

# Local Pension Board

Wednesday 18 January 2023  
10.00 am  
Meeting Room 217, 160 Tooley Street

## Membership

Mike Ellsmore (Independent Chair)

Dominic Cain (Vice Chair) – Employer Representative

Allan Wells – Employer Representative

Mike Antoniou – Schools Employer Representative

Diana Lupulesc – Employee Representative

Stuart Mumford – Employee Representative

Tony O'Brien – Retired Employee Representative

# Local Pension Board

Wednesday 18 January 2023  
10.00 am  
Meeting Room 217, 160 Tooley Street

## Order of Business

| Item No. | Title   |
|----------|---|
|          | <b>PART A – OPEN BUSINESS</b>   |
| 1.       | <b>PRESENTATION ON RESULTS OF 2022 ACTUARIAL VALUATION - AON</b>  |
| 2.       | <b>APOLOGIES FOR ABSENCE AND SUBSTITUTIONS</b>  |
| 3.       | <b>NOTIFICATION OF INTENTION TO CONDUCT BUSINESS IN A CLOSED MEETING</b>  |
| 4.       | <b>DISCLOSURE OF INTERESTS AND DISPENSATIONS</b>  |
|          | Members of the board to declare any interests and dispensation in respect of any item of business to be considered at this meeting. |
| 5.       | <b>MINUTES</b>  |
|          | To agree as a correct record, the open minutes of the meeting held on 19 October 2022.  |
| 6.       | <b>ACTION TRACKER</b>   |
| 7.       | <b>PENSIONS SERVICES</b>  |

**8. APPOINTMENTS PROCESS DRAFT POLICY**

**9. BREACHES LOG**

**10. FORWARD PLAN – 2023-24**

**11. TRAINING PLAN – 2023-24**

**12. PENSIONS ADVISORY PANEL MEETING PAPERS – OPEN PAPERS**

**13. ANY OTHER OPEN BUSINESS**

**PART B – CLOSED BUSINESS**

**PENSIONS ADVISORY PANEL MEETING PAPERS – CLOSED PAPERS:**

**CLOSED APPENDIX 1 RELATING TO AGENDA ITEM 14 :  
TRIENNIAL ACTUARIAL VALUATION RESULTS**

**CLOSED APPENDIX 2 RELATING TO AGENDA ITEM 15:  
QUARTERLY INVESTMENT UPDATE – AON**

**CLOSED APPENDIX 3 RELATING TO AGENDA ITEM 16:  
INVESTMENT STRATEGY REVIEW - AON**

**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.”

**ANY OTHER CLOSED BUSINESS**

Date: 12 January 2023

# Local Pension Board

Wednesday 19 October 2022  
10.00 am  
Meeting Room 225, 160 Tooley Street

## **Present**

Mike Ellsmore (Independent Chair)

Dominic Cain (Vice Chair) – Employer Representative

Allan Wells – Employer Representative

Mike Antoniou – Schools Employer Representative

Stuart Mumford – Employee Representative

Tony O'Brien – Retired Employee Representative

## **Others Present**

Caroline Watson – Senior Finance Manager

Peter Hughes – Deputy Pensions Manager

Geraldine Chadwick – Technical Accountant

Carys Haines – Pension Liaison Officer

Agne Svencionyte – Acting Deputy Pensions Manager

Aisling Hargadon – CIPFA Trainee

## **PART A – OPEN BUSINESS**

### **1. TRAINING SESSION: ACTUARIAL VALUATION**

Training delivered by AON: Laura Caudwell (LC) and Loren Wynn (LW)

The training covered the three key areas of the actuarial valuation process: funding strategy; funding requirements; and the approach to the actuarial valuation.

LC explained that the outcome of the valuation process are the funding level and the contributions payable by scheme employers for the three years commencing 1 April 2023. The valuation takes a year to complete and will be signed off by 31 March 2023.

The valuation is a financial health check of the pension fund. It compares the assets held against the calculated value of the Fund's liabilities. It is a regulatory requirement for LGPS funds to conduct a triennial valuation. It checks if there are sufficient assets to cover the payment of promised benefits.

An explanation was provided of the approach to setting and agreeing the funding strategy. The key roles of the administering authority, fund actuary and the LPB in the valuation process were also explained.

LC set out the assumptions used when valuing the liabilities and highlighted the importance of good quality data. She also described what the discount rate is and how it is calculated.

TOB asked about the death rate forecast, particularly regarding Covid, as government uses two sets of figures, and how their data is predicted. LW advised that cause of deaths are not reported; rather excess deaths and how that affects future life expectancy are used.

ME stressed the good returns and stability in the Fund were very encouraging.

The whole of Fund results will be tabled at PAP in December 2022, and at the January 2023 LPB meeting.

### **2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

Barry Berkengoff and Diana Lupulesc sent their apologies.

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

There was no business held in a closed meeting.

#### **4. DISCLOSURE OF INTERESTS AND DISPENSATIONS**

There was no disclosure of interests and dispensations.

## **5. MINUTES**

AW asked to what extent is Pension Services reliant on UPM cyber security or if they are using the council's cyber security. CW advised AW to ask PH when he attends for agenda item 7. MA would like clarification on whether a cyber-attack would affect the ability to pay pensions. DC suggested a statement on risk should be put in place.

### **ACTIONS:**

Pension Services to provide a statement on cyber security.

## **6. ACTION TRACKER**

It was confirmed that the new Administration Strategy will be tabled at PAP before being tabled at the Board.

## **7. PENSION SERVICES**

PH reported that Civica UPM had been live for six months. The single payment system was working well, which allows payments to be made on a weekly basis rather than monthly, allowing lump sums to be paid closer to retirement date. UPM admin system has required more work than expected (and four other authorities had experienced similar migration issues). ME asked which escalation level were they at. PH confirmed the Pensions Manager had escalated to senior management within Civica.

The member portal was still not working fully, as text message login/authentication needed further work.

MA asked about data migration issues, and were older members affected by the issues. PH explained it was a mixture of hardware and data migration issues.

There were also some bulk calculation issues, however the data cuts from legacy system (Altair) were fine.

ME asked about an agreed improvement action plan. PH explained there was not one currently in place. ME said there is usually an action plan and encouraged it.

Altair was decommissioned in May, and all data had been pulled onto excel/access which can be used to compare UPM data.

UPM Employer portal is working, and monthly returns are being submitted through this.

Staff sickness has been higher than normal over recent months. The Deputy Pensions Manager role has gone out to recruitment, but there was a delay due to regrading it from Grade 11 to a Grade 12, which had taken 7 months due to HR evaluation process. The Pensions Payroll Manager has given notice and will be leaving in February 2023; he has been employed for just over a year. Recruiting for a Senior Pensions Officer (Grade 9) and a First Contact Officer. Interviews are taking place this week and a First Contact Officer has been appointed.

National Pensions Dashboard is to go live in 2024, with statistics to be used from UPM. UPM are doing this for all clients.

TOB asked for clarification on terminology. He asked about the portal and why it hasn't been functioning. DC clarified this, and PH explained again that this is different to the Member Self Service.

TOB asked about incorrect deduction rates. PH explained this was an employer issue. TOB mentioned a retirement estimate case where the estimate wasn't dealt with in time. PH explained that this was due to staffing issues and ongoing work to

system. PH said he is taking on quality assurance role to take on cases to check that calculations are correct.

ME said that UPM is a significant issue.

Annual benefit statements were not sent out by the August deadline and this has been reported to the regulator as a breach. PH clarified that statements will be going out next week with some exceptions.

PH was asked about a lack of performance data. ME asked if not performing on legal deadlines was a breach. PH explained that we had also reported CETV quotes to the regulator. ME explained he would like performance data reinstated.

AW wanted clarification on how the regulator responded. PH explained the regulator had responded with no further action. AW also wanted clarification about accuracy on annual benefit statements. PH confident as done by AON with data used from Altair.

PH to email Neil Tasker explaining how to go forward with employer rates.

ME also asked about breaches log, and when would it be provided to LPB. PH explained it can be provided at the next Board meeting.

**ACTIONS:**

1. Advise Pensions Services to develop a joint action plan with UPM.
2. An explanation on why it is taking so long to recruit.
3. Given the lack of performance metrics, the Pensions Manager was requested to provide a reassurance that no breaches of the regulations had occurred.
4. Correspond with Neil Tasker to explain that employee contribution bandings are an Employer issue.
5. A copy of the Pensions Services staff structure is to be provided to the Board in January.
6. Breaches log to be provided to Board twice a year.

## **8. APPOINTMENTS PROCESS DRAFT POLICY**

GC led by explaining that this document is to agree a formal board appointment process which covers appointment of scheme members and employer representatives, appointment of substitutes and independent members (who will undertake the same training requirements as full members), the process for appointing the Chair and Vice Chair of the Board, nomination and notification process and terms of office.

GC has added in the same appointment process but aligning them with the Council's recruitment principles, and the commitment to equality and diversity. There are some discrepancies in terms of reference for the Board which are 2 years, but are asking to commit for 3 years.

AW raised issues on PAP being involved in the selection of employer representatives for the Board, and the risk if no one comes forward. However, there is no reference to PAP being involved in member appointment. Do PAP need to be involved? GC clarified substitutes would be appointed in the same way as normal appointments, and PAP would not need to be consulted.

### **ACTIONS:**

ME deferred the report to the next Board meeting in January as Board members had not had sufficient time to consider the report.

## **9. TCFD CONSULTATION FOR LGPS**

TCFD (Taskforce on Climate-related Financial Disclosures) was introduced in 2017. It made recommendations to improve the assessment, management and disclosure of climate related financial risks. DLUHC published the consultation to require Local Government pension funds to assess, manage and report these tasks in line with TCFD. If the paper passes consultation the requirement will apply to all LGPS Administering Authorities by April 2023 for the next financial year.

The report is due in December 2024. The Requirements are to report on scope 1, 2 and 3 carbon emissions. The report will include - annual climate risk report, annual scheme risk report and metrics with LGPS.

This will create more work and more resources will be required. Southwark already fulfils some of these requirements. Scope 1 and 2 carbon emissions are already measured with the support of an external data provider.

ME raised concerns around the resources that will be required in order to report on this.

## **10. LOCAL PENSION BOARD ANNUAL REPORT**

ME said he is happy with work done from the previous year. Looking ahead, that Pension Services monitoring is needed. The Board will continue to monitor resources in both pensions administration and investments.

## **11. UPDATE ON CURRENT ISSUES IN LGPS**

CW gave a brief update on current LGPS issues. DLUHC have confirmed that most of the recommendations in the good governance project will be taken forward, except the recommendation on the definition of fiduciary duty.

The Scheme Advisory Board has written to Ministers with a proposal to separate the pension fund accounts from the local authority accounts for audit purposes.

## **12. INVESTMENT UPDATE**

CW provided an update on recent market volatility and confirmed that the Southwark fund does not have a Liability Driven Investment Strategy in place.

An investment strategy review is to be conducted in conjunction with the 2022 actuarial valuation. A report will be tabled at the December 2022 PAP meeting.

The impact on cash flows from the increase in pensions payments from April 2023 has been considered. A strategy is being put in place to manage this.

There was a fall in fund value during the quarter to June 2022. However long term absolute returns remain strong.

## **13. OPTION TO RE-APPOINT LOCAL PENSION BOARD CHAIR**

ME left the meeting for this agenda item. DC stood in as Chair.

Board members were asked to vote on the decision to retain the role of the Local Pension Board Chair and the reappointment of the current Chair for a further year.

Board members were asked to consider whether the role of the independent chair should be retained and whether the current incumbent is performing to an expected level.

All Board members voted in favour of ME remaining the Chair of the Local Pension Board for a further year.

## **14. ANY OTHER BUSINESS**

ME offered training to new members of the Board.

The meeting ended at 12.07pm.

**Item 6**  
**Local Pension Board - Action Tracker**

| Date of Meeting | Action Ref | Action   | Due Date     | Response   | Status      |
|-----------------|------------|--|--------------|--|-------------|
| 07 April 2021   | 18         | Revised administration strategy to be tabled at a future LPB meeting.                                    | TBC          | Will be tabled at PAP first.   | Outstanding |
| 06 April 2022   | 9          | Appointments Process: draft policy to be updated to include formal process on how appointments are made. | October 2022 | Legal review of amendments to report tabled at October 2022 LPB meeting. Report postponed - to be tabled at January 2023 meeting.  | Complete    |
| 05 April 2023   | 19         | Conflicts of Interest Policy – whole of Fund   | April 2023   | A recommendation was made, as part of the COP14 review of the Fund, for a bespoke conflicts of interest policy to be put in place. In July 2021 a policy covering LPB was agreed. A revised version that covers the whole Fund will be tabled at the April 2023 meeting. | Outstanding |

|                                    |                                |   |   |
|------------------------------------|--------------------------------|---|---|
| <b>Item No.</b><br>7               | <b>Classification:</b><br>Open | <b>Date:</b><br>18 January 2023                   | <b>Meeting Name:</b><br>Local Pension Board |
| <b>Report title:</b>               |                                | Pension Services - administration function update |   |
| <b>Ward(s) or groups affected:</b> |                                | None  |   |
| <b>From:</b>                       |                                | Pensions Manager, Finance and Governance          |   |

## RECOMMENDATION

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

## BACKGROUND INFORMATION

2. The Board received an interim update in November 2022 which set out specific information on recruitment, IT action plan, metrics and cyber security.

## RECRUITMENT

3. Interviews for Pensions Admin Manager took place in November resulting in the successful appointment of Agne Svencionyte. Agne had been acting Deputy Pensions Manager - Admin (with another colleague) since June 2022, as well as managing the First Contact Resource team.
4. Interviews for Pensions Payroll Manager also took place in November resulting in the appointment of Louise Charman. Louise has 20 years pensions payroll, finance and admin experience and joins us from LPFA/LPPA. Start date is confirmed as 23 January 2023.
5. Karina Codona has now joined us on a permanent basis as Payroll Officer effective from 9 January 2023.
6. The Data Systems Manager role was advertised in November but no candidate interviews took place. Instead, an existing Senior Data Officer will be acting up as Data Systems Manager for three months whilst we consider having the existing Job Description re-evaluated by HR. As part of this decision an existing Data Officer will undertake the Senior Data Officer role on an interim basis.
7. Recruitment is presently underway for a number of Pension Officer roles and a First Contact Team Manager.

## IT/SYSTEMS

8. A Civica UPM Improvement/Action Plan setting out any remaining issues (following the legacy software migration) is attached as an Appendix. All big ticket data migration issues have been resolved as part of the remediation work undertaken during the Annual Benefit Statement exercise.

9. The Pensions Manager is following all Improvement/Action Plan movements and an escalation process is in place to ensure tasks are completed in a timely manner. Some work relates to UPM calculations so it has been agreed that for the next three months, the admin team will manually calculate all benefits and compare to UPM output. If results differ it will be referred to the Data Team who will identify if it's a problem with a member record, or a systemic UPM calculation issue and resolved either way as part of existing quality assurance processes.
10. UPM 'payroll' and 'single payment' software has been successfully run since May 2022 ensuring no loss of service to retired staff and no delay in making retirement lump sum or death grant payments each week.
11. The planning phase of the 2023 Pension Increase exercise will begin shortly to ensure all changes are effective from the April 2023 pay-run.
12. A plan is now in place to store all legacy pension fund data onto an Access Database. This will be strictly managed by the Data Team with limited staff having user access. This will however provide access to historical data going back 40+ years and will help deal with general enquiries or future audits.
13. IT snagging is now resolved on the UPM Member Portal and the Portal will be communicated to all categories shortly (see comms initiatives below).
14. Whilst long-term aims are to reduce paper/postage and promote more online self-service use, there will continue to be a post mailbox, email inbox and a telephone helpdesk for those who may not have access to home IT/internet.

## **UK PENSIONS DASHBOARD PROGRAMME**

15. Go-live for LGPS employers is still expected to be later in 2023 or early 2024. This functionality is still to be signed off by Civica UPM developers.
16. It does however mean that pension fund data needs to be as accurate as possible to ensure uploads into the Dashboard are timely and not rejected. Particular focus will be on schools data and their outsourced payroll providers.

## **MCCLLOUD**

17. On 14 December 2022, HM Treasury made the Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022. They came into force on 19 December 2022.

For the LGPS, the Directions apply to the following powers in the Act:

- Section 82: an administering authority's power to pay compensation
- Section 83: the power to make regulations compensating members by paying additional LGPS benefits.
- Section 84(1)(a): the power to make regulations setting out how interest should be calculated and paid on amounts due to the McCloud remedy, and
- Section 84(1)(B): the power to make regulations setting out the process to follow for paying amounts due to the McCloud remedy.

The making of the Directions now allows relevant departments to start consulting on regulations exercising these powers.

## **PROGRESS TO JANUARY 2023**

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

### **COMMUNICATION INITIATIVES**

18. Annual Benefit Statements (ABS) have been issued to 97% of active members with the remaining 3% being offered normal pension age projections, similar to the information contained within the ABS. As reported previously, this exercise was delayed and reported to the Pensions Regulator as a legal breach back in August 2022. We have kept the Regulator updated on this matter throughout.
19. ABS awareness/training has now been added to our portfolio of learning modules on MLS. A number of training sessions have been provided to both Council and Schools staff where interest and feedback was very positive.
20. The UPM Member Portal will be communicated shortly to all member categories but starting with active members/staff where more online functionality exists. This will also be communicated to non-pension fund members (i.e. employees who have opted-out of the pension fund) reminding them of the pension and protection benefits that come with Southwark Pension Fund membership.
21. As reported previously, Pension Statements for Annual Allowance purposes were issued on 6 October 2022 to those affected staff. Since then it has been decided to hold specific training on this because we anticipate more individuals may be affected by Annual Allowance in 2022/23, due to the fact that the April 2021 pay award and April 2022 pay award were both made in the same financial year. Training will be rolled out initially to pension fund and HR staff.
22. The pension fund website is in the process of being brought under pension fund control where hosting and day-to-day management will come under Southwark control following the existing contract coming to an end in November 2022.

