

## Pensions Advisory Panel

Wednesday 19 March 2025

1.30 pm

PWC Offices, 7 More London Riverside, London SE1 2RT

### **Membership**

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

### **Officers**

Clive Palfreyman  
Caroline Watson  
Barry Berkengoff

### **Staff Representatives**

Derrick Bennett  
Roger Stocker  
Julie Timbrell

### **Advisors**

Colin Cartwright  
David Cullinan

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### **INFORMATION FOR MEMBERS**

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**Contact:** Andrew Weir on 020 7525 7222 or email: [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: 11 March 2025



## Pensions Advisory Panel

Wednesday 19 March 2025  
1.30 pm  
PWC Offices, 7 More London Riverside, London SE1 2RT

### Order of Business

Item No.	Title	Page No.
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</b>	1 - 6
	To agree as a correct record, the open minutes of the meeting held on 9 December 2024.	
6.	<b>MATTERS ARISING</b>	
7.	<b>LGPS POOLING – VERBAL UPDATE</b>	
8.	<b>UPDATE ON THE LOCAL PENSION BOARD</b>	7 - 10

<b>Item No.</b>	<b>Title</b>	<b>Page No.</b>
9.	<b>PENSIONS SERVICES – ADMIN/OPS UPDATE</b>	11 - 17
10.	<b>ASSET ALLOCATION AND NET ZERO STRATEGY UPDATE – 31 DECEMBER 2024</b>	18 - 25
11.	<b>ADVISERS' UPDATES – QUARTER TO DECEMBER 2024</b>	26 - 56
	<ul style="list-style-type: none"> <li>• David Cullinan</li> <li>• AON</li> </ul>	
12.	<b>COMPLIANCE WITH THE GENERAL CODE &amp; ACTION PLAN FOLLOWING BARNETT WADDINGHAM REVIEW</b>	57 - 61
13.	<b>CARBON FOOTPRINT UPDATE – 31 DEC 2024</b>	62 - 68
14.	<b>UPDATE ON ENGAGEMENT AND VOTING ACTIVITY – 31 DEC 2024</b>	69 - 76
15.	<b>PENSION FUND STATEMENT OF ACCOUNTS 2023-24</b>	78 - 133

**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.”

### **16. CLOSED MINUTES 9 DECEMBER 2024**

To agree as a correct record, the closed minutes of the meeting held on 9 December 2024.

Item No.	Title	Page No.
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17.	LGPS POOLING – VERBAL UPDATE CLOSED	
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18.	QUARTERLY INVESTMENT UPDATE – AON CLOSED REPORT	
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19.	QUARTERLY ACTUARIAL FUNDING UPDATE – DECEMBER 2024	
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Date: 11 March 2025



## **Pensions Advisory Panel**

MINUTES of the OPEN section of the Pensions Advisory Panel held on Monday 9 December 2024 at 2.00 pm at Meeting Room 225 - 160 Tooley Street, London SE1 2QH

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**PRESENT:** Councillor Stephanie Cryan (Chair)  
Councillor Rachel Bentley  
Councillor Emily Hickson  
Clive Palfreyman  
Barry Berkengoff  
Tracey Milner  
Spandan Shah  
Tufazzal Miah  
Helen Laker  
Roger Stocker  
David Cullinan  
Colin Cartwright  
Marco Gonzalez

### **1. APOLOGIES**

Apologies were received from Caroline Watson, Chief Investment Officer.

### **2. CONFIRMATION OF VOTING MEMBERS**

Councillor Stephanie Cryan, Councillor Rachel Bentley, Councillor Emily Hickson and Barry Berkengoff were confirmed as voting members.

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

There were none.

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

There were none.

#### **5. MINUTES**

##### **RESOLVED:**

That the open minutes of the meeting held on 30 September 2024 be agreed as a correct record, and signed by the Chair.

#### **6. MATTERS ARISING**

There were none.

#### **7. LOCAL GOVERNMENT PENSION SCHEME (ENGLAND AND WALES) FIT FOR THE FUTURE - CONSULTATION**

Tracey Milner, Interim Pension Investments Manager, introduced the report and informed the meeting that a draft response to the consultation was being put together and would be circulated to the Pensions Advisory Panel (the Panel) as soon as possible.

The Panel discussed the report, the implications and possible changes for the Panel, the issue of Additional Voluntary Contribution (AVC) investment pooling, and how other councils may respond to future developments.

The Panel asked for the issue of AVCs to be brought back to a future Panel meeting.

##### **RESOLVED:**

1. That the content of this report be noted.
2. That it be noted that officers will circulate to members of the Panel a draft response to the LGPS (England & Wales) Fit for the Future Consultation, ahead of the consultation deadline.

#### **8. UPDATE ON THE LOCAL PENSION BOARD**

The Chair congratulated Mike Ellsmore on his re-election as Chair of the Local Pension Board (LPB).

Mike Ellsmore then updated the Panel on the last meeting of the LPB including the

results of a desktop review by Barnett Waddingham in relation to the Fund's level of readiness for complying with provisions of the new General Code of Practice.

The Panel raised some questions, and discussed, the Barnett Waddingham report.

**RESOLVED:**

That the update from the Local Pension Board (LPB) meeting of 9 October 2024 be noted.

**9. PENSIONS SERVICES - ADMINISTRATION AND OPERATIONAL UPDATE**

Barry Berkengoff, Head of Pension Operations, presented the report.

Some questions were raised about the report and these were discussed, as well as a brief discussion on formal complaints and the risks of pension scamming and pension liberation on the Funds.

**RESOLVED:**

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

**10. ASSET ALLOCATION AND NET ZERO STRATEGY UPDATE**

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

There were questions on the report and a discussion regarding the content of the report.

**RESOLVED:**

That the Fund's asset allocation at 30 September 2024, overall performance and other matters considered by the officers and advisers of the Fund during the quarter to the end of September and post quarter end be noted.

**11. ADVISORS' UPDATES - QUARTER TO DECEMBER 2024**

David Cullinan presented his report and updated the Panel.

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

There were questions and a discussion on the reports.

**RESOLVED:**

That the quarterly investment updates be noted.

**12. INVESTMENT IN CONFLICT ZONES**

The Chair informed those present that this item would be taken in the closed session.

**13. LISTED ASSETS REVIEW**

The Chair informed those present that this item would be taken in the closed session.

**14. CARBON FOOTPRINT UPDATE - 30 SEPTEMBER 2024**

Spandan Shah, Interim ESG Manager, Finance and Governance, presented the report.

There were questions on the report and on the impact of the US elections, and a discussion.

**RESOLVED:**

That the Fund's updated carbon footprint as at 30 September 2024 be noted.

**15. UPDATE ON ENGAGEMENT AND VOTING ACTIVITY**

Spandan Shah presented the report.

There were questions on the report and a discussion.

**RESOLVED:**

That the Fund's engagement and voting activity for the quarter ended 30 September 2024 for the underlying investments of the Fund be noted.

**16. METRICS TO BE CONSIDERED AS PART OF THE EQUALITY, DIVERSITY, AND INCLUSION POLICY**

Spandan Shah presented the report.

There were questions on the report and a discussion.

**RESOLVED:**

That the key KPIs/metrics the Fund will consider as part of implementing a standalone Equality, Diversity, and Inclusion ('EDI') policy (or 'the Policy') which was discussed in the previous meeting be noted.

**EXCLUSION OF THE PRESS AND PUBLIC**

That the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in category 3 of paragraph 10.4 of the access to information procedure rules of the Southwark Constitution.

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

**17. CLOSED MINUTES**

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

**18. QUARTERLY INVESTMENT UPDATE - AON CLOSED REPORT**

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

**19. QUARTERLY ACTUARIAL FUNDING UPDATE - SEPTEMBER 2024**

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

**20. LISTED ASSETS REVIEW**

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

**21. INVESTMENT IN CONFLICT ZONES**

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

The meeting ended at 4.20 pm

**CHAIR:**

**DATED:**

<b>Meeting Name:</b>	Pensions Advisory Panel
<b>Date:</b>	19 March 2025
<b>Report title:</b>	Update on the Local Pension Board
<b>Ward(s) or groups affected:</b>	Not applicable
<b>Classification:</b>	Open
<b>Reason for lateness (if applicable):</b>	Not applicable
<b>From:</b>	Chair of the Local Pension Board

## RECOMMENDATION

1. The Pensions Advisory Panel (PAP) is asked to note:
  - a. The update from the Local Pension Board (LPB) meeting of 22 January 2025.

## KEY AREAS OF DISCUSSION

### Training Session – Investment Rebalancing Case Study

2. A case study was presented by the Pensions Investment Manager in relation to increasing investment in the index-linked gilts as the asset class had been persistently underweight (compared to its strategic benchmark) in the Fund's portfolio.
3. The case study included an overview of the Fund's responsible investment policies and strategic asset allocation.
4. There was a discussion on the timeline of the rebalancing exercise highlighting certain challenges the Fund officers faced in executing the transaction, including the documentation and approval rights required as well as the need to maintain a robust audit trail for the future.

### Pension Services

5. The Pensions Administration Manager presented the report. An update was provided on progress made to date on the IT systems in place.
6. There was a discussion on the ongoing work in relation the National Pension Dashboard (NPD) and the issuance of annual benefit statements (ABS), particularly around the proactive planning required ahead of issue of ABS to the Fund members.

7. An update was also provided regarding Strictly Education discontinuing their pensions payroll service and the risks this presented to the Fund. There was a discussion on initial steps being taken to mitigate any risks from this development.

### **Breaches Log**

8. The Chief Investment Officer provided an update regarding the breaches log.
9. One of the key points discussed was failure by some employers to pay their contributions. An update was provided on new additions onto the breaches log relating to two admitted bodies failing to pay contributions since enrolment to the scheme. The failure by both admitted bodies has been reported to the Pensions Regulator.
10. There was an additional discussion on the further course of action as well as working with the legal team to work out the best way to address these breaches.

### **Action Tracker**

11. The Chief Investment Officer presented the Action Tracker. An update was provided regarding Barnett Waddingham's review of the Fund's readiness in complying with the requirements of the General Code.
12. The Fund officers are preparing an Action plan highlighting steps to be taken to address the gaps identified as part of the independent review.

### **Update on current LGPS issues**

13. An update was provided on the new information arising from discussions with the SAB and Nigel Giffin KC in relation to investments in conflict zones. There has been an updated opinion issued by Nigel Giffin KC on fiduciary duty in the context of LGPS.
14. Another discussion was in relation to the progress made on proposed separation of pension fund accounts from those of the administering authority /local councils. It was mentioned that it is likely that audits will be completed more quickly because of this change in policy.
15. Also highlighted was the news that the Department for Education is now providing a guarantee to ensure equal treatment of members of Further Education bodies in relation to actuarial valuations.

### **Forward Plan 2025 – 2026**

16. The Chief Investment Officer presented the forward plan for 2025 – 2026. As part of the plan, it was agreed to consider specific areas of the Fund operations as standing items going forward.

17. These include: Dashboard changes in pensions services, ABS-related planning, Risk register, Budget monitoring and Updates on Fit for future initiative.

### **Training Plan 2025 – 2026**

18. The Chief Investment Officer presented the training plan for 2025 – 2026. The LPB was asked to approve the training plan for the upcoming financial year.
19. The Fund officers will also consider any other areas/needs flagged by the LPB members for organising additional training, as required.

### **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>	Clive Palfreyman, Strategic Director of Resources		
<b>Report Author</b>	Mike Ellsmore, Chair of Local Pension Board		
<b>Version</b>	Final		
<b>Dated</b>	4 March 2025		
<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>
Assistant Chief Executive – Governance and Assurance		N/A	N/A
Strategic Director of Resources		N/A	N/A
<b>Cabinet Member</b>		N/A	N/A
<b>Date final report sent to Constitutional Team</b>			6 March 2025

<b>Meeting Name:</b>	Pensions Advisory Panel
<b>Date:</b>	19 March 2025
<b>Report title:</b>	Pension Services – admin/ops update
<b>Ward(s) or groups affected:</b>	Not applicable
<b>Classification:</b>	Open
<b>Reason for lateness (if applicable):</b>	Not applicable
<b>From:</b>	Head of Pensions Operations

## RECOMMENDATION

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

## BACKGROUND INFORMATION

2. The Panel last received an update in December 2024 setting out specific information on recruitment, IT/systems, National Dashboard Programme, UK Budget, communication initiatives and complaint management.

### Recruitment

3. A number of vacancies exist across Pension Services. We will be working with Council HR over the coming months to try and recruit these positions.

### IT/Systems

4. Significant enhancements continue to be made to both the UPM Employer Hub and UPM Member Portal, focusing on usability and functionality. We continue to refine the user interface, addressing access issues, and ensuring security features meet compliance standards. Additionally, we are introducing further online calculators within the Member Portal, specifically designed for death benefits and ill health early retirement. These tools will provide members with easier access to essential online information and help support important lifestyle and financial decisions.
5. We are also working on automating bulk processes which will significantly improve efficiency and accuracy of routine administrative tasks. This includes automating large-scale data updates, batch processing, and other high-volume tasks. Automation helps reduce manual intervention, minimizes human error and speeds up the process of managing records.

## National Dashboard Programme

6. Southwark's "connect by" date remains unchanged as 31 October 2025.
7. A training exercise is being planned for Pension Fund staff and we believe this training may also be of interest to Panel (and LPB) members.

## Progress to March 2025

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

## Communication initiatives

9. An Annual Benefit Statement (**ABS**) 2025 planning meeting took place in January 2025. The main purpose of the meeting was to set out an overall project timeframe from when year-end data first becomes available. Validated Council data is expected by April/May, whereas external employer data is expected around June (see payroll update item below).
10. A number of ABS employer planning sessions are being offered and we will also be attending School Business Manager forum meetings to clearly set out employer responsibilities and Pension Fund data requirements.
11. This year we are making changes to the main ABS, either to incorporate Additional Voluntary Contribution (**AVC**) fund values as part of the design or to ensure individual annual AVC statements are issued at the same time.
12. Phase 1 of a re-branded Southwark Pension Fund website has gone live. This includes improved user navigation and will include dedicated sections for Pension Fund Finance and Investments (part of phase 2).

## Strictly Education update – payroll provider

13. On 9 December 2024, following a "review of market conditions", Strictly Education contacted Southwark Schools confirming their EduPeople payroll and pensions service would be discontinued from 1 April 2025.
14. Whilst Strictly Education are committed to providing year-end returns for 2024/25, and a transition support team to assist schools with any new payroll providers, this poses a considerable risk to the Southwark Pension Fund (i.e. the LGPS) and the Teachers' Pensions Scheme.
15. Being pro-active, the Pension Fund prepared a payroll insource Business Case with a view that Council Payroll/HR could manage a schools payroll service alongside its Council service. This has been discussed before and would be welcome by schools, Schools HR and the Pension Fund.

16. Regrettably, at this time, the Council stated it was not confident that a reliable schools payroll solution could be in place for 1 April 2025.
17. The Pension Fund has therefore been working with Education, Legal, schools and Schools HR to find a solution.

## **Complaint Management**

### **Against Employer:**

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

**Case OPEN – with Ombudsman pending formal decision.**

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

**Case OPEN – Adjudicator’s Opinion was recently issued upholding the complaint in part, but only an element of non-financial injustice. The Council accepted the Adjudicator’s Opinion whereas the complainant did not. The Council now awaits the Ombudsman’s Final Determination which is legally binding on all parties.**

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

- Pensions Ombudsman single complaint - cohabiting partners’ pension/death grant claim made against Pension Fund. The complainant alleged both he and the deceased had been financially dependent on one another and living together as husband and wife as per the LGPS Regs.

**The complaint had been formally Determined and upheld in part. The Ombudsman found no evidence of a cohabiting relationship and said the Administering Authority had reached the correct decision based on the evidence available. The complainant disagreed and appealed the Ombudsman’s Final Determination.**

**Case CLOSED – complainant appealed Determination at the High Court of Justice in October 2024. The Judge determined the Pension Fund should reconsider its original decision plus any new evidence. The matter was re-considered afresh by an independent party and the complainant was offered the opportunity to re-submit any new evidence to strengthen his claim. No new evidence was submitted, and the re-consideration exercise established that the eligibility criteria for a co-habiting partners’ pension was not met.**

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

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

- IDRP stage 2 - dispute over the allocation of a lump sum death grant.

**Case CLOSED – further evidence was considered at IDRP stage 2 where the IDRP stage 1 decision was upheld. The complainant is free to take this matter to the Pensions Ombudsman or can consider civil action against another family member.**

### **Admin performance monitoring**

Performance metrics are detailed in Appendix 1 covering the three-month period December 2024 to February 2025.

### **Future work planning**

18. Pension Services signed up to a wider Resources Directorate Business Plan over 2024/25. This includes IT related objectives such as improved member self-service functionality and staff survey follow up actions.

### **Conclusions**

19. Recruitment and retention of key staff with the necessary skills is critical to the achievement of all future plans, as is succession planning.

## **KEY ISSUES FOR CONSIDERATION**

### **Policy framework implications**

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

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

#### **Community impact statement**

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

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

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

#### **Health impact statement**

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

### Climate change implications

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

### Resource implications

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

### Legal implications

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

### Financial implications

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

### Consultation

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

## APPENDICES

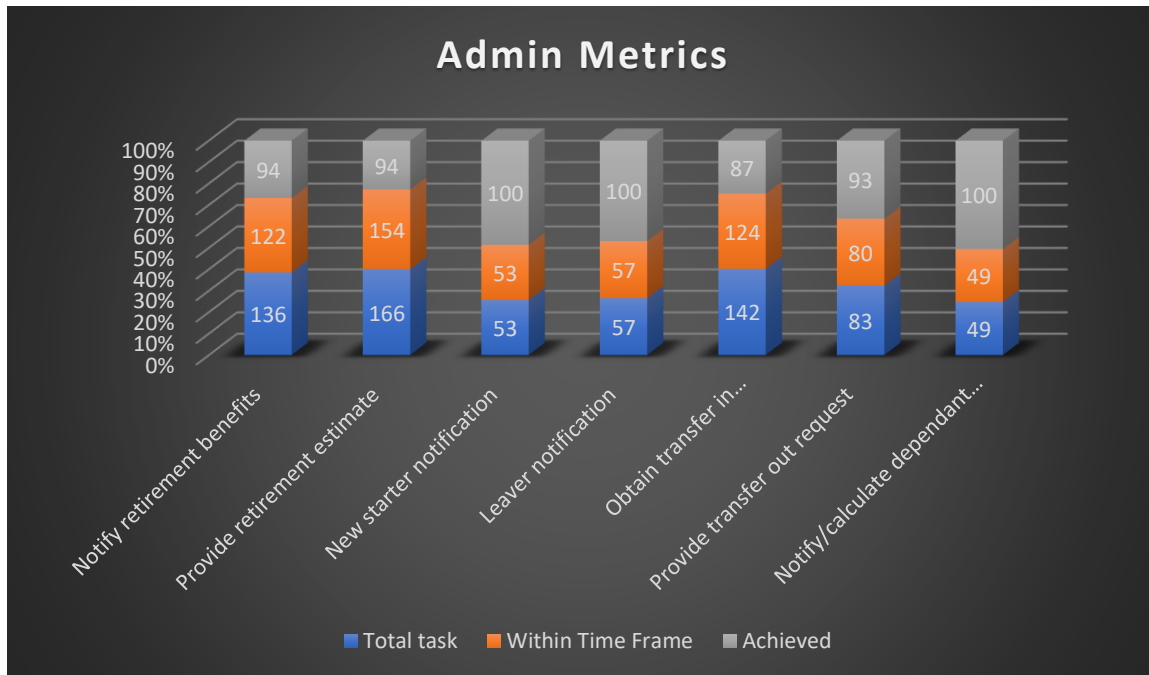
No.	Title
Appendix 1	Admin Performance Metrics Dec 2024 – Feb 2025

## AUDIT TRAIL

<b>Lead Officer</b>	Clive Palfreyman, Strategic Director, Resources		
<b>Report Author</b>	Barry Berkengoff, Head of Pensions Operations, Resources		
<b>Version</b>	Final		
<b>Dated</b>	6 March 2025		
<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>
Assistant Chief Executive – Governance and Assurance		No	N/A
Strategic Director, Resources		No	N/A
<b>Cabinet Member</b>		No	N/A
<b>Date final report sent to Constitutional Team</b>			6 March 2025

## Admin Metrics – December 2024, January & February 2025

	Total Tasks	Within Time frame	Achieved	
Notify Retirement Benefits (Within One Month of Retirement)	136	128	94%	↓
Provide Retirement Estimate/ Quote on request	166	154	94%	→
New Starter Notification joining the LGPS	53	53	100%	↑
Inform member who left scheme of leaver rights and options	57	57	100%	↑
Obtain transfer details for transfer in, calculate and provide quote	142	124	87%	→
Provide transfer out (CETV) request (Three months from date of request)	83	80	93%	↑
Calculate and notify dependants about death benefits	49	49	100%	→



<b>Meeting Name:</b>	Pensions Advisory Panel
<b>Date:</b>	19 March 2025
<b>Report title:</b>	Asset Allocation and Net Zero Strategy Update – 31 December 2024
<b>Ward(s) or groups affected:</b>	Not applicable
<b>Classification:</b>	Open
<b>Reason for lateness (if applicable):</b>	Not applicable
<b>From:</b>	Pensions Investment Manager

## RECOMMENDATION

1. The Pensions Advisory Panel is asked to note the Fund's asset allocation at 31 December 2024, overall performance and other matters considered by the officers and advisers of the Fund during the quarter to the end of December and post quarter end.

