

11. GENERAL CODE OF PRACTICE – ACTION PLAN

Caroline Watson presented this report.

Caroline discussed findings from Barnet Waddingham's review. Caroline discussed the Action Plan that has been prepared by the Fund officers in addressing gaps identified in complying with requirements of The General Code.

The Board has primary responsibility for ensuring implementation of the Action Plan, so Fund officers will table it as an agenda item at meetings going forward.

12. UPDATE ON CURRENT LGPS ISSUES

Spandan Shah presented this report.

Spandan presented updates on current LGPS issues including the new Pensions ministers' statement at PLSA conference, welcome letter from SAB to the Pensions minister, proposed separation of pension fund accounts from the accounts of administering authorities and SAB letter to CFOs and Pension Committee Chairs at administering authorities for effective pension service delivery through appropriate resourcing and budget allocations.

Mike Antoniou provided a verbal update from his attendance at the 2025 LGPS Governance Conference on 30-31 January 2025 in Bournemouth.

13. ANY OTHER OPEN BUSINESS

No other business was discussed.

The meeting ended at 11:20 am.

CHAIR:

DATED:

Item 6
Local Pension Board - Action Tracker

Date of Meeting	Action Ref	Action	Due Date	Response	Status
7 April 2021	18	Revised Administration Strategy to be tabled at a future LPB meeting	July 2025	<p>Barry Berkengoff is updating the Pension Administration Strategy (which was due for review in 2024). This needs to link with the Fund's Data Management Policy following the procurement of UPM software; final employer fining policy; and an agreed handover of Employer pension fund duties where scoping began with the Council's HR/Payroll teams in 2024, and will result in the transfer of all pension fund "payroll admin" work returning to the Council's HR/Payroll teams (a formal handover was due August 2024 but has been delayed due to ongoing resourcing and decisions pending around the creation of an employer facing pension fund team (making parts of the new Strategy difficult to finalise).</p> <p>Once updated, a revised Pension Administration Strategy will be tabled at PAP, then at a future LPB meeting, before going to all Southwark employers, as part of the agreed consultation process.</p>	Updated DRAFT Strategy will be with the Strategic Director of Resources and Chief Investment Officer week commencing 30 June 2025 for initial feedback.

10 July 2023	19	Reporting of key administration KPIs to the Board	July 2025	SAB has now produced new guidance around reporting and wider performance metrics. This is being considered further and how it can be implemented within existing Civica UPM software. Findings to be tabled at a future Board meeting later in 2025.	Progressing
9 October 2024	21	Action Plan – General Code of Practice to be tabled at future LPB meeting	April 2025	<p>An action plan will be developed to address the gaps/improvement areas identified by Barnett Waddingham during their review.</p> <p>The action plan will be tabled at PAP and will then be included as a standing agenda item at Board meetings until all actions are completed.</p> <p>The action plan was tabled at the March 2025 PAP meeting and will be tabled at the April 2025 Board meeting.</p>	Progressing

Meeting Name:	Local Pension Board
Date:	2 July 2025
Report title:	Pension Services – Admin/Ops update
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Head of Pensions Operations

Recommendation

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

Background Information

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

Recruitment

3. Two Admin and one Data Officer vacancies exist across Pension Services. We are working with Council HR to recruit these positions.
4. However, a number of First Contact Officer interviews took place later in April resulting in the successful recruitment of Ms Ida Bah.

IT/Systems

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

National Dashboard Programme

6. Southwark's "connect by" date remains unchanged at 31 October 2025.
7. Although the Government has not yet agreed an actual "go-live" date, it is expected that the Dashboard Service will commence later in 2026.

Progress to July 2025

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

Communication initiatives

9. The 2025 Annual Benefit Statement (**ABS**) exercise is now well underway, with validated Council data almost ready for extraction.
10. The majority of external employer data remains on track for validation later in July albeit with some exceptions (see Strictly update below).
11. The Pensions Regulator issued McCloud ABS guidance on 18 June, and a separate report is being tabled to cover this and to obtain Board views.
12. Additional Voluntary Contribution (**AVC**) annual statement plans are with the AVC provider, and this year we aim to ensure AVC year-end fund values/statements will be sent out simultaneously along with main ABS.
13. Deferred member ABS and newsletter is scheduled for issue in July 2025.
14. A timeline for moving to more digital communication is currently underway and began with the issue of the Pension Increase newsletter in April 2025.

LGPS Auto Re-Enrolment – 1 May 2025

15. Southwark's Unite Branch Secretary wrote to some members of the Board on 29 May 2025 expressing the concerns of Unite members in how the recent LGPS Auto Re-Enrolment process had been dealt with, namely that Unite members were dissatisfied with the lack of clear communication about the re-enrollment process which caused frustration and confusion.
16. The Independent Chair of the Board asked the Head of Pensions Operations to respond, where it was confirmed that May's exercise had been conducted by the Council's Payroll function, and that there had been a communication plan in place. The Head of Pensions Operations had also re-iterated the benefits of LGPS membership and, that the Pension Fund was committed to working with the Council and Unions to improve communications on future Re-Enrolment cycles.
17. We understand the Director of HR chose not to comment on this matter. Therefore, the Independent Chair may wish to contact the Director of HR and invite suitable Employer representation at a future Board meeting to discuss further, including the role of the employer in Pension Fund matters.

Strictly Education update – schools payroll provider

18. The Head of Schools HR has now taken an active role in dealing with any legal and operational issues this change has had on schools, which have an impact on both LGPS and Teachers' Pensions.
19. If any ABS validation deadlines are missed, the Pension Fund will most likely use annualized pay data from an earlier period in 2025 to ensure ABS values are not overstated. Some employers may be contacted to explain that some staff may not receive an ABS due to poor quality employer data and those members can request a standard statement.
20. As part of the roll out of new Enterprise Resource Planning software (of which phase 1 is due to replace the Council's existing Payroll software), the Pension Fund will be working closely with Southwark Council HR/Payroll, Education, Schools HR and Unions, to ensure a Schools Payroll Insource can be placed into "scope" as part of phase 1 activity.

Complaint Management

Against Employer:

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

Case OPEN – with Ombudsman pending formal decision.

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

Case OPEN – the Council received the Ombudsman's Final Determination on 25 March 2025 which upheld the complaint in part, but only an element of non-financial injustice. The Council accepted the Final Determination whereas the complainant did not and has since decided to appeal the Ombudsman's decision in court, on a point of law. Further updates will 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 (NPA) by the time advice had been sought.

Admin performance monitoring

Performance metrics are detailed in Appendix 1 covering the three-month period April, May and June 2025.

Horizon scanning

21. See standalone report covering the Access and Fairness Consultation.

Future work planning

22. 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

23. 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

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

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

Community impact statement

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

APPENDICES

No.	Title
Appendix 1	Admin/Ops Performance Metrics April to June 2025

AUDIT TRAIL

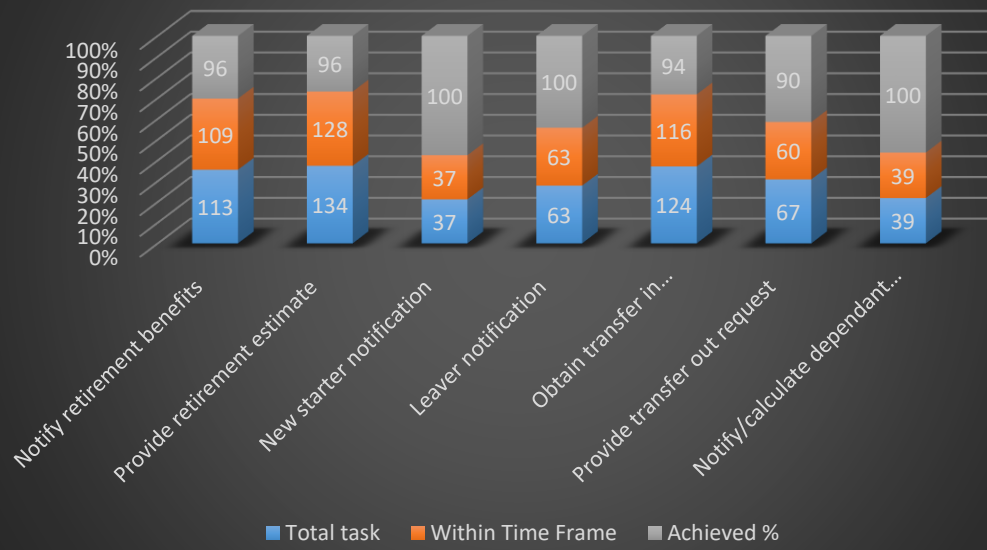
Lead Officer	Clive Palfreyman, Strategic Director, Resources		
Report Author	Barry Berkengoff, Head of Pensions Operations, Resources		
Version	Final		
Dated	02 July 2025		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Assistant chief executive, governance and assurance		No	N/a
Strategic director of resources		No	N/a
Cabinet Member		No	N/a
Date final report sent to Constitutional Team			

APPENDIX 1

Admin Metrics – April, May, June 2025

	Total Tasks	Within Time frame	Achieved	
Notify Retirement Benefits (Within One Month of Retirement)	113	109	96%	↑
Provide Retirement Estimate/ Quote on request	134	128	96%	↑
New Starter Notification joining the LGPS	37	37	100%	→
Inform member who left scheme of leaver rights and options	83	83	100%	→
Obtain transfer details for transfer in, calculate and provide quote	124	116	94%	↑
Provide transfer out (CETV) request (Three months from date of request)	67	60	90%	↓
Calculate and notify dependants about death benefits	39	39	100%	→

Admin Metrics



Meeting Name:	Local Pension Board
Date:	2 July 2025
Report title:	McCloud – issuing remediable service information
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Head of Pensions Operations

Recommendation

1. The Local Pension Board (the **Board**) is asked to note some recent guidance from the Pensions Regulator, and a recommendation to defer providing McCloud underpin information on the 2025 Annual Benefit Statement (**ABS**) until sufficient testing and sign-off can be undertaken.
2. Before a final decision is made the Board is asked for its views on this matter.