### **COMPLAINT MANAGEMENT**

- The Pensions Ombudsman - ill-health tiering award appeal against a former employer (school). All ill-health tiering awards are recommended by Occupational Health following medical assessment, but the employer makes the final decision. The matter is still being assessed by the Pensions Ombudsman and a formal decision is awaited.
- The Pensions Ombudsman - AVC investment instructions complaint where a member's benefits were invested in the wrong funds. The IDRP was dealt with years ago by 3 Southwark staff who are no longer employed by the Council so some information is limited. We therefore await the formal Opinion of the Pensions Ombudsman and/or how to put matters right with the AVC provider.
- IDRP stage 1 - a number of complaints remain with the Council concerning claimed incorrect employee pension deductions made from the Council's payroll system. All complaints are with Council HR as the stage 1 adjudicator. The pension fund is monitoring and is aware of Union involvement in some cases.

- IDRP stage 1 - a retired overseas member complained that she did not wish to receive her pension paid as a cheque when her UK bank closed down her account. The matter is being investigated to see if a manual foreign payment can be made.
- IDRP stage 1 - a member complained about the delay in making a refund of contributions. However, leaver paperwork was outstanding. Matter is now resolved.

## **PERFORMANCE MONITORING**

No change since interim update. Performance metrics will be reinstated and provided to the Board once Civica UPM functionality is tested and signed off. All available resource had been directed to resolving data migration issues and issuing the ABS.

Failure to provide performance metrics to the Board is not a legal breach. However, where statutory deadlines are missed that is where the breach occurs and it is reported to the Pensions Regulator.

Despite the absence of performance metrics the admin team continue to process all financially sensitive transactions around payroll cut off dates.

## **FUTURE WORK PLANNING**

23. Due to existing resourcing levels across Pension Services, a work plan and their timeframes are still to be signed off by the Pensions Manager.
24. Full details will be communicated to the Board at April's meeting.

## **CONCLUSIONS**

25. Recruitment and retention of key staff with the necessary skills is critical to the achievement of all future plans.
26. There will continue to be some reliance on specialist external support. However, with internal training now firmly established and taking place regularly each week, 95% of all business as usual and project work is managed in-house by Pension Services.
27. Performance monitoring remains an important part of the pensions function. The procurement of new Civica UPM software will allow Pension Services to develop much improved workflow and task management, where more detailed Management Information can be extracted around admin and enquiry performance.

## **KEY ISSUES FOR CONSIDERATION**

28. N/a

### **Policy framework implications**

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

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

**Community impact statement**

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

**Equalities (including socio-economic) impact statement**

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

**Health impact statement**

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

**Climate change implications**

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

**Resource implications**

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

**Legal implications**

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

**Financial implications**

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

**Consultation**

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

**SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

**Director of Law and Governance**

38. Not applicable.

**Strategic Director of Finance and Governance**

39. Not applicable.

**Other officers**

40. Not applicable.

**APPENDICES**

| No.        | Title                              |
|------------|------------------------------------|
| Appendix 1 | Civica UPM Improvement/Action Plan |

## AUDIT TRAIL

|   |  |                          |
|---|--|--------------------------|
| <b>Lead Officer</b>   | Duncan Whitfield, Strategic Director of Finance and Governance |                          |
| <b>Report Author</b>  | Barry Berkengoff, Pensions Manager, Finance and Governance     |                          |
| <b>Version</b>  | Final  |                          |
| <b>Dated</b>  | 18 January 2023  |                          |
| <b>Key Decision?</b>  | No   |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |  |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b>   | <b>Comments Included</b> |
| Director of Law and Governance  | No   | N/a                      |
| Strategic Director of Finance and Governance                            | No   | N/a                      |
| List other officers here  |  |                          |
| <b>Cabinet Member</b>   | No   | N/a                      |
| <b>Date final report sent to Constitutional Team / Scrutiny Team</b>    |  |                          |

Improvement Action Plan - 2023

| Area                 | Issue   | Target Date to be resolved  |
|----------------------|---|---|
| <b>Employer Hub</b>  | *Monthly Contribution Process Error: at the Data Validation - Stage 2 step, the process is giving error 2.21 "The previous Month's Contribution is missing" for all rows. But the previous month's contribution is not missing on any folder. | 10th Jan 2023 - After meeting with Civica, the priority has been escalated and we expect issue to be resolved by <b>end of Jan 2023</b> . Until then, manual intervention is needed.  |
|                      | *Monthly Contribution Process Error: at the Data Validation - Stage 5, the process prevents employers from progressing further, the process loops to the beginning of Stage 5.  | 10th Jan 2023 - After meeting with Civica, the priority has been escalated and we expect issue to be resolved by <b>end of Jan 2023</b> . Until then, manual intervention is needed.  |
|                      | Error notification: SSRS report on the employer hub.  | <b>Middle of Feb 2023</b> , SQL technicians needed for allocation at Civica.  |
|                      | An annual return for the employers who did not get onto the Hub this year is needed, and then to request monthly returns from April 2023.   | <b>March/April 2023</b> .   |
| <b>Member Portal</b> | The portal is slow to load certain documents. When it does, process errors occur or it cannot be started. e.g. when clicking 'Update My Nomination', the error appears: 'An error occurred creating the process'.                             | 18th Dec 2022 - Changes were made to fix the nomination issue. Awaiting changes to be made in live by Civica service desk, by <b>end of Jan 2023 latest</b> . More testing is needed and member feedback to ensure all is working fine. |
| <b>UPM Calcs</b>     | Calc Error: Death in retirement.  | Manual calcs are being performed and compared to UPM output for 3 months. <b>Middle of Feb 2023</b> we expect progress to be made and issue resolved.   |
|                      | Death of a preserved refund (Calc error accounts elements)  | Manual calcs are being performed and compared to UPM output for 3 months. <b>Middle of Feb 2023</b> we expect progress to be made and issue resolved.   |
|                      | Late interest on pension not being paid.  | Manual calcs are being performed and compared to UPM output for 3 months. <b>Middle of Feb 2023</b> we expect progress to be made and issue resolved.   |
|                      | Death in Deferment: no grant pay.   | Manual calcs are being performed and compared to UPM output for 3 months. <b>Middle of Feb 2023</b> we expect progress to be made and issue resolved.   |
|                      | When reaching the calculation stage on the LG Trivial Commutation Quote process, we get error: "Unknown Doc Type" and are unable to continue.   | Manual calcs are being performed and compared to UPM output for 3 months. <b>Middle of Feb 2023</b> we expect progress to be made and issue resolved.   |

|                                    |                                |  |   |
|------------------------------------|--------------------------------|--|---|
| <b>Item No.</b><br>8               | <b>Classification:</b><br>Open | <b>Date:</b><br>18 January 2023              | <b>Meeting Name:</b><br>Local Pension Board |
| <b>Report title:</b>               |                                | Local Pension Board Appointments Process     |   |
| <b>Ward(s) or groups affected:</b> |                                | None   |   |
| <b>From:</b>                       |                                | Technical Accountant, Finance and Governance |   |

## RECOMMENDATION

The Local Pension Board (the **Board**) is asked to review and approve the appointments process at appendix 1.

## BACKGROUND INFORMATION

1. As part of the progress towards compliance with the COP14, it was agreed that a formal 'Board Appointment Process' would be drafted and presented to the Board for discussion and approval.

## KEY POINTS OF NOTE

2. The Board appointment process details the:-
  - appointment of scheme members and employer representatives;
  - appointment of substitutes and independent members (who will undertake the same training requirements as full members).
  - process for appointing the Chair and Vice Chair of the Board
  - Nomination and notification process
  - Terms of office
3. The Appointments Process has included reference to nominations reflecting the Council's recruitment principles and the commitment to equality and diversity.
4. The Board's terms of reference specify that the term of office for employer and scheme representative is 2 years. Extensions to the terms of office may be made by the Administering Authority with the agreement of the Board and a Board member may also be appointed for further terms of office. Given the depth of knowledge and training required to be an effective member of the Board, the appointment process has been written to request potential members to commit to a 3 year term of office.

## Policy framework implications

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

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

### **Community impact statement**

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

### **Equalities (including socio-economic) impact statement**

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

### **Health impact statement**

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

### **Climate change implications**

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

### **Resource implications**

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

### **Legal implications**

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

### **Financial implications**

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

### **Consultation**

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

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Law and Governance**

14. Not applicable.

### **Strategic Director of Finance and Governance**

15. Not applicable.

### **Other officers**

16. Not applicable.

## **APPENDICES**

| No.        | Title                |
|------------|----------------------|
| Appendix 1 | Appointments Process |
|            |                      |

## AUDIT TRAIL

|   |  |                          |
|---|--|--------------------------|
| <b>Lead Officer</b>   | Duncan Whitfield, Strategic Director of Finance and Governance |                          |
| <b>Report Author</b>  | Technical Accountant, Finance and Governance                   |                          |
| <b>Version</b>  | Final  |                          |
| <b>Dated</b>  | 12 January 2023  |                          |
| <b>Key Decision?</b>  | No   |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |  |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b>   | <b>Comments Included</b> |
| Director of Law and Governance  | No   | N/a                      |
| Strategic Director of Finance and Governance                            | No   | N/a                      |
| List other officers here  |  |                          |
| <b>Cabinet Member</b>   | No   | N/a                      |
| <b>Date final report sent to Constitutional Team / Scrutiny Team</b>    |  |                          |

## **Local Pension Board Appointment Process**

1. The role of the Local Pension Board (LPB), as defined by sections 5(1) and (2) of the Public Services Pension Act 2013, is to assist the administering authority (Southwark Council), the scheme manager, in ensuring good governance and administration of the Local Government Pension Scheme (LGPS).
2. The Board consists of one independent non-voting member and six voting members, three scheme member representatives and three employer representatives. The term of office for employer and scheme representatives is two years. The term of office for the Chair is one year, thereafter subject to annual review by the Board. Extensions to terms of office may be made by the Administering Authority with the agreement of the Board.

### **Appointment Process - Scheme Member Representatives**

3. The Scheme Manager will attempt to contact all member representatives. A total of three scheme member representatives shall be appointed by the Administering Authority, two nominations by the recognised trade unions and one other nomination which will be advertised on the Southwark Pensions website.
4. If there is more than one nomination for the other representative, the Chair of the LPB and the Section 151 officer will select one representative. Clear and transparent criteria for selection will be set out in advance and will reflect the Council's recruitment principles and our commitment to equality and diversity. Two appointments will be Scheme members of the Fund and one appointment will be a pensioner or deferred employee.

5. Scheme member representatives shall either be scheme members or have capacity to represent Scheme members of the Fund. Scheme representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
6. Substitutes shall be appointed. Where appointed, substitutes should be named and must undertake the same training as full members. They should have similar experience to the representatives they are shadowing.
7. Applicants will be informed of the nomination process and issued with a nomination pack. The nomination pack will be published on the Southwark website and will consist of:
  - Member representative application form, including the LPB application process document;
  - Code of conduct and conflict of interest policy;
  - Conflict of interest declaration
  - Terms of reference.
8. On receipt of applications the nominations will be considered by the Administering Authority. Any rejection of the nominations should be explained and a new nomination should be put forward.

## **Appointment Process - Employer Representatives**

9. The Scheme Manager will attempt to contact all scheme employers in the Southwark Council Pension Scheme. A total of three employer representatives shall be appointed by the Administering Authority, on the nomination of Southwark Council's Section 151 Officer. Employer Representatives shall be office holders or senior employees of employers of the Fund or have experience of representing Scheme employers in a similar capacity. No officer or elected

member of the Administering Authority who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Board.

10. Employer Representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

11. Substitutes shall be appointed. Where appointed, substitutes should be named and must undertake the same training as full members. They should have similar experience to the representatives they are shadowing

12. Applicants will be informed of the nomination process and issued with a nomination pack. The nomination pack will be published on the Southwark website and will consist of:

- Employer representative application form; including the LPB application process document;
- Code of conduct and conflict of interest policy;
- Conflict of interest declaration;
- Terms of reference.

13. On receipt of applications the nominations will be considered by the Pensions Advisory Panel. Any rejection of the nominations should be explained and a new nomination should be put forward.

## **Independent representatives**

14. Any Independent representatives will be directly appointed by the Pensions Advisory Panel through an open and transparent process.
15. It is permissible for current members of the Board to be re-nominated or to re-apply for their post for one rotation. In the event of the renomination of members, the Board may decide to appoint without interview.
16. Where the number of 'Expressions of Interest' exceed the number of vacant roles on the Board, candidates will be considered by the Pensions Advisory Panel who will then make recommendations to the Administering Authority to formally appoint.

### **Chair of LPB**

17. The Chair of the LPB is a non- voting member and shall be appointed to the Board by the Administering Authority, with the agreement of the Board. This person will be an independent person, meaning that they are not an employee of the Administering Authority or a scheme employer in the Fund or a member of the Fund. In absence of the Chair, the duties of the Chair will be carried out by the Vice Chair.

### **Vice chair of LPB**

18. The Vice Chair shall be an existing voting member appointed by nomination by voting members for a term of one year. The Vice Chair shall carry out the duties of the Chair in the absence of the Chair.

### **Failure to obtain nominations**

19. Should the Fund fail to receive nominations from the employer and member groups, it may approach persons directly to apply for the vacant positions.

Persons approached in this manner will still need to be formally recommended by the Pensions Advisory Panel.

20. Where direct contact is made, persons contacted will be approached in consideration of their ability to meet the legislative requirement of knowledge and capacity and may be approached by recommendation from the Board.

### **Nominations mid-term**

21. In the event that a member of the Board resigns their position, this process will be followed at the time the resignation is received. The period of office would be for two years.

### **Notification of appointments**

22. When appointments to the Board have been made, the Administering Authority shall publish the name of Board members on the [southwark pensions website](#), the process followed in the appointment, together with the way in which the appointments support the effective delivery of the purpose of the Board.

### **Terms of Office and terminations**

23. Given that the depth of knowledge and training required to be an effective member of the Board, Employer Representatives and Scheme Member Representatives should make reasonable endeavours to commit to a 3 year term of office. The term of office for the Chair is one year, thereafter subject to annual review by the Board.

24. Extensions to the terms of office for any Board member may be made by the Administering Authority with the agreement of the Board.

25. Board membership may be terminated prior to the end of the term of office due to:

- a. A Member Representative appointed on the basis of their membership of the Scheme no longer being a Scheme member in the Fund.
- b. A Member Representative no longer being a Scheme member or a representative of the body on which their appointment relied.
- c. An Employer Representative no longer holding the office or employment or being a member of the body on which their appointment relied.
- d. A Board member no longer being able to demonstrate to Southwark Council their capacity to attend and prepare for meetings or to participate in required training.
- e. The representative being withdrawn by the nominating body and a replacement identified.
- f. A Board member has a conflict of interest which cannot be managed in accordance with the Board's conflict policy.
- g. A Board member becomes a member of the PAP.
- h. A Board member who is an officer of the Administering Authority becomes responsible for the discharge of any function of the Administering Authority under the Regulations.

|                                    |                                |  |   |
|------------------------------------|--------------------------------|--|---|
| <b>Item No.</b><br>9               | <b>Classification:</b><br>Open | <b>Date:</b><br>18 January 2023          | <b>Meeting Name:</b><br>Local Pension Board |
| <b>Report title:</b>               |                                | Southwark Pension Fund – Breaches Log    |   |
| <b>Ward(s) or groups affected:</b> |                                | None                                     |   |
| <b>From:</b>                       |                                | Pensions Manager, Finance and Governance |   |

## RECOMMENDATION

1. The Local Pension Board (the **Board**) is asked to note this update on breaches during 2022-23.

## BACKGROUND INFORMATION

2. The pension fund records all breaches and these get 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 (the **Regulator**) are also reported to the Board as well as the CGP.

## UPDATE AT JANUARY 2023

5. Attached as an Appendix is the 2022-23 breaches log which contains any carried forward items and recent breaches, including details and actions taken.
6. All material breaches are reported to the Regulator 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 the Regulator if it wishes to investigate matters further.
7. The migration of pensions software has resulted in some recent breaches, all reportable to the Regulator with plans to remedy, namely ABS delays and specific work such as transfers where there were delays in finalising UPM calculations/output.
8. Whilst the pension fund aims to minimise breaches some remain outside of its control; for example - employer matters or where outsourced payroll providers mistakenly submit another LGPS employer's/client's data to Southwark Council.
9. The pension fund takes breaches seriously as part of its regulatory responsibilities in promoting good governance and working in partnership with the Regulator whose primary role is to help safeguard pension benefits.