## BACKGROUND

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

## Pension Fund Investments – December Quarter 2024

### Position Statement at 31 December 2024

4. The market value of the Fund increased during the quarter from £2,271.9m to £2,329.1m, an increase of £57.2m (+2.5%). In contrast, in the previous quarter the market value of the Fund increased by £14.1m.

The value of the major asset classes at 31 December compared to 30 September is as follows:

	30 September		31 December	
	£m	%	£m	%
Low carbon passive equities	814.905	35.9	846.363	36.3
Active Emerging Market equities	97.359	4.3	94.621	4.1
Active global equities	311.501	13.7	319.792	13.7
Total Global Equities	1,223.765	53.9	1,260.777	54.1
Total Multi-Asset Credit	215.813	9.5	215.856	9.3
Total Index Linked Gilts	161.977	7.1	164.010	7.1
Total Property	353.439	15.6	365.811	15.7
Total ESG Priority	289.943	12.8	298.640	12.8
Total Cash & Cash Equivalents	26.993	1.2	24.037	1.0
<b>Total Fund</b>	<b>2,271,930</b>	<b>100.0</b>	<b>2,329.132</b>	<b>100.0</b>

5. The following table shows the breakdown of the market valuation as at 31 December 2024 by asset class/manager and compares the totals with the target asset allocation, which was agreed by PAP in December 2022:

	Manager(s)	TOTAL FUND £m	Actual %	Target %	(Under) Overweight
Low carbon passive equity	Blackrock LGIM	428.914 417.449	18.4 17.9	17.5 17.5	+0.9 +0.4
Active Emerging Market equity	Comgest	94.621	4.1	5.0	-0.9
Active global equity	Newton	319.792	13.7	10.0	+3.7
<b>Total Global Equity</b>		<b>1,260.777</b>	<b>54.1</b>	<b>50.0</b>	<b>+4.1</b>
<b>Multi-Asset Credit</b>	Robeco	108.449	4.7	5.0	-0.3
	LCIV-CQS	107.408	4.6	5.0	-0.4
<b>Index Linked Gilts</b>	Blackrock	109.573	4.7	5.0	-0.3
	LGIM	54.437	2.3	5.0	-2.7
<b>Total Property</b>	See table below (Para 9)	<b>365.811</b>	<b>15.7</b>	<b>20.0</b>	<b>-4.3</b>
<b>Total ESG Priority</b>	See table below (Para 12)	<b>298.640</b>	<b>12.8</b>	<b>10.0</b>	<b>+2.8</b>
<b>Cash &amp; Cash Equivalents</b>	LGIM	5.007	0.2	0.0	+0.2
	Northern Trust	3.939	0.2	0.0	+0.2
	Blackrock	7.047	0.3	0.0	+0.3
	Newton	6.245	0.3	0.0	+0.3
	Nuveen	1.798	0.1	0.0	+0.1
<b>TOTAL Fund</b>		<b>2,329.132</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>
30 September 2024		2,271.930			
30 June 2024		2,257.809			
31 March 2024		2,238.942			
31 December 2023		2,165.880			

6. The Fund's Strategic Asset Allocation (SAA) has tolerance, within specific ranges, for deviation from the target allocation for each manager/asset class. All allocations are within the maximum permitted by the SAA. The key overweight positions are in Global Equity via Newton (+3.7%) and ESG Priority Funds (+2.8%). In contrast, the key underweights are in Property (-4.3% excluding cash held by Nuveen) and Index-linked gilts (-3.0%).
7. The majority of the (minor) changes in over and underweight positions are linked to market movements, where there has been ongoing strong absolute performance in equity markets. The decrease in the underweight to property (from -4.4% to -4.3%) is predominantly due to the transfer of Funds to Nuveen to enable the purchase of a property. (see paragraph 11).

#### **Fund Manager Activity – public market assets**

8. There was no rebalancing of equities during the quarter. However, Newton was advised that, due to the ongoing overweight to their target asset allocation and the favourable conditions for reducing the underweight to Index-Linked Gilts, rebalancing would take place in January 2025. Otherwise, rebalancing is only necessitated should there be cashflow requirements to fund private market drawdowns (see paragraph 14).

#### **Fund Manager Activity – property**

9. The table below breaks down the property holdings showing the valuation of the direct and indirect fund holdings as at 31 December 2024.

Manager	Description	Market Value £m	Actual %	Target %
Nuveen	Direct property UK Retail Warehouse Fund	243.700 2.087	10.5 0.1	14.0
Invesco	UK Residential Fund	46.109	1.9	1.5
M&G	UK Residential Property Fund	43.880	1.9	1.5
Darwin	Leisure Development Fund	18.750	0.8	1.5
Frogmore	Frogmore Real Estate Fund III	1.733	0.1	0.75
Brockton	Brockton Capital Fund III	9.551	0.4	0.75
<b>Total Property</b>		<b>365.811</b>	<b>15.7</b>	<b>20.0</b>
<b>Last quarter</b>		<b>353.439</b>	<b>15.6</b>	<b>20.0</b>

10. The table shows that there is a significant underweight in the core property mandate run by Nuveen (-3.4%, excluding cash), although this has reduced from -3.9% since the end of September. However, it should be noted that Nuveen have permission to draw down cash, which is held within the Pension Fund's cash balances, as and when appropriate investment opportunities arise.

11. During the quarter, Nuveen purchased an additional unit at an existing holding, although a cash transfer was not required due to the level of available cash balances at Nuveen. In early December, Nuveen notified officers that a property in Sidcup was under offer, requiring the transfer of funds from Southwark's cash balances to enable completion of the transaction before Christmas. The total value of the transaction was £10.5m, of which £3m was funded by Nuveen's working capital. The balance was duly transferred and the transaction was completed on 23<sup>rd</sup> December.

#### **Fund Manager Activity – ESG Priority allocations (ex-property)**

12. The below table breaks down the ESG priority holdings (excluding property) showing the valuation of underlying funds as at 31 December 2024 against the original commitments:

<b>Manager</b>	<b>Fund</b>	<b>Commitment</b>	<b>Market Value £m</b>	<b>Last Quarter £m</b>
Glennmont	Glennmont Clean Energy Fund III	€35m	30.792	31.199
Glennmont	Glennmont Clean Energy Fund IV	€50m	15.186	10.735
Temporis	Operational Renewable Energy	£33.3m	55.462	57.534
	Renewable Energy	£30.6m	25.852	27.143
	Impact Strategy	£31.0m	25.792	27.904
Blackrock	Global Renewable Power Infrastructure	\$40m	27.122	28.628
Darwin	Bereavement Services Fund	£20m	22.328	23.010
Blackstone	Strategic Capital Holdings II	\$110m	58.441	49.189
BTG Pactual	Core US Timberland	\$40m	37.665	34.600
<b>TOTAL</b>			<b>298.640</b>	<b>289.943</b>

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

	<b>Drawdowns</b>	<b>Distributions</b>
Blackrock GRP	£1.4m	
Blackstone	£0.4m	£0.8m
Glennmont IV	£4.8m	
Temporis Impact Fund	£1.1m	
Temporis Operational Renewable Energy		£1.5m
Temporis Renewable Energy		£0.3m
<b>Total impact on LBSPF cash balances</b>	<b>-£7.7m</b>	<b>+£2.7m</b>
Last Q total	-£2.4m	+£13.9m

14. Given that drawdowns exceeded distributions for the quarter, and the additional cash required by Nuveen (Para 12) there were several LGIM liquidity and equity fund transactions (totalling £17.4m) to top up liquid cash balances.

### UK Holdings

15. Under new annual reporting guidelines, LGPS funds are now expected to declare what proportion of their total portfolio is allocated to UK assets. This is in line with both the previous and new government's aim to increase pension fund investment in the UK. To increase transparency on a Business as Usual (BAU) basis, the following table identifies the estimated value of the Fund's UK based assets as at quarter end (31 December 2024):

<b>Type</b>	<b>Manager</b>	<b>% of manager portfolio</b>	<b>£m</b>	<b>% of LBS Fund</b>
UK listed equity	Blackrock	2.9	12.5	0.5
	LGIM	3.6	15.0	0.6
	Newton	11.1	35.4	1.5
Index-Linked Gilts	Blackrock} LGIM}	100.0	164.0	7.0
Multi-Asset Credit	Robeco	7.9	8.6	0.4
	LCIV-CQS	17.9	19.2	0.8
UK Residential Housing	Invesco}	100.0	90.0	3.9
	M&G}			
Direct Property	Nuveen	100.0	245.8	10.6
Opportunistic Property	Brockton}	100.0	11.3	0.5
	Frogmore}			
Leisure Development	Darwin	100.0	18.8	0.8
Bereavement Services	Darwin	100.0	22.3	1.0
Renewable Infrastructure	Temporis	100.0	107.1	4.6
	Blackrock	6.0	1.6	0.1
Private Equity	Blackstone	5.0	2.9	0.1
<b>TOTAL</b>			<b>754.6</b>	<b>32.4</b>
Last Quarter			742.3	32.7

\*if a manager is not shown in the table, it is because there is zero exposure to UK.

16. In some instances, estimates have been made based on reporting or advice received from the relevant fund managers. Many of the above mandates or funds have a global reach and reporting may be denominated in currency other than GBP and on a lagged basis.

### Investment Performance Results for the Period

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

	Quarter to 31 December	Year to 31 December	3 Years to 31 December p.a.	Inception to 31 December p.a.
Fund <sup>1</sup>	2.5	7.8	2.8	8.3
Benchmark <sup>1</sup>	3.0	12.0	5.8	7.6
Relative	-0.5	-4.2	-3.0	0.7

<sup>1</sup> The fund return and benchmark figures are subject to change given outstanding queries with JP Morgan (custodian)

18. The Fund made a return of 2.5% in the quarter, behind the benchmark return of +3.0%. The total fund return for the year to the end of December 2024 was 7.8%, which was below the benchmark return of 12.0%. Over 3 years, the Fund returned 2.8% p.a. compared to a benchmark return of 5.8% p.a., a difference of -3.0% p.a. An annualised return of 8.3% since inception means that the Fund has exceeded, by some margin, the 2022 actuarial valuation's assumed investment returns of 4.05% p.a.
19. Further information on the performance of underlying managers will be provided in the adviser update (Item 11).

### Operational issues

20. During the quarter officers finalised the award of a new custody contract to Northern Trust, who will replace JP Morgan from 1<sup>st</sup> April 2025.

### Manager meetings

21. Officers had update meetings with Darwin (leisure development fund), Invesco (residential property) and Newton (global equity). Officers also attended various regular updates with London CIV. There were no notable matters arising.
22. At the end of December officers had a 121 meeting with London CIV's Chief Proposition Officer. The purpose of the meeting was to discuss LCIV's approach to the LGPS pooling consultation and LCIV's business plans. Officers were pleased to hear that LCIV and LBS are aligned in terms of not rushing the pooling of liquid/listed assets (as discussed at the PAP meeting of 9 December).

### **LGPS Next Steps on Investments – ongoing activity**

- 23. As agreed at the September PAP meeting, an update on government's review of the management of the LGPS would be included as a standing item in this report.
- 24. Given the significance of the publication of the "LGPS (England and Wales) Fit for the future" consultation on 14th November 2024 and the submission of LBSPF's response to the consultation, this is covered under a separate Item 7 on this meeting's agenda.

### **Further Areas of Progress**

- 25. Further potential opportunities with new and existing managers and London CIV in asset classes such as sustainable infrastructure, property, and wider alternatives, are being pursued by officers in conjunction with Aon. The PAP will be updated on progress in these areas at future meetings.

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

#### **Community Impact Statement**

- 26. No immediate implications arising

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

- 27. No immediate implications arising

#### **Health Impact Statement**

- 28. No immediate implications arising

#### **Climate Change Implications**

- 29. No immediate implications arising

#### **Resource Implications**

- 30. No immediate implications arising

#### **Legal Implications**

- 31. No immediate implications arising

#### **Financial Implications**

- 32. No immediate implications arising

## Consultation

33. No immediate implications arising

## APPENDICES

No.	Title
None	

<b>Lead Officer</b>	Clive Palfreyman, Strategic Director of Resources		
<b>Report Author</b>	Tracey Milner, Pensions Investments Manager, Treasury and Pensions		
<b>Version</b>	Final		
<b>Dated</b>	5 March 2025		
<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>
Assistant Chief Executive – Governance and Assurance		N/A	N/A
Strategic Director of Resources		N/A	N/A
<b>Cabinet Member</b>		N/A	N/A
<b>Date final report sent to Constitutional Team</b>			6 March 2025

<b>Meeting Name:</b>	Pensions Advisory Panel
<b>Date:</b>	19 March 2025
<b>Report title:</b>	Advisers' Updates – Quarter to December 2024
<b>Ward(s) or groups affected:</b>	Not applicable
<b>Classification:</b>	Open
<b>Reason for lateness (if applicable):</b>	Not applicable
<b>From:</b>	Chief Investment Officer

## RECOMMENDATIONS

- 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

- No immediate implications arising

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

- No immediate implications arising

### Health Impact Statement

- No immediate implications arising

### Climate Change Implications

- No immediate implications arising

### Resource Implications

- No immediate implications arising

### Legal Implications

- No immediate implications arising

### Financial Implications

8. No immediate implications arising

### Consultation

9. No immediate implications arising

## APPENDICES

Name	Title
Appendix 1	Independent adviser's report – quarter to December 2024
Appendix 2	Aon's quarterly investment dashboard – quarter to December 2024

## AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources		
Report Author	Caroline Watson, Chief Investment Officer		
Version	Final		
Dated	4 March 2025		
Key Decision?	N/A		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Assistant Chief Executive – Governance and Assurance		N/A	N/A
Strategic Director of Resources		N/A	N/A
Cabinet Member		N/A	N/A
Date final report sent to Constitutional Team			6 March 2025

## LONDON BOROUGH OF SOUTHWARK - Quarterly Report December 2024

### Executive Summary

- The economic picture was a mixed one in a quarter very much dominated by results in the US election. US equities rose but many other geographies' markets retreated. Despite interest rate cuts across the world, yields on government bonds rose and prices fell. The nascent recovery in property continued
- The Fund returned 2.5% over the period, but fell short of the benchmark aspiration
- The Fund returned a solid 7.8% over the full year but remained some way behind the benchmark
- Whilst the three year number was subdued both in absolute and relative terms, long-term returns for the Fund remained solid, ahead of both elevated inflation and actuarial assumption, but behind benchmark
- The near-term market outlook is quite uncertain. Central banks are expected to cut rates as inflation eases, but not to the ultra-low levels of the last decade. US growth is expected to be resilient, while Europe and the UK may see more subdued growth. The new US administration's focus on a domestic agenda, global politics, and potential trade tariffs will add to the uncertainty. It is likely to remain a challenging environment for both our own investment strategy and the managers we employ to manage the assets

### Market Background

Politics, notably the US election, and the global economy dominated the final calendar quarter of 2024.

Global equities made modest gains over the quarter. Having rallied strongly through October and November, buoyed in no small part by a decisive Trump victory in the US election, markets gave up much of the gains as a result of a more cautious outlook for rate cuts in 2025.

There was significant global divergence, however. Outperforming were the US, boosted by bullish growth expectations and strong performance from the mega tech stocks, and Japan largely due to yen weakness. The UK eased slightly on the back of tepid growth forecasts, the prospect of slower rate cutting and an underexposure to the technology sector. Europe was the big underperformer over the period, with the prospect of trade friction following the US election result and significant political tensions in France and Germany weighing on returns. The spectre of trade tension also provided significant headwinds on Asian and emerging markets.

On a sector basis, discretionary consumer, technology and financials performed strongly whilst in contrast, basic materials underperformed.

Despite widespread interest rate cuts, yields on government bonds rose as inflation increased and the prospect of monetary easing waned. Prices fell accordingly. Over the period, credit outperformed.

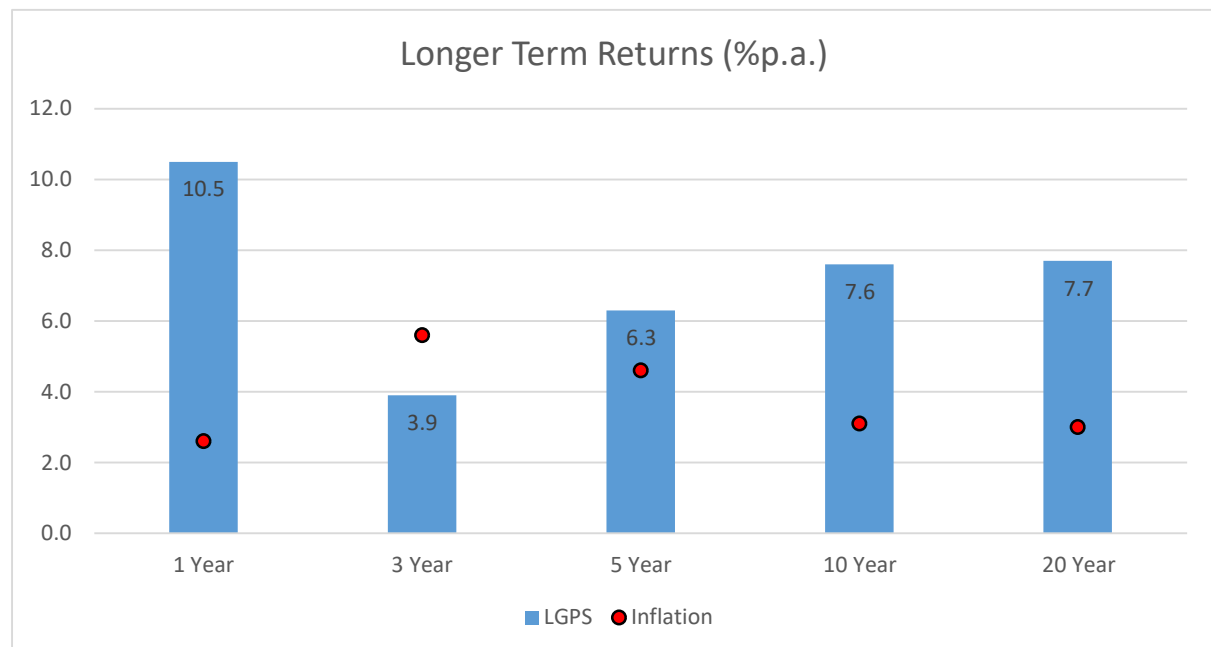
Property saw a continuation of the modest recovery evidenced over the last couple of quarters with capital gains in most sectors except offices, which continued to see values decline albeit at a slower pace.

### LGPS Funds

The average LGPS fund is expected to have returned around 3-4% over the quarter.