Background Information

3. All public service pension schemes (including Administering Authorities of the LGPS) must now provide remediable service information on the 2024/25 ABS unless they exercise discretion to delay this until 2025/26.
4. A McCloud “underpin” release upgrade for ABS testing on pensions administration software had been delayed for many months and was only recently released for testing in mid-June 2025.
5. A further McCloud software patch is due for release later in July 2025 should Administering Authorities make a final decision to defer issuing remediable service information on the 2024/25 ABS. When released into a live software environment, this patch ‘should’ suppress the underpin data from being calculated and included within the final ABS data cuts.
6. Given the excellent progress made on year-end data validation in 2024/25, further McCloud testing would place a risk on ABS delivery, where final ABS data cuts are planned to be taken later in July, in order that the ABS meets its statutory delivery deadline of 31 August 2025.
7. Whilst the software provider plans to provide a release patch later in July, this is too close to when final ABS data cuts need to be taken.

Regulatory Guidance

8. On 18 June 2025 the Pensions Regulator (**tPR**) provided guidance should Administering Authorities require more time and need to exercise their discretion.
9. For an Administering Authority to consider exercising its discretion, the following conditions must be satisfied, as set out under Regulation 2(6) of The Local Government Pension Scheme (Information) Regulations 2024 (SI 2024/880): -
 - the discretion can only be exercised if the Administering Authority considers it is reasonable in all the circumstances in the case of a particular member or class of members.
 - the discretion must be exercised before 31 August 2025.
 - affected members must be notified that the discretion has been exercised in relation to them and in their 2024/25 ABS.
10. tPR also expects the following steps to be taken by Administering Authorities if they decide that the discretion will be exercised: -
 - views of the relevant pension board have been sought and considered before making the determination.
 - a written record of any decision to exercise the discretion is kept regarding a particular member or class of members, which includes a full description of the reasons for the decision.
 - a clear and realistic Action Plan is implemented to ensure that complete and accurate remediable service information is included in the 2025/26 ABS issued to members affected by the application of the discretion.
 - Before the 2024/25 ABS is issued, affected members should be told that it will not include their remediable service information, and they should be given a clear explanation as to why that is the case.
11. tPR has confirmed on 23 June 2025 that a Breach of Law report would not be expected if the Administering Authority has satisfied all the legislative conditions applicable to its exercise of the discretion.
12. tPR also confirmed on 23 June 2025 that whilst there is no legislative requirement to notify affected members before the 2024/25 ABS is provided to them that remediable service information is not included, as a matter of good practice, they consider that it could be helpful to notify members ahead of time as well.

Next steps

13. The Pension Fund has outlined the following Action Plan.

2 July 2025 – seek views of the Board and agreement to recommendation that discretion is exercised to delay including McCloud underpin information until the 2025/26 ABS.

Mid July 2025 – communicate with affected membership and confirm McCloud underpin information will not be provided on the 2024/25 ABS, and reasons why.

August 2025 – following initial testing within UPM TEST environment, apply UPM McCloud ABS release 2.0 to UPM LIVE service after final ABS data cuts have been extracted, and only after written confirmation has been received from benefit consultancy team everything is in place for printing the 2025 ABS.

September 2025 – testing and ‘sign off’ of the 2.0 release on the LIVE service confirming underpin data calculations is working as expected.

September to December 2025 – testing will be carried out to ensure ABS output picks up relevant underpin data as expected.

October 2025 and January 2026 – McCloud software updates provided to the Board.

KEY ISSUES FOR CONSIDERATION

Policy framework implications

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

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

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

23. Not applicable.

Strategic Director - Resources

24. Not applicable.

Other Officers

25. Not applicable.

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director, Resources		
Report Author	Barry Berkengoff, Head of Pensions Operations, Resources		
Version	Final		
Dated	02 July 2025		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Assistant chief executive, governance and assurance		No	N/a
Strategic director of resources		No	N/a
Cabinet Member		No	N/a
Date final report sent to Constitutional Team			

Meeting Name:	Local Pension Board
Date:	2 July 2025
Report title:	Pension Fund – Revised Risk register
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer

RECOMMENDATIONS

1. Local Pension Board (LPB) members are asked to:
 - i. Note the revised risk register, which now captures the most up to date list of risks for the Fund.
 - ii. Note the updated scoring for the revised list of risks for the Fund to ensure it appropriately reflects the quantification of the identified risks to enable proactive decision making on risk management activities.
 - iii. Note the dashboard which reflects risk scoring (post mitigation) for each risk category. The purpose of the dashboard is to help facilitate a periodic review and an easier discussion/engagement on the risk register at future meetings.
 - iv. Provide feedback or comments on the revised list of risks, the quantification and the dashboard.

Background

2. There have been various discussions at earlier LPB meetings on the requirement to simplify the risk register as well as the need to adopt a consistent approach to quantifying the risks.
3. At the April 2025 meeting, the Fund officers agreed to undertake the following steps in relation to the risk register:
 - a. Revisit the existing risk categories to align with the recommendations of the Pensions Regulator's guidance and best practice recommendations as part of the General Code and the LGPS Good Governance initiative
 - b. Apply a consistent framework/methodology to both risks assessment and quantification

- c. Thoroughly assess each risk currently included in the risk register for its relevance and impact
- d. Exclude risks which are not relevant and/or can be merged together with other similar macro themes
- e. Revisit the scores assigned to each existing risk for both its likelihood and impact pre and post mitigatory measures

Changes to the Fund's Risk register

4. In line with the above, the Fund officers have now updated the entire risk register. The following changes have been made in comparison to the earlier version:
 - a. Simplified the risk categories: The earlier version had 'seven' categories of risks which have now been simplified under 'three' categories:
 - i. Financial/Investment,
 - ii. Administrative/Operational and
 - iii. Governance/Compliance.
 - b. Updated the risk list: The Fund officers have revised overall risks to ensure their relevance and impact. This was undertaken through a combination of the following:
 - i. merging certain risks to account for duplication
 - ii. introducing new risks relevant to the Fund given the current macro environment and evolving LGPS landscape
 - iii. removing risks which are no longer relevant to the Fund
 - c. Revised scoring of the risks: The Fund officers have also revisited scoring assigned to each risk both in terms of likelihood and impact pre and post mitigatory measures. This is to ensure they appropriately reflect the rating and impact to enable informed decision making in relation to risk management activities.
 - i. It is important to note that this involves only revisiting the scores assigned to the risks in the revised risk register
 - ii. The Fund officers have applied the same scoring methodology (as in the earlier version) to ensure consistency with the approach taken by the council when assessing risks it is exposed to with regards to the pension fund
 - d. Developed a risks dashboard: The Fund officers have developed a dashboard mapping the risks across the likelihood and impact axis using the 1-10 scoring. This is to help facilitate periodic review of the risks, maintain ongoing tracking and oversight of each risk and enable better

engagement and discussions on the risk register at future LPB meetings.

- e. The revised risk register is included in Appendix 1 to the report.

Next Steps

- 5. The Fund officers are developing a standalone Risk Management policy in relation to operations of the Fund. The policy will include a framework for identifying and quantifying risks as well as provisions for a more periodic and proactive review of the risks to ensure they are fit for purpose and relevant to the Fund operations.
- 6. While initially the Fund officers agreed to also table the Risk Management policy in July 2025, this has been postponed and will now be tabled at the next LPB meeting.
- 7. The Fund officers will also engage with Southwark council's risk team to ensure the changes to the Fund risk register are appropriately reflected/captured in the council's risk register going forward.