## **KEY ISSUES FOR CONSIDERATION**

10. N/a

### **Policy framework implications**

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

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

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

#### **Equalities (including socio-economic) impact statement**

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

#### **Health impact statement**

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

### **Climate change implications**

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

### **Resource implications**

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

### **Legal implications**

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

### **Financial implications**

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

### **Consultation**

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

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Law and Governance**

20. Not applicable.

### **Strategic Director of Finance and Governance**

21. Not applicable.

### **Other officers**

22. Not applicable.

## APPENDICES

| No.      | Title                 |
|----------|-----------------------|
| Appendix | Breaches Log/Register |

## AUDIT TRAIL

|   |  |                          |
|---|--|--------------------------|
| <b>Lead Officer</b>   | Duncan Whitfield, Strategic Director of Finance and Governance |                          |
| <b>Report Author</b>  | Barry Berkengoff, Pensions Manager, Finance and Governance     |                          |
| <b>Version</b>  | Final  |                          |
| <b>Dated</b>  | 18 January 2023  |                          |
| <b>Key Decision?</b>  | No   |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |  |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b>   | <b>Comments Included</b> |
| Director of Law and Governance  | No   | N/a                      |
| Strategic Director of Finance and Governance                            | No   | N/a                      |
| List other officers here  |  |                          |
| <b>Cabinet Member</b>   | No   | N/a                      |
| <b>Date final report sent to Constitutional Team / Scrutiny Team</b>    |  |                          |

| Breaches Log 2022-23 |   |                |
|----------------------|---|----------------|
| Date of Breach       | Description of Breach   | Report to tPR? |
| 01/12/2020 c/forward | Injury Allowance (IA) has no current valid policy in place, a member being paid IA had reached age of 65 in February 2021.<br><b>ACTIONS - HR are currently working on a revised IA policy.</b>   | No             |
| 01/12/2020 c/forward | Notification of employee contribution bandings (changes) - no notifications are being sent by Southwark in its employer function.<br><b>ACTIONS - Southwark has put a plan together to resolve.</b>   | No             |
| 01/12/2020 c/forward | Discretionary and IDRPs policies are not held for all external employers.<br><b>ACTIONS - All external employers have been written to and asked to submit their discretionary policies and the names of their appointed person(s) for appeals.</b>  | No             |
| Apr-21               | Newlands Academy outsourced catering staff via TUPE to Aspens in April 2021 without informing the Fund and before an admission agreement had been put in place. Fund could not confirm the status of the members of staff who had been affected, including one who had joined the day before the TUPE. <b>ACTION - Contribution Rate agreed, but Admission Agreement is still outstanding. Regulator responded saying they would not interfere as it may delay matters further and be detrimental to the process.</b> | Yes            |
| Mar-22               | Employer failure to notify pension fund of redundancies resulting in incorrect benefits being paid to members, and pension fund unable to obtain strain costs from employer <b>ACTIONS - 4 affected members identified. One had their benefits paid under standard retirement with reductions so will need recalculating. One had been processed correctly as a redundancy. Two are yet to be processed and will be done correctly as a redundancy.</b>   | No             |
| Apr-22               | Faxed Overseas pension payments not processed by NatWest Bank. 8 members went unpaid for 2 weeks due to this error. <b>ACTION - Pensions Finance raised issue with NatWest, NatWest had to manually key the details to process the payments and members were eventually paid week ending 8th April 2022.</b>  | No             |
| Apr-22               | Strictly Education uploaded 18 members in their January i-Connect submission in error and members were <u>not</u> actually in our pension fund - member's were meant to be in the Westminster Pension Fund. <b>ACTION - Raised with Strictly as a data breach but not technically for Southwark to resolve, however admin system had to be updated and members deleted.</b>   | No             |
| May-22               | A populated Opt Out form was sent to a member in error instead of a blank copy. <b>ACTION - Member was contacted and the erroneous form was deleted. No further action needed.</b>  | No             |
| Aug-22               | Southwark Pensions were unable to issue Annual Benefit Statements (ABS) by end of August due to data migration issues and problem with bulk ABS extract tool used. <b>ACTION - The Pensions Regulator was informed of proposed plans to rectify. No further action was required.</b>  | Yes            |
| Oct-22               | Southwark Pensions had 500 transfers to process but were delayed due to system move and remediation work needed around data/calcs. <b>ACTION - Proposed plan to resolve was communicated to the Regulator and no further action was required.</b>   | Yes            |
| Oct-22               | As per 12 above, further delay encountered with ABS exercise on phase two extract plans. <b>ACTION - Pensions Regulator was informed of cause/delay and no further action was taken.</b>  | Yes            |
| Nov-22               | As per 12 above, further delay encountered with ABS exercise on final phase of ABS exercise. <b>ACTION - Pensions Regulator was informed of cause/delay and no further action was taken.</b>  | Yes            |
| Dec-22               | Employee contributions bandings claimed as being incorrect on SAP Payroll system with some employees having had higher pension contributions deducted from pay. <b>ACTION - Reported to the Regulator and advised that Council HR are resolving with their SAP Consultant, Zalaris. No further action required at this stage.</b>   | Yes            |
|                      |   |                |

| Cause  | Effect   | Reaction   | Wider Implications  |
|--|--|--|---|
| <p><i>A breach will not normally be materially significant if it has arisen from an isolated incident, But in such a situation, it is also important to consider other aspects of the breach such as the effect it has had and to be aware that persistent isolated breaches could be indicative of wider scheme issues.</i></p> | <p><i>Reporters need to take care to consider the effects of the breach, including any other breaches occurring as a result of the initial breach and the effects of those resulting breaches.</i></p> | <p><i>A breach is likely to be of concern and material significance to tPR where a breach has been identified and those involved:</i></p> <ul style="list-style-type: none"> <li><i>• Do not take prompt and effective action.</i></li> <li><i>• Are not pursuing corrective action to resolution</i></li> <li><i>• Fail to notify affected scheme members where it would have been appropriate to do so.</i></li> </ul> | <p><i>Reporters should consider the wider implications of a breach when they assess which breaches are likely to be materially significant to the regulator</i></p> |
|  |  |  |   |
|  |  |  |   |
|  |  |  |   |
|  |  |  |   |

|                       |                                |  |   |
|-----------------------|--------------------------------|--|---|
| <b>Item No.</b><br>10 | <b>Classification:</b><br>Open | <b>Date:</b><br>18 January 2023                | <b>Meeting Name:</b><br>Local Pension Board |
| <b>Report title:</b>  |                                | Local Pension Board Forward Plan 2023-24       |   |
| <b>From:</b>          |                                | Senior Finance Manager – Treasury and Pensions |   |

## RECOMMENDATIONS

- The Local Pension Board members are asked to review the suggested agenda items for 2023-24.

## BACKGROUND INFORMATION

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

<https://southwarkpensions.co.uk/about-us/local-pension-board>

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

## Work Programme for 2023-24

3. The work programme for 2023-24 is set out below:

| Date                       | Agenda Items   |
|----------------------------|--|
| April 2023                 | <ul style="list-style-type: none"> <li>• Risk Register</li> <li>• Conflicts Policy - Whole Fund</li> <li>• LGPS: Governance and Reporting of Climate Change Risks – outcome of consultation</li> <br/> <li>• Training: LGPS Discretions</li> </ul>                     |
| July 2023                  | <ul style="list-style-type: none"> <li>• LPB Annual Report</li> <li>• Cyber Security: Annual Audit of External Providers</li> <li>• Breaches Log</li> <br/> <li>• Training: Scheme Employers – types, risks and monitoring.</li> </ul>                                 |
| October 2023               | <ul style="list-style-type: none"> <li>• Statement of Accounts</li> <li>• Audit Report 2022-23</li> <li>• Risk Register</li> <li>• Option to re-appoint LPB Chair</li> <br/> <li>• Training: Pensions Administration Structures – in house and outsourcing.</li> </ul> |
| January 2024               | <ul style="list-style-type: none"> <li>• Training plan 2024-25</li> <li>• Breaches Log</li> <br/> <li>• Training: Support Services – role of the custodian, actuary and investment adviser and the monitoring regime in place.</li> </ul>                              |
| Standing Items             | <ul style="list-style-type: none"> <li>• Pensions Services Update</li> <li>• Investment Update</li> <li>• PAP Agenda Items</li> </ul>  |
| Items with no defined date | <ul style="list-style-type: none"> <li>• Scheme Advisory Board Good Governance Project</li> <li>• Report on Pensions Dashboard</li> </ul>  |

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

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

### **5. Community Impact Statement**

No immediate implications arising.

### **6. Equalities (including socio-economic) Impact Statement**

No immediate implications arising

### **7. Health Impact Statement**

No immediate implications arising

### **8. Climate Change Implications**

No immediate implications arising

### **9. Resource Implications**

No immediate implications arising

### **10. Legal Implications**

No immediate implications arising

### **11. Financial Implications**

No immediate implications arising

### **12. Consultation**

No immediate implications arising

## AUDIT TRAIL

|   |   |                          |
|---|---|--------------------------|
| <b>Lead Officer</b>   | Duncan Whitfield, Strategic Director of Finance and Governance  |                          |
| <b>Report Author</b>  | Caroline Watson, Senior Finance Manager – Treasury and Pensions |                          |
| <b>Version</b>  | Final version   |                          |
| <b>Dated</b>  | 12 January 2023   |                          |
| <b>Key Decision?</b>  | N/A   |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |   |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b>  | <b>Comments Included</b> |
| Director of Law and Democracy   | N/A   | N/A                      |
| Strategic Director of Finance and Governance                            | N/A   | N/A                      |
| List other officers here  |   |                          |
| <b>Cabinet Member</b>   | N/A   | N/A                      |
| <b>Date final report sent to Constitutional Team</b>                    | N/A   |                          |

|                       |                                |  |   |
|-----------------------|--------------------------------|--|---|
| <b>Item No.</b><br>11 | <b>Classification:</b><br>Open | <b>Date:</b><br>18 January 2023                | <b>Meeting Name:</b><br>Local Pension Board |
| <b>Report title:</b>  |                                | Local Pension Board Training Plan 2023-24      |   |
| <b>From:</b>          |                                | Senior Finance Manager – Treasury and Pensions |   |

## RECOMMENDATIONS

Local Pension Board members are asked to:

- Agree the LPB training plan set out as Appendix A of this report.
- Note the training undertaken by LPB members to date, assessed against the CIPFA knowledge and skills framework as Appendix B.

## BACKGROUND INFORMATION

1. The CIPFA Knowledge and Skills framework sets out the areas of knowledge required by Local Pension Board members to properly exercise the functions of a member of the pension board as required by the Public Service Pensions Act 2013.

## APPROACH TO TRAINING

2. LPB members have completed training needs self assessments which cover all aspects of knowledge required. The results of the assessments have informed the training plan for LPB for 2023-24. The detailed training plan is included as appendix A of this report.
3. Training sessions will take place prior to quarterly meetings.
4. LPB members are asked to advise of any training gaps going forward in order that suitable training can be arranged to address them.
5. Details of the training undertaken by LPB members to date are included for reference as Appendix B of this report.

## INDIVIDUAL LEARNING

6. The Pensions Regulator Public Service Toolkit can be accessed from the following link:  
  
<https://education.thepensionsregulator.gov.uk/my/>
7. The CIPFA Guide for Local Pension Boards has been sent to Local Pension Board members.

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

**8. Community Impact Statement**

No immediate implications arising

**9. Equalities (including socio-economic) Impact Statement**

No immediate implications arising

**10. Health Impact Statement**

No immediate implications arising

**11. Climate Change Implications**

No immediate implications arising

**12. Resource Implications**

No immediate implications arising

**13. Legal Implications**

No immediate implications arising

**14. Financial Implications**

No immediate implications arising

**15. Consultation**

No immediate implications arising

**AUDIT TRAIL**

|   |   |                          |
|---|---|--------------------------|
| <b>Lead Officer</b>   | Duncan Whitfield, Strategic Director of Finance and Governance  |                          |
| <b>Report Author</b>  | Caroline Watson, Senior Finance Manager – Treasury and Pensions |                          |
| <b>Version</b>  | Final   |                          |
| <b>Dated</b>  | 12 January 2023   |                          |
| <b>Key Decision?</b>  | N/A   |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |   |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b>  | <b>Comments Included</b> |
| Director of Law and Democracy   | N/A   | N/A                      |
| Strategic Director of Finance and Governance                            | N/A   | N/A                      |
| List other officers here  |   |                          |
| <b>Cabinet Member</b>   | N/A   | N/A                      |
| <b>Date final report sent to Constitutional Team</b>                    |   |                          |

## Appendix A – TRAINING PLAN

| Date   | Description  | Provider |
|--------|--|----------|
| Apr-23 | LGPS discretions   | BB       |
| Jul-23 | Scheme employers: types, risks and monitoring  | CW       |
| Oct-23 | Pensions administration structures: in house and outsourcing   | BB       |
| Jan-24 | Support services: roles of custodian; actuary; and investment adviser and the monitoring regime in place | CW       |

## Appendix B

### LOCAL PENSION BOARD TRAINING UNDERTAKEN TO DATE

The following table assesses training undertaken by LPB members to date, against the CIPFA knowledge and skills framework.

| Training Category  | Training Undertaken   |
|--|---|
| <b>1 – Pensions legislation</b>  | LPB Introduction session - June 2015<br>Recent LGPS developments - July 2018<br>General Data Protection Regulations - April 2018<br>Pensions Benefits - January 2017<br>LGPS Benefits - January 2016<br>Breaches of the Law – July 2022   |
| <b>2 – Pensions governance</b>   | LPB Introduction session - June 2015<br>Recent LGPS developments - July 2018<br>SAB Good Governance Project – July 2021   |
| <b>3 – Pensions administration</b>                                     | LPB Introduction session - June 2015<br>Taxation & the LGPS - October 2018<br>Admitted & Scheduled Bodies - September 2017<br>Complaints Management – April 2021<br>Additional Voluntary Contributions – October 2021<br>Administration Strategy – Administering Authority and Employer Responsibilities – January 2022 |
| <b>4 – Investment decision making, performance and risk management</b> | LPB Introduction session - June 2015<br>Asset Classes (Mercer) - October 2015<br>Diversified Growth & Absolute Return Bonds - April 2016<br>Investment Strategy and Approach to Fossil Fuel Divestment – April 2022   |
| <b>5 – Actuarial methods, standards and practices</b>                  | LPB Introduction session - June 2015<br>Joint actuarial training with PAP - June 2016<br>Actuarial Valuations – October 2022  |

|                       |                                |  |   |
|-----------------------|--------------------------------|--|---|
| <b>Item No.</b><br>12 | <b>Classification:</b><br>Open | <b>Date:</b><br>18 January<br>2023                           | <b>Meeting Name:</b><br>Local Pension Board |
| <b>Report title:</b>  |                                | Pensions Advisory Panel Meeting Papers – 05<br>December 2022 |   |
| <b>From:</b>          |                                | Senior Finance Manager, Treasury & Pensions                  |   |

## Recommendations

The LPB is asked to:

- Note the key items covered at the 05 December 2022 Pensions Advisory Panel meeting.

## Summary

### 1. Carbon Footprint Update – Agenda Item 7

- Reduction in the Fund's carbon footprint between September 2017 and September 2022 was 56%.

### 2. Investment Adviser Performance Updates – Agenda Item 9

- Fund value increased by £3.5m during the quarter to September 2022, from £1,990.5m to £1,994.0m.
- Fund return quarter to September 2022: 0.0% (benchmark 0.2%)
- Fund return year to September 2022: -3.1% (benchmark -2.3%)
- Fund return 3 years to September 2022: 5.3% (benchmark 5.6%)
- No funding updates are provided by the actuaries during 2022-23. These are suspended until completion of the 2022 actuarial valuation.

### 3. Investment Strategy Review – Agenda Item 10

- Investment strategy review conducted by Aon in conjunction with 2022 actuarial valuation.
- The following changes to the investment strategy were agreed by PAP:
  - Circa £30m investment in the Temporis Renewable Energy Fund;
  - Reallocate 10% strategic allocation to diversified growth funds to other asset classes within the Fund;
  - Agree a new 10% strategic allocation to multi asset credit;

- Remove 5% strategic allocation to absolute return bonds once multi asset credit fund selected.
- The agreed changes offer more control over meeting the net zero carbon target, and reduced manager fees, while maintaining a similar risk/return profile.
- A cash policy is being developed to aid better management of liquidity and minimise allocation to cash which negatively impacts investment returns over the long term.

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

#### **4. Community Impact Statement**

No immediate implications arising.

#### **5. Equalities (including socio-economic) Impact Statement**

No immediate implications arising

#### **6. Health Impact Statement**

No immediate implications arising

#### **7. Climate Change Implications**

No immediate implications arising

#### **8. Resource Implications**

No immediate implications arising

#### **9. Legal Implications**

No immediate implications arising

#### **10. Financial Implications**

No immediate implications arising

## 11. Consultation

No immediate implications arising

### AUDIT TRAIL

|   |   |                          |
|---|---|--------------------------|
| <b>Lead Officer</b>   | Duncan Whitfield, Strategic Director of Finance and Governance  |                          |
| <b>Report Author</b>  | Caroline Watson, Senior Finance Manager – Treasury and Pensions |                          |
| <b>Version</b>  | Final version   |                          |
| <i>Dated</i>  | 12 January 2023   |                          |
| <i>Key Decision?</i>  | N/A   |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |   |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b>  | <b>Comments Included</b> |
| Director of Law and Democracy   | N/A   | N/A                      |
| Strategic Director of Finance and Governance                            | 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                      |

## Pensions Advisory Panel

Monday 5 December 2022

10.00 am

Meeting Room 225 - 160 Tooley Street, London SE1 2QH

### Membership

Councillor Stephanie Cryan (Chair)  
Councillor Andy Simmons  
Councillor Rachel Bentley

### Staff Representatives

Roger Stocker  
Julie Timbrell  
Derrick Bennett

### Officers

Duncan Whitfield  
Caroline Watson  
Barry Berkengoff

### Advisors

David Cullinan  
Colin Cartwright

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### Contact

Andrew Weir: [andrew.weir@southwark.gov.uk](mailto:andrew.weir@southwark.gov.uk)

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Members of the committee are summoned to attend this meeting

**Althea Loderick**

Chief Executive

Date: 28 November 2022



# Pensions Advisory Panel

Monday 5 December 2022  
10.00 am  
Meeting Room 225 - 160 Tooley Street, London SE1 2QH

## Order of Business

| Item No. | Title   | Page No. |
|----------|---|----------|
|          | <b>PART A - OPEN BUSINESS</b>   |          |
| 1.       | <b>APOLOGIES</b>  |          |
|          | To receive any apologies for absence.   |          |
| 2.       | <b>CONFIRMATION OF VOTING MEMBERS</b>   |          |
|          | Voting members of the committee to be confirmed at this point in the meeting.   |          |
| 3.       | <b>NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT</b>   |          |
| 4.       | <b>DISCLOSURE OF INTERESTS AND DISPENSATIONS</b>  |          |
|          | Members of the committee to declare any interests and dispensation in respect of any item of business to be considered at this meeting. |          |
| 5.       | <b>MINUTES (5 MINUTES)</b>  | 1 - 5    |
|          | To agree as correct records, the minutes of the meeting held on 31 October 2022.  |          |
| 6.       | <b>ASSET ALLOCATION SEPTEMBER 2022 (5 MINUTES)</b>  | 6 - 9    |

| <b>Item No.</b> | <b>Title</b>  | <b>Page No.</b> |
|-----------------|---|-----------------|
| 7.              | <b>CARBON FOOTPRINT UPDATE (10 MINUTES)</b>                                     | 10 - 16         |
| 8.              | <b>2022 TRIENNIAL ACTUARIAL VALUATION RESULTS – AON (30 MINUTES)</b>            | To follow       |
| 9.              | <b>QUARTERLY INVESTMENT UPDATE (15 MINUTES)</b>                                 | 17 - 33         |
|                 | — <b>DAVID CULLINAN</b>   |                 |
|                 | — <b>AON</b>  |                 |
| 10.             | <b>INVESTMENT STRATEGY REVIEW – AON (30 MINUTES)</b>                            | 34 - 36         |
| 11.             | <b>CMA ORDER - OBJECTIVES FOR THE FUND'S INVESTMENT CONSULTANT (10 MINUTES)</b> | 37 - 40         |
| 12.             | <b>PENSIONS SERVICES UPDATE (10 MINUTES)</b>                                    | 41 - 45         |
| 13.             | <b>LOCAL PENSION BOARD UPDATE (5 MINUTES)</b>                                   | 46 - 48         |

**ANY OTHER OPEN BUSINESS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT.**

**PART B - CLOSED BUSINESS**

**EXCLUSION OF PRESS AND PUBLIC**

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

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

**14. 2022 TRIENNIAL ACTUARIAL VALUATION RESULTS - AON**

**15. QUARTERLY INVESTMENT UPDATE**

- **AON**

**Item No.**

**Title**

**Page No.**

**16. INVESTMENT STRATEGY REVIEW - AON**

Date: 28 November 2022



## Pensions Advisory Panel

MINUTES of the OPEN section of the Pensions Advisory Panel held on Monday 31 October 2022 at 10.00 am at Meeting Room 225 - 160 Tooley Street, London SE1 2QH

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**PRESENT:** Councillor Andy Simmons (in the chair)  
Councillor Rachel Bentley  
Duncan Whitfield  
Caroline Watson  
Jack Emery  
Colin Cartwright  
Mike Ellsmore  
David Cullinan  
Roger Stocker  
Tim Jones  
Julie Timbrell  
Andrew Weir

### 1. APOLOGIES

Apologies were received from Councillor Stephanie Cryan and Barry Berkengoff.