### Longer-Term

The one-year result was down from last quarter at 10.5%. Most funds continued to underperform their benchmarks as they struggled to match the equity indices over the medium term. The three-year result was just below 4% p.a. Solid equity performance was offset by negative results from many bond investments and property. Over the last ten years the average fund delivered a return of 7.6% 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 2.5% over the quarter. Compared to a benchmark return of 3.0%, this represents a relative underperformance of 0.5%.

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

	Manager	Returns		
		Fund	Benchmark	Relative
Global Equity	BLK	7.9	7.9	
	LGIM	7.5	7.4	
	Newton	2.3	6.6	
	Comgest	-3.0	-1.5	
MAC	Robeco	-2.0	-1.8	
	LCIV	2.2	2.3	
Property	Nuveen	0.3	1.7	
	Invesco	-1.3	1.9	
	M&G	1.3	1.9	
	Darwin Leisure	0.3	1.5	
	Frogmore	-63.8	3.9	
	Brockton	-1.5	3.6	
ESG Priority	Glenmont	-1.6	2.4	
	Temporis	-0.9	2.4	
	Temporis (New)	-3.5	1.7	
	Temporis (Impact)	-11.3	2.4	
	BLK	-9.5	2.4	
	Darwin Bereavement	-3.0	1.5	
	Blackstone	19.6	2.9	
	BTG	8.9	1.5	
Index-Linked	BLK	-7.3	-7.3	
	LGIM	-7.3	-7.3	
Cash	LGIM/BLK/NT/Mgr Frictional	1.1	1.1	0.0
<b>Total Fund</b>		<b>2.5</b>	<b>3.0</b>	<b>-0.5</b>

The latest quarter's performance was not dissimilar to that seen last quarter with active equities, property and majority of the ESG priority portfolios disappointing.

This first table doesn't account for the size of any position and the resulting influence on the bottom line.

The table below groups the portfolios into our preferred asset classifications and this time, the size of the positions is accounted for:

	Fund Weight	BM Weight	Fund Return	BM Return	Relative Return	Asset Allocation Policy	Investment Selection
Global Equity	54.2	50.0	5.5	6.5	-1.0	0.1	-0.5
MAC	9.5	10.0	0.0	0.3	-0.2		
Property	15.9	20.0	-0.7	1.9	-2.6		-0.4
ESG Priority	12.8	10.0	1.4	2.2	-0.8		-0.1
Index-Linked	7.1	10.0	-7.3	-7.3	-0.0	0.3	
Cash	0.6	0.0	1.1				
	<b>100.0</b>	<b>100.0</b>	<b>2.5</b>	<b>3.0</b>	<b>-0.5</b>	<b>0.5</b>	<b>-1.1</b>

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

Over the quarter, the Fund underperformed by 0.5%.

The aggregate over/underweights with respect to the target benchmark ("asset allocation policy" in the table) had a positive impact over the period, with the underweighting to poorly performing index-

linked proving helpful. As we'd expect, selection within asset class determined the outcome. In weighted terms, the performance of our active equity and property managers had the biggest negative influence.

Year to date (we've been tracking performance in this new format for three quarters now), the picture is broadly similar as can be seen below:

#### YEAR TO DATE

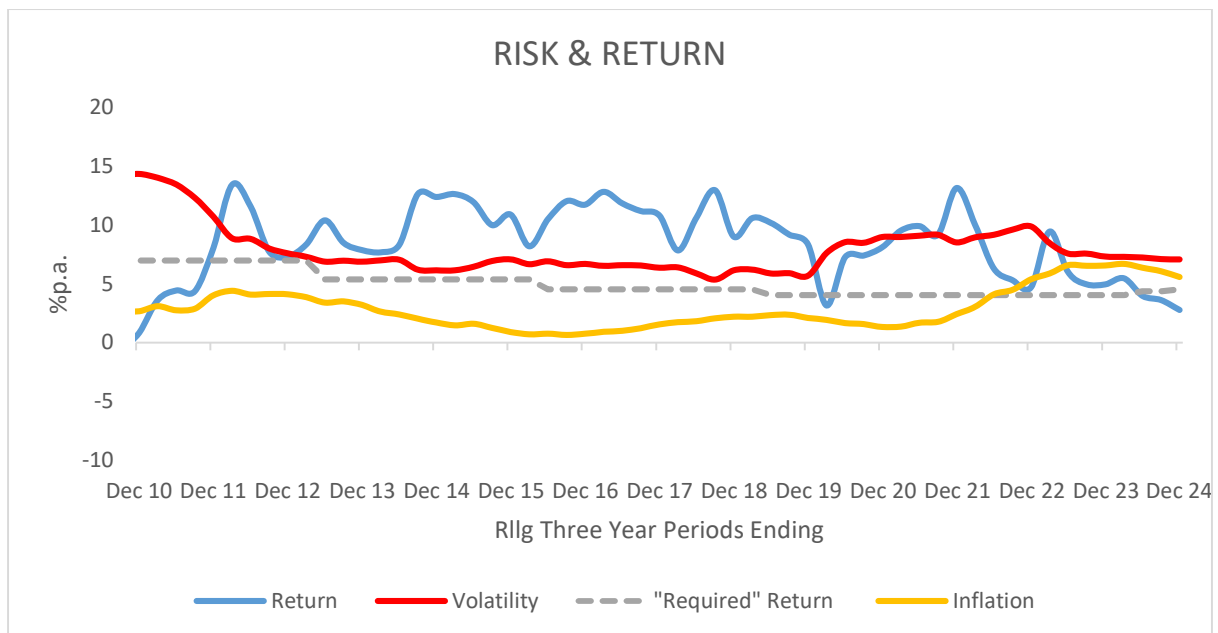
	Fund Weight	BM Weight	Fund Return	BM Return	Relative Return	Asset Allocation Policy	Investment Selection
Global Equity	54.4	50.0	8.9	10.8	-1.7	0.2	-0.9
MAC	9.3	10.0	4.9	5.2	-0.3		
Property	15.9	20.0	-1.5	5.9	-7.0		-1.1
ESG Priority	12.9	10.0	-0.9	6.8	-7.3		-0.9
Index-Linked	7.0	10.0	-8.6	-8.6	0.0	0.4	
Cash	0.5	0.0	3.9	3.9	0.0		
	100.0	100.0	4.1	6.8	-2.5	0.6	-3.0

Over the **full calendar year**, the Fund returned 7.8% but lagged the benchmark by an uncomfortable 3.7% (in relative terms). The main contributors over this slightly longer period were again active equity, property and ESG priority portfolios.

**Medium-term**, the Fund has returned roughly 3%p.a. over the three-years and 6%p.a. over the five-year period. Both periods' returns have been behind benchmark, the latter by a smaller margin.

**Longer-term**, over the last ten-years, the Fund has delivered a very valuable 8%p.a. return but close to 1%p.a. off the target benchmark.

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



In summary,

- The blue line shows a concerning downward trend which, in the latest three-year period, is now below that of the return assumption used in the Actuary's modelling (the dotted line on the chart). This matters in a valuation year!
- The red line shows the volatility of the returns being delivered (sometimes, and arguably unhelpfully, termed "risk"). This has remained heightened post pandemic but has begun to reduce
- The extreme right-hand side of the chart shows that inflation (the yellow line) whilst falling, remained above both the Fund return and the 'base' return set by the actuary. This is expected to trend back towards some semblance of normality but in the immediate short-term, this continues to cause concern, particularly in a valuation year

### Newton – Active Global Equity

Newton recorded a positive return of 2.3% in the quarter. This was more than 3% behind the index, however. There were a number of reasons for the underperformance. Trump's election victory was unhelpful for some of the portfolio's key positions. Geographically, the portfolio was overweight Europe and underweight the US, and at a sector level, overweight in healthcare. Stock selection was also detrimental in the consumer discretionary, utilities, technology and financial sectors.

In their report they now show a comparison of the portfolio relative to a notional benchmark adjusted for the adjusted 'opportunity set' arising from the net-zero transition. Over the quarter, the adjusted benchmark was behind the headline index and so the overall impact on the bottom line was likely a negative one although the manager doesn't quantify this.

The portfolio's annual return was a very substantial 15.7% but lagged the index which came in at 19.8%. ***This is a pattern that many LGPS funds will have experienced due to the fact that US tech giants have skewed the global index so significantly in recent times.***

Longer-term numbers have been disappointing in benchmark relative terms, but the delivered returns have been extremely positive.

Newton's overarching outlook is more measured than in previous quarters. They hint on one hand that the dominance of US technology companies (that have driven recent strong index performance) may be coming under increasing scrutiny and on the other, that geopolitical instability, new policies from the Trump administration, and the potential impact of stimulus measures in China represent uncertainty for investors. Let's hope this will provide fertile hunting ground for active stock-pickers!

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

Comgest delivered a return of -3% over the quarter and once again, significantly adrift of the benchmark which returned -1.5%. Disappointingly, this was a seventh consecutive quarter of underperformance.

As I've reported previously, it is difficult from Comgest's reports to accurately isolate the attributes making up the relative performance but overweighting Brazil and poor stock selection in financials and IT contributed adversely.

Over the full year, the portfolio returned just above zero, trailing the index by a very uncomfortable 9+% margin.

Since inception returns have been disappointing, with the portfolio outperforming the index in only three of the thirteen quarters measured. In return terms, the portfolio has achieved a return 4%p.a. behind the index. ***In impact terms, this equates to a 0.2%p.a. reduction in the Fund's bottom line.***

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

The portfolio return was 2.0% over the quarter (Nuveen's number). This represented both capital appreciation (0.8%) and income (1.2%). As with last quarter, all the portfolio's investments increased in value with the exception of the offices. The return was behind the new benchmark however which returned 2.8%.

There were two opportunistic purchases made during the quarter; both were valued (at quarter end) above their acquisition price.

The full year return reported by Nuveen was 5.5%, which was modestly behind the 6.1% posted by the MSCI Quarterly index. Nuveen comment that the underperformance (and more) arose from the transaction costs of the c£50mn of purchases made over the year.

The three-year return reported by Nuveen was a -0.8%p.a. reflecting the weakness in the sector over this period. This was ahead of the property based benchmark over the same period which returned -1.6%p.a.

There is some optimism in Nuveen's latest report, and they remain confident that the current strategy and assets will exceed the performance objective over the longer-term. The portfolio has a very clear strategy which includes a focus on the long-term and improving each of the portfolio's holdings sustainability credentials. As I commented last quarter, this aligns well with the Fund's overarching investment strategy.

### Residential/Opportunistic Real Estate

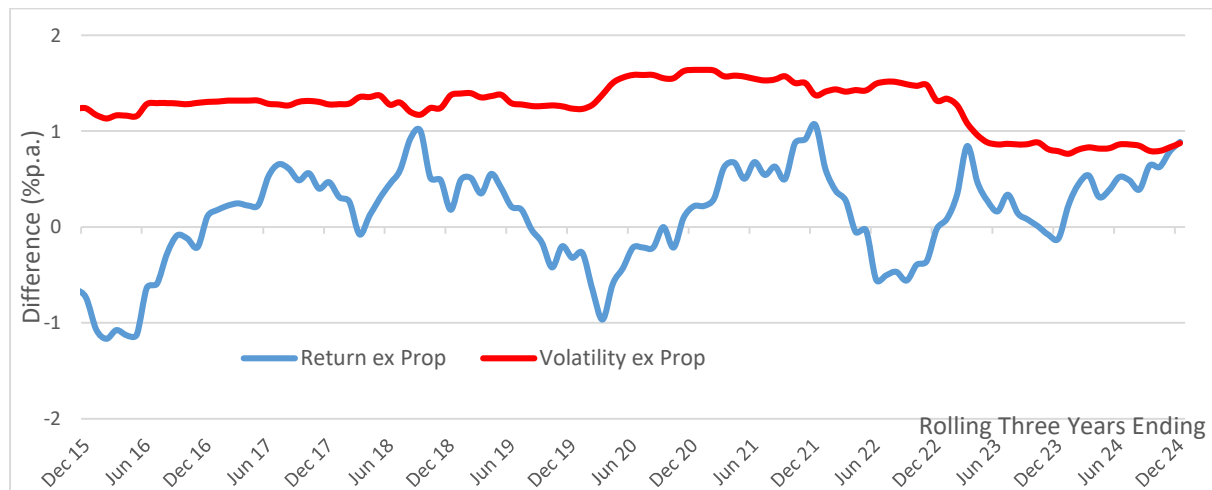
As can be seen from the graphics on page 3 above, the non-core portfolio struggled again over the latest quarter, with all of the managers failing to hit benchmark by varying margins. In the round, the aggregate returned almost -1%. The one standout performance came again from Frogmore which returned -64%.

### Southwark's Property Allocation

The core and aggregate added value/opportunistic assets performed quite differently over the quarter and in aggregate, the entire real estate portfolio performance was near zero and lagged benchmark. Over the full year, core and non-core assets performed weakly. The following table gives a flavour of this.

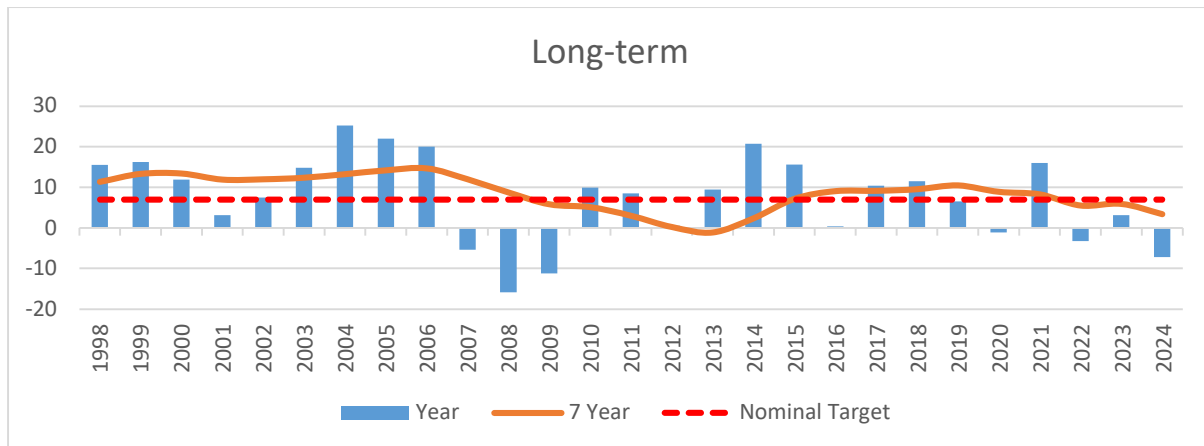
	Quarter			Year		
	Fund	Benchmark	Relative	Fund	Benchmark	Relative
All Property	-0.2	1.8	-2.0	-7.0	7.5	-13.5
Core	0.2	1.7	-1.4	-7.8	7.0	-13.9
Ex Core	-1.0	2.0	-3.0	-7.2	8.4	-14.4

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



In the latest three-year period, the asset class has underperformed other investment types and so the Fund return was negatively impacted by our real estate holdings (by close to 1%p.a.). Volatility however has been reduced by the same margin. There has therefore been a very small benefit in terms of risk/return trade-off.

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



As a reminder, this shows that, notwithstanding the global financial crisis period, property had been a steady generator of positive and relatively stable returns over time. It shows clearly the cyclical nature of the returns generated and so I will continue to track this.

### Robeco – Global Credit

The portfolio produced a negative return of -2% over the period, modestly lagging the benchmark of -1.8%. The manager cites issuer selection as the cause of underperformance but there were no individual names contributing significantly either positively or negatively.

Over the full year, the portfolio returned 2.6%. This was behind the index which returned 3.1%. Gross of fees, the portfolio tracked the index benchmark

Returns since inception remained ahead of the index benchmark.

### CQS – Global Credit

The portfolio returned 2.2% over the quarter but also lagged the benchmark by a small margin.

The Fund has not been invested in the sub-fund for the full year, but since the March '24 inception, returns have fared relatively well.

### “ESG Priority” Allocation

The performance of the Fund’s infrastructure and other diversified alternative investments was very mixed over the quarter, but negative in aggregate (page 3 above). In a reversal from last quarter, the Temporis investments underperformed highlighting again the dangers of drawing any meaningful conclusions from short-term measurement periods when monitoring these types of illiquid investments.

### Passive Portfolios

The portfolios tracked within tolerance over the quarter.

# Strategic Investment Dashboard Q4 2024

London Borough of Southwark Pension Fund

Prepared for: The Pension Advisory Panel

Prepared by: Aon

17 February 2025

For professional clients only. Private and Confidential





## Long-term strategy



## Funding level

30 Sep 2024 31 Dec 2024

## Funding Level

117% 120%



## Surplus

**£327M**

**£385M**



Over the quarter, the funding level improved due to the slight increase to the net discount rate used to value the liabilities.

Since the last actuarial valuation, the surplus and funding level have increased (see more detail on slide 10). This is due to a reduction in liabilities given the net discount rate has increased, whilst the Fund's assets have experienced modest growth over the same period.

The PAP may wish to consider the Fund's surplus position as it approaches the 2025 valuation

Investment  
Performance

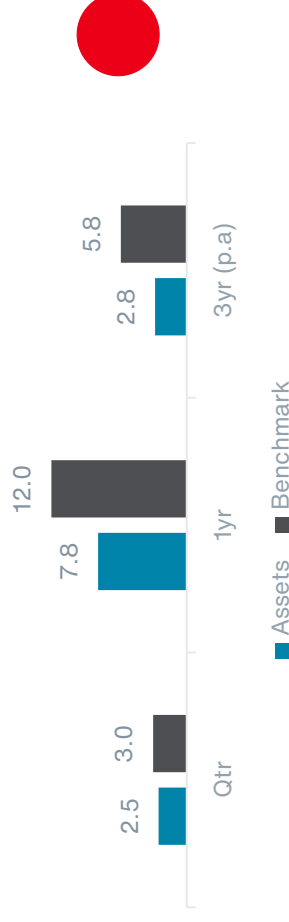
## Expected Return

7.3%



The 31 December 2024 expected return for the portfolio is 7.3% compared to the strategic asset allocation expected return of 7.2%.

## Performance



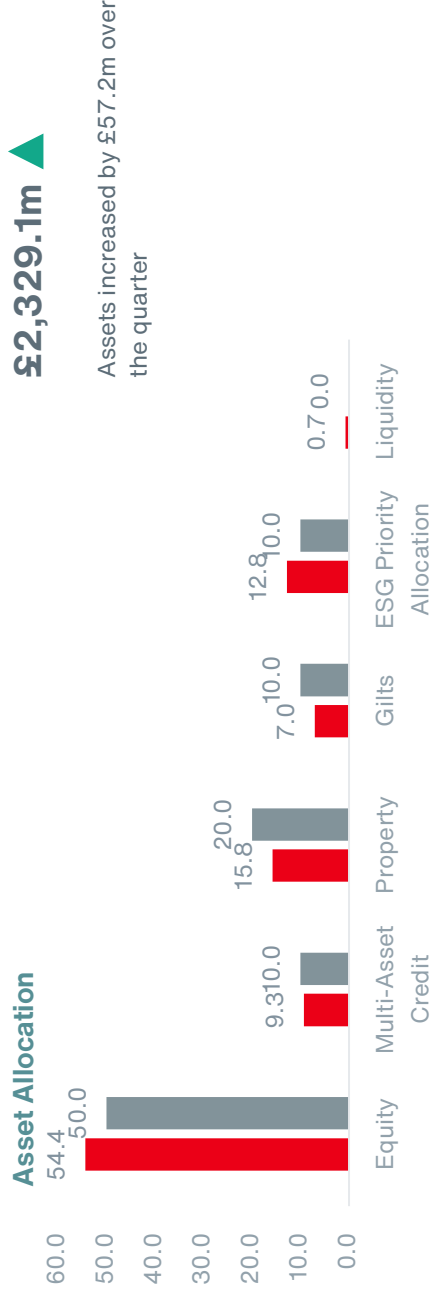
The Fund underperformed over the quarter, 1 and 3-year period relative to the composite benchmark (on an annualised basis).

Over the year to 31 December 2024, underperformance has been driven by the property holdings and some of the alternative assets (renewable infrastructure investments) which are benchmarked against an absolute return of 8-10% p.a. (except for Nuveen). These assets have struggled to deliver returns in excess of cash as higher interest rates have stifled property valuations and have resulted in higher borrowing costs for renewable energy projects.