Policy framework implications

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

Community impact statement

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources		
Report Author	Caroline Watson – Chief Investment Officer		
Version	Final		
Dated	02 July 2025		
Key Decision?	N/A		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Assistant chief executive, governance and assurance		N/A	N/A
Strategic Director of Resources		N/A	N/A
Cabinet Member		N/A	N/A
Date final report sent to Constitutional Team			

Southwark Pension Fund - Revised Risk Register - July 2025

Risk ref	Risk Description	Risk Owner	Risk Category	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	PRIMARY RISK SCORE	Risk Controls (Mitigation)	RISK SCORE AFTER MITIGATIONS	Post mitigation Impact - 1 to 10 (10 highest)	Post mitigation Likelihood - 1 to 10 (10 highest)
R8	Uncertainty surrounding proposed government changes to pooling/pensions arrangements and other LGPS regulations	CW	Financial/Investment	9	9	96	1. Fund officers monitor pooling and other regulatory proposals on an ongoing basis 2. Fund officers attend Pension Officer Groups to ensure the Fund is represented and kept up to date 3. Fund officers also contribute to consultations from government to ensure its priorities are reflected/represented as part of the process 4. Advice and guidance is sought from investment advisers, where required 5. The Fund has already made direct investments with LCIV, alongside pooled equity mandates which are under LCIV supervision 6. Fund is engaging proactively with LCIV to manage the requirements of the pooling mandate, including ensuring a formal transition plan is agreed. 7. Ongoing updates provided to the PAP and LPB on pooling mandate and other LGPS proposals to keep them up to date on the developments, including discussing possible impact to Fund operations and steps to manage/mitigate them	81	6	9
R1	The Fund's long-term investment strategy is not sufficient/inappropriate	CW	Financial/Investment	9	7	89	1. Review of Investment Strategy Statement (ISS) conducted following each triennial actuarial valuation to determine optimal asset allocation for the Fund. Liability profile of members taken into consideration as part of the triennial valuation. 2. Funding Strategy Statement (FSS) also reviewed every 3 years (or earlier if required) 3. Reports on the funding levels produced quarterly and discussed at PAP meetings 4. Reports on actual asset allocation including any variances to target allocation produced quarterly and discussed at PAP meetings 5. Ongoing monitoring by the Investments Team, alongside support from investment advisor, to identify potential underweight/overweight positions across asset classes within the portfolio - remedial actions taken proactively, where required	51	6	5
R2	Poor performance of individual investment mandates compared to benchmark/target returns underpinning actuarial valuations	CW	Financial/Investment	8	7	83	1. Individual manager performance monitored regularly by the Investments Team 2. PAP reviews fund manager performance quarterly against benchmark - any risks, including corrective actions, are also highlighted and discussed at PAP meetings 3. Additional review conducted by the Fund's Investment Advisers - regular reports/communication received from them with an overview of manager performance and highlighting any risks/challenges and corrective actions 4. Regular meetings with fund managers regarding performance and any other issues that might impact performance (e.g. team changes, leadership changes, etc.) 5. Regular reviews of investment strategy to ensure that the investment asset and manager allocation is appropriate and in line with the ISS and FSS to meet the future pension obligations for the Fund 6. Portfolio rebalancing is considered on a regular basis	52	7	4
R9	Structural changes in Fund membership, leading to unforeseen cash flow implications and/or forced sale of assets	CW	Financial/Investment	8	7	83	1. The Fund undertakes long term cash forecasting to identify trends in cash in/outflows which is built into a strategy to ensure suitable cash inflows to support pension benefit costs 2. A formal cash flow management policy has been adopted, which ensures officers have the ability to maintain adequate liquidity to meet obligations, whilst limiting cash balances in order to maximise investment returns 3. The Fund actively monitors prospective changes in membership	42	6	4
R11	Inaccurate or incomplete Member/Employer data	BB	Administrative/Operational	9	5	78	1. Monthly reconciliation performed against other Council/Employer systems. 2. Administration Strategy supports monitoring of Employer compliance. 3. Data matching through National Fraud Initiative (NFI) help to identify discrepancies. 4. Mortality Screening and address tracing performed frequently. 5. Data Management Plan and GDPR in place (Data Plan to be agreed). 6. UPM Pension/Payroll software has greater analysis functionality and audit tools. 7. Fund participates in DWP "Tell us Once" initiative. 8. Triennial valuation routinely uncovers data gaps/anomalies. 9. System housekeeping and reporting helps uncover data gaps/anomalies. 10. Cloud hosting and back up arrangements in place, including compliance with national cyber security standards (independent cyber security assessment undertaken every 3 years).	52	7	4

Southwark Pension Fund - Revised Risk Register - July 2025

Risk ref	Risk Description	Risk Owner	Risk Category	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	PRIMARY RISK SCORE	Risk Controls (Mitigation)	RISK SCORE AFTER MITIGATIONS	Post mitigation Impact - 1 to 10 (10 highest)	Post mitigation Likelihood - 1 to 10 (10 highest)
R10	Failure to communicate/engage with relevant stakeholders	BB	Administrative/Operational	8	6	77	1. New Pension Fund website under in-house control. 2. Member information guides and national website video links on website. 3. Member/Employer training material developed and on 'My Learning Source'. 4. Meetings held regularly with HR/Council/Unions/Schools. 5. ABS/PI/Newsletters sent annually to all member categories. 6. Annual report prepared in accordance with statutory guidelines published on the website. 7. Comms Strategy reviewed at least every 3 years. 8. Plans in place to promote a full digital communication strategy to members (with some exceptions in place, pensioners, depot staff).	42	6	4
R5	Failure of third party service providers for investment management and custodial services, including LCIV	CW	Financial/Investment	8	5	70	1. Contracts with all third-party services providers are monitored and reviewed regularly 2. PAP provided with quarterly information for each manager. Where there are concerns, additional monitoring is put in place to ensure financial/operational risks are kept to an acceptable level 3. LCIV also provide an additional level of monitoring in for assets which are pooled. 4. Third parties provide Fund with an annual SAS70 (or equivalent) report which provides assurance from their auditors that adequate controls are in place and are operating effectively 5. Annual assessment of third party service providers considered in relation to key areas (e.g. cyber security)	34	6	3
R6	Fund liquidity and/or cash flows not as expected/insufficient to meet member liabilities	CW	Financial/Investment	8	5	70	1. Ongoing review and any changes to investment strategy include consideration of split between liquid and illiquid investments and optimal risk asset allocation 2. Ongoing monitoring of investments to ensure appropriate balance between liquid and illiquid investments and limit exposure to one asset category 3. The investment strategy is split across a range of asset classes and means of implementation to allow for a variety of redemption options 4. Regular cashflow forecasting allows the Fund to predict likely cashflow requirements well in advance. Enhanced cash forecasting will be implemented in 2025-26 following the onboarding of cashflow data to the council's new treasury management system. 5. Cash Management policy in place to achieve improved flexibility on how liquidity is managed, including investments in liquid money market funds, and ensuring target balances on different tiers of liquidity holdings 6. IAS19 data is received annually and provides an early warning of any potential liquidity-related problems	42	6	4
R14	Failure of third-party service providers, including Council and outsourced Payroll providers (for schools and other external employers), affecting service delivery	CW/BB	Administrative/Operational	7	6	69	1. Employer/HR function going through ongoing business transformation so Pension Fund has a dedicated officer to face off to Employers to help emphasise more robust processes and better understanding of fund requirements. 2. Admin Strategy allows employers to be fined for poor performance following an agreed escalation process. 3. Revised Admin Strategy in draft pending wider consultation process will link the Fund's Data Management and Security Policy. 4. Considerable employer engagement work in place, especially with Schools, including data workshops. 5. IDRP complaints process under review. 6. Future planned insourcing of Schools/external employer payroll services. 7. Revised Admin Strategy will clearly set out roles and responsibilities and consequences of non-compliance. 8. Regular monitoring and monthly reconciliation of contributions received from employers by pensions finance team. 9. Employers required to provide sufficient information on monthly returns to enable verification that the amounts due are correct. 10. Fund can charge interest on the late payment of contributions. 11. UPM Employer Hub allows employers to upload information to the Fund but Data/Systems team has full control over what data goes into live system. 12. Council Legal can be consulted on any employer who fails to pay over LGPS contributions, then escalated as appropriate. 13.. Contributions rates and deficit recovery periods set to reflect the strength of the employer covenant(s) 14. Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate	41	5	5