It was confirmed that, in the absence of Councillor Stephanie Cryan, Councillor Andy Simmons would chair the meeting.

### 2. CONFIRMATION OF VOTING MEMBERS

Councillor Andy Simmons, Councillor Rachel Bentley and Caroline Watson were confirmed as voting members.

Everyone introduced themselves.

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

There were none.

**4. DISCLOSURE OF INTERESTS AND DISPENSATIONS**

There were none.

**5. MINUTES**

That the minutes of the meeting held on 3 March 2022 be agreed as a correct record

**6. INTRODUCTION TO NEW PENSIONS ADVISORY PANEL MEMBERS**

Everyone in attendance at the meeting had already introduced themselves at the beginning of the meeting.

**7. ASSET ALLOCATION**

Jack Emery, Divisional Accountant, Treasury & Pensions presented the report.

There were questions on the report and a discussion.

**RESOLVED:**

That the fund's asset allocation at 30 June 2022 be noted.

**8. CARBON FOOTPRINT UPDATE**

Jack Emery presented the report.

There were questions on the report and a discussion.

**RESOLVED:**

That the Fund's updated carbon footprint as at 30 June 2022 be noted.

**9. QUARTERLY INVESTMENT UPDATE**

David Cullinan updated the panel. He advised that the Fund had lost around 6% of its value over the quarter to June 2022. However, over the previous 10 years it

had gone from underperforming its benchmark to being above its benchmark.

Colin Cartwright from Aon then addressed the panel. He advised that Aon had not produced a funding update due to the fact that the Fund was currently going through its triennial actuarial process.

There were questions and a discussion regarding the recent market turbulence.

**RESOLVED:**

That the quarterly investment updates be noted.

**10. ZERO CARBON INVESTMENT STRATEGY: IMPLEMENTATION PROGRESS UPDATE**

Caroline Watson, senior finance manager, addressed the panel. The item was presented in reports 10.1, 10.2 and 10.3.

There were questions and a discussion on the reports.

During the discussions it was agreed that there should be an independent review of the impact on investment performance of the changes made to the investments to date in relation to the zero carbon strategy. It was agreed that this would be conducted next year.

**RESOLVED:**

Item 10.1:

1. That it be noted that the Fund's holdings in the Legal and General Investment Management (LGIM) Low Carbon Target Index Fund will be transitioned to the LGIM Low Carbon Transition Fund.
2. That the approach to this transition and the benefits to the Fund towards achieving its net-zero carbon target be noted.
3. That the enhancements to be implemented by BlackRock in the MSCI World Low Carbon Target Reduced Fossil Fuel Select Fund, and how this will assist the Fund in its journey towards achieving its net-zero carbon target, be noted.
4. That there shall be an independent review of the impact of the zero carbon policy on investment performance next year.

Item 10.2

1. That the options set out in this report to replace the Fund's strategic allocation to the BlackRock Dynamic Diversified Growth Fund (DDG) be

noted.

2. That the pensions advisory panel shall hold off making any concrete decisions with respect to the fund's holdings in the BlackRock DDG fund until the outputs and analysis generated as part of the upcoming investment strategy review are discussed at the December pensions advisory panel meeting.

#### Item 10.3

1. That the options set out in the report to replace the Fund's strategic allocation to the BlackRock Absolute Return Bond Fund (BARBF) be noted.
2. That the pensions advisory panel shall hold off making any concrete decisions with respect to the Fund's holdings in the BARBF until the outputs and analysis generated as part of the upcoming investment strategy review are discussed at the December pensions advisory panel meeting.

### 11. INVESTMENT STRATEGY REVIEW BRIEFING - AON

Colin Cartwright from Aon presented the report.

There were no questions.

#### **RESOLVED:**

That the investment strategy review briefing be noted.

### 12. PENSIONS SERVICES - ADMINISTRATION FUNCTION UPDATE

In the absence of Barry Berkengoff, Duncan Whitfield, the strategic director of finance and governance, gave an overview of the report.

There was a discussion regarding vacancies in the pensions team and data transfer issues in relation to new software that had been implemented.

Mike Ellsmore, the chair of the local pension board, confirmed that the pensions manager had reassured him that there was an action plan in place to address the six legal operational deadlines.

There was also a discussion regarding four recent complaints and how they had been managed.

#### **RESOLVED:**

1. That the update on the pensions administration function be noted.

2. That the complaint outcomes shall be included in future reports, as well as complaints raised.
3. That a copy of the action plan shall be provided at the March 2023 pensions advisory panel meeting.

### **13. LOCAL PENSION BOARD UPDATE**

Mike Ellsmore updated the pensions advisory panel on the last meeting of the local pension board.

It was agreed that the local pension board will review the cyber security of the council's systems, in relation to the security of pensions data, at a future meeting.

#### **RESOLVED:**

That the update from the local pension board (LPB) meeting of 6 July 2022 be noted.

At this juncture, there was a discussion regarding training.

It was suggested that a good way for members and other attendees to gain further knowledge was to attend fund manager events.

Caroline Watson advised that she would forward any events to members and attendees that she thought might be useful.

It was also requested that Caroline Watson circulate the TCFD consultation for the LGPS report, which was tabled at the 19 October 2022 meeting of the local pension board.

The meeting ended at 12.04pm.

**CHAIR:**

**DATED:**

# Agenda Item 6

6

|                       |                                |   |   |
|-----------------------|--------------------------------|---|---|
| <b>Item No.</b><br>6. | <b>Classification:</b><br>Open | <b>Date:</b><br>5 December 2022                 | <b>Meeting Name:</b><br>Pensions Advisory Panel |
| <b>Report title:</b>  |                                | Asset Allocation September 2022                 |   |
| <b>From:</b>          |                                | Divisional Accountant, Pensions and Investments |   |

## Recommendation

1. The pensions advisory panel is asked to:

- Note the Fund's asset allocation at 30 September 2022

| Asset Class                              | Manager            | 30 Sept 2022<br>£000 | % of Total<br>Fund | Strategic<br>Benchmark<br>% | Difference<br>% |
|--|--------------------|----------------------|--------------------|-----------------------------|-----------------|
| Global<br>Equity                         | BlackRock          | 343,308              | 17.2               | 15.0                        | 2.2             |
|  | Legal &<br>General | 309,711              | 15.5               | 15.0                        | 0.5             |
|  | Newton             | 235,506              | 11.8               | 10.0                        | 1.8             |
|  | Comgest            | 89,442               | 4.5                | 5.0                         | -0.5            |
| <b>Total Global Equity</b>               |                    | <b>977,967</b>       | <b>49.0</b>        | <b>45.0</b>                 | <b>4.0</b>      |
| Diversified<br>Growth                    | BlackRock          | 174,911              | 8.8                | 10.0                        | -1.2            |
| <b>Total Diversified Growth</b>          |                    | <b>174,911</b>       | <b>8.8</b>         | <b>10.0</b>                 | <b>- 1.2</b>    |
| Absolute<br>Return<br>Bonds              | BlackRock          | 130,755              | 6.6                | 5.0                         | 1.6             |
| <b>Total Absolute Return<br/>Bonds</b>   |                    | <b>130,755</b>       | <b>6.6</b>         | <b>5.0</b>                  | <b>1.6</b>      |
| Core<br>Property                         | Nuveen             | 234,464              | 11.8               | 14.0                        | -2.2            |
| <b>Total Core Property</b>               |                    | <b>234,464</b>       | <b>11.8</b>        | <b>14.0</b>                 | <b>- 2.2</b>    |
| ESG<br>Priority<br>Allocation            | Invesco            | 33,241               | 1.7                | 1.5                         | 0.2             |
|  | M&G                | 44,265               | 2.2                | 1.5                         | 0.7             |
|  | Frogmore           | 7,990                | 0.4                | 1.5                         | -1.1            |
|  | Brockton           | 7,191                | 0.4                | 1.5                         | -1.1            |
|  | Glennmont          | 20,566               | 1.0                | 1.8                         | -0.7            |
|  | Temporis           | 57,526               | 2.9                | 2.3                         | 0.6             |
|  | BlackRock          | 9,451                | 0.5                | 1.5                         | -1.0            |
|  | Darwin             | 21,082               | 1.1                | 1.0                         | 0.1             |
|  | Blackstone         | 50,044               | 2.5                | 2.3                         | 0.3             |
|  | BTG Pactual        | 36,522               | 1.8                | 1.3                         | 0.6             |
| <b>Total ESG Priority<br/>Allocation</b> |                    | <b>287,878</b>       | <b>14.4</b>        | <b>16.0</b>                 | <b>- 1.6</b>    |
| Index<br>Linked Gilts                    | BlackRock          | 71,810               | 3.6                | 5.0                         | -1.4            |
|  | Legal &<br>General | 65,873               | 3.3                | 5.0                         | -1.7            |

|  |           |                  |              |              |              |
|--|-----------|------------------|--------------|--------------|--------------|
| <b>Total Index Linked Gilts</b>          |           | <b>137,683</b>   | <b>6.9</b>   | <b>10.0</b>  | <b>- 3.1</b> |
| Cash & Cash Equivalents                  | BlackRock | 33,767           | 1.7          | 0.0          | 1.7          |
|  | Newton    | 10,183           | 0.5          | 0.0          | 0.5          |
|  | Nuveen    | 6,320            | 0.3          | 0.0          | 0.3          |
| <b>Total Cash &amp; Cash Equivalents</b> |           | <b>50,270</b>    | <b>2.5</b>   | <b>-</b>     | <b>2.5</b>   |
| <b>Total</b>                             |           | <b>1,993,928</b> | <b>100.0</b> | <b>100.0</b> | <b>-</b>     |

| <b>Asset Class</b>                       | <b>Sub Category</b>                      | <b>30 Sept 2022 £000</b> | <b>Strategic Benchmark %</b> | <b>Actual Allocation %</b> |
|--|--|--------------------------|------------------------------|----------------------------|
| Global Equities                          | Low Carbon Passive Equities              | 653,020                  | 30.0                         | 32.8                       |
|  | Active Pooled Emerging Market Equities   | 89,442                   | 5.0                          | 4.5                        |
|  | Segregated Active Global Equities        | 235,506                  | 10.0                         | 11.8                       |
| <b>Total Global Equities</b>             |  | <b>977,968</b>           | <b>45.0</b>                  | <b>49.0</b>                |
| <b>Total Diversified Growth</b>          |  | <b>174,911</b>           | <b>10.0</b>                  | <b>8.8</b>                 |
| <b>Total Absolute Return Bonds</b>       |  | <b>130,755</b>           | <b>5.0</b>                   | <b>6.6</b>                 |
| Core Property                            | UK Direct Property                       | 230,875                  | 14.0                         | 11.8                       |
|  | UK Commercial Property Pooled Funds      | 3,589                    |                              |                            |
| <b>Total Core Property</b>               |  | <b>234,464</b>           | <b>14.0</b>                  | <b>11.8</b>                |
| ESG Priority Allocation                  | Pooled Funds - UK Private Residential    | 77,506                   | 3.0                          | 3.9                        |
|  | Pooled Funds - UK Opportunistic Property | 15,181                   | 3.0                          | 0.8                        |
|  | Sustainable Infrastructure               | 87,543                   | 5.5                          | 4.4                        |
|  | Timberland                               | 36,522                   | 1.3                          | 1.8                        |
|  | Bereavement Services                     | 21,082                   | 1.0                          | 1.1                        |
|  | Private Equity                           | 50,044                   | 2.3                          | 2.5                        |
| <b>Total ESG Priority Allocation</b>     |  | <b>287,878</b>           | <b>16.0</b>                  | <b>14.4</b>                |
| <b>Total Index Linked Gilts</b>          |  | <b>137,683</b>           | <b>10.0</b>                  | <b>6.9</b>                 |
| Cash & Cash Equivalents                  | Sterling Liquidity Fund                  | 33,767                   | 0.0                          | 1.7                        |
|  | Fund Manager Held Derivatives            | 10,183                   | 0.0                          | 0.5                        |
|  | Fund Manager Operational Cash            | 6,320                    | 0.0                          | 0.3                        |
| <b>Total Cash &amp; Cash Equivalents</b> |  | <b>50,270</b>            | <b>0.0</b>                   | <b>2.5</b>                 |
| <b>Total</b>                             |  | <b>1,993,929</b>         | <b>100.0</b>                 | <b>100.0</b>               |

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

### **Community Impact Statement**

2. There are no immediate implications arising.

### **Equalities (including socio-economic) Impact Statement**

3. There are no immediate implications arising.

### **Health Impact Statement**

4. There are no immediate implications arising.

### **Climate Change Implications**

5. There are no immediate implications arising.

### **Resource Implications**

6. There are no immediate implications arising.

### **Legal Implications**

7. There are no immediate implications arising

### **Consultation**

8. There are no immediate implications arising.

### **Financial Implications**

9. There are no immediate implications arising.

**AUDIT TRAIL**

|   |  |                          |
|---|--|--------------------------|
| <b>Lead Officer</b>   | Duncan Whitfield, Strategic Director of Finance and Governance |                          |
| <b>Report Author</b>  | Jack Emery, Divisional Accountant – Pensions and Investments   |                          |
| <b>Version</b>  | Final  |                          |
| <b>Dated</b>  | 10 November 2022   |                          |
| <b>Key Decision?</b>  | N/A  |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |  |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b>   | <b>Comments Included</b> |
| Director of Law and Governance  | N/A  | N/A                      |
| Strategic Director of Finance and Governance                            | N/A  | N/A                      |
| <b>Cabinet Member</b>   | N/A  | N/A                      |
| <b>Date final report sent to Constitutional Team</b>                    |  | 28 November 2022         |

|                       |                                |   |   |
|-----------------------|--------------------------------|---|---|
| <b>Item No.</b><br>7. | <b>Classification:</b><br>Open | <b>Date:</b><br>5 December 2022                 | <b>Meeting Name:</b><br>Pensions Advisory Panel |
| <b>Report title:</b>  |                                | Carbon Footprint Update – 30 September 2022     |   |
| <b>From:</b>          |                                | Divisional Accountant, Pensions and Investments |   |

## Recommendations

1. The pensions advisory panel is asked to:
  - Note the Fund’s updated carbon footprint as at 30 September 2022.

Since December 2018, the Fund has engaged Sustainalytics to assist with assessments of the CO2 equivalent exposure of its equity holdings. The table below sets out the weighted carbon intensity by asset class against September 2017.

| Weighted Carbon Intensity over time    |                                  | Weighted Carbon Intensity<br>tCO2e/\$m |           |          |            |           |           |          |            |           |           |
|--|----------------------------------|--|-----------|----------|------------|-----------|-----------|----------|------------|-----------|-----------|
|  |                                  | Sept 2017                              | Sept 2020 | Dec 2020 | March 2021 | June 2021 | Sept 2021 | Dec 2021 | March 2022 | June 2022 | Sept 2022 |
| Asset Class                            | Fund Managers                    |  |           |          |            |           |           |          |            |           |           |
| Equity - Developed                     | Blackrock, LGIM                  | 98.7                                   | 21.4      | 20.4     | 23.0       |           |           |          |            |           |           |
| Equity - Developed Market Low Carbon   | Blackrock, LGIM                  |  | 33.7      | 23.7     | 24.2       | 25.5      | 29.8      | 51.1     | 51.0       | 33.2      | 24.9      |
| Equity - Emerging Markets              | Blackrock, Comgest               | 18.1                                   | 14.1      | 15.0     | 19.1       | 18.3      | 0.5       | 0.5      | 0.2        | 0.2       | 0.2       |
| Equity - Global                        | Newton                           | 10.6                                   | 7.0       | 7.0      | 4.4        | 4.6       | 4.3       | 4.5      | 5.8        | 5.9       | 5.6       |
| Diversified Growth Fund                | Blackrock                        | 26.7                                   | 15.9      | 16.0     | 15.6       | 14.2      | 15.8      | 17.1     | 16.5       | 13.7      | 14.4      |
| Absolute Return Bonds                  | Blackrock                        | 22.4                                   | 7.1       | 8.7      | 10.0       | 9.8       | 10.2      | 8.7      | 6.8        | 11.2      | 12.5      |
| Core Property                          | Nuveen                           | 14.3                                   | 12.6      | 12.0     | 10.6       | 10.5      | 10.7      | 11.2     | 12.0       | 12.9      | 12.7      |
| ESG Priority Allocation - Property     | Invesco, M&G, Brockton, Frogmore | 8.8                                    | 8.9       | 9.5      | 10.9       | 11.0      | 10.9      | 4.4      | 4.6        | 5.0       | 5.0       |
| ESG Priority Allocation - Alternatives | BTG Pactual, Blackstone, Darwin  |  |           |          |            |           |           |          | 0.1        | 0.2       | 0.3       |
| Sustainable Infrastructure             | Blackrock, Glennmont, Temporis   |  |           |          |            |           |           |          |            |           |           |
| IL Gilts                               | Blackrock, LGIM                  | 14.0                                   | 14.0      | 14.0     | 14.0       | 26.0      | 25.2      | 25.4     | 24.2       | 20.6      | 19.5      |
| Cash And Equivalents                   | Blackrock, Nuveen, Newton        | 0.0                                    | 0.0       | 0.0      | 0.0        | 0.0       | 0.0       | 0.0      | 0.0        | 0.0       | 0.0       |
| <b>Total Weighted Carbon Intensity</b> |                                  | 213.7                                  | 134.6     | 126.3    | 131.7      | 120.0     | 107.3     | 122.9    | 121.4      | 102.9     | 92.7      |
| <b>Total Change in Footprint</b>       |                                  |  | -37.0%    | -40.9%   | -38.3%     | -43.8%    | -49.8%    | -42.5%   | -43.2%     | -51.9%    | -55.5%    |