Despite this, we continue to support the Fund holding these asset classes as they offer a good source of diversification to traditional assets such as equities and bonds.

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## Strategic Positioning



## Asset Allocation

**£2,329.1m**



As at quarter end, the Fund remains underweight to the Multi-Asset Credit, Property and Gilt asset classes and overweight to the Equity and ESG Priority Allocation asset classes.

**Update:** Post quarter end, Aon and the Officers carried out rebalancing to bring the equity mandate back towards its target weight by redeeming £70m from Newton and investing the proceeds in Index-Linked Gilts (LGIM).

**AON**

■ Assets (%) ■ Strategy Benchmark (%)

# 2

## Asset Allocation



# Asset Allocation – Asset Class

30 September 2024

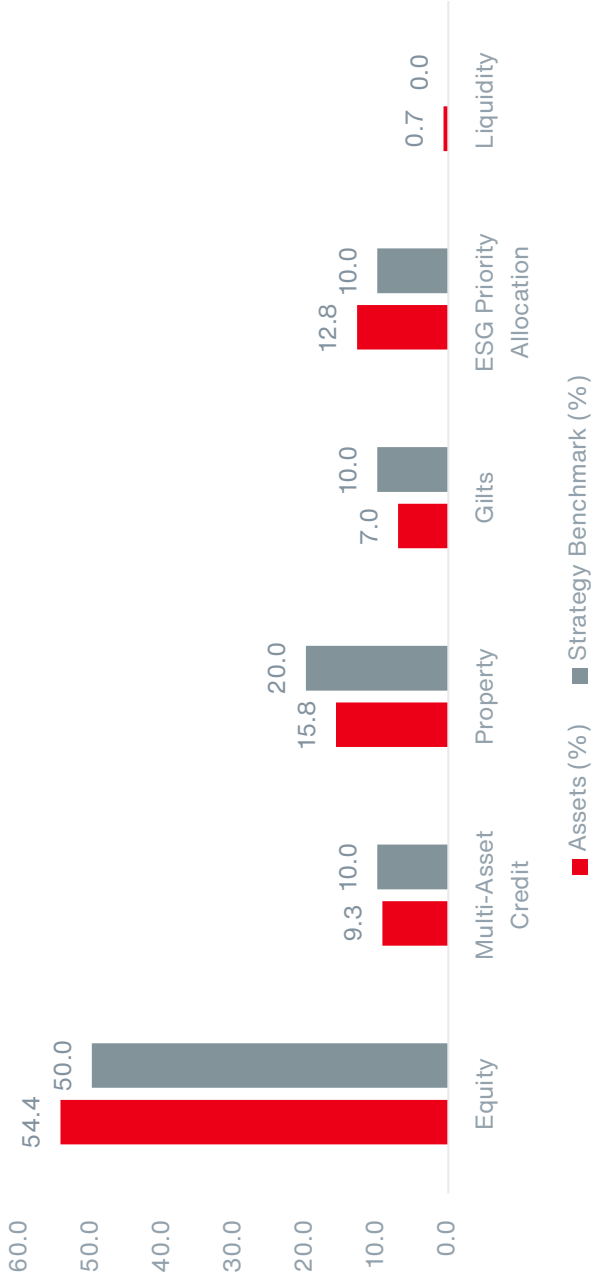
31 December 2024

	Valuation (£m)	Weight (%)	Valuation (£m)	Weight (%)	Strategic	Relative
Growth	£2,096.4	92.3%	£2,149.1	92.3%	90.0%	2.3%
Equity	£1,230.6	54.2%	£1,267.0	54.4%	50.0%	4.4%
Multi-Asset Credit	£215.8	9.5%	£215.9	9.3%	10.0%	-0.7%
Property	£360.0	15.8%	£367.6	15.8%	20.0%	-4.2%
ESG Priority Allocation	£289.9	12.8%	£298.6	12.8%	10.0%	2.8%
Matching	£175.5	7.7%	£180.0	7.7%	10.0%	-2.3%
Index-Linked Gilts	£162.0	7.1%	£164.0	7.0%	10.0%	-3.0%
Liquidity Fund	£13.5	0.6%	£16.0	0.7%	0.0%	0.7%
Total	£2,271.9	100%	£2,329.1	100%	100%	-

Source: J.P.Morgan.. Totals may not sum due to rounding.

# Asset Allocation – Current vs Strategic

## Strategic allocation & Benchmark



31 December 2024

7.3%

Expected Absolute Return

31 December 2024

3.9%

Standard Deviation\*

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

Strategic Allocation

7.2%

Expected Absolute Return

Strategic Allocation

3.9%

Standard Deviation\*

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

£2,329.1m



Assets increased by £57.2m over the quarter

### Comments

- As at 31 December 2024, the Fund is overweight to the equity and ESG Priority Allocation mandates, whilst being underweight to the government bond, multi-asset credit and property asset classes.
- Post quarter end, Aon and the Officers carried out a portfolio rebalancing exercise to bring the equity mandate back towards its target weight by redeeming £70m from Newton and investing the proceeds in Index-Linked Gilts (LGIM).
- Blackrock have recently withdrawn, from the Net Zero Asset Managers initiative. We have no reason to believe that the withdrawal by BlackRock from the NZAMi changes their commitment to integrating sustainability and climate change risks on their range of sustainable products. As such, we do not believe that this recent development will result in a change in the investment strategy or philosophy of the Fund's investment in the Blackrock World Low Carbon Equity Tracker Fund.

# 3

## Manager Performance



# Manager focus – returns relative to benchmark (%)

3 month (%)1 year (%)3 year (%)

	Return	Relative	Return	Relative	Return	Relative
LGIM Low Carbon Transition Developed Markets Index Fund	7.5	0.1	21.8	0.5	-	-
Newton Active Global Equity	2.3	-4.3	15.7	-7.2	5.5	-5.9
Comgest Growth Emerging Markets Plus	-3.0	-1.5	0.1	-9.3	-3.2	-3.9
BlackRock World Low Carbon Equities Fund	7.9	0.0	22.1	0.3	-	-
Robeco Multi-Asset Credit	-2.0	-0.2	2.6	-0.5	-	-
LCIV Alternative Credit CQS	2.2	-0.1	-	-	-	-
Nuveen Real Estate	0.3	-1.5	-7.8	-14.8	-3.1	-10.1
Invesco Real Estate UK Residential Fund	-1.3	-3.3	-3.5	-11.5	0.7	-7.3
M&G UK Residential Property Fund	1.3	-0.6	2.7	-5.3	0.8	-7.2
Frogmore Real Estate Partners III	-63.8	-67.7	-75.2	-91.7	-40.1	-56.6
Brockton Capital Fund III	-1.5	-5.0	-10.0	-25.0	-5.1	-20.1
Darwin Leisure Development Fund	-0.3	-1.2	-25.2	-31.2	-	-
Darwin Bereavement Services Fund	-3.0	-4.4	-0.5	-6.5	3.4	-2.6
Glenmont Clean Energy Fund III	-1.3	-3.7	-5.8	-15.8	11.7	1.6
Glenmont Clean Energy Fund IV	-2.5	-5.0	-	-	-	-
Blackrock Global Renewable Power	-9.5	-11.9	-8.0	-18.0	6.6	-3.4
BTG Pactual OEF Fund	8.9	7.4	9.3	3.3	9.2	3.2
Temporis Operational Renewable Energy Strategy	-0.9	-3.3	-8.9	-19.0	20.4	10.4
Temporis Impact Strategy V	-11.3	-13.7	2.7	-7.3	12.0	2.0
Temporis Renewable Energy Fund	-3.5	-5.2	-12.2	-19.3	-	-
Blackstone Strategic Capital Holdings GP Stakes Fund II	19.6	16.7	24.5	12.5	11.3	-0.7

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

We note that the performance of the Fund's holding in the Frogmore Real Estate Partners III fund is particularly disappointing across the quarter, one-year and three-year periods as at 31 December 2024.

The fund is expected to wind down in September 2026. As such, much of the focus in 2024 has been to sell assets in the portfolio in an attempt to release equity, however they have not been able to obtain a desired price. This is predominantly due to the fact that property valuations and capital returns have been challenged as a result of the higher interest rate environment.

Given that Southwark's holdings in the fund are currently c.0.1% of the total portfolio value, and the fund is projected to wind down over the next 1-2 years, whilst both the absolute and relative performance figures shown in the table below are disappointing, we do not have any concerns with the significant underperformance being reported.

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

	3 month (%)		1 year (%)		3 year (%)	
	Return	Relative	Return	Relative	Return	Relative
LGIM Over 5y Index Linked Gilts	-7.3	0.0	-10.8	0.0	-	-
BlackRock Aquila Over 5y Index Linked Gilts	-7.3	0.0	-10.7	0.0	-8.1	-0.8
BlackRock Sterling Liquidity Fund	1.1	-0.1	10.8	5.7	-	-
LGIM Sterling Liquidity Fund	1.2	0.1	5.0	0.0	-	-
Northern Trust Money Market Fund	1.3	0.1	5.1	0.0	-	-
Total performance	2.5	-0.5	7.8	-4.2	2.8	-3.1

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

# Equity Mandate

## Market Commentary & Outlook

In Q4 2024, global equity markets rose over the quarter. The MSCI ACWI rose 1.4% in local currency and 6.1% in sterling terms. US Equities were the best performing market in sterling terms over the quarter. They were supported by lower interest rates from the Fed. range-bound inflation, better than expected economic growth, and a post-election “relief rally”. Many market participants expect President Trump’s administration to implement policies that will lift growth, lower taxes and cut regulations, all of which provide tailwinds for the US economy. The strength of the US dollar against sterling, throughout the quarter, provided a further boost to returns in sterling terms. Many European and Asian markets fell due to fears of a more hostile global trade environment including the possibility of the re-introduction of tariffs on goods imported to the US.

Emerging Market (EM) equities were the worst-performing market in local currency terms in Q4 2024. Except for Taiwan, which returned 7.1%, all major equity markets in the region fell. Brazilian equities were the worst EM performer, returning -10%, followed by the Korean, Indian and Chinese markets which fell by 9.0%, 8.7%, and 7.0%, respectively. On top of concerns about the introduction of US tariffs on Chinese goods, growth data fell short of analyst expectations and stimulus packages introduced by the central bank related to consumption and property market stabilisation fell short of market expectations which added further pressure on Chinese equities.

The promise of US tax cuts and the ongoing strength of the large technology companies, as well as continued US economic strength are combining to maintain the near-term tailwind for equities, obviously driven strongly by US performance. We think that this trend will continue in the near-term. However, the medium-term outlook is less supportive. We are concerned about concentration risk, lofty earnings expectations and the threat of trade wars as more tariffs are levied. We also worry that a more inflationary environment will keep monetary policy tight.

## Fund Manager News

**Newton – Performance Commentary:** The Fund underperformed the benchmark over the period, predominantly due to the stock selection in the consumer discretionary sector (which was one of the best performing sectors globally). The fund also felt the repercussions of an overweight positioning in the Health care sector (one of the worst performing sectors globally) and selection in the Utilities and Technology sectors. With that being said, the fund did see positive absolute returns heavily influenced by the post US election results surge in global equities. The Fund benefitted from a zero-weighting to the basic materials sector which finished the quarter as being the worst performing sector globally, with the potential re-introduction of tariffs from the US on Mexico, Canada and China creating a major headwind for the sector.

**Comgest – Performance Commentary:** Emerging Markets have delivered mixed returns in 2024, with wide divergence between countries. Elections were held in several countries across the group, although probably the most significant election was in the US with the return of President Trump. The strategies underweight allocation to Taiwan was a drag on performance as the country saw 37% growth in GDP. Despite the allocation to Taiwan being a detractor to performance, strong stock selection to the region in the form of TSMC and Delta Electronics made Taiwan the top contributor to attribution. Both companies benefitted from the continued growth in AI. The strategies overweight positions to Mexico and Brazil also contributed to underperformance over the quarter, as both economies and currencies weakening in both countries.

# Multi-Asset Credit Mandate

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## Market Commentary & Outlook

Global investment grade credit spreads fell by 12bps to 88bps over the quarter. US high yield saw its credit spreads fall by 11bps, ending the quarter at 292bps. (Data is based on ICE BofA Global Corporate Index and US High Yield Index). Hard currency emerging debt credit spreads fell by 36bps to 325bps (based on the JP Morgan EMBI Global Diversified Index).

We still believe that spreads on investment grade credit are not sufficiently attractive to compensate for unexpected shocks and potentially weaker economic conditions at longer horizons. For now, we do not see an obvious catalyst for spread widening and spreads can remain at these tight levels despite the valuation headwinds. However, central bank easing has boosted liquidity and inflation continues to drift to target. That being said, unexpected changes to the path of future rates could pose a risk to spreads. If inflation reaccelerates, central banks may be forced to hike. On the other hand, if recession risk rises, corporate profitability would likely fall. The rewards for moving down the risk curve within investment grade credit also seem poor. Both US and European BBB corporates seem to offer poor relative value.

## Fund Manager News

**Robeco** – The fund's two main performance drivers are issuer selection and beta positioning (total risk taken in the portfolio relative to the benchmark index). Maintaining a marginally overweight beta positioning had a small but positive impact on performance. The beta positioning remains slightly above 1 due to the strong technical backdrop and the manager maintains a preference of Euro denominated credit over USD market because of relative valuations. Issuer selection was a detractor to performance this quarter, with the largest detractor being Adani Green Energy which underperformed due to news headlines on potential bribes. The biggest contributor were Zimmer Biomet and Paramount Global,. The latter seems to still be benefiting from their merger news and maintained their Moody's Baa3 rating hence remaining in the IG index.

**LCIV Alternative Credit Fund – Performance:** The strategy marginally underperformed its benchmark, delivering 2.1% vs 2.3%. Income is the main driver of returns for the strategy. Yields on senior secured debt instruments were the biggest contributor to performance over the quarter. The strategies overweight exposure to the US high yield sector negatively contributed to performance as strong economic performance and the prospect of the Trump Administration introducing inflationary policies (lower taxes, regulation) pointed towards the Federal Reserve making fewer rate hikes in 2025 than previously expected. That being said, the Fund's tilt towards the European market proved to favourable as the region saw fewer corporate defaults relative to the US.

## Market Commentary & Outlook

UK property capital values continued to rise over the fourth quarter leading to a total return of 2.8%. Capital values rose by 1.3% and the income return was 1.4%. Vacancy rates increased from 10.6% to 11.9%.

The Office sector was the worst performer, returning 1.0%, while the Industrial sector was the best performer, returning 3.6%. The Retail sector rose 3.5%.

As we had expected, real estate valuations have started to bottom out as rate-cutting cycles began. However, the market no longer expects significant 2025 rate cuts in the U.S. and government bond yields have risen globally since November. Real estate is a great longer-term income-generating portfolio diversifier, and we think the upside and downside risks are now more balanced and Capital values have stabilized after a few challenging years. We continue to see a significant divergence of returns within the real estate opportunity set.

## Fund Manager News

**Invesco Real Estate UK Residential Fund:** On 29<sup>th</sup> November, there was a sale of the Platform JV portfolio at a gross price of £115m (valuation was £114.2m) with the Fund receiving £68m of the sale after repaying the debt mentioned below. The Fund aims to acquire value from another asset sale in the first half of 2025 to meet remaining redemptions in 2026. The Fund believes that they are well-positioned with a consolidated, high-quality portfolio to benefit from rental growth and the completion of the Holloway Project is anticipated to drive returns in 2025.

**Frogmore Real Estate Partners III:** As we have communicated in previous quarters, in April 2024, investors voted to extend the life of the Fund till September 2026. Since then, Frogmore have been working on the extension business plans with the objective of avoiding the need to sell assets at December 2023 valuation numbers which would have resulted in loss of equity of -£97.5m. The 2-year extension plans suggested how that loss might be reduced to -£25.1m although additional equity of £15/£20m may be required to deliver the plans and fund projects for the further 2 years. The situation has deteriorated significantly in recent months. Frogmore have made attempts to sell assets in the portfolio in an attempt to release equity, however they have not been able to obtain a desired price.

This has been a predominant driver of the absolute negative returns and relative underperformance seen on the Fund over the one-year period to 31 December 2024. It should be noted that whilst this is disappointing, it is not surprising given that the Fund is attempting to unwind and sell assets during a period in which property valuations and capital returns have been challenged as a result of the higher interest rate environment witnessed in the UK economy. Given that Southwark's holdings in the portfolio are currently c.0.1% of the total portfolio value, and the fund is projected to wind down over the next 1-2 years, we do not have any concerns with the significant underperformance being reported.

# Property Mandate (cont.)

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## Fund Manager News

**Darwin Leisure Development Fund – Portfolio Update:** The challenging economy over the past few years (higher interest rates and inflation) have provided significant tailwinds on the profitability of holiday parks across the UK. The Fund recognises the need to evolve and adopt to market conditions and are in the process of making changes to the management team with the intention of increasing rental yields, boost occupancy during off-peak periods, with a renewed focus on events and non-leisure bookings, offering ex-holiday rental lodges for sale and utilising technology where possible to lower operating costs. A busy festive period at Blenheim Palace supported the Fund to achieve better than expected holiday rental income.

**Darwin Leisure Development Fund – ESG Update:** At the time of writing, the Fund is close to agreeing the first stage of installing a large solar and battery system at one of the sites which would generate over 50% of the parks overall electricity demand. Through utilisation of the Permitted Development rules and funding through a Power Purchase Agreement, this addition will help hedge the market against future price rises with the expectation that savings are generated immediately once in operation.

**Darwin Bereavement Services Fund – Portfolio Update:** Over the quarter, the underlying businesses within the Fund saw strong performance. Withstanding the downward trend in death rates in 2024, Memoria increased their market share in the traditional funeral director cremations market. In particular, the Doncaster site benefitted from higher cremation volumes than expected, mirroring trading volumes seen from a mature site. Affordable has experienced a challenging year with reduced volumes which contributed to the reduction in NAV over the quarter. This is due to a highly competitive funeral plan market with a number of firms increasing their spend on advertising. The Fund has taken steps to restructure the business in light of this and is focused on developing third party partnerships to bolster volumes. So far in 2025, the Fund's portfolio has had a strong start as January is consistently a strong month. The Fund continues to assess growth opportunities for the crematoria businesses.

**Darwin Bereavement Services Fund – ESG Update:** In Q3 2024, Memoria conducted a total of 1,091 cremations using its three electric cremators, equating to around 25% of cremations in the whole portfolio. Throughout 2024, 369 tonnes of CO2, were saved through electric cremations. GreenAcres created 168 memorials over the quarter while the Fund's environmental planning consultant CDS, are currently advising on 48 UK projects with 7 electric cremators in planning stage.. £165,181 was generated for partner charities this quarter, bringing the total for 2024 to £517,892, Memoria being top contributor.

# ESG Priority Allocation Mandate

## Market Commentary & Outlook

Private infrastructure revenue has remained either stable and contracted or regulated. This is often paired with strong firm asset bases continuing to support the infrastructure's valuations and contributing to performance. In a slower economic growth, these strong valuations and performance returns should remain robust.

We think most investors are underexposed to infrastructure relative to real estate. Opportunities remain within greenfield development.

In December, the UK government published its Clean Power 2030 plan which is intended to remove barriers to renewable energy deployment, including planning reform, network buildout and reform of the grid connection process. If these are enacted, it will significantly change

## Fund Manager News

**Temporis Impact Strategy Fund ('TIS V')** - Over the one-year period to 31 December 2024, the wind assets have performed in a correlated pattern, with the whole portfolio outperforming the total Temporis portfolio. The hydro assets once again outperformed wind assets in the quarter. Fenpower was a noticeable detractor to performance caused by poor availability. During the quarter, TIS V completed on a co-investment of £15m into TISV 2 which holds investments in three battery projects and are in consideration of a further £30m co-investment with potential investors.

**Temporis Operational Renewable Energy Strategy ('TORES')** - **Fund Update:** The portfolio's Scottish assets Achaim & BlackCraig underperformed in Q4 due to slower wind speeds, while the English wind assets performed closer to their expected generation. The standout detractor to performance is Eye, which has been dealing with poor availability throughout the last half of 2024. Turcross has been the best performing asset in Q3 & Q4, reaching 101.2% of performance against budgeted expectations. The Fund is in ongoing negotiations to secure lease extensions at two sites with the respective landlords which will form an integral part of optimising these sites.