Southwark Pension Fund - Revised Risk Register - July 2025

Risk ref	Risk Description	Risk Owner	Risk Category	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	PRIMARY RISK SCORE	Risk Controls (Mitigation)	RISK SCORE AFTER MITIGATIONS	Post mitigation Impact - 1 to 10 (10 highest)	Post mitigation Likelihood - 1 to 10 (10 highest)
R18	Inadequate resourcing across the Fund Investment functions (accounting, investments, and governance) and Operations functions (administrative, data management, etc.) - internal challenges due to budget constraint/limitations and external challenges due to reliance on a smaller pool of specialist staff across LGPS	CW/BB	Governance/Compliance	7	6	69	1. Restructuring underway in pensions finance team to identify right team structure and resources to address increased operational complexity from regulatory changes and number of investment mandates 2. Restructuring will also consider changes in fund operations on account of pooling mandate and increasing focus on governance as part of the Good Governance project - future team structure will factor these in to enable hiring of the full-time staff with the right skill sets and in line with regulatory requirements/recommendations (e.g. more governance focused responsibilities vs investment activities) 3. Specialist temporary staffing in place to meet the requirements of treasury activity, investment mandates and the fund's focus on net zero and responsible investment 4. Pensions Services team almost fully resourced in line with the agreed structure and budget 5. Additional support obtained from investment advisers, where appropriate, to ensure ongoing management of fund requirements 6. Fund looking to hire full-time staff following the pensions investments team restructure 7. Additional training will be introduced as required to provide additional knowledge and skills to full-time/temporary staff to ensure effective delivery of responsibilities	42	6	4
R4	Increase in inflation/interest rate exposure compared to actuarial assumptions/forecasts	CW	Financial/Investment	7	6	69	1. Fund holds various assets in the portfolio that help mitigate any impact of CPI risks, e.g. direct property (with inflation-linked rental agreements), global equities (which also provide a degree of inflation protection) 2. Fund officers continue to monitor fluctuations in CPI inflation on a regular basis 3. All triennial valuations consider inflation environment - ISS and FSS are revisited to factor in any changes/impact on portfolio from high inflationary trends	26	5	3
R7	Failure to adequately implement net-zero and wider RI policies, including due to the LGPS pooling mandate	CW	Financial/Investment	6	7	68	1. Fund's investment strategy has been updated to include a net zero strategy which sets out initiatives to be implemented in the short, medium and long term, to progress net zero targets whilst maintaining acceptable levels of risk and return 2. Where possible, all individual investment mandates now include net zero/Paris-aligned milestones 3. Ongoing engagement with portfolio companies on decarbonisation and wider RI priorities through investment managers 4. Reports with progress on carbon footprint produced every quarter and discussed at PAP meetings 5. Reports on wider RI and stewardship aspects (e.g. voting & engagement) are also now discussed on an ongoing basis at PAP meetings 6. Ongoing engagement with LCIV to manage pooling requirements, including ensuring net zero and wider RI priorities are not impacted/comprised as part of pooling 7. Ongoing analysis and corresponding communication/reporting to wider stakeholders on exposure to international conflicts/geopolitical events to proactively manage FOI/member queries (on RI issues) and manage any negative reputational risk	41	5	5
R19	Fund governance arrangements are not effective	CW	Governance/Compliance	7	5	61	1. The Council's constitution delegates the functions of the administering authority for the pension fund to the S151 officer 2. Pensions Advisory Panel set up to provide support and guidance to S151 officer 3. Local Pension Board set up to provide additional oversight in relation to fund operations 4. Various policies established to ensure appropriate governance arrangements in place, including effective implementation and to achieve alignment with best practice 5. A training policy is in place which requires PAP and LPB members and fund officers to receive continuing training to keep up to speed with latest requirements and mandates 6. Advice sought from external advisers, where required, to ensure appropriate decision making	26	5	3
R17	Pressure from unions, other stakeholders and activists to divest from investments in conflict zones. The Fund's inability to divest (due to investment in pooled funds and/or lack of alternative products) could also have a reputational risk.	CW	Governance/Compliance	6	6	60	1. Relevant primarily for the equity investments in pooled mandates where investments are aligned to global indexes which will mean the fund has exposures to companies in sectors like defence, oil and gas, etc. 2. Segregated equity mandates do not include any investments in companies in controversial sectors like defence, tobacco, oil and gas, gambling, pornography, etc. 3. The Fund undertakes quarterly screening of companies flagged in the UN List with exposure to the conflict in Middle East 4. Fund is actively engaging with investment managers to discuss and seek progress on approach to investment in conflict zones 5. Fund officers actively engage with LAPFF, LCIV, etc. to understand and replicate industry initiatives (where possible) within fund operations 6. The Fund is transparent in disclosing exposure to conflicts (e.g. exposure to Middle East conflict) through responding to member queries, FOI requests, etc.	25	4	4

Southwark Pension Fund - Revised Risk Register - July 2025

Risk ref	Risk Description	Risk Owner	Risk Category	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	PRIMARY RISK SCORE	Risk Controls (Mitigation)	RISK SCORE AFTER MITIGATIONS	Post mitigation Impact - 1 to 10 (10 highest)	Post mitigation Likelihood - 1 to 10 (10 highest)
R12	Major IT failure/outage, or data corruption/cyber-attack resulting in the inability to process pensions and pay pension benefits on time	BB	Administrative/Operational	9	2	54	1. Pensions staff undertake data management training as required. 2. Cyber Security Assessment routinely performed by third-party specialist. 3. UPM software has been extensively tested and secured against cyber-attack. 4. UPM access only allowed from pre-approved IP addresses, limited to the Southwark Council network and Aon. 5. Business Continuity and Disaster recovery plans in place throughout the Council. 6. Data stored in cloud servers hosted by Civica in a UK data centre. ISO certifications provide confidence that Civica operations meet the highest levels of information security, IT service management and has the Government's IL3 accreditation rating, the highest security rating available. 7. Secondary disaster recovery database is continuously running, and so in the event of cyber-attack or other downtime, the system can switch to a backup with limited loss of data. Every keystroke on the system is fully logged and audited. 8. Majority of member payments made are not reliant on monthly payroll cycles/software and paid via Single Payments system each week. 9. In the event of total IT failure/outage, the previous months BACS file can be put into payment with Bank to cover pensioner payroll.	27	6	2
R16	Failure to comply with LGPS Regs, HMRC tax laws and the Pensions Regulator – resulting in legal sanctions, Ombudsman complaints, causing detrimental impact on Council's reputation	BB	Governance/Compliance	6	5	51	1. Monitoring compliance with LGPS Regulations through weekly training, overseen by Senior Technical & Projects Manager. 2. Fund breaches policy sets out clear guidance and mechanism for the reporting of breaches by those involved in management of the Fund. 3. Robust procedures in place including appropriate internal quality assurance checking processes carried out by Senior Officers. 4. Specialist advice can be obtained from external advisers where appropriate.	33	5	4
R20	Financial loss/impact due to investment/accounting fraud	CW	Governance/Compliance	6	5	51	1. Due diligence performed on all new fund managers 2. Ongoing review and monitoring of financial transactions/dealings with fund managers in relation to capital calls/distributions, etc 3. External audit test of controls in place by independent third-parties as part of annual audit 4. Periodic checks undertaken by the council's internal audit team in relation to effectiveness of controls in place to prevent fraud 5. Authorised signatory list in place, including limits on approvals of payments by officers to ensure multiple checks in place in relation to financial transactions made by the fund 6. Ongoing implementation of any findings/recommendations from auditors to monitor and strengthen the controls in place	25	4	4
R3	Geopolitical events/international conflicts impact scheme funding and investments/valuations	CW	Financial/Investment	6	5	51	1. Ongoing monitoring of Fund performance and investment markets 2. Fund has a long term investment horizon so any volatility in short term from certain geopolitical events might not be a case of concern 3. Periodic advice obtained from investment advisers on continuing suitability of asset allocation 4. Investments held in diversified assets, reducing volatility and ensuring long term stability 5. Fund engages with other LGPS and industry forums (LAPFF, LCIV, etc.) to understand and implement best practices to mitigate/minimise potential impact of geopolitical uncertainty and international conflicts 6. Where required, standalone advice on possible impact from a geopolitical event (e..g introduction of tariffs) or international conflict sought from investment advisers to identify appropriate course of action(s)	25	4	4
R21	Lack of specialist expertise across Fund governance roles (PAP and LPB)	CW	Governance/Compliance	5	5	41	1. Risk of turnover of PAP membership following each local election 2. Employee and employer representatives on the PAP/LPB are not up for election, so remain in place providing continuity 3. Fund officers provide support on an ongoing basis to both PAP and LPB 4. Support from external advisers obtained by PAP/LPB on a needs basis 5. Formal training policy and training plan in place to help the PAP/LPB members gain appropriate knowledge and skills for effective decision making in relation to fund operations 6. Fund officers organise periodic training sessions for PAP/LPB members on relevant/current topics/general awareness	13	3	3

Southwark Pension Fund - Revised Risk Register - July 2025

Risk ref	Risk Description	Risk Owner	Risk Category	Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	PRIMARY RISK SCORE	Risk Controls (Mitigation)	RISK SCORE AFTER MITIGATIONS	Post mitigation Impact - 1 to 10 (10 highest)	Post mitigation Likelihood - 1 to 10 (10 highest)
R15	Risk that McCloud Judgement is not complied with or done so incorrectly	BB	Governance/Compliance	4	6	40	1. Scoping level of resources in line with SAB guidance and MCHLG consultation paper. 2. Remedy live from October 2023 but expected to take LGPS employers 24+ months to fully complete. 3. Pension Fund website regularly provides news updates to members. 4. Civica UPM provider has built/tested phase 1 McCloud software. 5. Pension Fund already performs McCloud underpin checks on all individual retirements/departures.	25	4	4
R13	Fund members become victims of fraud and other scams (particularly pensions liberation)	BB	Administrative/Operational	8	1	36	1. Promotion of routinely updated member education & awareness - regular comms on risks, scam awareness campaigns and transfer value guidance issued. 2. Robust due diligence on transfers out - red flag, risky, or suspicious schemes checked. The Fund only promotes FCA Regulated advisors. 3. Industry collaboration - maintain regular contact with FCA, Pensions Regulator, Money & Pension Service and Action Fraud to stay updated on latest scam tactics and trends. 4. Secure online measures - ensure member portals secure to protect personal and financial data, and robust identity verification procedures when processing new transfer requests.	15	5	1

SPF – Revised Risk Register

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

July 2025

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

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

Risk list:

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

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

Impact	10										
	9										
	8										
	7				11						
	6		12		10						
	5	13				14					
	4										
	3										
	2										
	1										
		1	2	3	4	5	6	7	8	9	10
Likelihood											

Risk list:

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

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

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

Risk list:

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

Meeting Name:	Local Pension Board
Date:	2 July 2025
Report title:	Pension Fund – breaches update
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Head of Pensions Operations Chief Investment Officer

RECOMMENDATION

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

BACKGROUND INFORMATION

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

UPDATE AT JULY 2025

Attached as Appendix 1 is an updated 2025-26 breaches log, which contains all carried forward items and any recent breaches, including details of actions taken.