## Results

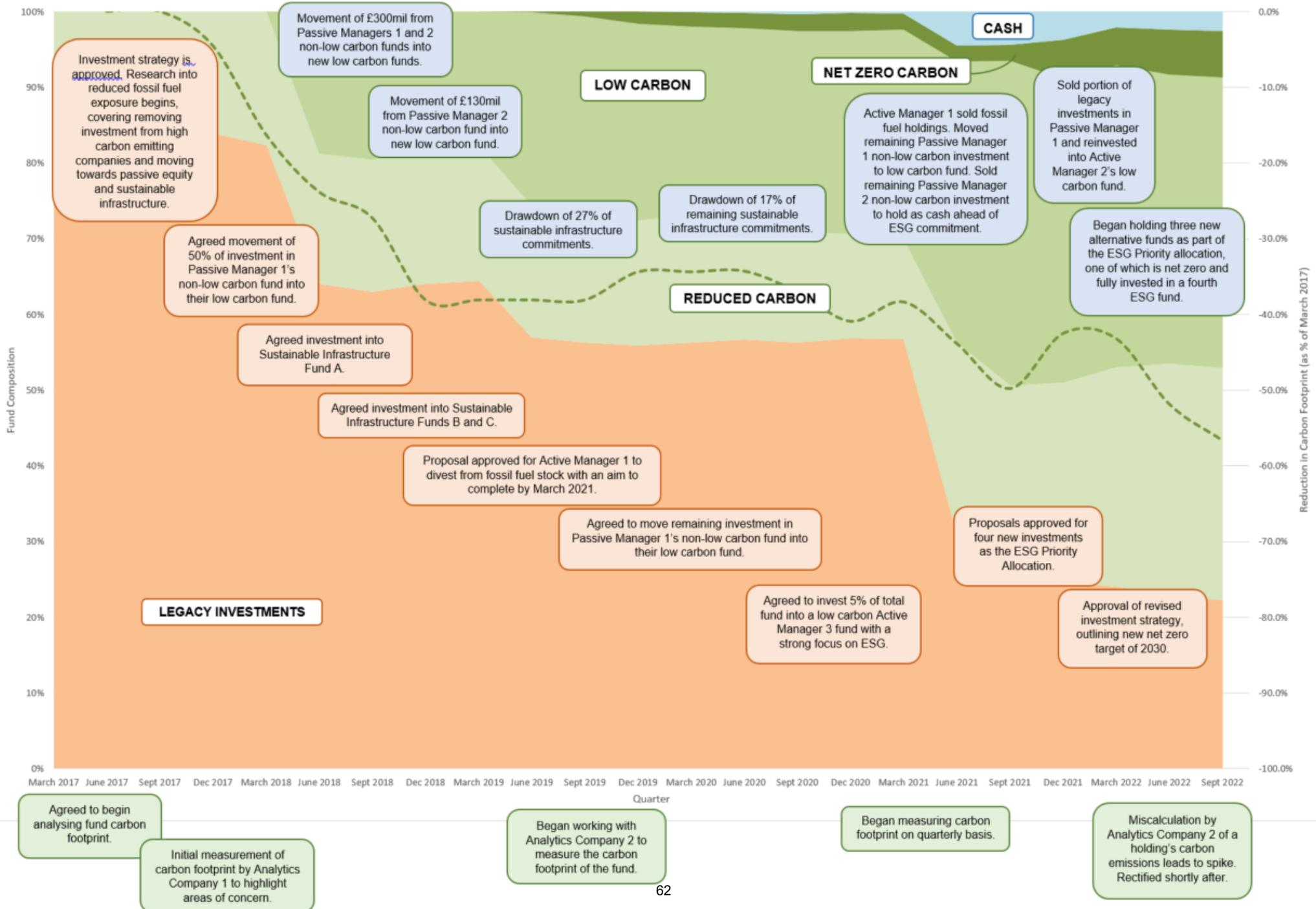
- The results for 30 September 2022 show that the Fund has reduced its weighted carbon intensity by 56% since September 2017. The reduction in the quarter to September 2022 has been primarily driven by a decrease in carbon intensity of one of the developed, low carbon equity funds due a change in their underlying holdings.
- The unweighted exposure for each investment is set out below ranked in order of carbon footprint, from lowest to highest exposure.

| Unweighted Carbon Intensity            |   | Unweighted Carbon Intensity<br>tCO <sub>2</sub> e/\$m |
|--|---|---|
| Asset Class                            | Fund Manager(s)   | Sept 2022   |
| Cash And Equivalents                   | Blackrock, Nuveen, Newton                               | 0.00  |
| ESG Priority Allocation - Alternatives | Blackrock, Blackstone, BTG Pactual, Glennmont, Temporis | 15.14   |
| Core Property                          | Nuveen  | 107.70  |
| Diversified Growth                     | Blackrock   | 164.40  |
| Absolute Return Bonds                  | Blackrock   | 190.50  |
| Global Equity                          | LGIM, Blackrock, Newton                                 | 205.65  |
| ESG Priority Allocation - Property     | Brockton, Frogmore, Invesco, M&G                        | 430.80  |
| Index Linked Gilts                     | Blackrock, LGIM   | 564.80  |
| <b>Total</b>                           |   | <b>1678.99</b>  |

- As noted above, one of the fund's passive equity funds altered their underlying holdings, which has led to a decrease in this fund's carbon footprint. Where the highest carbon contributor in this fund previously sat at a weighted carbon intensity of 62.1 tCO<sub>2</sub>e/\$m, the highest is now only 7.0 tCO<sub>2</sub>e/\$m. This is the main driver for the change in the carbon footprint to 30 September 2022.
- The market value of LBS' low carbon developed market equities dropped in the quarter to June 2022, mirroring global markets. The value of these assets began to show growth again in the following quarter, slightly increasing the proportion of the fund's allocation to the low carbon category and a reduction in the footprint.
- The fund's index-linked gilts allocation saw a minor reduction in market value from 30 June to 30 September 2022, which reduced the fund's weighting towards these assets' carbon intensity. These remain as the highest contributors to the fund's weighted carbon intensity but it is worth noting that these assets are held for defensive properties, with their value increasing with inflation.

7. There are a number of upcoming changes expected in the quarter to December 2022, which will have an impact on the pension fund's carbon footprint over time.
  - a. A key movement is the upcoming investment in the Temporis Renewable Energy Fund, a fund which invests in renewable energy on behalf of investors. The current intention is to fund this investment through divesting from the Blackrock Diversified Growth Fund, which would reduce the Fund's exposure to the high carbon asset and replace it with increased exposure to zero carbon assets.
  - b. Both of the fund's passive equity funds are implementing new screens to their underlying holdings, with the intention of further 'greening' of the funds alongside other ESG factors. It should be noted that these changes will include scope 3 emissions, meaning there is a chance the funds may increase their carbon emissions before they reduce over time.
8. The carbon footprint reduction infographic (set out below, with further information on the following page) has been produced in order to demonstrate the changes in the composition of the Fund in terms of carbon emissions against the reduction of the carbon footprint over time. The graph is intended for use as a way of easily displaying the Fund's progress towards net zero and can be easily updated over time.

Composition of the LBS Pension Fund and Carbon Footprint Reduction since March 2017





**LEGACY INVESTMENTS:** Investment products that are not actively targeting reduced carbon emissions. Some of these may potentially have exposure to fossil fuels; however we are working to understand the extent of this and will address this in our strategy going forwards. The Fund intends to make no new investments in such products.

**REDUCED CARBON:** Investments either in property or in funds with specific oil and gas exclusions.

**LOW CARBON:** Funds specifically set up as 'low carbon' funds. All products within this category are currently index tracking developed market equities.

**ZERO CARBON:** Investments in vehicles that produce zero carbon or in some cases have a measurable offsetting impact on carbon emissions. Currently this category contains sustainable infrastructure products.

**CASH:** Held in the pension fund, usually pending anticipated drawdown requests or in advance of an acquisition.

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

### **Community Impact Statement**

9. There are no immediate implications arising.

### **Equalities (including socio-economic) Impact Statement**

10. There are no immediate implications arising.

### **Health Impact Statement**

11. There are no immediate implications arising.

### **Climate Change Implications**

12. There are no immediate implications arising.

### **Resource Implications**

13. There are no immediate implications arising.

### **Legal Implications**

14. There are no immediate implications arising

### **Consultation**

15. There are no immediate implications arising.

## Financial Implications

16. There are no immediate implications arising.

## AUDIT TRAIL

|   |  |                          |
|---|--|--------------------------|
| <b>Lead Officer</b>   | Duncan Whitfield, Strategic Director of Finance and Governance |                          |
| <b>Report Author</b>  | Jack Emery, Divisional Accountant – Pensions and Investments   |                          |
| <b>Version</b>  | Final  |                          |
| <b>Dated</b>  | 10 November 2022   |                          |
| <b>Key Decision?</b>  | N/A  |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |  |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b>   | <b>Comments Included</b> |
| Director of Law and Governance  | N/A  | N/A                      |
| Strategic Director of Finance and Governance                            | N/A  | N/A                      |
| <b>Cabinet Member</b>   | N/A  | N/A                      |
| <b>Date final report sent to Constitutional Team</b>                    |  | 28 November 2022         |

|                       |                                |   |   |
|-----------------------|--------------------------------|---|---|
| <b>Item No.</b><br>9. | <b>Classification:</b><br>Open | <b>Date:</b><br>5 December 2022               | <b>Meeting Name:</b><br>Pensions Advisory Panel |
| <b>Report title:</b>  |                                | Advisers' Updates - Quarter to September 2022 |   |
| <b>From:</b>          |                                | Senior Finance Manager, Treasury & Pensions   |   |

### **Recommendations**

1. The pensions advisory panel is asked to:
  - Note David Cullinan's investment report attached as Appendix 1.
  - Note Aon's quarterly investment dashboard attached as Appendix 2.

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

#### **Community Impact Statement**

2. No immediate implications arising.

#### **Equalities (including socio-economic) Impact Statement**

3. No immediate implications arising.

#### **Health Impact Statement**

4. No immediate implications arising.

#### **Climate Change Implications**

5. No immediate implications arising.

#### **Resource Implications**

6. No immediate implications arising.

#### **Legal Implications**

7. No immediate implications arising

#### **Financial Implications**

8. No immediate implications arising.

## Consultation

9. No immediate implications arising.

## Financial Implications

10. There are no immediate implications arising.

## APPENDICES

| Name       | Title  |
|------------|--|
| Appendix 1 | Independent adviser's report – quarter to September 2022         |
| Appendix 2 | Aon's quarterly investment dashboard – quarter to September 2022 |

## AUDIT TRAIL

|   |  |                          |
|---|--|--------------------------|
| <b>Lead Officer</b>   | Duncan Whitfield, Strategic Director of Finance and Governance |                          |
| <b>Report Author</b>  | Caroline Watson, Senior Finance Manager, Treasury and Pensions |                          |
| <b>Version</b>  | Final  |                          |
| <b>Dated</b>  | 25 November 2022   |                          |
| <b>Key Decision?</b>  | N/A  |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |  |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b>   | <b>Comments Included</b> |
| Director of Law and Governance  | N/A  | N/A                      |
| Strategic Director of Finance and Governance                            | N/A  | N/A                      |
| <b>Cabinet Member</b>   | N/A  | N/A                      |
| <b>Date final report sent to Constitutional Team</b>                    |  | 28 November 2022         |

## LONDON BOROUGH OF SOUTHWARK - Quarterly Report September 2022

### Market Background

Further losses were incurred in the September quarter with investors facing now familiar headwinds. The most dominant of these over the quarter was continued heightened inflation and central banks' actions to mitigate the effects.

As in the previous quarter, both equity and bond markets fell as rising interest rates (central banks' blunt instrument response to rising inflation) reduced bond valuations and the net present value of future earnings for shares.

Global equities retreated by around 5% over the period although most UK investors will have 'enjoyed' marginally positive returns due to the weakness in sterling.

Regionally, the UK and Japan were better performers due in part to their weaker currencies but the former also benefitted from a higher exposure to energy stocks.

Conventional and inflation linked bonds fell sharply, with UK debt losses sharpened by Kwasi Kwarteng's controversial mini budget proposing supply side economic reforms and unfunded tax cuts.

Property markets were not immune from the global influences of higher for longer inflation and low growth. Return expectations have been pegged back with CBRE forecasting returns in the region of 5%p.a. in the near-term.

### LGPS Funds

The average LGPS funds is expected to have returned -0.3%, a third successive negative showing.

### Longer-Term

The one-year number has remained in negative territory and the three- and five-year returns range between 4-6%p.a.

Over the last ten years the average fund has delivered a return of 8% p.a.

Over all longer-term periods, funds which have had a relatively high equity commitment are likely to have outperformed their peers despite facing sharper volatility.



## Total Fund

The Fund returned started off the quarter brightly, returning 4% in July before falling back in September to close flat over the quarter. Over the period, the Fund underperformed the benchmark modestly (0.2% behind).

Performance from the Fund's managers was mixed as might be expected.

The analysis below shows the make-up of the returns, both absolute and relative.

| Manager         | Brief                    | Start Value<br>(£m) | Returns    |            |                    | Contributions |            |             |
|-----------------|--------------------------|---------------------|------------|------------|--------------------|---------------|------------|-------------|
|                 |                          |                     | Fund       | Benchmark  | Relative<br>Return | Fund          | Benchmark  | Relative    |
| BLK *           | Equity/ILG               | 411,212             | 1.0        | -1.3       | 2.3                | 0.2           | -0.3       | 0.5         |
| LGIM *          | Equity/ILG               | 377,352             | -0.4       | -1.1       | 0.7                | -0.1          | -0.2       | 0.1         |
| BLK             | Diversified Growth       | 176,458             | -0.9       | 0.6        | -1.5               | -0.1          | -          | -0.1        |
| BLK             | Absolute Return Bond     | 132,064             | -1.0       | 0.6        | -1.5               | -0.1          | -          | -0.1        |
| Newton          | Global Equity            | 242,349             | 1.3        | 2.1        | -0.8               | 0.2           | 0.3        | -0.1        |
| Comgest         | EM Equity                | 89,652              | -0.4       | -3.8       | 3.5                | -             | -0.2       | 0.2         |
| Brockton        | Property                 | 6,862               | 1.4        | 3.6        | -2.1               | -             | -          | -           |
| Nuveen          | Property (Core)          | 247,044             | -3.4       | 1.7        | -5.0               | -0.4          | 0.2        | -0.6        |
| Invesco         | Property                 | 32,626              | 1.9        | 1.9        | -0.1               | -             | -          | -           |
| M&G             | Property                 | 43,515              | 1.7        | 1.9        | -0.2               | -             | -          | -           |
| Frogmore        | Property                 | 8,045               | -2.1       | 3.9        | -5.8               | -             | -          | -           |
| Glenmont        | Infrastructure           | 20,361              | 2.3        | 2.4        | -0.2               | -             | -          | -           |
| Temporis        | Infrastructure           | 44,634              | 0.7        | 2.4        | -1.6               | -             | 0.1        | -           |
| Temporis Impact | Infrastructure           | 12,347              | 1.7        | 2.4        | -0.7               | -             | -          | -           |
| BLK             | Infrastructure           | 7,785               | 9.2        | 2.4        | 6.6                | -             | -          | -           |
| Blackstone      | Diversified Alternatives | 41,614              | -0.5       | 2.9        | -3.3               | -             | 0.1        | -0.1        |
| BTG             | Diversified Alternatives | 33,080              | 10.4       | 1.5        | 8.8                | 0.2           | -          | 0.1         |
| Darwin          | Diversified Alternatives | 20,758              | 1.6        | 1.5        | 0.1                | -             | -          | -           |
| BLK/LBS         | Cash                     | 43,116              | 0.4        | 0.4        | 0.0                | -             | -          | -           |
| <b>Total</b>    |                          | <b>1,990,875</b>    | <b>0.0</b> | <b>0.2</b> | <b>-0.2</b>        | <b>0.0</b>    | <b>0.2</b> | <b>-0.2</b> |

**\* The benchmarks calculated by JPM for these portfolios are under review and are subject to change. As a result, the relative returns and hence contributions to relative performance are probably closer to zero.**

The third column from the right shows how much the managers have contributed to the overall return of 0%. The column on the extreme right-hand side shows how much the managers have contributed to the excess return of -0.2%. On both the absolute and relative measures, Nuveen had the most significant negative impact.