**Temporis Renewable Energy Fund ('TREF')**: As with the other Temporis funds, portfolio generation was below expectation (80.2%) and also suffered from lower than forecasted wind speeds, especially in November. Average power prices increased over the quarter in line with seasonal trends (demand generally higher during winter months) and were also supported by colder temperatures relative to seasonal averages and reliance on the international market for Liquefied Natural Gas ("LNG"). At the end of the year, flows of Russian Gas through Ukraine were halted which will further increase Europe's reliance on LNG. This could push average power prices up further which in turn provides tailwinds for overall revenue generation from the Fund's projects.

## Market Commentary & Outlook

Global bond yields trended higher during the quarter. The FTSE All Stocks Gilts Index and the FTSE All Stocks Index-Linked Gilts Index fell 3.1% and 6.0%, respectively. In late October, following the announcement of the Autumn Budget by Chancellor Rachel Reeves, bond markets reacted to the news of significantly higher borrowing quite negatively with both 2-year and 10-year yields jumping by over 15bps. In its November meeting, the Bank of England (BoE) reduced its policy interest rate by 0.25% to 4.75%.

We have seen significant increases in gilt yields post quarter end, particularly over January 2025. For a brief period, gilt yield levels were slightly higher than October 2022 during the gilt market crisis. Against the market backdrop in 2022, this move was more international in nature with similar increases in yields across UK, US and France, and a significant although slightly smaller move in German bunds. When speaking to LDI managers, they have attributed the moves over to “fast money” selling ahead of the recent gilt market auction, to try and force yields higher.

On 6 February 2025, as widely anticipated by markets, the BoE cut the bank rate again by 25 bps from 4.75% to 4.5% owing to domestic wage and price “pressures” continuing to subside and provide a tailwind for inflation, demand in the economy slowing and inflation falling below target.

Market commentary has focused on the Chancellor being trapped in a “doom-loop” whereby higher interest expense forces her to raise taxes further depressing the economy and tax revenues. However, overall deficits are not extreme (the UK 2025 deficit is likely to be under 4%). UK 10-year yields have risen no more than other European bond markets. Weakness has been concentrated at tenors where the Debt Management Office has issued recently, which we attribute to selling to “fast money” such as hedge funds shorting ahead of auctions.

We think volatility will continue into the Spring statement driven by both domestic and international factors. A lot of the additional volatility the UK has experienced at the long-end of the curve could be avoided if the Treasury adjusts issuance towards the front-end of the curve, where there is a bid from banks. Longer-dated conventional gilts are likely to have lower demand from defined benefit (DB) pension schemes going forward as schemes continue to mature. Index-linked gilt demand held up well in the January auction, which we attribute to relatively high inflation sensitivity of DB liabilities now that break-even inflation rates have fallen back.

## Fund Manager News

**Blackrock Sterling Liquidity Fund** - The Fund performed in line with its benchmark (SONIA) over the fourth quarter of 2024. The Fund is positioned with large amounts of liquidity with c.47% of the fund maturing within a week and a weighted average maturity of 34 days.

**LGIM Sterling Liquidity Fund** - The Sterling Liquidity Fund marginally outperformed its benchmark of SONIA during the fourth quarter of 2024 (on an annualised basis). Sterling money market rates were mixed over the quarter, with the one-month, three-month and six-month SONIA reference rates falling, and the one-year rate rising. The two largest sectors within the fund as at the end of the quarter were Certificate of Deposits and Commercial Paper at 50.1% and 16.9% respectively. As at 31 December 2024, all instruments held in the strategy are having a credit rating of A or above.

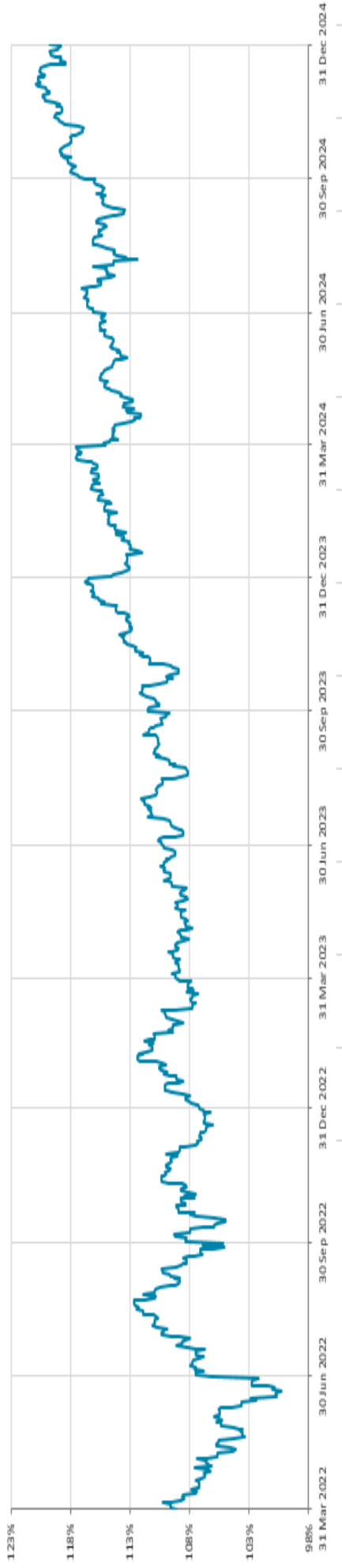


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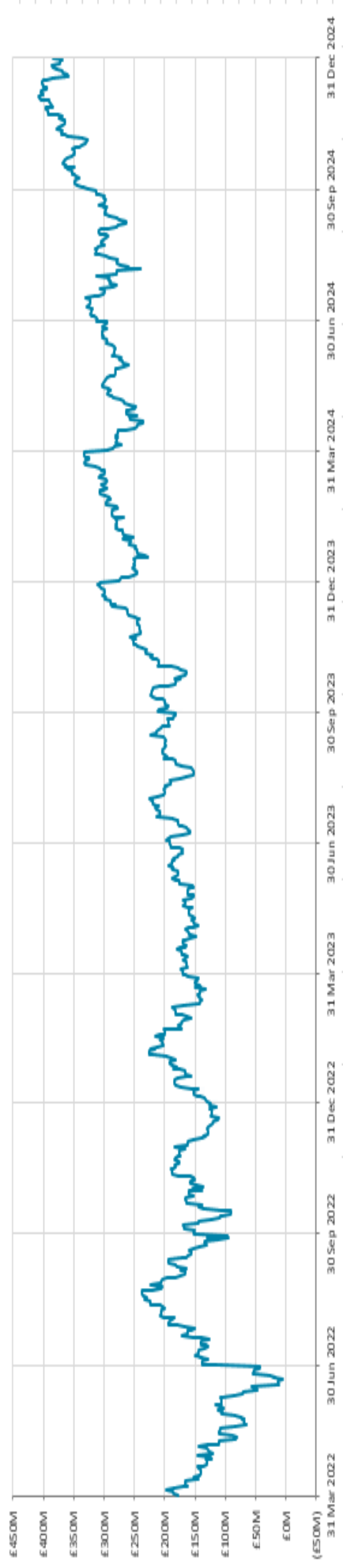
## Appendix

# Funding level since latest Valuation as at 31 December 2024

Change to funding level since 31 March 2022



Change to surplus/(deficit) since 31 March 2022



Please note that the graphs are based on unaudited, provisional value of assets as at 30 September 2024 (provided by JPM). In rolling forward the liabilities we have used an estimate of cashflows paid out to the Fund, based on those at the level of the 2022 valuation.

# Key assumptions of the model (1)

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

# Key assumptions of the model (2)

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

# TAS compliance

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

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

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

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

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<b>Meeting Name:</b>	Pensions Advisory Panel
<b>Date:</b>	19 March 2025
<b>Report title:</b>	Compliance with the General Code & Action Plan following Barnett Waddingham review
<b>Ward(s) or groups affected:</b>	Not applicable
<b>Classification:</b>	Open
<b>Reason for lateness (if applicable):</b>	Not applicable
<b>From:</b>	Chief Investment Officer

## RECOMMENDATIONS

1. The Pensions Advisory Panel (PAP) is asked to note the findings from Barnett Waddingham's review of the Fund's readiness in complying with the requirements of the revised General Code of Practice ('the Code').
2. The PAP is also asked to note the Action Plan which includes specific actions and steps to be taken by the Fund to address areas of gaps/improvements identified as part of the review.

## Background

3. The Code came into force on 28 March 2024. The Code applies to governing bodies of occupational, personal, and public service pension schemes and sets out the Pension Regulator's expectations of the conduct and practice governing bodies should meet to comply with their duties under pensions legislation.
4. Following release of the Code in March 2024, the Fund officers engaged Barnett Waddingham as an independent third-party to review its compliance with the new requirements.
5. Barnett Waddingham have undertaken a desktop review of the documents/information provided by the Fund as part of a checklist/fact-finding questionnaire. The review has considered all modules applicable to the LGPS. Certain modules are not applicable to the LGPS and Barnett Waddingham have excluded them as part of the review.

## Findings from Barnett Waddingham review

6. Overall, the review found that the Fund is in a very good position in terms of already complying with requirements of the Code. The Fund has strong internal controls, processes, policies and procedures in place for majority of the requirements of the Code.

7. As a quick summary, out of the total 53 modules in the Code, 44 modules are applicable to the LGPS. Of these 44 modules, the Fund already complies with the requirements of 35 modules. There are some gaps/improvement areas identified across 9 remaining modules.
8. Key areas where additional work is required to align with specific requirements of the Code and industry best practice are listed below:
  - a. Identifying, evaluating, and recording risks, particularly documenting the process involved in identifying and managing key risks
  - b. Managing procurement and appointment process in relation to engaging with advisers and service providers
  - c. Formalising checks and controls in relation to the investment of contributions received
  - d. Developing formal documentation and processes in relation to transfers out of the Fund
  - e. Developing/updating formal guidance and processes to resolving overdue contributions with employers
  - f. Updating the risk register to account for 'pension scams' as a possible risk and measures in place within the Fund to manage/mitigate such risks
  - g. Developing/updating the policy and processes on how AVC benefits are dealt with
  - h. Developing guidance/documentation in relation to retirement risk warnings

### **Action Plan & Next Steps**

9. The Fund officers have prepared an 'Action Plan' to address the above highlighted gaps in complying with the Code. The Action Plan captures both specific actions and steps the Fund officers will take to address the identified gaps.
10. A risks-based approach will be adopted to prioritise focus areas where gaps have been identified.
11. The Action Plan is attached as Appendix 1 to this report.
12. The Fund officers will update PAP in due course.

### **Policy framework implications**

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

**Community impact statement**

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

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

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

**Health impact statement**

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

**Climate change implications**

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

**Resource implications**

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

**Legal implications**

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

**Financial implications**

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

**Consultation**

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

**APPENDICES**

No.	Title
Appendix 1	General Code Compliance and Action Plan

**AUDIT TRAIL**

Lead Officer	Clive Palfreyman, Strategic Director of Resources		
Report Author	Caroline Watson, Chief Investment Officer		
Version	Final		
Dated	17 February 2025		
Key Decision?	N/A		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Assistant Chief Executive – Governance and Assurance		N/A	N/A
Strategic Director of Resources		N/A	N/A
Cabinet Member		N/A	N/A
Date final report sent to Constitutional Team			6 March 2025

## General Code Compliance and Action Plan

RAG Rating		Module count (Percentage)	
Red		0 (0%)	
Amber		6 (11%)	
Green		35 (66%)	
Awaiting assessment		3 (6%)	
N/A*		9 (17%)	
<b>Total</b>		<b>53 (100%)</b>	

\*Not specifically applicable to the LGPS

## Key to colours

Colour	Meaning
<span style="color: green;">■</span>	The Fund complies with the Code and no further action is required at this time
<span style="color: yellow;">■</span>	The expectation does not apply to this LGPS but the Fund may wish to comply with this expectation as a matter of good practice
<span style="color: red;">■</span>	The Fund does not comply with the Code and action is required

#	Topic	Current finding/status	Action Required	Responsibility	Due Date	Team members	Outcome/Comments
1	Managing advisers and service providers	Conflicts of Interest (southworkpensions.co.uk) The above documents identifies how conflicts of interest are managed with regard to Aon.	The Fund may wish to include a high-level summary on the procurement and appointment process of advisers and service providers and may wish to provide more details on annual supplier reviews and how other key advisers are monitored.	Pensions Investments & Operations Team	30/06/2025	Investments team: Spandan Shah, Tracey Milner Operations team: Barry Berkengoff, Peter Hughes	This will be a combination of annual supplier reviews and periodic/annual feedbacks requested either by the fund officers or by the service providers (e.g. AON).
2	Identifying, evaluating, and recording risks	Risk register which outlines the key risks of the Fund, stakeholders, ownership and mitigation of the Fund's key risks.	The Fund may wish to include wording on the identification process of the Fund's key risks.	Pensions Investments & Operations Team	30/04/2025	Investments team: Caroline Watson, Spandan Shah Operations team: Barry Berkengoff, Peter Hughes Insurance/Risk management: Laura Sandy	We will present a new Risk register format to the LPB at the upcoming meeting on 02/04/2025. Following any feedback, we will finalise the format and also prepare formal documentation in relation to the process adopted for identifying and quantifying the key risks.
3	Financial transactions	The Fund has in place a detailed Data Management Policy which highlights the administration system along with standards expected. It is expected that there are strong processes for the governance of investing contributions.	The Fund may wish to outline at a high level the processes and checks and controls with the investment of contributions.	Pensions Investments Team	No Action required	Investments team: Caroline Watson, Jenny Han-Nguyen	Pensions contributions are monitored on a monthly basis and the Fund's cash management policy identifies how cash balances are managed.
4	Transfers out	The Fund has in place the correct processes to ensure transfers are completed which meets the statutory requirements but it is not formally documented.	The Fund may wish to update the Data Management Policy to include the following: SLA's of the administrator system and reviews (if completed).	Pensions Operations Team	30/06/2025	Operations team: Barry Berkengoff, Peter Hughes	
5	Resolving overdue contributions	The Fund has in place detailed reconciliation spreadsheets. These spreadsheets would cover the reconciliation and identification of overdue contributions. However, we were unable to locate specific wording to resolving the process.	Continue the development of formal documentation and processes in line with LGA and FCA guidance.	Pensions Operations Team	31/05/2025	Operations team: Barry Berkengoff, Peter Hughes, Agne Svencionyte	
6	Scams	It would be expected that the internal audit would cover pension scam reviews and the fund would have in place processes to mitigate potential scams.	To confirm/update if there is formal guidance and processes to resolving overdue contributions with employers.	Pensions Investments Team	30/06/2025	Investments team: Caroline Watson, Jenny Han-Nguyen	We are in the process of developing guidance and controls around how we deal with overdue contributions.
7	Annual pension benefit statements	The Fund has in place a webpage providing details on AVCs, however, we have been unable to locate wording with regard to the production of the benefit statements. It is expected that AVC benefit statements are produced and distributed to members.	The Fund may wish to update the risk register to include potential scams and actions the Fund have in place to mitigate the risk.	Pensions Investments & Operations Team	Action completed	Investments team: Caroline Watson Operations team: Barry Berkengoff	Risk register already updated for 'Pensions Scams' as a risk. A description of measures in place to mitigate the risk also included as part of the revision.  Additionally, the Fund already participates in the NFI initiative as well as following FCA/Pensions Ombudsman guidance on pensions liberation.
8	Retirement risk warnings and guidance	Unable to locate any specific documentation or wording with regard to risk warnings.	The Fund has confirmed that the Administration team are building a Policy and the processes on how AVC benefits should be dealt with. The status can be amended upon the completion of this work.	Pensions Operations Team	30/06/2025	Operations team: Barry Berkengoff, Peter Hughes, Agne Svencionyte	A process is being developed to include annual AVC benefits as part of the main Annual Benefit Statement exercise.
9	Systems of governance	This is an overarching module, so need to look at individual modules for compliance.	The Fund has confirmed that the Administration team are building a Policy and the processes on how AVC benefits should be dealt with in line with LGA guidance. The status can be amended upon the completion of this work.	Pensions Operations Team	30/06/2025	Operations team: Barry Berkengoff, Peter Hughes, Agne Svencionyte	
			Need to monitor actions against other modules.	Not Applicable	Not Applicable	Not Applicable	Not Applicable

<b>Meeting Name:</b>	Pensions Advisory Panel
<b>Date:</b>	19 March 2025
<b>Report title:</b>	Carbon Footprint Update – 31 Dec 2024
<b>Ward(s) or groups affected:</b>	Not applicable
<b>Classification:</b>	Open
<b>Reason for lateness (if applicable):</b>	Not applicable
<b>From:</b>	Interim Environmental, Social and Governance (ESG) Manager

## RECOMMENDATION

1. The Pensions Advisory Panel is asked to note the Fund's updated carbon footprint as at 31 December 2024.

## Results

2. The table on the next page sets out the weighted carbon intensity (with \$ million revenue as a base) by asset class against our benchmark period of September 2017. For the calculations, we rely on the Weighted Average Carbon Intensity (WACI) calculations provided by our fund managers and available from Trucost, our carbon data provider. In our calculations, we currently consider Scope 1 and Scope 2 carbon emissions only.
3. The results for 31 Dec 2024 show a decrease in the carbon footprint (Scope 1 and Scope 2) for the Fund. Compared to the previous quarter (30 Sept 2024), the Weighted Carbon Intensity ('WCI') has decreased by 9%. Since September 2017, the Fund has reduced its WCI by ~84%.
4. The changes in the standalone investments across the asset classes in the portfolio is discussed below:
  - a. Developed market equities (positive impact): There is a decrease in WCI for the BlackRock and LGIM developed market low-carbon equities (10.5 vs 11.6), primarily due to market movements. On a standalone basis, there is a 1% increase the carbon footprint of the LGIM fund and a 19% decrease in the carbon footprint of the BlackRock fund.

Weighted Carbon Intensity over time		Weighted Carbon Intensity (Scope 1 & Scope 2) tCO2e/\$m revenue							
Asset Class	Fund Managers	Sept 2017 (baseline)	March 2021	March 2022	March 2023	March 2024	June 2024	Sept 2024	Dec 2024
Equity - Developed	Blackrock, LGIM	98.7	23.0						
Equity - Developed Market Low Carbon	Blackrock, LGIM		24.2	51.0	17.5	13.7	11.5	11.6	10.5
Equity - Emerging Markets	Blackrock	18.1	19.1						
Equity - Emerging Markets	Comgest			0.2	0.4	2.2	2.5	2.2	2.2
Equity - Global	Newton	10.6	4.4	5.8	6.9	4.5	3.6	3.6	3.6
Diversified Growth Fund	Blackrock	26.7	15.6	16.5	12.6				
Absolute Return Bonds	Blackrock	22.4	10.0	6.8	19.6				
Multi-Asset Credit	Robeco, LCIV					5.1	5.1	5.9	5.4
Core Property	Nuveen	14.3	10.6	12.0	1.8	1.7	1.5	1.4	1.0
ESG Priority Allocation - Property	Invesco, M&G, Brockton, Frogmore	8.8	10.9	4.6	4.8	0.8	0.7	0.6	0.4
ESG Priority Allocation - Alternatives	BTG Pactual, Blackstone, Darwin			0.1	0.5	1.1	1.2	1.0	1.0
Sustainable Infrastructure	Blackrock, Glennmont, Temporis	0.0	0.0	0.0	0.0	1.8	1.8	1.8	1.7
IL Gilts	Blackrock, LGIM	14.0	14.0	24.2	21.4	8.8	8.3	9.6	8.4
Cash And Equivalents	Blackrock, Nuveen, Newton	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Weighted Carbon Intensity		213.7	131.7	121.4	85.5	39.7	36.0	37.7	34.2
Total Change in Footprint			-38.3%	-43.2%	-60.0%	-81.4%	-83.1%	-82.3%	-84.0%

- b. Comgest (neutral): Comgest continues to actively engage with underlying portfolio companies on their decarbonisation agenda. Overall WCI of the investment is consistent compared to previous quarter (2.2 vs 2.2).
  - c. Newton Global Equity (neutral): Newton continues to actively engage with underlying portfolio companies on their decarbonisation agenda. Overall WCI of the Newton portfolio is consistent compared to previous quarter (3.6 vs 3.6).
  - d. Multi-asset credit funds with LCIV and Robeco (positive impact): Overall WCI for both the multi-asset credits funds is positive (5.9 vs 5.1), driven primarily by a c. 20% decrease in WCI of the Robeco fund and a 4% decrease in the WCI of the LCVI-CQS fund. Both, LCIV-CQS and
  - e. Nuveen (positive impact): There is an improvement in the WCI for the quarter (1.0 vs 1.4) driven by results of various decarbonisation-focused initiatives that have been implemented across the portfolio over the past years.
  - f. ESG Priority Allocation (positive): Aggregate WCI for all investments in the ESG Priority Allocation category including both property assets (Invesco, M&G, Brockton, etc) and wider infrastructure assets (BTG Pactual, Darwin) has decreased marginally compared to the previous quarter (1.4 vs 1.6) contributing positively to the Fund's overall WCI.
  - g. Sustainable Infrastructure (neutral): We continue to use actual WACI information from BlackRock in relation to our investment in Global Renewable Power III Fund as a proxy for other investments in the sustainable infrastructure category. Aggregate WCI for all investments in the category has reduced marginally (1.7 vs 1.8) during the quarter primarily driven by a reduction in overall proportion of assets allocation to the asset class.
  - h. Index-linked Gilts (negative impact): WCI for the index-linked gilts over the quarter has increased (8.4 vs 9.6). This is primarily on account of a drop in UK's reported GHG emissions and simultaneous increase in its nominal GDP figures.
5. The unweighted exposure for each investment is set out below ranked in order of carbon footprint, from lowest to highest exposure.