All material breaches are reported to tPR along with details of why the event occurred and a proposal to remedy matters within a specified timeframe.

The Pension Fund will be guided by tPR and if it wishes to investigate matters further, but as a risk-based organisation, tPR tends not to interfere with any internal processes.

Whilst the Pension Fund will always try to minimise breaches some remain outside of its control; namely employer operational and employer payroll matters that may have an impact on the operation of the Pension Fund.

The Pension Fund takes breaches seriously as part of its regulatory responsibilities in promoting good governance and working in partnership with tPR whose primary role is to help safeguard pension benefits.

There are no significant changes to the breaches log that was shared with the Board in January 2025 other than some of the older “closed” breaches have now been removed.

KEY ISSUES FOR CONSIDERATION

5. Not applicable.

Policy framework implications

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

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

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

15. Not applicable.

Strategic Director - Resources

16. Not applicable.

Other officers

17. Not applicable.

APPENDICES

No.	Title
Appendix 1	Updated Breaches Log 2025-26

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director - Resources		
Report Author	Barry Berkengoff, Head of Pensions Operations - Resources		
Version	Final		
Dated	02 July 2025		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Director of Law and Governance		No	N/a
Strategic Director of Resources		No	N/a
List other officers here		N/a	N/a
Cabinet Member		No	N/a
Date final report sent to Constitutional Team / Scrutiny Team			

Breaches Log 2025-26		
Date of Breach	Description of Breach	Report to tPR?
01/12/2020 c/forward	<p>Haberdashers Aske is a new free school started within Southwark https://www.habsborough.org.uk School contacted us but are still taking no action.</p> <p>ACTIONS : Awaiting further contact from the school.</p>	No
01/12/2020 c/forward	<p>Movement of non-paid refund monies (over five years) from pension fund bank account to new bank account not occurring.</p> <p>ACTIONS : Waiting regulatory clarity.</p>	No
01/12/2020 c/forward	<p>Injury Allowance (IA) has no current valid policy in place, a member being paid IA had reached age of 65 in February 2021.</p> <p>ACTIONS : HR working on a revised IA policy. Has been escalated to HR Policy team.</p>	No
01/12/2020 c/forward	<p>Discretionary and IDRPs policies not held for all external employers.</p> <p>ACTIONS : All external employers have been contacted and asked to submit their discretionary policies and the names of their appointed person(s) for appeals.</p> <p>Training also available on MyLearningSource and will be communicated again to employers.</p>	No
24/08/2023 c/forward	<p>Auto Enrolment (AE) – tPR contacted Southwark Council (as employer) to raise concerns that there may be an operational risk with the AE process.</p> <p>ACTIONS: Council (with pension fund support) is working with the Regulator to identify any potential risks around the AE process.</p>	No
Over 2023/24 Closed (2024)	<p>Cintra, a payroll provider for two Southwark schools had stopped paying contributions to teachers and LGPS pensions.</p> <p>ACTIONS : Reported to Regulator 28 December 2023 and currently awaiting a response.</p> <p>Cintra has since passed its payroll contract over to NeoPeople in April 2024, however some issues remain with some teachers having underpaid pension contributions.</p>	Yes

Breaches Log 2025-26		
Date of Breach	Description of Breach	Report to tPR?
Over 2025/26	<p>Admitted body Ultimate Sports has not paid employee or employer contributions since commencement.</p> <p>ACTIONS : Reported to TPR but no response received to date.</p> <p>Ongoing engagement with employer and schools HR. The employer is no longer providing the service at these schools and officers are continuing efforts to resolve the issue of non-payment.</p>	Yes
Over 2025/26	<p>Admitted body Bermondsey Antiques Market has not paid employee or employer contributions since commencement in 2021.</p> <p>ACTIONS : Reported to TPR but no response received to date.</p> <p>We have requested assistance in resolving this matter from the employing department. They have made several attempts directly to determine why payments have not been made.</p> <p>Arrangements are being made for officers from the pensions and treasury investments team to meet with the employer at the market in mid-July to resolve the issue of non-payment.</p>	Yes
25/04/2025	<p>A member notified the pension fund that two letters were received in one envelope. The first letter was addressed to the member, whereas the second letter was addressed to another pension fund requesting a transfer value and contained another member's name, date of birth and NI number.</p> <p>ACTIONS : Reported to Information Governance Team.</p> <p>Hybrid mail provider asked to confirm existing protocols for automated letter feeders into envelope stuffing machines. Staff reminded to check manually printed letters are for intended</p>	No

Breaches Log 2025-26		
Date of Breach	Description of Breach	Report to tPR?
	member only, especially if there are attachments.	
22/05/2025	<p>A School Business Manager reported access to all LGPS members via an Employer Hub search function. Investigation showed this was due to LBS admin security profile assigned to their account.</p> <p>ACTIONS : The school account security profile has now been correctly assigned.</p> <p>Reviewed all Employer Hub accounts to ensure this was isolated to the reported school user.</p> <p>Data team has now removed the ability to assign LBS admin profiles during account creation and implemented a manual check to any account creation to ensure the correct security profiles are in place.</p>	No
18/05/2025	<p>Annual Benefit Statement (ABS) 2024/25 – McCloud ‘underpin’ and issuing remedial service information to members by 31 August 2025.</p> <p>ACTIONS : To be discussed with Board members on 2 July 2025.</p>	TBC

Meeting Name:	Local Pension Board
Date:	2 July 2025
Report title:	Access and Fairness Consultation
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Head of Pensions Operations

RECOMMENDATION

1. The Local Pension Board (the **Board**) is asked to note this paper on the Access and Fairness Consultation.

BACKGROUND INFORMATION

2. On 15 May 2025, the Ministry of Housing, Communities and Local Government (**MHCLG**) launched a consultation on proposed changes to the Local Government Pension Scheme (the **LGPS**) in England and Wales.
3. The proposed changes are aimed at improving fairness in and equal access to the LGPS and its benefits, particularly for many members who have been paid lower salaries throughout their working lives.

AT A GLANCE...

4. The proposals cover the following areas:-
 - **Survivor Pensions and Death Grants**, aiming to fix historic discrimination and ensure equal access to the scheme
 - Proposals to address the **Gender Pension Gap**, including mandatory reporting
 - Gathering data on numbers and reasons for **Opt-Outs** in the LGPS
 - Fixing issues in **Forfeiture**, and other technical improvements, including the correction of **McCloud** remedy

Survivor Pensions and Death Grants

In recent years there have been a number of changes to survivor benefits, as new types of legal relationships have been introduced, but there are still some outcomes of legal cases which are not yet reflected in the LGPS Regulations.

Summary of proposals

Equalisation – survivor pension payable to the survivor of a marriage or civil partnership with a member will be calculated in the same way regardless of sex or sexual orientation.¹

Cohabitee Survivor Pensions – removal of the requirement for a signed nomination form in the case of qualifying cohabitee survivors. Retrospective for deaths occurring between 1 April 2008 and 31 March 2014.

Death Grant – removal of age 75 cap on eligibility for death grants, backdated for all deaths on or after 1 April 2014, and eliminating the two-year limit on Administering Authorities to identify the appropriate personal representatives.

Gender Pension Gap

Analysis from the Government Actuary's Department on LGPS data ² shows that in the LGPS in England and Wales, the average CARE pension accrued by active female members (who make up **74%** of the active membership) is **34.7% lower** than the average pension accrued by active male members (and that gap is even wider for the Pre-2014 Final Salary part of the LGPS).

The proposals aim to enhance the opportunities for women to improve their pensions and will benefit male members as well.

Summary of proposals

Unpaid leave – making authorised absences of less than 31 days automatically pensionable.

Cost Alignment – aligning cost of buying back lost pension for authorized absences of over 30 days with actual member contribution rates (rather than actuarial factors) and extending the option deadline to 12 months.

Child Related Leave – including all additional maternity, shared parental leave and adoption leave without pay in the definition of child-related leave.

Reporting – two metric reporting will become mandatory. The consultation sets out an expectation that this will be reported at both pension fund and employer level and set out in the 2025 Triennial Valuation Report (and Annual Report).

¹ Goodwin v Secretary of State for Education (2020) legal judgement

² Data extract from 31 March 2020

Opt-Outs

It is proposed it will become mandatory for Administering Authorities to collect and report on data relating to members opting out of the LGPS.

However, it will require employers to provide this information to Administering Authorities, which could be a challenge as some employers may struggle to produce accurate and timely information about active scheme members.

Summary of proposals

Mandatory reporting – to help understand trends and reasons for opt-outs and will help shape future EDI improvement comms strategies.