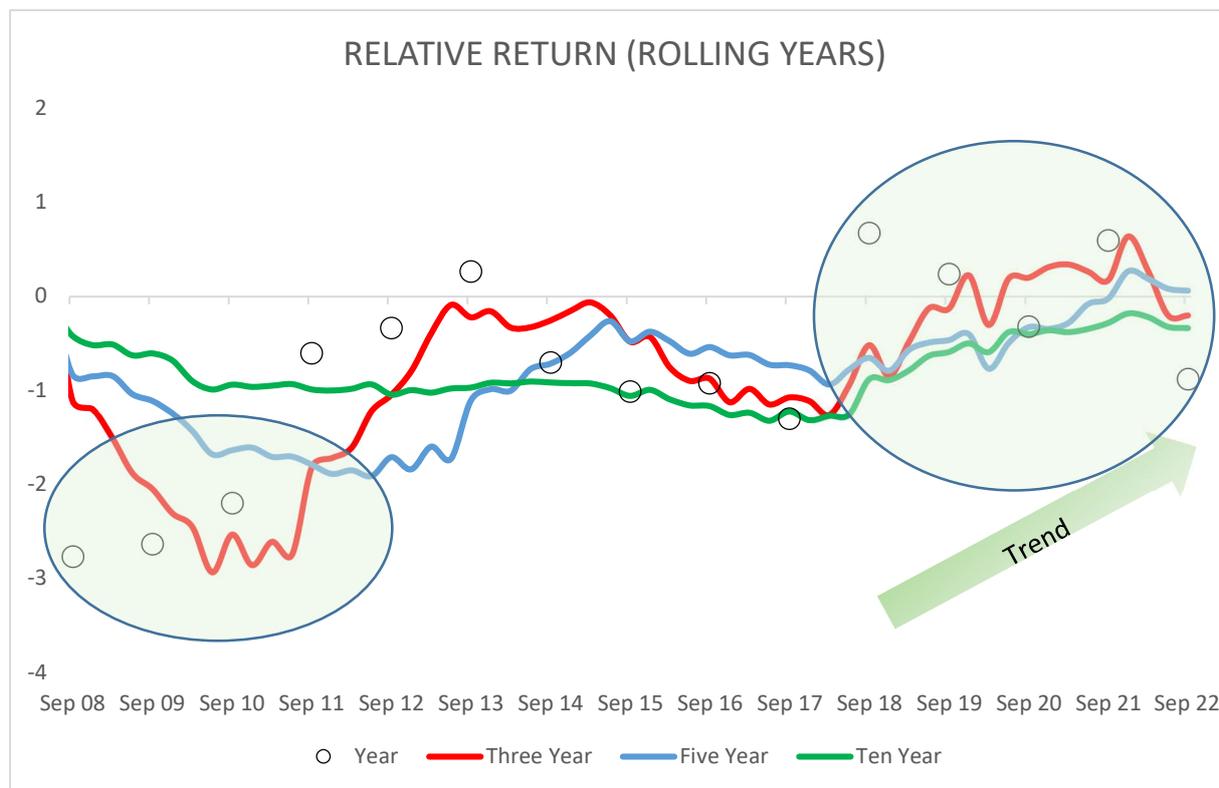
The one-year return for the Fund was disappointing both in absolute terms (-3.1%) and in relative terms (0.9% behind benchmark).

Medium-term, the Fund has returned between 5.3%p.a. and 6.8%p.a. over the three and five-year periods. The shorter period return was behind benchmark, the longer period almost exactly in line.

Over the last ten-years, the Fund has delivered a very valuable 9.3%p.a. return but still 0.3%p.a. off the target.

Returns have generally been improving of late (despite the last few quarters) and while long-term returns are still sub-benchmark, the margin is reducing. The legacy of poor active equity performance which had the Fund trailing by 2% to 3% p.a. a few years ago is diminishing.

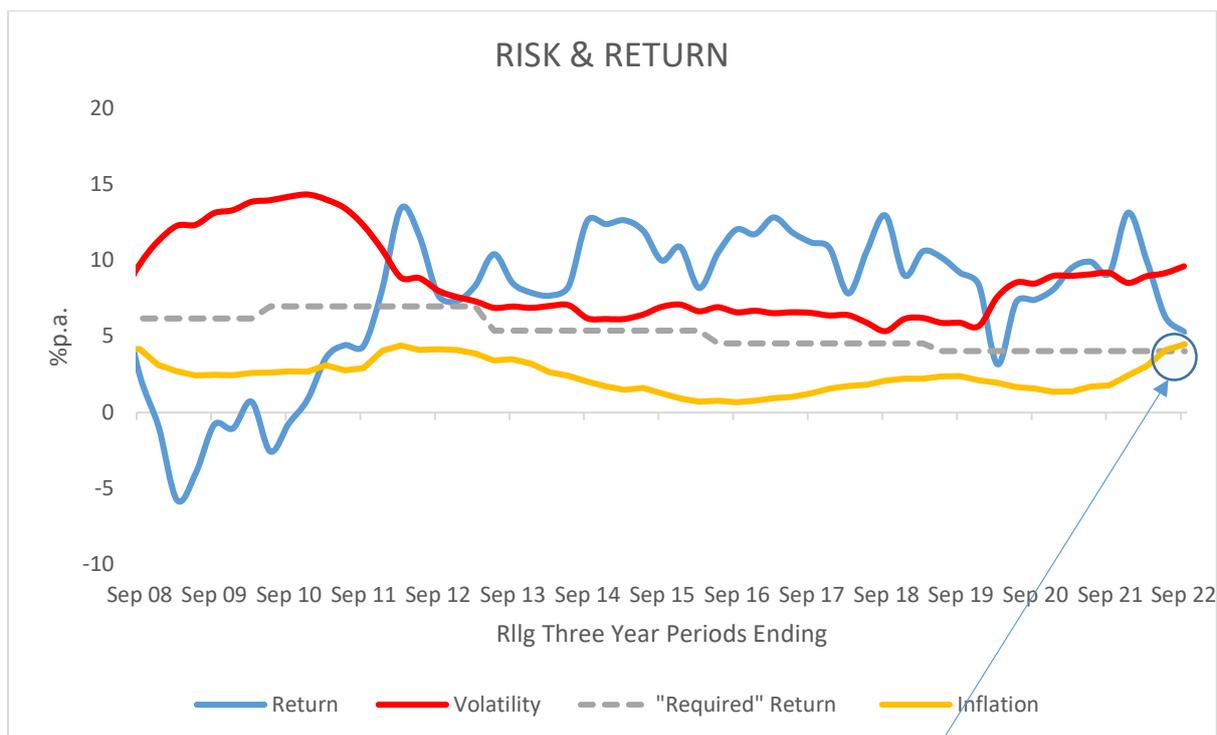
I enclose again a chart plotting the Fund's returns over a number of rolling periods relative to the benchmark. I have selected a 15-year period to review.



There is quite a bit to take away from this busy chart but in summary,

- Individual annual returns (the black discs) have more often than not been below the horizon i.e., behind benchmark. Of the 15 years, 11 have been below but most significantly in 2008 to 2010 (highlighted) where the Fund suffered from poor asset manager performance.
- What is clear is that the returns are on an improving trend e.g., three of the last five years are above benchmark and the rolling 'trails' are trending in the right direction
- Importantly, annual return volatility has become more contained

One final chart shows the progression of risk and return over time.



Again, there's a lot of information in this chart but what this shows is,

- Once the impact of the global financial crisis dropped out of the observations (the left hand side of the chart), both return and volatility had 'mean reverted', tracking within a reasonably narrow range
- Somewhat surprisingly, the impact on the rolling return of the pandemic was relatively short-lived although volatility (the red trail) has remained heightened
- Over almost all post financial crisis periods, returns delivered have consistently outpaced the return assumption used in the Actuary's modelling (the dotted line on the chart) i.e. investment performance has done the heavy lifting
- It is worth remarking again that the right hand side of the chart shows the actuary's return assumption and observed inflation converging. This is a concern. At the time of writing, annual inflation (as measured by CPI) has nudged past 11% and is expected to remain at or above this rate in the immediate near-term.

### Newton – Active Global Equity

Newton underperformed the World index by around 0.2% over the quarter. Stock selection was key to the underperformance over the period due to weakness in the financials, health care and consumer discretionary sectors. Asset allocation provided a partial offset, avoiding telecoms and real estate helped.

*Relative to the stretched (index plus target aspiration) benchmark, the portfolio lagged by 0.8%.*

The portfolio's annual return was sharply negative (4.7% short of the stretched benchmark) with three quarters behind. When they last presented to PAP, one analysis they tabled showed resilient performance in down markets. This has not been our experience over the year.

Longer-term numbers are very strong in absolute terms but remain some way short of target (particularly nearer-term).

In terms of activity, despite quite significant underperformance, Newton have made few changes since (in their words) they are comfortable with the structure of the portfolio against a backdrop of more volatile market conditions.

When they last presented to PAP, one analysis they tabled showed resilient performance in down markets. This has not been our experience, and over the last five years, there has been no discernible correlation between their relative performance and the direction of markets.

### **Comgest – Active Emerging Market Equity**

The portfolio, in place now for a year, outperformed the index benchmark by a sizeable margin, despite posting a negative return (portfolio -0.4%, index -3.8%). In terms of positives, country allocation was favourable particularly underweighting China and overweighting Brazil. The portfolio was holding just under 10% in cash which also added to the bottom line.

Over the full year, the portfolio returned -15.3%, in itself disappointing but worse when compared to the benchmark at -13.2%. It is far too early to draw any conclusions from this short-term performance.

### **BlackRock - Active**

Unfortunately, both active positions delivered negative returns and performed poorly relative to the cash benchmark over the quarter.

Performance in the ARBF portfolio was negative but much less severely so than the main traditional bond indices.

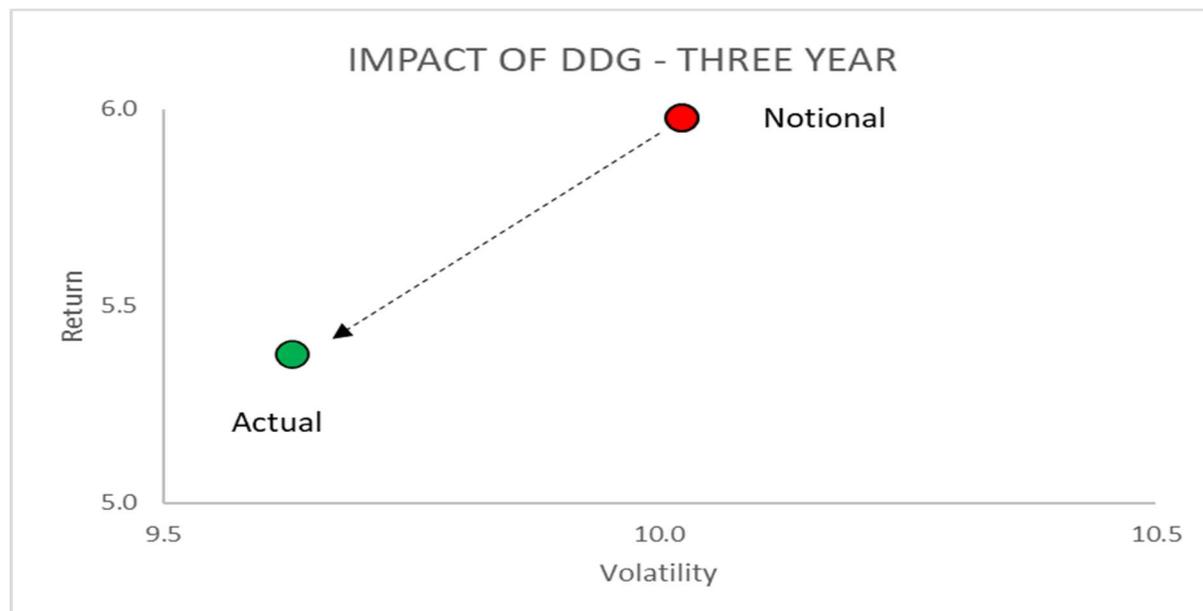
The negative return from the DG portfolio stemmed from the developed equity and credit positions.

Since their inception, returns from both strategies have been in modest low digit single figures and disappointingly behind our modest expectation (cash plus 3 or 4%).

These two portfolios hold traditional assets, but return profiles are designed to deliver results differently. Both aim simply to produce capital growth i.e. positive returns. It is anticipated that in strong growth environments, returns will appear pedestrian, but in down markets, returns should be less impacted and ideally positive.

Looking at the DDG portfolio, whilst seeking to offer downside protection, return generation is intended to be uncorrelated to that of any single asset class and as such, the overall Fund volatility should reduce in any prevailing market condition.

To see how this has worked in practice the chart below looks at the impact the diversified growth portfolio has on the whole Fund. The actual Fund outcome is the green plot, the notional outcome i.e. what would the Fund have looked like without the DDG investment the red plot.



What this clearly shows is that volatility has been reduced through the addition of the DDG investment (by 0.4%p.a.) but at the cost of some potential return (0.6%).

In terms of the balance between risk and return, the trade-off is arguably quite poor. One of the main reasons for this is that the returns being generated are quite highly correlated (on my crude calculations) to equities, the Fund's primary growth driver.

### **Nuveen Real Estate – Core Property**

The portfolio returned -3.3% over the quarter (Nuveen numbers). The overall return comprised an income return of 1.0% and capital reduction of -4.2%. The capital depreciation was led very much by reduced activity brought about by market uncertainty and a resultant weakening in sentiment. Unsurprisingly, the return fell short of the benchmark (7%p.a.) but was marginally better than comparable real estate measures. The portfolio's industrial assets were the weakest over the period reversing some very positive performance in recent periods.

The full year return reported by Nuveen is a very healthy 13.8%. This has improved medium-term numbers (three and five year numbers are in the region of 6%p.a.).

The current seven-year number of 5%p.a. has fallen back and remains behind the 7%p.a. target set by the Panel.

There are many headwinds facing the commercial real estate sector and returns are likely to be behind expectation until such times as inflation and interest rates revert to some semblance of normality and activity picks up.

***Please note that JPM and Nuveen returns are now being calculated on a consistent basis.***

## Residential/Opportunistic Real Estate

Reported returns were typically behind benchmark over the quarter and the full year. Going on JP Morgan's returns, Invesco has been the better performer over the full year but since inception, all four non-core portfolios have lagged their respective (and challenging) benchmarks.

## Southwark's Property Allocation

The core and added value/opportunistic assets continue to perform quite differently. The following table gives a flavour of this.

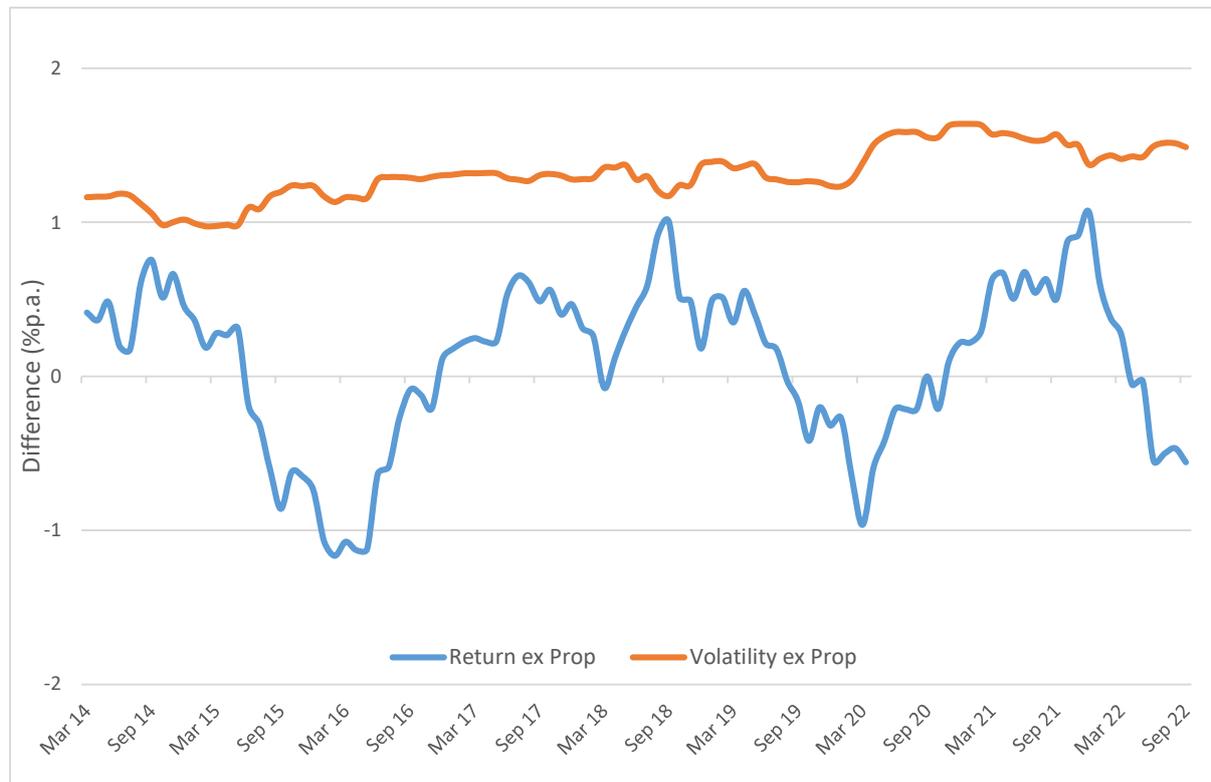
|              | Quarter * |           |          | Year |           |          |
|--------------|-----------|-----------|----------|------|-----------|----------|
|              | Fund      | Benchmark | Relative | Fund | Benchmark | Relative |
| All Property | -2.0      | 1.8       | -3.8     | 12.6 | 7.6       | 4.6      |
| Core         | -3.4      | 1.7       | -5.0     | 14.4 | 7.0       | 6.9      |
| Ex Core      | 1.4       | 2.2       | -0.8     | 6.5  | 9.3       | -2.5     |

\*The benchmark numbers shown are calculated from first principles and not those quoted by JP Morgan

The core portfolio is around three-quarters of the overall allocation so this will realistically dictate how the Fund's real estate assets perform. The table shows the non-core assets impairing the overall return.

The Fund's large commitment to the asset class as a whole is an important differentiator in its overall strategy.

The chart below shows the impact on risk and return over consecutive rolling three-year periods.



In the latest three-year period, had the Fund not held property, the return would have been 0.6%p.a. worse off and the volatility significantly higher (by around 1.5%p.a.).