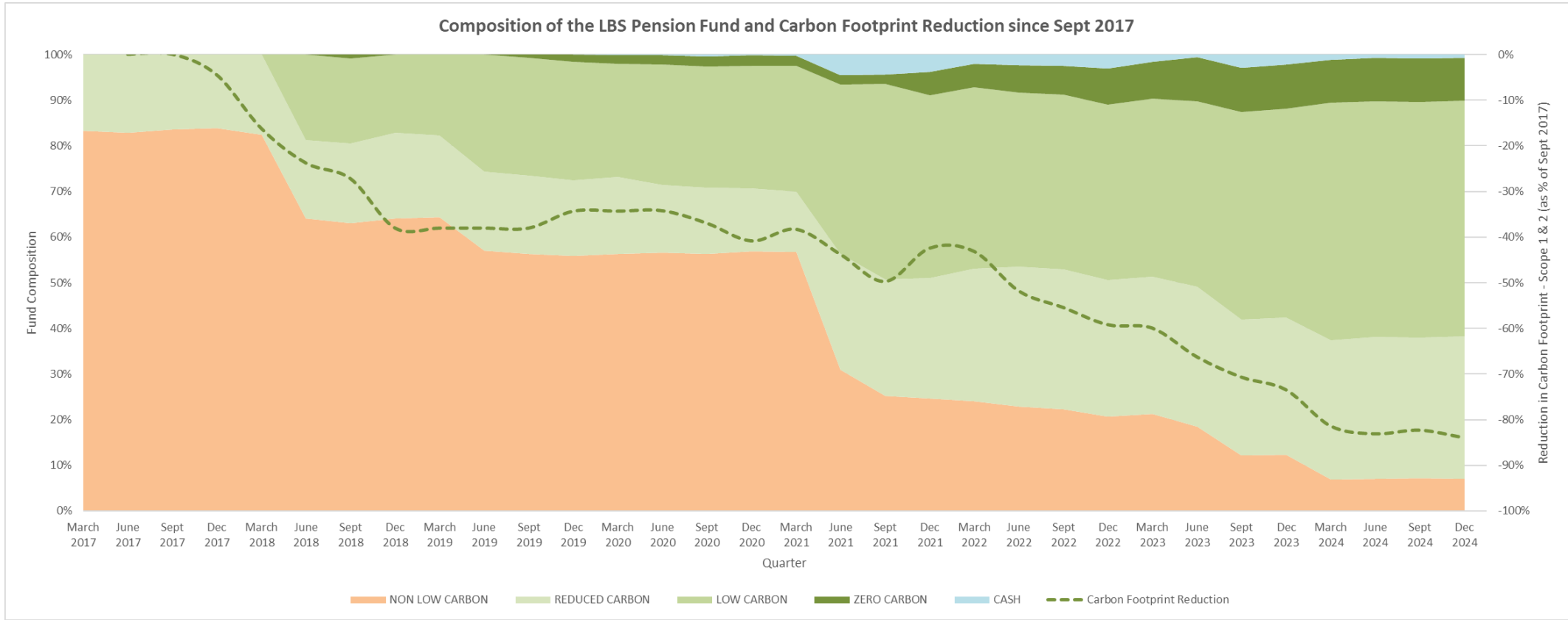
Unweighted Carbon Intensity		Unweighted Carbon Intensity tCO <sub>2</sub> e/\$m revenue
Asset Class	Fund Manager(s)	Dec 2024
Cash And Equivalents	BlackRock, LGIM, Nuveen, Newton	0.00
Core Property	Nuveen	9.90
Global Equities	Newton	26.30

Unweighted Carbon Intensity		Unweighted Carbon Intensity tCO <sub>2</sub> e/\$m revenue
Asset Class	Fund Manager(s)	Dec 2024
Low Carbon Equity	BlackRock	28.50
Low Carbon Equity	LGIM	29.00
ESG Priority Allocation - Property	Brockton, Frogmore, Invesco, M&G	39.60
Emerging Markets Equity	Comgest	53.00
ESG Priority Allocation - Alternatives	BTG Pactual, Blackstone, Darwin Bereavement & Leisure Dev	86.80
Sustainable Infrastructure	BlackRock, Glenmont, Temporis	112.5
Multi-asset Credit Funds	Robeco, LCIV	115.70
Index Linked Gilts	Blackrock, LGIM	241.60
<b>Total</b>		<b>742.80</b>

6. During the quarter, the holdings in the Zero Carbon, Low Carbon and Reduced Carbon investments are ~92% of our total investment (consistent with holdings as at 30 Sept 2024).
7. The carbon footprint reduction infographic (set out below, with further information on the following page) has been produced 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 to easily display the Fund's progress towards net zero.



<b>LEGACY INVESTMENTS</b>	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.
<b>REDUCED CARBON</b>	Investments either in property or in funds with specific oil and gas exclusions.
<b>LOW CARBON</b>	Funds specifically set up as 'low carbon' funds. All products within this category are currently index tracking developed market equities.
<b>ZERO CARBON</b>	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.
<b>CASH</b>	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**

8. No immediate implications arising

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

9. No immediate implications arising

### **Health Impact Statement**

10. No immediate implications arising

### **Climate Change Implications**

11. No immediate implications arising

### **Resource Implications**

12. No immediate implications arising

### **Legal Implications**

13. No immediate implications arising

### **Financial Implications**

14. No immediate implications arising

### **Consultation**

15. No consultation is needed.

## **APPENDICES**

No.	Title
None	

**AUDIT TRAIL**

Lead Officer	Clive Palfreyman, Strategic Director of Resources		
Report Author	Spandan Shah, Interim ESG Manager		
Version	Final		
Dated	12 February 2025		
Key Decision?	N/A		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Assistant Chief Executive – Governance and Assurance		N/A	N/A
Strategic Director of Resources		N/A	N/A
Cabinet Member		N/A	N/A
Date final report sent to Constitutional Team			6 March 2025

<b>Meeting Name:</b>	Pensions Advisory Panel
<b>Date:</b>	19 March 2025
<b>Report title:</b>	Update on Engagement and Voting activity – 31 Dec 2024
<b>Ward(s) or groups affected:</b>	Not applicable
<b>Classification:</b>	Open
<b>Reason for lateness (if applicable):</b>	Not applicable
<b>From:</b>	Interim ESG Manager – Treasury and Pensions

## RECOMMENDATION

1. The Pensions Advisory Panel is asked to note the Fund's engagement and voting activity for the quarter ended 31 December 2024 for the underlying investments of the Fund.

### An update on the fund's engagement and voting activity

2. This report outlines the key engagement and voting themes across the Fund's listed assets for both segregated and pooled mandates. It also summarises the engagement and voting activity undertaken by LAPFF, active equities managers (Newton and Comgest) and passive equities managers (LGIM and Blackrock) up to the quarter ended 31 December 2024.

### Key engagement and voting themes

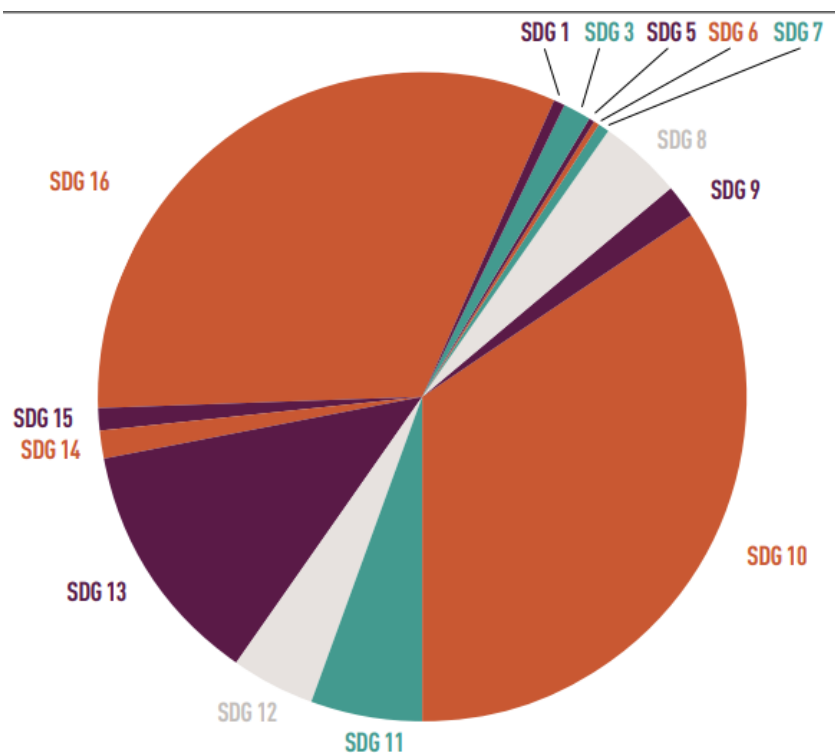
3. The Fund engages with and votes on various ESG-focused themes and topics through the investment managers.
4. During the quarter, some of the key ESG-focused engagement and voting themes for the listed assets are listed below:
  - a. Environment-focused themes:
    - i. Climate change
    - ii. Environmental risk
  - b. Social themes:
    - i. Human Rights
  - c. Governance related themes:
    - i. Board and leadership quality
    - ii. Corporate Strategy
    - iii. Executive remuneration

5. The investment managers summarise their engagement themes and voting decisions in reports which are subsequently shared with officers on a quarterly basis.
6. The above themes, particularly the focus on climate change, are aligned with the Fund's net-zero and wider Responsible Investment agenda.

## **ENGAGEMENT AND VOTING SUMMARY**

### **LAPFF (1 Oct 2024 - 31 Dec 2024)**

7. Attached is a link to the LAPFF website which includes historical reports of the stakeholder engagement activity it undertakes on an ongoing basis:  
<https://lapfforum.org/engagements/>
8. The report for the period 1 October 2024 to 31 December 2024 is available at:  
<https://lapfforum.org/engagements/q4-2024-lapff-quarterly-engagement-report/>
9. During the quarter from Oct to Dec 2024, LAPFF sent a letter to 94 FTSE 100 companies (excluding investment trusts) requesting details about their approach to or operations in/funds linked to conflict-affected and high-risk areas. Additionally, LAPFF had meetings with 24 companies as part of their engagement activity.
10. The primary areas of engagement were human rights, climate change, and environmental risk. Other engagement topics include governance, employment standards and audit practices.
11. An overview of the engagement themes undertaken by LAPFF across the 17 UN Sustainable Development Goals is captured in the below chart:



#### LAPFF SDG ENGAGEMENTS

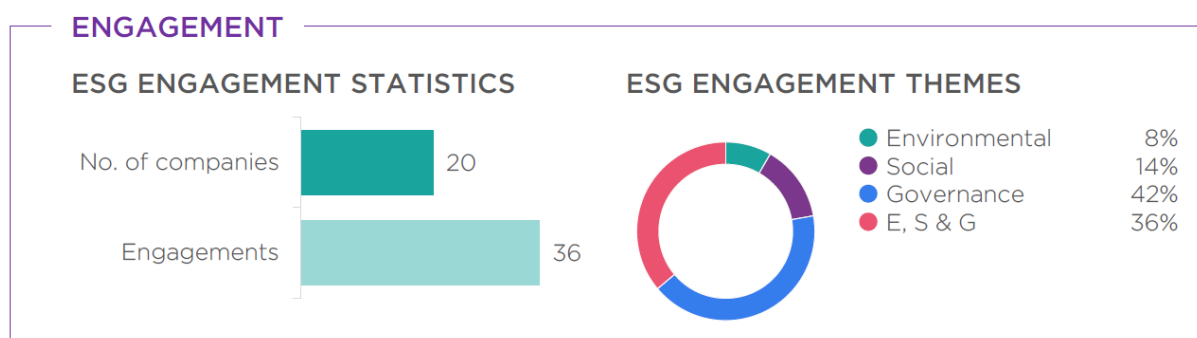
SDG 1: No Poverty	2
SDG 2: Zero Hunger	0
SDG 3: Good Health and Well-Being	5
SDG 4: Quality Education	0
SDG 5: Gender Equality	1
SDG 6: Clean Water and Sanitation	1
SDG 7: Affordable and Clean Energy	2
SDG 8: Decent Work and Economic Growth	15
SDG 9: Industry, Innovation, and Infrastructure	6
SDG 10: Reduced Inequalities	121
SDG 11: Sustainable Cities and Communities	19
SDG 12: Responsible Production and Consumption	15
SDG 13: Climate Action	43
SDG 14: Life Below Water	4
SDG 15: Life on Land	4
SDG 16: Peace, Justice, and Strong Institutions	113
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

#### Comgest (12-month period from 1 Oct 2023 – 30 Sept 2024)<sup>1</sup>

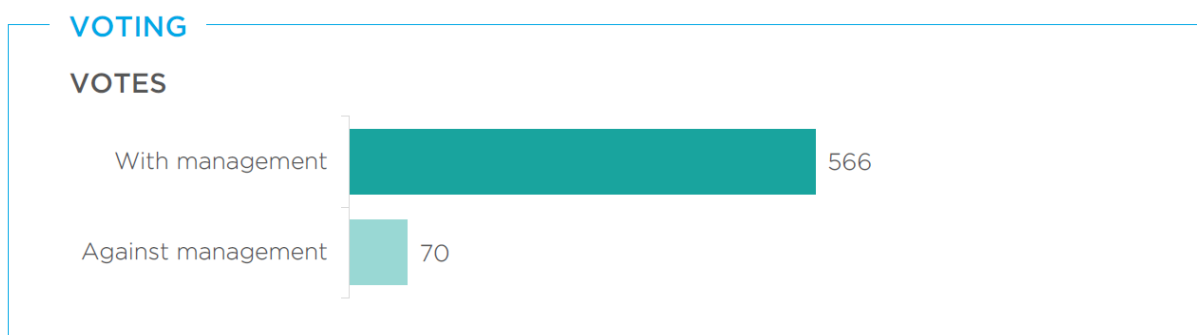
12. Comgest's Voting and Engagement Policy can be found at <https://www.comgest.com/-/media/comgest/esg-library/esg-en/active-ownership-policy.pdf>.

<sup>1</sup> Source: Comgest Quarterly Report shared on 17/01/2025 which includes data for 12-month period from 1 Oct 2023 to 30 Sept 2024

13. On a quarterly basis Comgest provides information on the voting undertaken and their engagement across ESG matters over the previous 12-month period.
14. Over the 12-month period from 1 Oct 2023 to 30 Sept 2024, Comgest had 36 engagements with 20 companies. Breakdown of the engagement themes is captured in the chart below.



15. The voting activity for the 12-month period is captured below:



### Newton (1 Oct 2024 - 31 Dec 2024)

16. Newton's Voting and Stewardship Policy can be found at <https://www.newtonim.com/uk-lgps/special-document/governance-principles-and-voting-guidelines/> and <https://www.newtonim.com/uk-lgps/special-document/stewardship-and-sustainability-policy/>
17. On a quarterly basis, Newton provides information on the voting undertaken and their engagement across ESG matters.
18. During the period from Oct – Dec 2024<sup>2</sup>, for our segregated fund, Newton had stewardship meetings with various companies on:
- environmental aspects like physical risks from climate change, natural resource impact, new product opportunities
  - governance aspects like strategy, remuneration, Board and leadership

<sup>2</sup> Source: Newton Quarterly RI Report shared on 31/01/2025

quality, skills and experience, transparency and reporting

19. During the quarter, Newton voted with the management of portfolio companies on one resolution and against the management on one resolution.

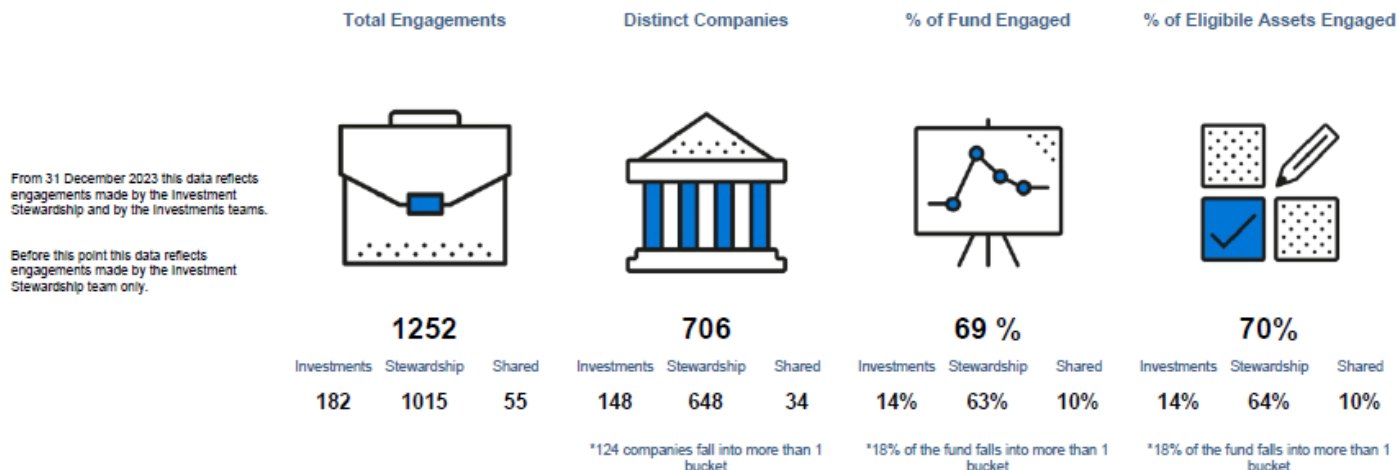
**LGIM (Engagement data: 12-month period from 1 Jan 2024 - 31 Dec 2024;  
Voting data: 1 Oct 2024 – 31 Dec 2024)**

20. LGIM's Corporate Governance Policy can be found at <https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-uk-corporate-governance-and-responsible-investment-policy.pdf>
21. LGIM also publishes its approach to voting in the public domain. Its voting intentions for 2024 are outlined in a blog available at: <https://blog.lgim.com/categories/esg-and-long-term-themes/lgims-voting-intentions-for-2024/>
22. For the Low Carbon Transition Developed Markets Equity Index Fund<sup>3</sup>, during the quarter from 1 Oct 2024 to 31 Dec 2024, LGIM voted with the management on 74.85% resolutions and against the management on 24.65% of the resolutions. Total resolutions where LGIM was eligible to vote were 1,205.
23. During the 12-month period, Low Carbon Transition Developed Markets Equity Index Fund, LGIM had 1,252 engagements with 706 companies comprising 69% of the fund value.
24. Top five engagement topics were Climate Impact pledge, human rights, capital management, corporate strategy, and climate change.
25. Summary of the engagement activity is captured below<sup>4</sup>.