Annual Report – it will be required to publish data related to opt-outs in the Annual Report each year.

Additional data collection – online survey that will return information directly to MHCLG, including reasons for opt-out as well as additional info around ethnicity, age, gender, marital status etc.

Forfeiture

Current Regulations require that a member must have left employment because of the offence for forfeiture of their pension to be possible.

There are known cases of LGPS members who have been convicted of an offence but had already left employment before conviction, meaning their LGPS benefits could not be forfeited.

Summary of proposals

Removal of existing requirement – as well as abolishing the three month time limit for forfeiture application to be made.

Regulations – removing interim payments direction regulation.

Guidance – publishing guidance on making forfeiture application.

McCloud Remedy

Regulations are already in place to implement the McCloud remedy, but the experience of Administering Authorities has flagged some issues with the existing regulations as currently drafted.

Summary of proposals

Pension Sharing Orders – clarifying divorce credits and the approach to be

taken on deaths on 30 September 2023.

Club transfers – confirm that interest should not apply except in specific cases

Tax losses – include Part 4 tax losses in the 2023 Regulations.

Give an underpin date – for members over age 65 who join the LGPS from another public sector scheme.

Other Regulatory Changes

- Ensuring that a direction to change Administering Authority for a person or group of people can be retrospective.
- Updating the list of scheme employers to include Combined County Authorities and companies under the control of Welsh Corporate Joint Committees.
- Clarifying the definition of an exiting employer, in relation to the use of deferred debt agreements.
- Ensuring that those who left the scheme before 1 April 2008 can take a de minimis commutation payment where they meet the relevant criteria.
- Removing the requirement in the 2013 Regulations for a member transferring out their main scheme benefits to also transfer their AVCs. This change will mean that members transferring out can leave their AVC fund within the LGPS if they wish.
- Allowing scheme members who left before 1 April 2014 to use their AVC fund to buy additional pension in the LGPS.
- Removing the requirement to pay all refunds within 5 years of leaving. However, all refunds must be paid before the member reaches age 75.
- Making changes to the regulations to reflect the abolition of the Lifetime Allowance and the introduction of the Lump Sum Allowance and Lump Sum and Death Benefit Allowance. This includes the circumstances in which a Pension Commencement Excess Lump Sum (PCELS) can be paid from the LGPS (which is slightly different to the transitional guidance for paying a PCELS that is currently in place).
- Providing that in future, a child's short-term pension paid under the 1995 and 1997 scheme rules will cease if the recipient ceases to meet the definition of an eligible child during the payment period.
- Updating the definition of paternity leave to include the right for bereaved fathers the right to paternity leave from the first day of employment in the event of the death of their partner in the time surrounding birth or adoption.
- Amendments to remove various references to European institutions and to make minor changes requested by the Joint Committee for Statutory Instruments.

NEXT STEPS

5. The consultation closes on 7 August 2025. We expect the Local Government Association to share their consultation response to Administering Authorities by mid-July 2025.
6. Southwark will then decide if it wishes to do its own response to the consultation, working alongside colleagues in the Pensions Officer Group.
7. Following the consultation process the Government will work with the Scheme Advisory Board to implement the proposals, with any amendments.

KEY ISSUES FOR CONSIDERATION

8. Not applicable.

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.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

18. Not applicable.

Strategic Director - Resources

19. Not applicable.

Other officers

20. Not applicable.

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director - Resources		
Report Author	Barry Berkengoff, Head of Pensions Operations - Resources		
Version	Final		
Dated	02 July 2025		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Director of Law and Governance		No	N/a
Strategic Director of Resources		No	N/a
List other officers here		N/a	N/a
Cabinet Member		No	N/a
Date final report sent to Constitutional Team / Scrutiny Team			

Meeting Name:	Local Pension Board
Date:	2 July 2025
Report title:	Annual Cyber Security Assessment
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Interim ESG Manager

RECOMMENDATIONS

The Local Pension Board (the Board) is asked to:

- Note the findings of the cyber security assessment of the Fund's investment managers.

BACKGROUND INFORMATION

1. Cyber security involves the implementation of policies and procedures in order to protect an organisation's computer systems and data. The Fund holds large amounts of data with investment managers and holds members' data in its pensions system.
2. In line with earlier years, we have requested responses from all of the Fund's investment managers in relation to applicable policies and their approach to cyber security. This is to ensure that there are effective cyber security policies in place and to highlight any potential areas of improvement.
3. This annual cyber security assessment is in addition to Aon also undertaking a formal review of UPM and any other supplier(s) who manage member data, every three years.
4. This report has been prepared considering industry best practice and recommendations by the Pensions Regulator (TPR) for the LGPS industry. We have considered the following two guidelines issued by the UK National Cyber Security Centre (NCSC) while assessing the readiness of the investment managers in relation to mitigating risks from cyber security:
 - a. NCSC's Cyber Essentials Standards for IT Infrastructure, which is the only national standard for IT security. This standard does not explicitly certify risk but is a way of foregrounding key technical cyber security controls, which can help mitigate and minimise risk of successful cyber attacks.
 - b. NCSC's 10 steps to Cyber Security – NCSC's guidance on how organisations can protect themselves in cyberspace. TPR encourages larger pension schemes and their advisors and suppliers to fully meet its expectations.

5. The latest guidance (v3.2) of the NCSC Cyber Essential Standards available is what was published in April 2025 which requires assessment against the following technical control areas:
 - a. Firewalls: To make sure that only secure and necessary network services can be accessed from the internet.
 - b. Secure configuration: To ensure that computers and network devices are properly configured to reduce vulnerabilities and provide only the services required to fulfil their role.
 - c. Security update management: To ensure that devices and software are not vulnerable to known security issues for which fixes are available.
 - d. User access control: Ensure that user accounts are assigned to authorised individuals only and that such access is provided to only those applications, computers and networks the user needs to carry out their role.
 - e. Malware protection: To restrict execution of known malware and untrusted software, from causing damage or accessing data.
6. NCSC's 10 steps to cyber security (10 Steps) is a guidance (published in May 2021) that aims to help organisations manage their cyber security risks by breaking down the task of protecting the organisation into 10 components. Adopting security measures covered by the 10 Steps reduces the likelihood of cyber attacks occurring and minimises the impact to an organisation when incidents do occur. The 10 Steps include:
 - a. Risk management: Take a risk-based approach to securing data and systems.
 - b. Engagement and training: Collaboratively build security that works for people in your organisation.
 - c. Asset management: Know what data and systems you have and what business need they support.
 - d. Architecture and configuration: Design, build, maintain and manage systems securely.
 - e. Vulnerability management Keep systems protected throughout their lifecycle.
 - f. Identity and access management: Control who and what can access your systems and data.
 - g. Data security: Protect data where it is vulnerable.
 - h. Logging and monitoring: Design systems to be able to detect and investigate incidents.
 - i. Incident management: Plan response to cyber incidents in advance.
 - j. Supply chain security: Collaborate with suppliers and partners.

CYBER SECURITY ASSESSMENT

7. A review of the IT security policies of the Fund's 15 investment managers, Northern Trust, (the Fund's custodian) NatWest, (the Fund's banking provider) and Aon, (in relation to the benefit consultancy services provided to the Fund) has been undertaken to assess both their preparedness against each of the five technical control areas and in-turn the Fund's potential risks associated with cyber security.
8. All 18 organisations have been contacted regarding their cyber security policies. Responses have been received from 17 organisations. Fund officers are waiting for a response from Blackstone on certain additional clarifications sought following review of initial information.
9. Each of those who responded to requests for details on their cyber security policies confirmed they did have IT security policies active and in place.
10. In many instances, investment managers are limited in terms of what they can share due to business sensitive information covered as part of their IT policies. In such cases, we have requested investment managers to share a brief summary of applicable policies in place with respect to each of the five technical control areas and each component of the 10 Steps listed earlier.
11. The information in this report reflects the information that has been shared with the Fund officers but there may be further policies in place for the investment managers which the Fund officers are not aware of.
12. Table 1 below shows a condensed summary of the responses received from all 17 organisations (excluding Blackstone) against the five technical control areas of the NCSC's Cyber Essentials Standards.

Table 1 Summary of responses provided on Cyber Essentials

Cyber Essentials Standard: Technical Control Area	Application and Aim of the Technical Control Area	Number of investment managers meeting requirements
Firewalls	<p>Applies to: boundary firewalls, desktop computers, laptops, routers, servers, IaaS, PaaS, SaaS</p> <p>Aim: To make sure that only secure and necessary network services can be accessed from the internet</p>	17
Secure configuration	<p>Applies to: servers, desktop computers, laptops, tablets, mobile phones, thin clients, IaaS, PaaS, SaaS</p> <p>Aim: Ensure that computers and network devices are properly configured to:</p> <ul style="list-style-type: none"> • reduce vulnerabilities • provide only the services required to fulfil their role 	17

Cyber Essentials Standard: Technical Control Area	Application and Aim of the Technical Control Area	Number of investment managers meeting requirements
Security update management	<p>Applies to: servers, desktop computers, laptops, tablets, mobile phones, firewalls, routers, IaaS, PaaS, SaaS</p> <p>Aim: Ensure that devices and software are not vulnerable to known security issues for which fixes are available.</p>	17
User access control	<p>Applies to: servers, desktop computers, laptops, tablets, mobile phones, IaaS, PaaS, SaaS</p> <p>Aim: Ensure that user accounts:</p> <ul style="list-style-type: none"> • are assigned to authorised individuals only • provide access to only those applications, computers and networks the user needs to carry out their role 	17
Malware protection	<p>Applies to: Servers, desktop computers, laptops, tablets, mobile phones, IaaS, PaaS, SaaS</p> <p>Aim: To restrict execution of known malware and untrusted software, from causing damage or accessing data.</p>	17

13. Table 2 below shows a condensed summary of the responses received from all 17 organisations (excluding Blackstone) against the 10 areas outlined in NCSC's 10 Steps to Cyber Security.