This continues to be a very acceptable trade-off.

### **Infrastructure**

The Fund's infrastructure investments are relatively new and comprise just over 4% of the overall asset value. They are very early stage but returns so far have been encouraging.

### **"ESG Priority Allocation"**

These portfolios (Darwin, Blackstone and BTG) are too new to warrant commentary. At quarter end, they comprised just upwards of 5% of the Fund's assets.

### **Passive Portfolios**

The BLK equity mandate exhibited some abnormal tracking in the latest quarter, but this is likely to wash out over time. Elsewhere, the passive mandates have largely tracked the respective benchmarks.

### **Summary**

- This was a third very difficult quarter for the sector and Southwark with flat to negative returns and heightened volatility in evidence
- The Fund had a lacklustre September quarter and has not kept pace with the benchmark
- There is very little by way of good news on the horizon – inflation is back to levels last seen forty years ago, recession in the UK and other developed economies is becoming a reality and interest rates are at their highest since early 2009
- Actuarial models are calibrated in such a way that ensures short-term spikes in inflation or other defining factors have a limited impact on valuation results. The 2022 valuation results due soon will however likely include a provision for higher costs
- The valuation results notwithstanding, pension uplifts are explicitly linked to September CPI so funds will be liable for a c10% increase in costs from April next year and a resulting demand for increased investment income
- The Fund's asset allocation strategy continues to develop with increased diversification and explicit investments in targeted ESG strategies. The increased diversification has proven timely!

# Quarterly Investment Dashboard Q2 2022

London Borough of Southwark Pension Fund



Prepared for: The Pensions Advisory Panel

Prepared by: Aon

Date: 30 June 2022

Assets

£1,994.0m ▲

Assets increased by £3.5m over the quarter.

Funding

-

Comments

- The Fund's total assets increased by £3.5m over the quarter, from £1,990.5m to £1,994.0m.
- More information on notable developments are found in the Manager Review section

Surplus

-

Manager ratings

10 **Buy rated** 9 **Not rated**  
 1 **Qualified** 0 **Not recommended**

Performance (short term)

-0.2% ▼

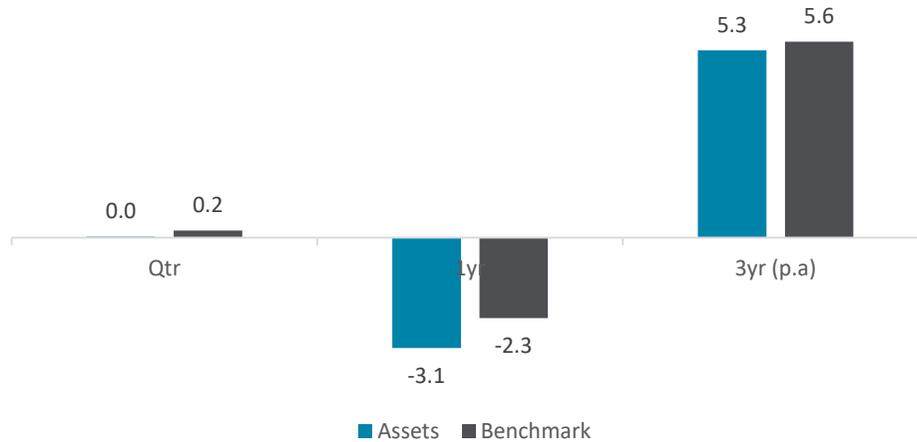
The scheme returned 0.0% vs 0.2% over the quarter.

Performance (longer term)

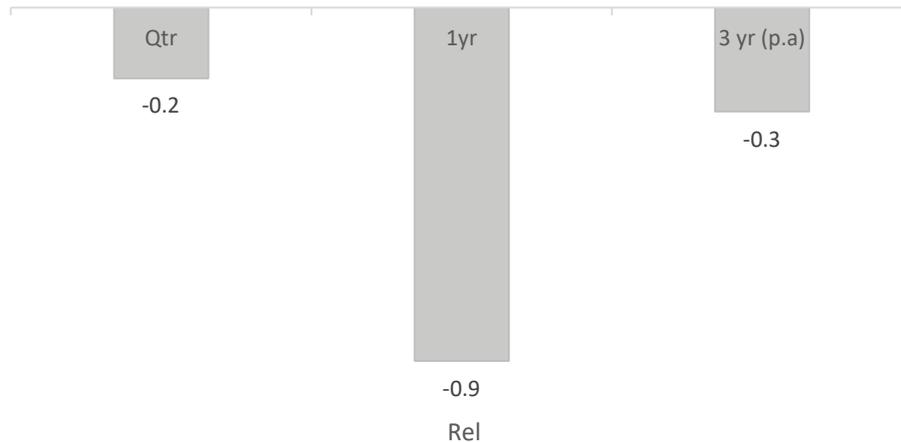
-0.3% ▼

The scheme returned 5.3% vs 5.6% over the three-year period.

## Fund performance & benchmark



## Relative performance



## Quarterly (relative)

**-0.2%**



The scheme returned 0.0% vs 0.2% over the quarter.

## 3 year (relative)

**-0.3%**



The scheme returned 5.3% vs 5.8% over the period.

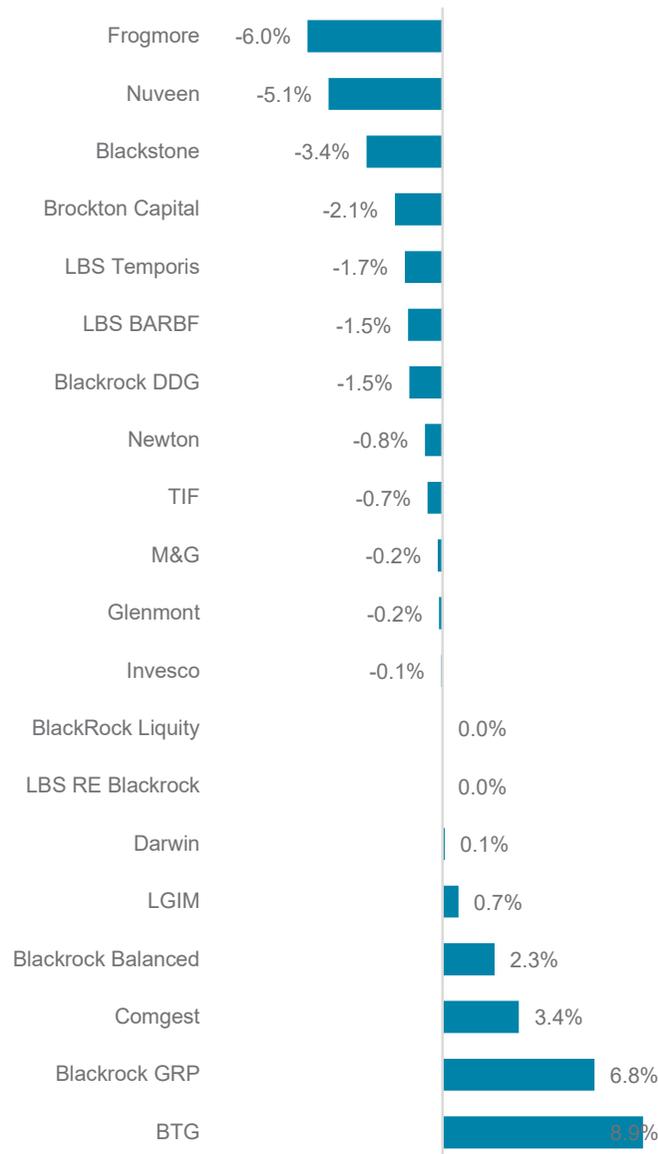
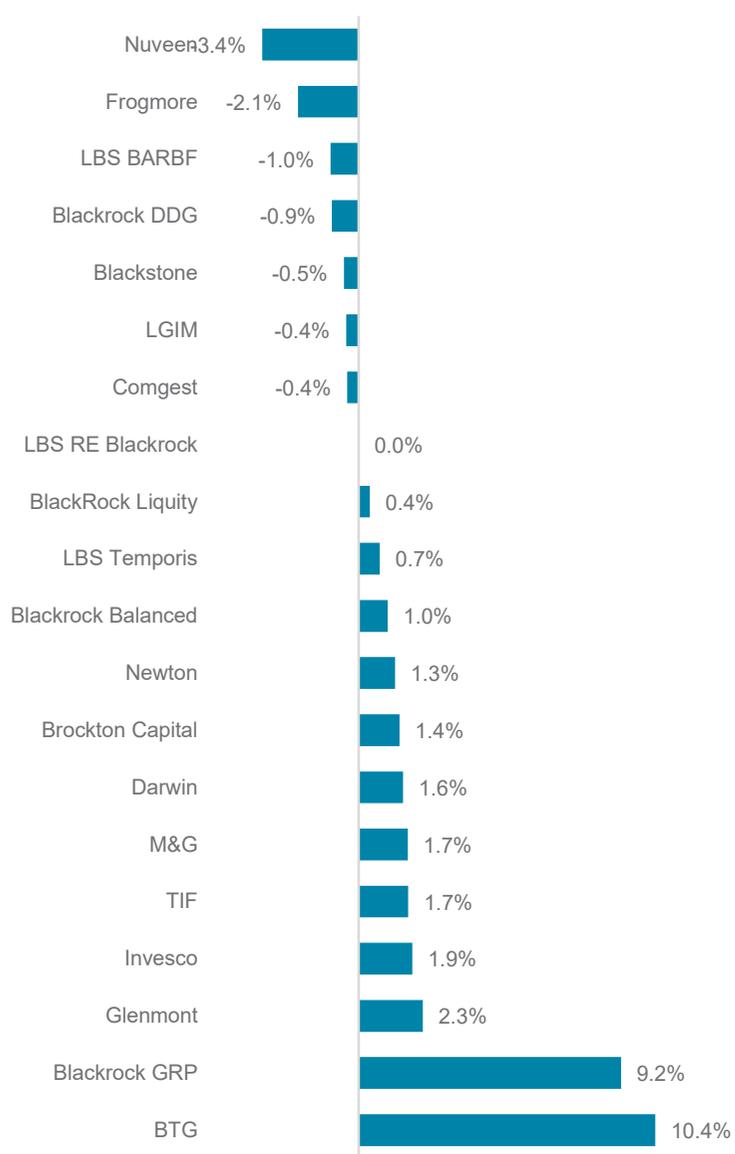
## Comments

Over the quarter, the Fund marginally underperformed the benchmark

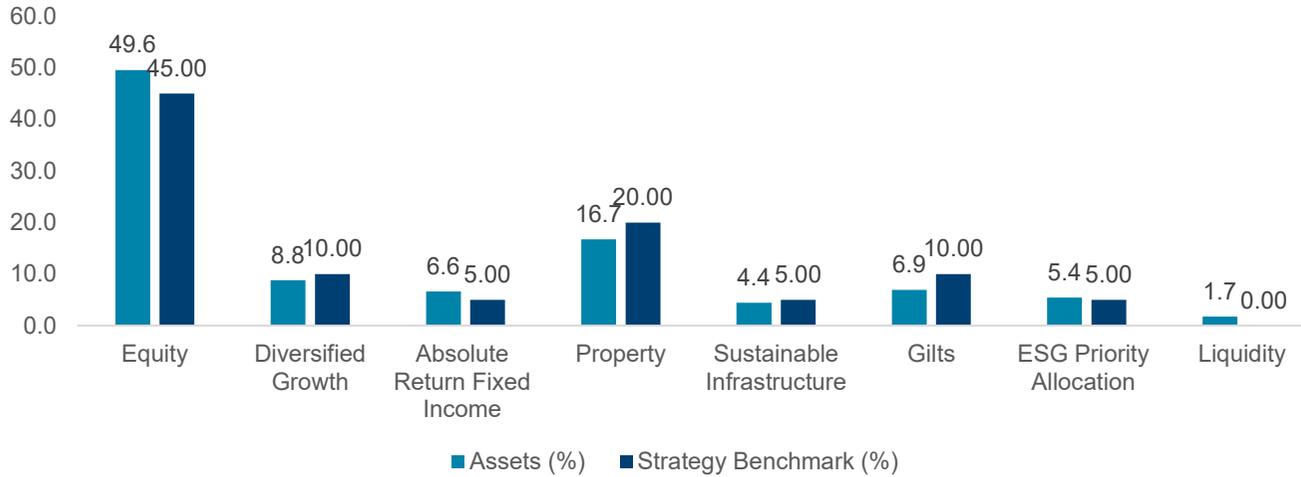
Notable detractors to performance were the Blackrock Dynamic Diversified Growth Fund, Brockton Capital III Fund, and the Blackstone GP Stakes Fund II while positive contributors included the Frogmore Real Estate Partners Fund III and the Glennmont Clean Energy Fund

# Manager performance

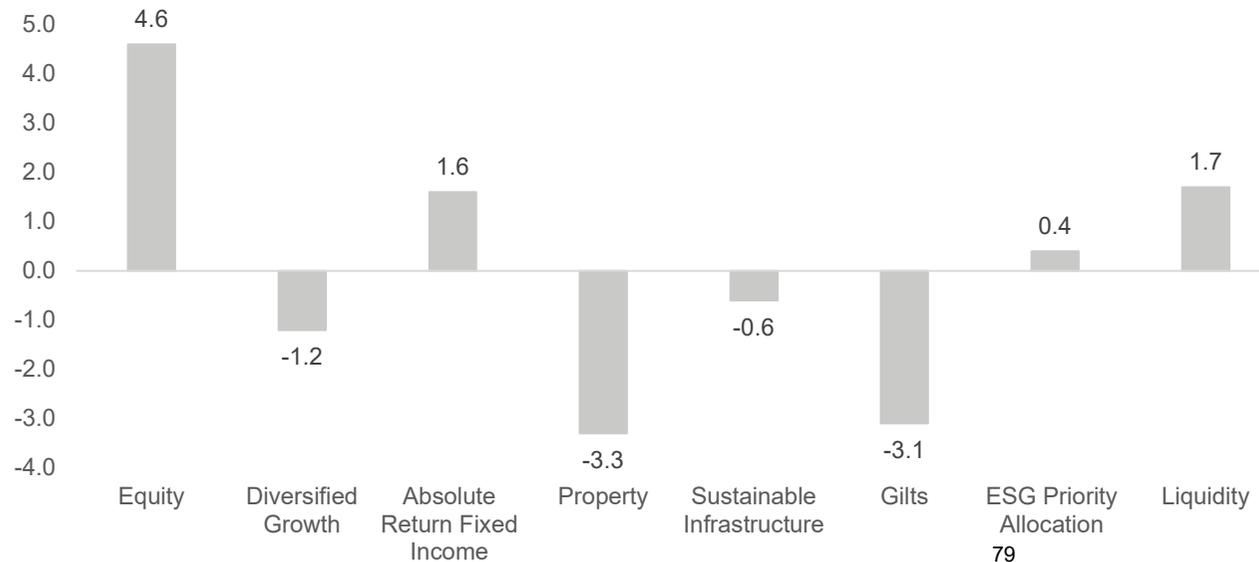
## Absolute performance



### Strategic allocation & benchmark



### Relative allocation



### Assets

£1,994.0m ▲

Assets increased by £3.5m over the quarter.

### Comments

- Equity, absolute return fixed income and the ESG Priority Allocation are overweight relative to strategic target for the asset class, while Property, Diversified Growth and Gilts are notably underweight target exposure.
- All asset classes remain well within the maximum strategic allocation limit.
- Post-quarter end, the PAP agreed to invest £30m in the Temporis Renewable Energy Fund (“TREF”) thus increasing the allocation the Fund’s allocation to the sustainable infrastructure portfolio.
- Aon will look to review the Fund’s strategic asset allocations as part of the triennial investment strategy review following the results of the 2022 Actuarial Valuation.

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# Explanation of Ratings – Overall ratings

| Overall Rating  | What does this mean?  |
|-----------------|---|
| Buy             | We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products  |
| Buy (Closed)    | We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products, however it is closed to new investors |
| Qualified       | A number of criteria have been met and we consider the investment manager to be qualified to manage client assets                                       |
| Not Recommended | A quantitative assessment of this strategy indicates it does not meet our desired criteria for investment. This strategy is not recommended.            |
| Sell            | We recommend termination of client investments in this product  |
| In Review       | The rating is under review as we evaluate factors that may cause us to change the current rating  |

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|                        |                                |   |   |
|------------------------|--------------------------------|---|---|
| <b>Item No.</b><br>10. | <b>Classification:</b><br>Open | <b>Date:</b><br>5 December 2022             | <b>Meeting Name:</b><br>Pensions Advisory Panel |
| <b>Report title:</b>   |                                | Investment Strategy Review                  |   |
| <b>From:</b>           |                                | Senior Finance Manager, Treasury & Pensions |   |

## Recommendations

1. The pensions advisory panel is asked to:
  - 1) Confirm the recommendation agreed via email correspondence to extend the Fund's investments with Temporis Capital, by investing circa £30m in the Temporis Renewable Energy Fund, subject to satisfactory completion of legal due diligence.
  - 2) Recommend the following actions as part of the investment strategy review:
    - i. Reallocate the 10% current strategic asset allocation to diversified growth funds to the other underlying asset classes in the Fund.
    - ii. Agree a new 10% strategic asset allocation to multi asset credit.
    - iii. Remove the current 5% strategic asset allocation to absolute return bonds once suitable multi asset credit funds are found.
  - 3) Agree the proposed framework, as set out in the closed Appendix A, as a minimum set of requirements to be met prior to agreeing a new investment within the illiquid assets allocation.
  - 4) Note the modelling results, as set out in the closed Appendix A, which set out the investment returns and value at risk for the current and proposed strategy.
  - 5) Note the next steps as set out in the closed Appendix A.

## Investment Strategy Review Objectives

2. The investment strategy of the Southwark Fund is developed as part of a three year cycle, involving the triennial actuarial valuation and a formal review of investment strategy as influenced by the results of the valuation.
3. The triennial valuation provides the Fund with the most accurate indication of pension liabilities, the expected rate of investment return required to meet future pension benefits and potential impact on the Fund's cash flow from forecast changes in membership.