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<sup>3</sup> Shared by LGIM team on 04/12/2025

<sup>4</sup> Shared by LGIM team on 11/02/2025



#### Top 5 Engagement Topics

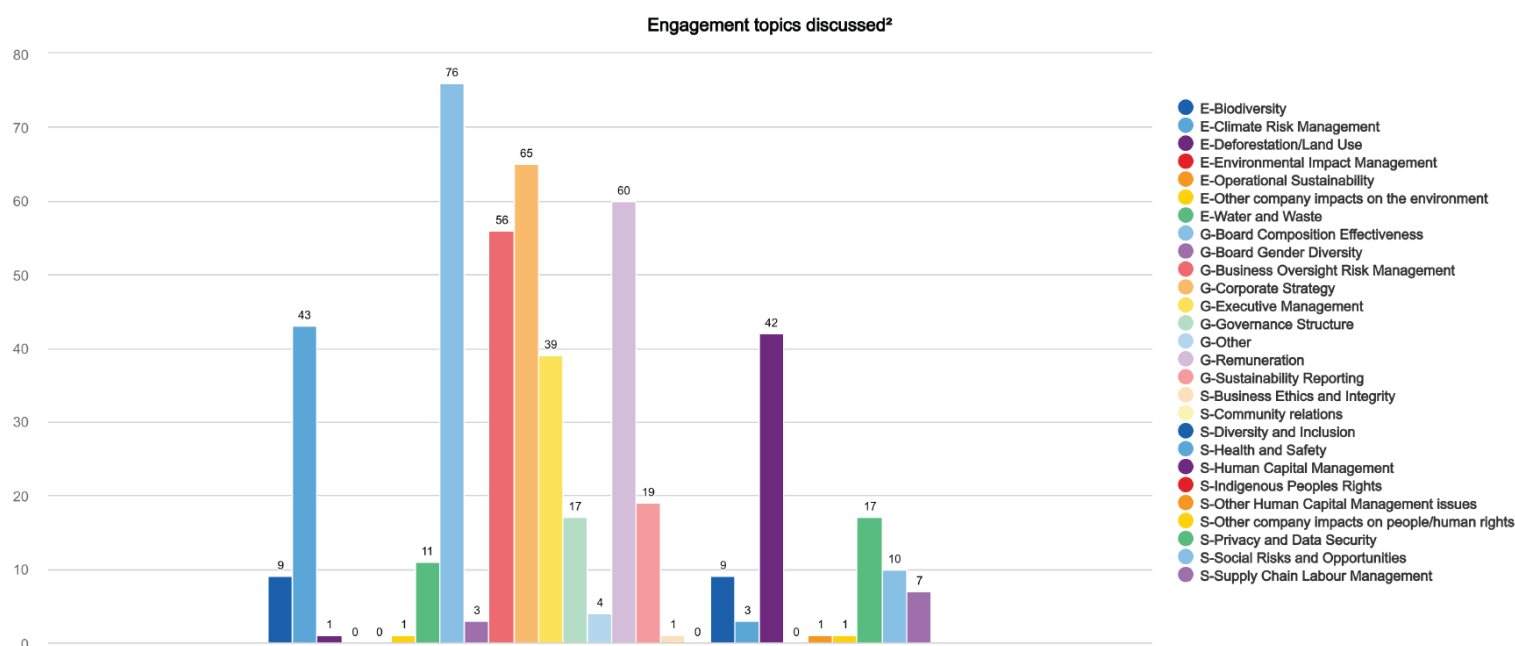


#### BlackRock (1 Oct 2024 - 31 Dec 2024)

26. BlackRock's policies and approach to Investment Stewardship and Engagement can be found at <https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf> and <https://www.blackrock.com/corporate/literature/publication/blk-stewardship-priorities-final.pdf>
27. BlackRock's voting intentions and approach differs by geographies. Its proxy voting guidelines for equity assets in various are available at <https://www.blackrock.com/corporate/insights/investment-stewardship>.
28. During the quarter, for the ACS World Low Carbon Equity Tracker Fund<sup>5</sup>, BlackRock LGIM had engagements with 117 companies. Top 5 engagement topics were Board composition effectiveness, Corporate Strategy, Remuneration, Risk management, and Climate risk management. Summary of the engagement activity is captured below:

<sup>5</sup> Based on BlackRock Stewardship Engagement report for quarter ended 31/12/2024

Reporting Period: 01-OCT-2024 to 31-DEC-2024



29. During the quarter, for the ACS World Low Carbon Equity Tracker Fund<sup>6</sup>, BlackRock voted with the management on 93.80% proposals and against the management on 6.20% of the proposals. Total proposals where BlackRock was eligible to vote were 516.

### Engagement and voting activity next steps

30. The Fund officers have now agreed a way forward with BlackRock and LGIM on 'pass-through' voting for the pooled equity assets.
31. For the ACS fund with BlackRock, pass-through voting will be implemented as part of their Voting Choice program. The Decarbonisation voting policy will be applicable to all equity holdings in the fund.
32. For the LGIM GPEW fund, pass-through voting will be implemented through Tumelo, a third-party voting management platform. The Fund officers have agreed to implement Glass Lewis Climate Policy for the holdings in the LGIM GPEW fund. Currently, it will be applicable to FTSE350 and S&P500 companies only. These 850 companies comprise approx. 76% of the fund value as at the quarter ending 31 December 2024. For the remaining holdings, voting activity will continue to vote as per LGIM's current voting policy.
33. The pass-through voting mechanism agreed with both BlackRock and LGIM is more climate-aligned compared to the legacy/standalone voting policy. This is aimed to help drive our net-zero ambition and focus across the pooled equity mandates. The pass-through voting for both BlackRock and LGIM pooled funds will be implemented from the quarter starting 1 Jan 2025.

<sup>6</sup> Based on BlackRock Proxy Vote summary report for quarter ended 31/12/2024

34. The Fund officers will also review the voting and engagement activity of the Fund's other equity managers and provide specific guidance and action points to the managers to ensure the activity is aligned with our strategic priorities and the ISS and RI Policy.

### **Policy framework implications**

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

### **Community impact statement**

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

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

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

### **Health impact statement**

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

### **Climate change implications**

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

### **Resource implications**

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

### **Legal implications**

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

### **Financial implications**

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

### **Consultation**

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

## **APPENDICES**

No.	Title
None	

**AUDIT TRAIL**

Lead Officer	Clive Palfreyman, Strategic Director of Resources		
Report Author	Spandan Shah, Interim ESG Manager - Treasury and Pensions		
Version	Final		
Dated	12 February 2025		
Key Decision?	N/A		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Assistant Chief Executive – Governance and Assurance		N/A	N/A
Strategic Director of Resources		N/A	N/A
Cabinet Member		N/A	N/A
Date final report sent to Constitutional Team			6 March 2025

<b>Meeting Name:</b>	Pensions Advisory Panel
<b>Date:</b>	19 March 2025
<b>Report title:</b>	Pension Fund Statement of Accounts 2023-24
<b>Ward(s) or groups affected:</b>	Not applicable
<b>Classification:</b>	Open
<b>Reason for lateness (if applicable):</b>	Not applicable
<b>From:</b>	Chief Investment Officer

## RECOMMENDATIONS

1. The pensions advisory panel is asked to:
  - Note the pension fund statement of accounts set out as Appendix 1.
  - Note the ISA 260 report as issued by KPMG, set out as Appendix 2.

## Background Information

2. The pension fund statement of accounts for 2023-24 was published on 30 June 2024, with the audit of the accounts commencing in July 2024 and concluding in February 2025. The statement of accounts for 2023-24 can be accessed via the following link: [Statement of accounts | Southwark Council](#) and is also attached as Appendix 1.

## Audit Opinion

3. KPMG has granted an unqualified opinion on the council and pension fund statement of accounts for 2023-24. The year end report to audit, governance and standards committee (ISA 260 report) on the London Borough of Southwark Pension Fund is attached as Appendix 2.
4. The purpose the above report is to detail their findings and matters arising during the course of auditing the financial statements.
5. Starting on page 20 of the report, the control deficiencies section sets out management recommendations regarding the financial statements. Following KPMG issuing the report, we have provided a management response to each recommendation as follows:

Recommendation	Management Response
<p><b>Approval of journals: segregation of duties</b></p> <p>The pension fund has a process where journal entries require authorisation prior to posting in SAP. Whilst all journal entries selected for testing were properly authorised, the system does not enforce authorisation.</p>	<p>The pension fund follows the system put in place for the posting of journals in SAP for all users (council and pension fund).</p> <p>This recommendation will be fully addressed via the implementation of an approval workflow in the replacement finance system.</p>
<p><b>Management review of valuation of direct property</b></p> <p>It is recommended that the Fund review and challenge the valuations provided by the valuer and that the process should be fully documented.</p>	<p>The Fund's direct property holdings are reviewed by officers on a quarterly basis. Movements in valuations are monitored quarterly and significant changes in valuation are investigated. The quarterly Knight Frank valuation report is reviewed to ascertain whether the reasons for valuation changes are documented, and, if required, further investigation is conducted via Nuveen, Arrangements will be made for the review of valuations to be formalised and documented during 2024-25.</p>
<p><b>Related Parties</b></p> <p>No formal process is followed by the Fund to identify related parties at year end.</p> <p>We recommend that the Fund considers putting in place a formal process to do this as part of its year end processes.</p>	<p>A review is conducted annually to identify potential related parties to the Fund. This considers the key areas and functions associated with the operation of the pension fund. It is not considered necessary to put a formal process in place.</p>
<p><b>Valuation of Investments</b></p> <p>No formal process is in place to update the investment valuations after preparing the draft financial statements.</p> <p>We recommend that the Fund considers obtaining asset valuations from fund managers again (at least after 6 months from the year-end) for assets recorded at lagged valuations in the first draft of the financial statements.</p>	<p>Investment valuations are provided by fund managers as soon as they are available. March valuations are received by the end of May. The required adjustments to the financial statements are identified and updated during the audit process.</p> <p>We will ensure the current process is formally documented.</p>

Recommendation	Management Response
<p><b>Membership Reconciliation</b></p> <p>No formal member reconciliation is performed noting changes in membership during the year. There is a risk that membership information be incorrect.</p> <p>We therefore recommend that the Fund considers performing an annual membership reconciliation to ensure the completeness and accuracy of member records, which should be checked against the underlying payroll records at the year end.</p>	<p>Following changes in admin software, progress has been made in producing membership reconciliation and movement reporting throughout the year.</p> <p>A reconciliation was in the process of being built during 2024-25 with a view that it goes live during March 2025 and in time for the next audit window. This will enable the reconciliation of active membership numbers by employee through each employer. We will also be able to reconcile the pensioner membership numbers to underlying council SAP/payroll files.</p>

6. Key adjustments to the accounts which were identified during the audit related to level 3 investment valuations. Between the accounts being prepared and the commencement of the audit, more up to date valuation information became available for level 3 investments held by the Fund. Details are set out on page 19 of the ISA 260 report. These were deemed to be an adjusting event and were therefore adjusted in the pension fund accounts.

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

### **Community Impact Statement**

7. No immediate implications arising.

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

8. No immediate implications arising.

### **Health Impact Statement**

9. No immediate implications arising.

### **Climate Change Implications**

10. No immediate implications arising.

### **Resource Implications**

11. No immediate implications arising.

### Legal Implications

12. No immediate implications arising.

### Financial Implications

13. No immediate implications arising.

### Consultation

14. No immediate implications arising.

## APPENDICES

Name	Title
Appendix 1	Pension Fund Statement of Accounts 2023-24
Appendix 2	ISA 260 Report – 2023-24

## AUDIT TRAIL

<b>Lead Officer</b>	Clive Palfreyman, Strategic Director of Resources		
<b>Report Author</b>	Caroline Watson, Chief Investment Officer		
<b>Version</b>	Final		
<b>Dated</b>	7 March 2025		
<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>
Assistant chief executive, governance and assurance		N/A	N/A
Strategic Director of Resources		N/A	N/A
<b>Cabinet Member</b>		N/A	N/A
<b>Date final report sent to Constitutional Team</b>			7 March 2025

SOUTHWARK COUNCIL  
STATEMENT OF ACCOUNTS 2023/24



**PENSION FUND ACCOUNT  
2023/24**

SOUTHWARK COUNCIL  
STATEMENT OF ACCOUNTS 2023/24

## LONDON BOROUGH OF SOUTHWARK PENSION FUND STATEMENT OF ACCOUNTS

### FUND ACCOUNT

	Note	2023-24		2022-23	
		£000	£000	£000	£000
<b>Dealings with members, employers and others directly involved in the fund</b>					
Contributions	7	(68,208)		(62,575)	
Transfers in from other pension funds	8	(5,489)		(3,285)	
<b>Subtotal</b>			<b>(73,696)</b>		<b>(65,860)</b>
Benefits	9	74,953		71,702	
Payments to and on account of leavers	10	6,001		4,322	
<b>Subtotal</b>			<b>80,954</b>		<b>76,024</b>
<b>Net reduction/(addition) from dealing with members of the fund</b>			<b>7,257</b>		<b>10,164</b>
Management expenses	11		7,807		11,785
<b>Net additions including fund management expenses</b>			<b>15,064</b>		<b>21,949</b>
<b>Returns on investments</b>					
Investment income	12	(23,663)		(18,488)	
Taxes on income	12	(489)		520	
Profit and losses on disposal of investments and changes in market value of investments	14a	(166,609)		79,281	
<b>Net return on investments</b>			<b>(190,761)</b>		<b>61,313</b>
<b>Net (increase)/decrease in the net assets available for benefits during the year</b>			<b>(175,697)</b>		<b>83,262</b>
Opening net assets of the scheme			(2,060,487)		(2,143,749)
<b>Net assets of the scheme available to fund benefits as at 31 March</b>			<b>(2,236,183)</b>		<b>(2,060,487)</b>

### NET ASSETS STATEMENT

	Note		31 March 2024 £000		31 March 2023 £000
Long Term Investments			150		150
Investment assets	14		2,226,113		2,039,132
<b>Total Net Investments</b>			<b>2,226,263</b>		<b>2,039,282</b>
Current assets	21		18,337		28,849
Current liabilities	22		(8,417)		(7,644)
<b>Net assets of the scheme available to fund benefits as at 31 March</b>			<b>2,236,183</b>		<b>2,060,487</b>

The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The estimated actuarial present value of promised retirement benefits is disclosed at note 19.

SOUTHWARK COUNCIL  
STATEMENT OF ACCOUNTS 2023/24

## NOTES TO THE PENSION FUND STATEMENTS

### 1. DESCRIPTION OF THE FUND

The Pension Fund (the fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Southwark Council (the council).

The following description of the fund is a summary only. For more detail, reference should be made to the pension fund annual report and the underlying statutory powers underpinning the scheme, namely the Public Service Pension Act 2013 and the LGPS Regulations.

#### a) General

The scheme is governed by the Public Service Pension Act 2013. The fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended).

It is a contributory defined benefit scheme that provides pensions and other benefits for former employees of the council and other admitted organisations.

The overall investment strategy is the responsibility of the council as the administering authority of the fund. This responsibility is delegated to the Strategic Director of Finance, taking account of the advice of the Pensions Advisory Panel. In line with the provisions of the Public Services Pensions Act 2013, the council has set up a Local Pension Board to assist the council in its role as scheme manager of the Pension Fund. The board meets on a quarterly basis and has its own terms of reference. Board members are independent of the Pensions Advisory Panel.

A list of participating organisations and their contributions for the financial year is included within the pension fund annual report. This is available from the council website.

#### b) Membership

Membership of LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside of the scheme.

Organisations participating in the fund include:

- Scheduled bodies, which are largely academies and similar bodies whose staff are automatically entitled to be members of the fund
- Admitted bodies, which are other organisations that participate in the fund under an admission agreement between the fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

A list of participating organisations and their contributions for the financial year is included within the pension fund annual report. This is available from the council website.

	31 March 2024	31 March 2023
Number of contributors to the fund	7,311	*7,647
Number of contributors and dependants receiving allowances	8,738	8,512
Number of contributors who have deferred their pensions	8,860	9,032
Total contributors	<b>24,909</b>	<b>25,191</b>

\*Membership as at 31 March 2023 includes 155 members who were no longer active and identified as part of reconciliation process during the year. The prior year number has not been restated on the grounds that the error is not material

SOUTHWARK COUNCIL  
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c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employee contributions are matched by employers' contributions, which are set in accordance with the triennial actuarial funding valuations, the last being at 31 March 2022. For the 2023-24 financial year primary employer contribution rates ranged from 18.3% to 28.9% of pensionable pay, plus additional deficit payments where appropriate.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014 the scheme became a career average scheme.

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the LGPS website.

	Service pre 1 April 2008	Service post 31 March 2008	From 1 April 2014
Pension	Each year worked is worth 1/80 x final pensionable salary	Each year worked is worth 1/60 x final pensionable salary	Each year worked is accrued at 1/49 of pensionable pay for the year
Lump sum	Automatic lump sum of 3 x pension.  Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum.  Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	

In August 2023, the pension fund made a self-declaration to the Pensions Regulator with regard to the late processing and issuance of member Annual Benefit Statements, due to issues with data migration to the new Pensions Administration system. The Pensions Regulator was informed of the plans to rectify and agreed no further action past these plans were required. These statements were then issued in tranches, with the final statements issued in January 2024.

SOUTHWARK COUNCIL  
STATEMENT OF ACCOUNTS 2023/24

## 2. BASIS OF PREPARATION

The Statement of Accounts summarises the fund's transactions for the 2023-24 financial year and its position at year-end as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting ("the Code") in the United Kingdom 2023-24, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. IFRS 16, introduced on 1 January 2019, is due to be adopted by the Code for accounting periods commencing on or after 1 April 2024. This new accounting standard largely removes the distinction between operating and finance leases by introducing an accounting model that requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. This will bring assets formerly off-Balance Sheet onto the Balance Sheet of lessees. Implementation of IFRS 16 is not expected to have a material impact on the pension fund because it does not hold any assets as a lessee.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in **Note 20**.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Local Government Pension Scheme (Administration) Regulations 2013 require administering authorities in England and Wales to prepare a Pension Fund Annual Report which must include the Fund Account and a Net Assets Statement with supporting notes prepared in accordance with proper practices. The Regulations summarise the Pension Code and the minimum disclosure requirements.

### Fund Account – Revenue Recognition

#### a) Contributions income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate.

Employers' augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Employer deficit funding contributions are accounted for on the due dates on which they are due under the schedule of contributions set by the actuary or on receipt if earlier than the due date.

#### b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the fund during the financial year and are calculated in accordance with the Local Government Scheme Regulations. Individual transfers in or out are accounted for when received or paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their **additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in employee contributions**. Bulk group transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

SOUTHWARK COUNCIL  
STATEMENT OF ACCOUNTS 2023/24

c) Investment income

i) Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current investment asset.

iii) Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current investment asset.

iv) Property related income consists primarily of rental income. Rental income from operating leases on properties owned by the fund is recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

v) Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits and or losses during the year.

d) Fund account – benefits payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

e) Management expenses

The Fund discloses its management expenses in line with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs (2016). All items of expenditure are charged to the fund on an accruals basis.

<b>Administrative Expenses</b>	All administrative expenses are accounted for on an accruals basis. All staff costs of pensions administration are charged direct to the fund. Management, accommodation and other overheads are apportioned to the fund in accordance with council policy.
<b>Oversight and Governance</b>	All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the fund. Management, accommodation and other overheads are apportioned to the fund in accordance with council policy.
<b>Investment Management Expenses</b>	All investment management expenses are accounted for on an accruals basis. Fees for the fund managers and custodian are agreed in the respective mandates governing their appointments and are based broadly on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

f) Fund account – taxation

The fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

SOUTHWARK COUNCIL  
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## Net Asset Statement

### g) Financial assets

Investment assets are included in the net assets statement on a fair value or amortised cost basis as at the reporting date. Cash held by fund managers and the funds own cash are at amortised cost.