Table 2: Summary of responses provided on 10 Steps to Cyber Security

10 Steps to Cyber Security: Focus Area	Aim of the Focus Area	Number of investment managers meeting requirements
Risk management	Risk management in the cyber security domain helps ensure that the technology, systems and information in your organisation are protected in the most appropriate way, and that resources are focussed on the things that matter most to the business	17
Engagement and training	People can be one of the most effective resources in preventing incidents (or detecting when one has occurred), provided they are properly engaged and there is a positive cyber security culture which encourages them to speak up. Awareness/training is one of the	17

10 Steps to Cyber Security: Focus Area	Aim of the Focus Area	Number of investment managers meeting requirements
	important ways of supporting staff to obtain the skills and knowledge required to work securely.	
Asset management	Asset management encompasses the way you can establish and maintain the required knowledge of your assets. Ensuring you know about all of these assets is a fundamental precursor to being able to understand and address the resulting risks. Understanding when your systems will no longer be supported can help you to better plan for upgrades and replacements, to help avoid running vulnerable legacy systems.	17
Architecture and configuration	Organisations need to ensure that good cyber security is baked into their systems and services from the outset, and that those systems and services can be maintained and updated to adapt effectively to emerging threats and risks.	17
Vulnerability management	It is important (and essential for any systems that are exploitable from the internet) to install security updates as soon as possible to protect your organisation. Some vulnerabilities may be harder to fix, and a good vulnerability management process will help you understand which ones are most serious and need addressing first.	17
Identity and access management	Understanding who or what needs access, and under what conditions, is just as important as knowing who needs to be kept out. You must choose appropriate methods to establish and prove the identity of users, devices, or systems, with enough confidence to make access control decisions	17
Data security	Data needs to be protected from unauthorised access, modification, or deletion. With the rise in increasingly tailored ransomware attacks preventing organisations from accessing their systems and data stored on them, other relevant security measures should include maintaining up-to-date, isolated, offline backup copies of all important data	17
Logging and monitoring	Collecting logs is essential to understand how your systems are being used and is	17

10 Steps to Cyber Security: Focus Area	Aim of the Focus Area	Number of investment managers meeting requirements
	the foundation of security (or protective) monitoring. In the event of a concern or potential security incident, good logging practices will allow you to retrospectively look at what has happened and understand the impact of the incident.	
Incident management	Being able to detect and quickly respond to incidents will help to prevent further damage, reducing the financial and operational impact. Managing the incident whilst in the media spotlight will also reduce the reputational impact.	17
Supply chain security	An attack on your suppliers can be just as damaging to you as one that directly targets your own organisation. Supply chains are often large and complex and effectively securing the supply chain can be hard because vulnerabilities can be inherent, introduced or exploited at any point within it. Exercising influence where you can, and encouraging continuous improvement, will help improve security across your supply chain	17

14. All 17 respondents met NCSC's all five cyber essentials standards and 10 Steps to Cyber Security in their responses.

15. A full summary of responses from all organisations is included in Table 3 below.

Table 3: Full Summary of Cyber Risk Audit

Organisati on	Contacted	Responded	NCSC Cyber Essentials Standard					NCSC
			Firewalls	Secure configurat ion	Security update managem ent	User access control	Malware protection	10 Steps to Cyber security
BlackRock	✓	✓	✓	✓	✓	✓	✓	✓
Blackstone *	✓							
Brockton	✓	✓	✓	✓	✓	✓	✓	✓
BTG Pactual	✓	✓	✓	✓	✓	✓	✓	✓
Comgest	✓	✓	✓	✓	✓	✓	✓	✓
Darwin	✓	✓	✓	✓	✓	✓	✓	✓
Frogmore	✓	✓	✓	✓	✓	✓	✓	✓
Invesco	✓	✓	✓	✓	✓	✓	✓	✓
Northern Trust (custodian + MMF)	✓	✓	✓	✓	✓	✓	✓	✓
LGIM	✓	✓	✓	✓	✓	✓	✓	✓

Organisati on	Contacted	Responded	NCSC Cyber Essentials Standard					NCSC
			Firewalls	Secure configurat ion	Security update managem ent	User access control	Malware protection	10 Steps to Cyber security
LCIV	✓	✓	✓	✓	✓	✓	✓	✓
M&G	✓	✓	✓	✓	✓	✓	✓	✓
NatWest (banker)	✓	✓	✓	✓	✓	✓	✓	✓
Newton	✓	✓	✓	✓	✓	✓	✓	✓
Nuveen**	✓	✓	✓	✓	✓	✓	✓	✓
Robeco	✓	✓	✓	✓	✓	✓	✓	✓
Aon (benefit consultant)	✓	✓	✓	✓	✓	✓	✓	✓
Temporis	✓	✓	✓	✓	✓	✓	✓	✓

*Blackstone have yet to respond to additional clarifications sought following their initial response.

**Nuveen and Glennmont Partners have now merged and are part of the same legal organisation. We have received a common response on additional clarifications requested following review of standalone cyber security policies shared initially.

16. The Fund officers will follow up with Blackstone in relation to the additional clarifications/information requested and will update the Board of the findings at the next meeting.

CONCLUSION

17. Cyber security remains a key area of focus for the Fund. It is included in the assessment of new investment opportunities, and it will be key to ensuring the safety and resilience of scheme member and other investment related data held by the Fund.

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

18. Community Impact Statement

No immediate implications arising

19. Equalities (including socio-economic) Impact Statement

No immediate implications arising

20. Health Impact Statement

No immediate implications arising

21. Climate Change Implications

No immediate implications arising

22. Resource Implications

No immediate implications arising

23. Legal Implications

No immediate implications arising

24. Financial Implications

No immediate implications arising

25. Consultation

No immediate implications arising

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources		
Report Author	Spandan Shah - Interim ESG Manager		
Version	Final		
Dated	02 July 2025		
Key Decision?	N/A		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments Included	
Assistant chief executive, governance and assurance	N/A	N/A	
Strategic Director of Resources	N/A	N/A	
Cabinet Member	N/A	N/A	
Date final report sent to Constitutional Team			

Meeting Name:	Local Pension Board
Date:	2 July 2025
Report title:	General Code of Practice – Action Plan
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer

RECOMMENDATIONS

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

Background

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

Progress made on the Action Plan

4. During the quarter, the Fund officers have made progress on the following items in the Action Plan:
 - a. Identifying, evaluating, and recording risks (Operations & Investments): The Fund officers have updated the overall risk register, including the risks and the quantification. This has been tabled separately at today's LPB meeting.
 - b. Financial transactions (Operations): Data Management Policy being updated to reflect changes in 2025 Pension Administration Strategy.
 - c. Transfers out (Operations): Transfer Out training material being prepared and will initially be rolled out to pensions admin staff.

- d. Resolving overdue contributions (Investments): progress has been made in documenting the informal process which has been followed to date with a view to the process being updated once external legal advice has been received.
 - e. Annual pension benefit statements (Operations): Plans put in place with AVC provider to deliver annual AVC benefit statements by 31 July 2025 for sending to members on or before 31 August 2025.
 - f. Retirement risk warnings and guidance (Operations): Retirement Risk guidance being developed as part of a wider communication review around retirement letters/statements.
5. The updated Action Plan is attached as Appendix 1 to the report. The updated Action Plan contains additional comments and any revised due dates against each of the items.