4. The objective of a subsequent review is to ensure that the asset class and manager allocations will best capture investment opportunities with an optimal level of risk exposure to meet future pension payments over the long term.
5. In the event that the asset or manager allocation mix is no longer deemed to be appropriate or that more beneficial investment opportunities are available, the Fund will assess the cost and benefit implications of a potential change in strategy.
6. The officers, in conjunction with Aon, have commenced a review of the investment strategy. The review assessed the current investment portfolio in the context of the overall investment return requirements as set out in the Fund's actuarial valuation and regarding overall as well as specific risk exposures for the Fund.
7. The strategy review also sought to incorporate the Fund's commitment to achieving net zero carbon exposure within its investments by 2030.

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

#### **Community Impact Statement**

8. There are no immediate implications arising.

#### **Equalities (including socio-economic) Impact Statement**

9. There are no immediate implications arising.

#### **Health Impact Statement**

10. There are no immediate implications arising.

#### **Climate Change Implications**

11. There are no immediate implications arising.

#### **Resource Implications**

12. There are no immediate implications arising.

#### **Legal Implications**

13. There are no immediate implications arising

#### **Consultation**

14. There are no immediate implications arising.

## Financial Implications

15. There are no immediate implications arising.

## AUDIT TRAIL

|   |  |                          |
|---|--|--------------------------|
| <b>Lead Officer</b>   | Duncan Whitfield, Strategic Director of Finance and Governance |                          |
| <b>Report Author</b>  | Caroline Watson, Senior Finance Manager, Treasury and Pensions |                          |
| <b>Version</b>  | Final  |                          |
| <b>Dated</b>  | 25 November 2022   |                          |
| <b>Key Decision?</b>  | N/A  |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |  |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b>   | <b>Comments Included</b> |
| Director of Law and Governance  | N/A  | N/A                      |
| Strategic Director of Finance and Governance                            | N/A  | N/A                      |
| <b>Cabinet Member</b>   | N/A  | N/A                      |
| <b>Date final report sent to Constitutional Team</b>                    |  | 28 November 2022         |

|                        |                                |  |   |
|------------------------|--------------------------------|--|---|
| <b>Item No.</b><br>11. | <b>Classification:</b><br>Open | <b>Date:</b><br>5 December 2022                          | <b>Meeting Name:</b><br>Pensions Advisory Panel |
| <b>Report title:</b>   |                                | CMA Order – Objectives for Fund’s Investment Consultants |   |
| <b>From:</b>           |                                | Senior Finance Manager, Treasury & Pensions              |   |

### Recommendations

1. The PAP is asked to:
  - 1) Note the requirements set out in this report for administering authorities to set objectives for their investment consultant and monitor these annually.
  - 2) Note the objectives which have been set to comply with this requirement and the arrangements in place to ensure ongoing compliance.
  - 3) Note the scoring mechanism as set out in Appendix 1.

### Background

2. In June 2019 the Competition and Markets Authority (CMA) introduced new duties for trustees via an Order which took effect from December 2019. The Order aims to address several problems that the CMA found as part of its Investment Management Market Investigation. Although the CMA Order refers to trustees, the Order is also applicable to the Local Government Pension Scheme.
3. These duties were brought into pensions regulations in October 2022. The law now requires trustees to set objectives for investment consultants and review performance against those objectives at least annually. The objectives must also be formally reviewed and revised at least every three years. Regulation of these obligations has been transferred under the new regulations from the DWP to the Pensions Regulator.

### Assessing Objectives

4. The administering authority is responsible for setting and reviewing the objectives and, to ensure continuity of assessment, officers will conduct this role.
5. The objectives that Aon will be assessed against are split into four categories: investment strategy; performance review; advice; and client servicing and relationship management. The detailed objectives are set out in the table below:

| <b>Category</b>                              | <b>Objective</b>   |
|--|--|
| Investment Strategy                          | Does the Fund have a clear and coherent investment strategy?   |
|  | Is the asset allocation appropriately diversified?   |
|  | Does the strategy incorporate a clear bias towards low carbon investment?  |
| Performance Review                           | Is the Fund's performance regularly monitored and are reasons for variations from benchmark clearly explained?                     |
|  | Are recommendations to change or review mandates made when appropriate?  |
|  | Is the risk profile of the Fund monitored and are variations from the agreed strategy explained?                                   |
| Advice                                       | Does the consultant respond in a timely manner to requests for advice?   |
|  | Is the advice received incisive and clear?   |
|  | Has the consultant been sufficiently pro-active in raising new suitable investment opportunities or risk mitigation opportunities? |
| Client Servicing and Relationship Management | Has the consultant produced papers in good time ahead of meetings?   |
|  | Has the consultant maintained fees in line with pre-agreed budgets?  |

6. Officers will assess Aon's performance against the above objectives annually in advance of submitting the annual compliance statement which will be signed by the strategic director of finance and governance. This annual assessment will form part of the ongoing review of the performance of the investment consultancy contract throughout its duration. The scoring mechanism which will be applied in the assessment is set out in Appendix 1 of this report.

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

### **Community Impact Statement**

7. There are no immediate implications arising.

### **Equalities (including socio-economic) Impact Statement**

8. There are no immediate implications arising.

### **Health Impact Statement**

9. There are no immediate implications arising.

### **Climate Change Implications**

10. There are no immediate implications arising.

### Resource Implications

11. There are no immediate implications arising.

### Legal Implications

12. There are no immediate implications arising

### Consultation

13. There are no immediate implications arising.

### Financial Implications

14. There are no immediate implications arising.

### APPENDICES

| Name       | Title             |
|------------|-------------------|
| Appendix 1 | Scoring Mechanism |

### AUDIT TRAIL

|   |  |                          |
|---|--|--------------------------|
| <b>Lead Officer</b>   | Duncan Whitfield, Strategic Director of Finance and Governance |                          |
| <b>Report Author</b>  | Caroline Watson, Senior Finance Manager, Treasury and Pensions |                          |
| <b>Version</b>  | Final  |                          |
| <b>Dated</b>  | 21 November 2022   |                          |
| <b>Key Decision?</b>  | N/A  |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |  |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b>   | <b>Comments Included</b> |
| Director of Law and Governance  | N/A  | N/A                      |
| Strategic Director of Finance and Governance                            | N/A  | N/A                      |
| <b>Cabinet Member</b>   | N/A  | N/A                      |
| <b>Date final report sent to Constitutional Team</b>                    |  | 28 November 2022         |

## Appendix 1 – Scoring Mechanism

Weightings have been assigned to each objective to determine the most important aspects of the service. These weightings reflect the Fund's priorities with regards to progressing its zero carbon target. The weightings are set out in the following scorecard:

| <b>Objective</b>                             | <b>Rating</b> | <b>Weight</b> |
|--|---------------|---------------|
| Investment Strategy                          |               | 30%           |
| Performance Review                           |               | 25%           |
| Advice                                       |               | 35%           |
| Client Servicing and Relationship Management |               | 10%           |
| <b>Overall Score</b>                         |               | <b>100%</b>   |

A sliding numeric scale of 1-4 will be applied, and a simple average will be used to determine the overall rating.

|                        |                                |   |   |
|------------------------|--------------------------------|---|---|
| <b>Item No.</b><br>12. | <b>Classification:</b><br>Open | <b>Date:</b><br>5 December 2022                   | <b>Meeting Name:</b><br>Pensions Advisory Panel |
| <b>Report title:</b>   |                                | Pension Services - Administration Function Update |   |
| <b>From:</b>           |                                | Pensions Manager, Finance and Governance          |   |

### **RECOMMENDATION**

1. The pensions advisory panel (the panel) is asked to note this update on the pensions administration function.

### **BACKGROUND INFORMATION**

2. The panel received an update on 31 October 2022 which set out information on IT/systems, staff changes, communications and complaint management.

### **Return to work post-covid**

3. All staff are in the office two or three days each week as part of agreed hybrid flexible working.

### **Recruitment/staffing**

4. Higher than average staff sickness (including long-term sickness absence) continues to affect Pension Services.
5. Pensions Administration Manager interviews took place over 17/18 November. We are very pleased to announce that the successful candidate was Agne Svencionyte. Agne has been acting Deputy Pensions Manager for the last six months (with another colleague), and is also responsible for the First Contact Resource team. Agne takes up her new position effective from 1 December.
6. Pensions Payroll Manager interviews took place over 11/14 November. Louise Charman was the successful candidate and has 20 years payroll (and pensions and finance) experience with the London Pensions Fund Authority (LPFA) and London Pensions Partnership Administration (LPPA). Start date expected to be around January 2023.
7. Senior Pensions Officer interviews are scheduled for later in November. We will update the Panel at future meetings.

### **Pensions administration action plan**

8. A detailed action plan will be tabled at the March 2023 Panel meeting setting out any remaining data issues following the software migration. All key issues have already been escalated to Senior Management within Civica. The Data systems team monitors progress each day with Civica's Helpdesk and Account Manager.
9. Performance Metrics will be reinstated where Key Performance Indicators are provided to the Local Pension Board. This functionality exists but has not been tested due to all available resources being transferred to address the wider data migration issues, and to ensure Annual Benefit Statements could be produced.
10. Despite the absence of reporting against statutory deadlines, the admin team has, throughout this period, prioritised all financially sensitive transactions around payroll cut off dates. This includes payment of lump sums and pensions on retirement, and processing death benefits where dependent pensions and death grants become payable. Although the performance metrics are not available, the Pensions Manager is confident no material breach has occurred.

### **Cyber security – new pensions administration system**

11. Mike Ellsmore, Chair of the Local Pension Board has confirmed cyber security would be reviewed, particularly as the Council had moved onto new pensions software. The results will be communicated to the Panel in due course.
12. However, a brief report was provided to the Board back in July 2022 which confirmed the new pensions administration system had been extensively tested and secured against cyber-attack. The system only allows access from pre-approved IP addresses, limited to the Southwark Council network and Aon. User access is controlled by the Pension Services Data Systems team, with strict password and user access protocols in place.
13. Data is stored in cloud servers hosted by Civica in a UK data centre. ISO certifications (27001, 20000, 22301, 14001, 9001) provide confidence that Civica operations meet the highest levels of information security, IT service management, business continuity and have the Government's IL3 accreditation rating, the highest security rating available. A secondary disaster recovery database is continuously running, and so in the event of a cyber-attack or other downtime the system can switch to a backup with limited data loss. Every keystroke on the system is fully logged and audited.
14. The new online Member Portal and Employer Hub have been penetration tested against cyber-attack by an independent third party, with no issues raised. Two factor authentication is required for members to register and

log in to ensure the security of their data. Internal policies ensure any suspicious requests are interrogated and verified.

15. The Pension Fund will be engaging Aon (the funds actuaries and advisors) to undertake a detailed cyber assessment (as compared to other LGPS funds). Results will be passed to the Board and shared with the Panel in due course.

### **Complaint management**

16. Reports will now include complaint outcomes and whether the complaint was resolved, upheld or not upheld, together with details of any financial redress.
17. Any complaint that has been finally determined by an Ombudsman is published on their website. A copy of the determination will be provided to the panel.
18. A list of recent complaints and how they have been managed is set out below:
  - The Pensions Ombudsman - ill-health award tiering appeal made against a former employer (school). All ill-health tiering awards are recommended by Occupational Health following medical assessment, but it is the employer that makes the final decision. A Schools HR Business Partner has now provided a formal response to the Pensions Ombudsman. Decision awaited.
  - IDRPs stage 1 - three complaints are with the Council concerning incorrect employee pension deductions made from the SAP payroll system. As these complaints are against the principal employer the complaints are all being assessed by Council HR acting as the stage 1 adjudicator. The Council is yet to respond to each stage 1 complainant.
  - IDRPs stage 1 - two complaints were made against the pension fund due to delayed transfer values. Both cases have now been resolved.
  - IDRPs stage 1 - complaint raised against the pension fund due to a death grant not being paid. The widow believed a death grant was payable after finding a deferred benefit statement. However, the member had since retired and his pension had been paid for many years. The complaint was not upheld.

### **Performance monitoring**

The Data Systems team will be testing UPM workflow and task management functionality shortly and we will provide a full report and metrics at future meetings.

Longer-term aspirations are to benchmark against CIPFA guidance (or better).

## **Conclusions**

19. Recruitment and retention of key staff with the necessary skills is critical to the achievement of future plans.
20. There will continue to be some reliance on specialist external support. However, with internal training now firmly established and taking place regularly each week, 95% of all business as usual and project work is managed in-house by Pension Services.

## **Policy framework implications**

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

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

### **Community impact statement**

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

### **Equalities (including socio-economic) impact statement**

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

### **Health impact statement**

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

### **Climate change implications**

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

### **Resource implications**

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

### **Legal implications**

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

### **Financial implications**

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

### **Consultation**

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

**SUPPLEMENTARY ADVICE FROM OTHER OFFICERS****Director of Law and Governance**

30. Not applicable.

**Strategic Director of Finance and Governance**

31. Not applicable.

**Other officers**

32. Not applicable.

**AUDIT TRAIL**

|   |  |                          |
|---|--|--------------------------|
| <b>Lead Officer</b>   | Duncan Whitfield, Strategic Director of Finance and Governance |                          |
| <b>Report Author</b>  | Barry Berkengoff, Pensions Manager, Finance and Governance     |                          |
| <b>Version</b>  | Final  |                          |
| <b>Dated</b>  | 25 November 2022   |                          |
| <b>Key Decision?</b>  | No   |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |  |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b>   | <b>Comments Included</b> |
| Director of Law and Governance  | No   | N/a                      |
| Strategic Director of Finance and Governance                            | No   | N/a                      |
| List other officers here  |  |                          |
| <b>Cabinet Member</b>   | No   | N/a                      |
| <b>Date final report sent to Constitutional Team</b>                    | 28 November 2022   |                          |

|                        |                                 |   |
|------------------------|---------------------------------|---|
| <b>Item No.</b><br>13. | <b>Date:</b><br>31 October 2022 | <b>Meeting Name:</b><br>Pensions Advisory Panel |
| <b>Report title:</b>   |                                 | Update on the Local Pension Board               |
| <b>From:</b>           |                                 | Chair of the Local Pension Board                |

## RECOMMENDATION

1. The pensions advisory panel is asked to note the update from the local pension board (LPB) meeting of 19 October 2022.

## KEY AREAS OF DISCUSSION

2. AON provided a training session on the actuarial valuation process.
3. The main business included an update on pensions services, a draft policy on formal board appointments, TCFD consultation for the LGPS, an update on current issues in the LGPS, an investment update and the reappointment of the LPB chair.

### Pensions services

4. This primarily covered the improved payment system through Civica allowing weekly payroll and payment of lump sums closer to date of retirement.
5. Discussion was had over improvements required on the UPM side of Civica, focusing on data migration and bulk calculations issues and it was noted that four other local authorities moved to Civica at the same time, with the same issues.
6. The LPB chair encouraged an action plan to be put in place to address ongoing issues, along with engaging with Civica at a senior level and the other impacted authorities.
7. An update was provided around staffing within the Services function as the Pensions Payroll Manager has handed in their notice and staff sickness being higher than usual.
8. Recruitment is underway for a Deputy Pensions Manager and Senior Pensions Officer, with a new First Contact Officer due to start at the end of November 2022.

### Formal board appointments

9. This covered a draft policy for appointing board members, including scheme and employer representatives and substitute members.

10. This was deferred to the LPB meeting in January 2023 to allow board members to have more time to consider the proposals included in the report.

### **TCFD consultation for LGPS**

11. This involved an update on what the upcoming TCFD disclosures will require, outlining that new reporting requirements will come into force from December 2024.
12. Concerns were raised over the additional resource that will be required to meet the new reporting requirements but it was noted that Officers of the fund already meet a number of the new requirements.

### **Update on current issues in the LGPS**

13. Initial consultation has completed on phase one of the Good Governance project, with phase two to be undertaken next year.
14. There is due to be ongoing monitoring of diversity and inclusion on the Board, in line with The Pensions Regulator action plan.
15. The Scheme Advisory Board has written to Government Ministers to recommend separation of Local Authority and Pension Fund accounts at year-end to avoid ongoing issues around delays on signing off the Pension Fund accounts based on issues with the Local Authority accounts.

### **Investment update**

16. Affirmation that the ongoing volatility in the market following the recent mini-budget has had minimal impact on the long term funding position of the LBS Pension Fund.
17. This update provided an opportunity to remind the Board that there is an upcoming Investment Strategy review due in December 2022.
18. There was a further update that the Fund intends to recall a portion of investment returns from fund managers if the upcoming increase in pension benefits poses liquidity risk.

### **Re-appointment of the local pension board chair**

19. The board voted in favour of retaining Mike Ellsmore as Chair of the local pension board

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

#### **Community impact statement**

20. No immediate implications arising

### **Equalities (including socio-economic) Impact Statement**

21. No immediate implications arising

### **Health Impact Statement**

22. No immediate implications arising

### **Climate Change Implications**

23. No immediate implications arising

### **Resource Implications**

24. No immediate implications arising

### **Legal Implications**

25. No immediate implications arising

### **Financial Implications**

26. No immediate implications arising

### **Consultation**

27. No immediate implications arising

### **AUDIT TRAIL**

|   |  |                          |
|---|--|--------------------------|
| <b>Lead Officer</b>   | Duncan Whitfield, Strategic Director of Finance and Governance |                          |
| <b>Report Author</b>  | Mike Ellsmore, Chair of the Local Pension Board                |                          |
| <b>Version</b>  | Final  |                          |
| <b>Dated</b>  | 24 November 2022   |                          |
| <b>Key Decision?</b>  | N/A  |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |  |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b>   | <b>Comments Included</b> |
| Director of Law and Governance  | N/A  | N/A                      |
| Strategic Director of Finance and Governance                            | N/A  | N/A                      |
| <b>Cabinet Member</b>   | N/A  | N/A                      |
| <b>Date final report sent to Constitutional Team</b>                    |  | 28 November 2022         |

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**COMMITTEE:** Pensions Advisory Panel

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

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| David Cullinan                     | By email             |                                |                      |
| Colin Cartwright                   | By email             |                                |                      |
| Last updated – May 2022            |                      |                                |                      |