Action Plan & Next Steps

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

Policy framework implications

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

Community impact statement

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

APPENDICES

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

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources		
Report Author	Caroline Watson – Chief Investment Officer		
Version	Final		
Dated	02 July 2025		
Key Decision?	N/A		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Assistant chief executive, governance and assurance		N/A	N/A
Strategic Director of Resources		N/A	N/A
Cabinet Member		N/A	N/A
Date final report sent to Constitutional Team			

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

*Not specifically applicable to the LGPS

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

#	Topic	Current finding/status	Action Required	Responsibility	Due Date	Team members	Progress made in Q1 2025-26	Revised Due Date	Outcome/Comments
1	Managing advisers and service providers	Conflicts of Interest (southwarkpensions.co.uk) The above documents identifies how conflicts of interest are managed with regard to Aon.	The Fund may wish to include a high-level summary on the procurement and appointment process of advisers and service providers and may wish to provide more details on annual supplier reviews and how other key advisers are monitored.	Pensions Investments & Operations Team	30/06/2025	Investments team: Caroline Watson, Spandan Shah, Tracey Milner Operations team: Barry Berkengoff, Peter Hughes		30/09/2025	As part of the upcoming review of the conflicts of interest policy, the recommended high level summary will be added to cover how we manage conflicts relating to advisers and service providers. This will be a combination of annual supplier reviews and periodic/annual feedbacks requested either by the fund officers or by the service providers (e.g. AON).
2	Identifying, evaluating, and recording risks	Risk register which outlines the key risks of the Fund, stakeholders, ownership and mitigation of the Fund's key risks.	The Fund may wish to include wording on the identification process of the Fund's key risks.	Pensions Investments & Operations Team	30/04/2025	Investments team: Caroline Watson, Spandan Shah, Tracey Milner Operations team: Barry Berkengoff, Peter Hughes	Revised Risk register prepared by the Investments team. This is presented as a standalone agenda at the Board meeting on 02/07/2025.	Not Applicable	To update the Risk register (if required) based on feedback from the Board members.
3	Financial transactions	The Fund has in place a detailed Data Management Policy which highlights the administration system along with standards expected. It is expected that there are strong processes for the governance of investing contributions.	The Fund may wish to outline at a high level the processes and checks and controls with the investment of contributions. The Fund may wish to update the Data Management Policy to include the following: SLA's of the administrator system and reviews (if completed).	Pensions Investments Team Pensions Operations Team	No Action required 30/06/2025	Investments team: Caroline Watson, Jenny Han-Nguyen Operations team: Barry Berkengoff, Peter Hughes	Not Applicable Data Management Policy to be updated to reflect changes in 2025 Pension Administration Strategy. This will include specific SLAs of the administration system, including Help Desk resolution, security, disaster recovery etc.	Not Applicable 31/08/2025	No Action required The administration system was subjected to a full Health Check earlier in 2025 and this forms the basis of annual reviews with the software provider. Annual Review was completed with Client Manager on 23 May 2025.
4	Transfers out	The Fund has in place the correct processes to ensure transfers are completed which meets the statutory requirements but it is not formally documented.	Continue the development of formal documentation and processes in line with LGA and FCA guidance.	Pensions Operations Team	31/05/2025	Operations team: Barry Berkengoff, Peter Hughes, Agne Svencionyte	Transfer Out training material being prepared and will initially be rolled out to pensions admin staff at a technical level, then followed up with appropriate administration system training.	31/07/2025	Process notes being developed as part of a wider communications review around transfer out letters/statements, taking into account LGA and FCA guidance, particularly fraud warning and pensions liberation.
5	Resolving overdue contributions	The Fund has in place detailed reconciliation spreadsheets. These spreadsheets would cover the reconciliation and identification of overdue contributions. However, we were unable to locate specific wording to resolving the process.	To confirm/update if there is formal guidance and processes to resolving overdue contributions with employers.	Pensions Investments Team	30/06/2025	Investments team: Caroline Watson, Jenny Han-Nguyen	We have been working on formalising the process currently being followed. However, resolving overdue contributions with employers requires the input of other teams across the council including Pensions Services and Legal. We will also need to take into account external legal advice on this matter when it is obtained.	30/09/2025	We are in the process of developing guidance and controls around how we deal with overdue contributions. The final process that is implemented will take into consideration external legal advice which is expected to be obtained during Q2.
6	Scams	It would be expected that the internal audit would cover pension scam reviews and the fund would have in place processes to mitigate potential scams.	The Fund may wish to update the risk register to include potential scams and actions the Fund have in place to mitigate the risk.	Pensions Investments & Operations Team	Action completed	Investments team: Caroline Watson Operations team: Barry Berkengoff	Not Applicable	Not Applicable	Action already completed in Q4 2025
7	Annual pension benefit statements	The Fund has in place a webpage providing details on AVCs, however, we have been unable to locate wording with regard to the production of the benefit statements. It is expected that AVC benefit statements are produced and distributed to members.	The Fund has confirmed that the Administration team are building a Policy and the processes on how AVC benefits should be dealt with. The status can be amended upon the completion of this work.	Pensions Operations Team	30/06/2025	Operations team: Barry Berkengoff, Peter Hughes, Agne Svencionyte	Plans in place with AVC provider to deliver annual AVC benefit statements by 31 July 2025 for sending to members on or before 31 August 2025.	31/07/2025	A process is being developed to include annual AVC benefit statements as part of the main Annual Benefit Statement exercise.
8	Retirement risk warnings and guidance	Unable to locate any specific documentation or wording with regard to risk warnings.	The Fund has confirmed that the Administration team are building a Policy and the processes on how AVC benefits should be dealt with in line with LGA guidance. The status can be amended upon the completion of this work.	Pensions Operations Team	30/06/2025	Operations team: Barry Berkengoff, Peter Hughes, Agne Svencionyte	Retirement Risk guidance being developed as part of a wider communication review around retirement letters/statements. Retirement letters already include LGA guidance on "stronger nudge" regulations and the requirement to refer members with AVCs to Pension Wise before the fund can proceed with any AVC transactions (unless member elects to opt-out).	31/08/2025	Other areas, such as generic AVC Investment Risk guidance, will need to be developed in conjunction with pension fund trainer and as part of the AVC application process.
9	Systems of governance	This is an overarching module, so need to look at individual modules for compliance.	Need to monitor actions against other modules.	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Meeting Name:	Local Pension Board
Date:	2 July 2025
Report title:	LGPS Update on Current Issues
Ward(s) or groups affected:	Not applicable
Classification	Open
Reason for lateness (if applicable):	Not applicable
From:	Interim ESG Manager

Recommendations

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

Scheme Advisory Board (SAB) summary note of Nigel Giffin KC's legal advice on fiduciary duty

2. In January 2025, SAB received updated legal advice on fiduciary duty in the LGPS from Nigel Giffin KC. Following this legal advice, SAB has published a summary note capturing their understanding of the main content of the opinion.
3. The main conclusions as summarised in the note are as follows:
 - i. An administering authority (AA) owes fiduciary duties both to scheme employers and to scheme members
 - ii. Those duties are broadly similar to those that arise as a matter of public law
 - iii. ESG issues or non-financial factors can be considered when making investment decisions, where to do so would not involve significant risk of financial detriment to the fund and where there is good reason to think that scheme members would support the decision
 - iv. An AA must not prefer its own particular interests to those of other scheme employers
4. The summary note has not been drafted, or endorsed by Nigel Giffin KC.

Government responds to consultation on Local Audit Reform

5. In relation to the consultation launched in December 2024 on the Local Audit Reform Strategy, the Government has outlined a commitment to separate pension fund accounts from administering authority main accounts.

6. SAB has established an audit working group, under its Compliance and Reporting Committee, which will discuss the implications of this change and MHCLG's timeline to amend the necessary legislation and develop any additional guidance on the separate preparation and publication of pension fund accounts.

Publication of the Scheme Annual Report

7. SAB has published its twelfth Scheme Annual Report. This report aggregates information supplied in the 86 fund annual reports, as of 31 March 2024 for the reporting year 2023/2024.
8. Key highlights include:
 - i. Active LGPS membership continues to grow, with 15,049 active employers and 6.7m members
 - ii. LGPS now have assets of £390bn, an increase of 10.1% in the reporting period
 - iii. LGPS continues to be cash flow positive, when including investment income during the reporting period
 - iv. Costs for both administration and governance have grown as part of LGPS dealing with an increasingly complex and growing workload in administering the pension records of 6.7m members

Board Statement on the 2025 Actuarial Valuation

9. SAB has issued a statement to provide guidance to AA on the 2025 Actuarial Valuation process.
10. The statement is issued with the aim of:
 - i. assisting AAs and fund actuaries to manage the valuation process
 - ii. balancing the expectations that different stakeholders will have
 - iii. improving consistency of the risks considered in setting funding strategies
 - iv. increasing the transparency of decision making and how this affects outcomes
11. The statement covers a note on consistency in approach to the valuation process, the role of Scheme Actuary, managing potential conflicts of interest and practice guidance and next steps.

SAB statement following Government response to Fit for Future consultation

12. SAB has issued a statement highlighting the fact that the scale and pace of the proposed changes in Fit for Future consultation carry significant risks if not managed with care.

13. SAB will continue to engage with the government to ensure that funds are given the time necessary to establish the governance structures required, both at fund and pool level, to deliver on these expectations effectively.
14. SAB Secretariat will also work closely with MHCLG officials to develop the practical guidance needed to support implementation and to clarify the details not yet addressed in the Government's broader policy statements on this consultation.

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

15. Community Impact Statement

No immediate implications arising.

16. Equalities (including socio-economic) Impact Statement

No immediate implications arising

17. Health Impact Statement

No immediate implications arising

18. Climate Change Implications

No immediate implications arising

19. Resource Implications

No immediate implications arising

20. Legal Implications

No immediate implications arising

21. Financial Implications

No immediate implications arising

22. Consultation

No immediate implications arising

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Spandan Shah, Interim ESG Manager	
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<i>Key Decision?</i>	N/A	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	N/A	N/A
Strategic Director of Resources	N/A	N/A
List other officers here		
<i>Cabinet Member</i>	N/A	N/A
<i>Date final report sent to Constitutional Team</i>		N/A