A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised by the fund. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13. Details of the basis of valuation and disclosure levels within the fair value hierarchy are provided at note 16. Foreign currency transactions have been brought into the accounts at the exchange rate that was in force when the transaction took place.

### h) Freehold and leasehold property

The valuation of direct property managed by Nuveen is carried out by Knight Frank LLP. The valuer is RICS qualified and the valuation took place on 31 March 2024. All properties have been included in the accounts at fair value as at 31 March each year.

### i) Foreign Currency Transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

### j) Derivatives

The fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The fund does not hold derivatives for speculative purposes.

### k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits with financial institutions that are repayable on demand without penalty. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

### l) Loans and Receivables

Financial assets classed as amortised cost are carried in the net asset statement at the value of outstanding principal receivable at the year-end date plus accrued interest.

### m) Financial liabilities

The fund recognises financial liabilities at fair value or amortised cost as at the reporting date. A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the fund.

### n) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under IAS 26, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the accounts (note 20).

### o) Additional voluntary contributions

The fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. AVC assets are not included in the accounts but are disclosed as a note (note 23).

SOUTHWARK COUNCIL  
STATEMENT OF ACCOUNTS 2023/24

p) Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events. A contingent liability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the Balance Sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

#### 4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies in note 3 the council has had to make critical judgements about complex transactions and those involving uncertainty about future events. During 2023-24 critical judgements were made regarding directly held property, details of which are set out below.

Directly Held Property

The fund's investment portfolio includes a number of directly owned properties which are leased commercially to various tenants with rental periods between six months and five years. The fund has determined that these contracts all constitute operating lease arrangements under the classifications permitted by the Code, therefore the properties are retained on the net asset statement at fair value. Rental income is recognised in the fund account on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg if there is a premium paid at the inception of the lease).

#### 5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However, actual outcomes could be different from the assumptions and estimates made. The items in the net assets statement for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of retirement benefits	This applies to the estimation of the net liability to pay pensions, which depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Aon is engaged to provide the Fund with expert advice about the assumptions.	The approximate impact of changing the key assumptions on the present value of retirement benefits are: - an 0.1% change in the discount rate would be +/- £44m - an 0.1% change in the rate at which salaries are projected to increase would be +/- £42m - an 0.1% change in the rate of pension increase would be +/- £40m - a one year change in mortality assumptions would be +/- £40m
Freehold and leasehold property and pooled property	Valuation techniques are used to determine the carrying amount of directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, but where this is not possible, management uses the best available data. Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property.	The effect of variations in the factors supporting the valuation, estimated to be 6.6% would be an increase or decrease in the value of directly held property of £14.4m, on a fair value of £219m.
Property pooled funds	Valuation techniques are used to determine the carrying amount of pooled property funds. Where possible these valuation techniques are based on observable data, but where this is not possible, management uses the best available data.	The effect of variations in the factors supporting the valuation, estimated to be 6.6% would be an increase or decrease in the value of property pooled funds of £8.8m, on a fair value of £133m.

SOUTHWARK COUNCIL  
STATEMENT OF ACCOUNTS 2023/24

## 6. EVENTS AFTER THE REPORTING DATE

There have been no material adjusting events after the reporting date.

## 7. CONTRIBUTIONS RECEIVABLE

By category

	2023-24 £000	2022-23 £000
Employee's Contributions	(16,788)	(15,391)
Employer's Contributions		
Normal	(48,554)	(39,830)
Deficit funding	(1,714)	(5,964)
Early retirement strain	(1,152)	(1,391)
Total contributions from employers	(51,420)	(47,185)
<b>Total</b>	<b>(68,208)</b>	<b>(62,575)</b>

By type of employer

	2023-24			2022-23		
	Employees £000	Employers £000	Total £000	Employees £000	Employers £000	Total £000
Southwark Council	(14,847)	(46,398)	(61,245)	(13,653)	(42,216)	(55,869)
Admitted Bodies	(248)	(736)	(984)	(252)	(799)	(1,051)
Scheduled Bodies	(1,693)	(4,286)	(5,979)	(1,486)	(4,169)	(5,656)
<b>Total</b>	<b>(16,788)</b>	<b>(51,420)</b>	<b>(68,208)</b>	<b>(15,391)</b>	<b>(47,185)</b>	<b>(62,575)</b>

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## 8. TRANSFERS IN FROM OTHER PENSION FUNDS

Transfers in from other pension funds were as follows:

	2023-24 £000	2022-23 £000
Individual transfers	(5,489)	(3,285)
<b>Total</b>	<b>(5,489)</b>	<b>(3,285)</b>

## 9. BENEFITS PAYABLE

The table below shows the types of benefit payable by category:

	2023-24 £000	2022-23 £000
Pensions	61,626	55,560
Commutation of pensions and lump sum retirement benefits	12,063	13,596
Lump sums - death benefits	1,264	2,546
<b>Total</b>	<b>74,953</b>	<b>71,702</b>

The table below shows the total benefits payable grouped by entities:

	2023-24 £000	2022-23 £000
Southwark Council	70,492	66,862
Admitted bodies	2,872	3,195
Scheduled bodies	1,589	1,645
<b>Total</b>	<b>74,953</b>	<b>71,702</b>

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#### 10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2023-24 £000	2022-23 £000
Refund of contributions	90	132
Individual transfers out to other schemes	5,911	4,190
<b>Total</b>	<b>6,001</b>	<b>4,322</b>

#### 11. MANAGEMENT EXPENSES

	2023-24 £000	2022-23 £000
Administrative costs	3,511	3,580
Investment and management expenses	4,051	7,715
Oversight and governance costs	245	490
<b>Total</b>	<b>7,807</b>	<b>11,785</b>

The 2023-24 fee for external audit services for the pension fund is £75K (£21k in 2022-23).

The Pension Fund incurred expenses of £0.8m in relation to services provided by the council during 2023-24 (£0.9m during 2022-23).

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## 12. INVESTMENT INCOME

	2023-24 £000	2022-23 £000
Dividends from equities	(2,689)	(6,515)
Pooled funds	(10,800)	(2,343)
Net rental income from properties	(8,302)	(8,582)
Interest on cash deposits	-	-
Interest on cash deposits	(14)	-
<b>Total before taxes</b>	<b>(23,663)</b>	<b>(18,488)</b>
Taxes on income	(489)	520
<b>Total after taxes</b>	<b>(24,152)</b>	<b>(17,968)</b>

## 12a. PROPERTY INCOME

	2023-24 £000	2022-23 £000
Rental Income	(10,709)	(10,144)
Direct operating expenses	2,408	1,562
<b>Net rent from properties</b>	<b>(8,302)</b>	<b>(8,582)</b>

## 13a. EXTERNAL AUDIT COSTS

	2023-24 £000	2022-23 £000
Payable in respect of external audit	75	49

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#### 14. INVESTMENT ASSETS

	31 March 2024 £000	31 March 2023 £000
<b>Long Term Investments</b>		
Equities	150	150
<b>Total</b>	<b>150</b>	<b>150</b>
<b>Investment Assets</b>		
<b>Equities</b>	<b>313,576</b>	<b>267,242</b>
<b>Pooled Funds</b>		
Fixed Income	0	133,397
Equities	94,974	429,580
Diversified Growth	0	130,023
Property	129,685	92,967
Infrastructure	218,256	211,991
Private Equity	56,471	50,363
Multi Asset Credit	205,828	-
Other	18,304	42,895
<b>Unitised Insurance Policy</b>		
Fixed Income	153,080	152,894
Equities	815,427	331,929
<b>Property</b>	<b>218,775</b>	<b>194,310</b>
<b>Other investment balances</b>	<b>1,738</b>	<b>1,541</b>
<b>Total Investment Assets</b>	<b>2,226,113</b>	<b>2,039,132</b>
<b>Net Investments</b>	<b>2,226,263</b>	<b>2,039,282</b>

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#### 14a. RECONCILIATION OF MOVEMENTS IN INVESTMENTS

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on the sale of investments during the year. The table below shows the movement in investment assets and the change in market value for the year:

	Opening balance	Purchases	Sales	Change in market value	31 March 2024
	£000	£000	£000	£000	£000
Equities	267,242	313,964	(310,348)	42,717	313,576
*Pooled funds	619,206	228,914	(269,783)	(2,806)	575,530
Pooled property funds	89,938	50,036	(349)	(9,939)	129,685
*Unitised insurance policy	820,971	761,162	(761,166)	147,539	968,505
Property	194,310	35,960	1,677	(12,502)	218,775
*Liquidity Funds/Money Market Funds	45,924	78,042	(107,262)	1,600	18,304
	<b>2,037,590</b>	<b>1,468,078</b>	<b>(1,447,232)</b>	<b>166,609</b>	<b>2,224,375</b>
Other investment balances	1,542				1,738
Total	<b>2,039,132</b>			<b>166,609</b>	<b>2,226,113</b>

*\*Reclassification of pooled funds into unitised insurance policy funds and Liquidity/Money Market Funds*

	Opening balance	Purchase	Sales	Change in market value	31 March 2023
	£000	£000	£000	£000	£000
Equities	256,900	65,969	(59,316)	3,689	267,242
Pooled funds	1,019,131	123,217	(148,586)	93,457	1,087,219
Pooled property funds	94,001	2,248	(557)	(2,726)	92,967
Unitised insurance policy	515,348	661,389	(661,392)	(119,492)	395,852
Property	230,600	7,511	(9,605)	(34,195)	194,310
	<b>2,115,980</b>	<b>860,334</b>	<b>(879,456)</b>	<b>(59,267)</b>	<b>2,037,590</b>
Other investment balances	4,561			(20,073)	1,542
Total	<b>2,120,541</b>			<b>(79,340)</b>	<b>2,039,132</b>

The Pension Fund does not hold derivatives as a main asset class, but they are used by Newton Investment Management, the council's active equity fund manager, to hedge the currency risk of holding global equities. The currency forward contracts are traded over the counter.

The valuation of direct property managed by Nuveen is carried out by Knight Frank LLP. The valuer is RICS qualified and the valuation took place on 31 March 2024. All properties have been valued at market value.

The investment strategy statement can be accessed on the council's website.

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#### 14b. INVESTMENTS ANALYSED BY FUND MANAGER

The market value of assets managed by the investment managers at the balance sheet date 31 March 2024 is set out in the table below.

	31 March 2024		31 March 2023	
	£000	%	£000	%
BlackRock	526,168	24%	747,969	37%
Blackstone	56,471	3%	50,363	2%
Brockton Capital	8,528	0%	6,839	0%
BTG Pactual	36,665	2%	35,743	2%
Comgest	94,974	4%	93,431	5%
Darwin	47,753	2%	21,620	1%
Frogmore	5,062	0%	6,799	0%
Glennmont	30,878	1%	26,001	1%
Invesco	46,412	2%	33,068	2%
LCIV CQS	100,000	4%	-	0%
Legal and General Investment Managers	467,839	21%	395,853	19%
M&G	42,629	2%	43,231	2%
Newton Investment Management	313,561	14%	267,226	13%
Nuveen	224,345	10%	197,339	10%
Robeco	105,828	5%	-	0%
Temporis	102,532	5%	112,108	6%
Legal and General Investment Managers SLF	5,117	0%	-	0%
Northern Trust MMF	4	0%	-	0%
Blackrock MMF	9,608	0%	-	0%
<b>Total</b>	<b>2,224,375</b>	<b>100%</b>	<b>2,037,590</b>	<b>100%</b>

The following investments represent more than 5% of investment assets at 31 March 2024.

Name of investment	Fund manager	31 March 2024	% of investment assets	31 March 2023	% of investment assets
		£000	%	£000	%
World Low Carbon Target	BlackRock	407,147	18%	336,149	16%
Global Equities	Newton	313,561	14%	267,226	13%
Direct Property	Nuveen	218,775	10%	197,339	10%
Low Carbon Transition	Legal and General	408,280	18%	166,572	8%
Multi Asset Credit	LCIV CQS	100,000	4%	-	0%
Multi Asset Credit	Robeco	105,828	5%	-	0%
Low Carbon Target	Legal and General	-	0%	165,357	8%
Diversified Growth Fund	BlackRock	-	0%	130,023	6%
Absolute Return Bond Fund	BlackRock	-	0%	133,397	7%

#### 14c. PROPERTY HOLDINGS

	31 March 2024	31 March 2023
	£000	£000
<b>Opening balance</b>	<b>194,310</b>	<b>230,600</b>
Additions:		
Purchases	3,512	7,734
Subsequent expenditure	32,448	2,661
Disposals	(2,276)	(19,513)
Net increase in market value	(9,219)	(27,172)
<b>Closing Balance</b>	<b>218,775</b>	<b>194,310</b>

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## 15. ANALYSIS OF DERIVATIVES

The fund does not currently have exposure to derivatives

## 16. FAIR VALUE HIERARCHY

The valuation of financial instruments has been classified into three levels in accordance with IFRS 13, according to the quality and reliability of information used to determine fair values.

Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3 are those where at least one input that could have a significant effect on the instruments valuation is not based on observable market data.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Quoted equities	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Forward foreign exchange derivatives	Level 2	Market forward exchange rates at the year-end	Exchange rate risk	Not required
Pooled investments – unit trusts	Level 2	Closing bid price where bid and offer prices are published Closing single price where single price published	Net assets value (NAV) based pricing set on a forward pricing basis	Not required
Pooled Investments - property funds	Level 3	Closing single price at end of accounting period	NAV based pricing valued in accordance with RICS red book valuation standards and compliant with FRS102	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices
Pooled Investments - Sustainable Infrastructure	Level 3	Based upon Fund's share of net assets in the limited partnership using latest valuations updated for cash flows	Purchase price at acquisition for newer or non-operational assets, estimated cash flows, government price support	Market prices and cash yields, government policies on energy subsidies, pace of shift to renewable and clean energy, discount rates
Pooled investments - Private Equity	Level 3	Based upon Fund's share of net assets in the limited partnership using latest valuations updated for cash flows	NAV based pricing set on a forward pricing basis. Cashflow transactions, i.e. distributions of capital contrac	Material events between date of financial statements provided and the pension fund's own reporting date. Differences between audited and unaudited accounts
Unitised Insurance Policies	Level 2	Closing bid price where bid and offer prices are published Closing single price where single price published	Net assets value (NAV) based pricing set on a forward pricing basis	Not required
Freehold, leasehold properties	Level 3	Valued at fair value at the year-end by independent valuers. Valued in accordance with RICS red book valuation standards	Existing lease terms and rentals; Independent market research; Nature of tenancies; Covenant strength for existing tenants; Assumed vacancy levels; Estimated rental growth; Discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices

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The following table shows the fair value valuation hierarchy of fund assets and liabilities.

Value as at 31 March 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial assets at fair value through profit and loss</b>				
Equities	313,576	150	-	313,726
<b>Pooled Funds</b>				
Fixed Income	-	-	-	-
Equities	-	94,974	-	94,974
Multi Asset Credits	-	205,828	-	205,828
Property	-	-	129,685	129,685
Infrastructure	-	-	218,256	218,256
Private Equity	-	-	56,471	56,471
Other	-	18,304	-	18,304
<b>Unitised Insurance Policy</b>				
Fixed Income	-	153,080	-	153,080
Equities	-	815,427	-	815,427
<b>Total Financial Assets</b>	<b>313,576</b>	<b>1,287,762</b>	<b>404,412</b>	<b>2,005,750</b>
<b>Non-financial assets at fair value through profit and loss</b>				
Property	-	-	218,775	218,775
<b>Grand Total</b>	<b>313,576</b>	<b>1,287,762</b>	<b>623,187</b>	<b>2,224,525</b>
<b>Value as at 31 March 2023</b>	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>Total £000</b>
<b>Financial assets at fair value through profit and loss</b>				
Equities	267,242	150	-	267,392
<b>Pooled Funds</b>				
Fixed Income	-	133,397	-	133,397
Equities	-	429,580	-	429,580
Diversified Growth	-	130,023	-	130,023
Property	-	-	92,967	92,967
Infrastructure	-	21,620	190,370	211,991
Private Equity	-	-	50,363	50,363
Other	-	42,895	-	42,895
<b>Unitised Insurance Policy</b>				
Fixed Income	-	152,894	-	152,894
Equities	-	331,929	-	331,929
<b>Total Financial Assets</b>	<b>267,242</b>	<b>1,242,488</b>	<b>333,700</b>	<b>1,843,430</b>
<b>Non-financial assets at fair value through profit and loss</b>				
Property	-	-	194,310	194,310
<b>Total</b>	<b>267,242</b>	<b>1,242,488</b>	<b>528,010</b>	<b>2,037,740</b>

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The following table shows the reconciliation of fair value measurements within level 3.

	Opening balance £000	Purchase £000	Sales £000	Realised gain/(loss) £000	Unrealised gain/(loss) £000	31 March 2024 £000
<b>Financial assets at fair value through profit and loss</b>						
<b>Pooled Funds</b>						
Property	93,636	50,036	(349)	(312)	(9,750)	<b>133,260</b>
Infrastructure	190,370	18,204	(1,013)	213	10,482	<b>218,256</b>
Private Equity	50,363	8,921	-	-	(2,813)	<b>56,471</b>
<b>Non-financial assets at fair value through profit and loss</b>						
Property	194,310	35,960	1,677	-	(12,502)	<b>219,445</b>
<b>Total</b>	<b>528,679</b>	<b>113,121</b>	<b>315</b>	<b>(99)</b>	<b>(14,583)</b>	<b>627,432</b>

	Opening balance £000	Purchase £000	Sales £000	Realised gain/(loss) £000	Unrealised gain/(loss) £000	31 March 2023 £000
<b>Financial assets at fair value through profit and loss</b>						
<b>Pooled Funds</b>						
Property	94,001	2,248	(557)	(194)	(2,532)	<b>92,967</b>
Infrastructure	113,281	42,647	(2,684)	519	36,608	<b>190,370</b>
Private Equity	38,475	13,532	(6,431)	87	4,700	<b>50,363</b>
<b>Non-financial assets at fair value through profit and loss</b>						
Property	230,600	7,511	(9,605)	(11,910)	(22,286)	<b>194,310</b>
<b>Total</b>	<b>476,357</b>	<b>65,938</b>	<b>(19,278)</b>	<b>(11,498)</b>	<b>16,490</b>	<b>528,010</b>

#### Sensitivity of assets valued at level 3

Having analysed historical data, information received from valuers and the valuation techniques of fund managers, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges:

Value as at 31 March 2024	Assessed valuation range	Valuation as at 31 March £000	Value on increase £000	Value on decrease £000
<b>Pooled Funds</b>				
Property	6.6%	133,260	142,055	124,465
Infrastructure	8.1%	218,256	235,935	200,577
Private Equity	11.8%	56,471	63,135	49,807
<b>Property</b>	6.6%	219,445	233,928	204,962
<b>Total</b>		<b>627,432</b>	<b>675,053</b>	<b>579,811</b>

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## 17. FINANCIAL INSTRUMENTS

The following table shows the classification of the Pension Fund's financial instruments:

		31 March 2024 £000	31 March 2023 £000
<b>Financial assets</b>			
	<b>Fair value through profit and loss</b>		
	Equities	313,726	267,392
	Pooled Investments	593,833	998,248
	Pooled Property Investments	129,685	92,967
	Unitised Insurance Policy	968,506	484,823
	<b>Amortised cost</b>		
	Cash	3,105	26,432
	Other Investment Balances	1,738	1,541
	Debtors	918	3,371
<b>Total</b>		<b>2,011,510</b>	<b>1,874,774</b>
<b>Financial liabilities</b>			
	<b>Amortised cost</b>		
	Creditors	(5,656)	(3,471)
<b>Net Total</b>		<b>2,005,854</b>	<b>1,871,303</b>

**18. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS****Risk and risk management**

The Pension Fund's primary long-term risk is that the fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the fund manages its liquidity risk to ensure there is sufficient liquidity to meet the fund's forecast cash flows. The council manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the fund's risk management strategy rests with the Strategic Director of Finance advised by the Pensions Advisory Panel. Risk management policies are established to identify and analyse the risks faced by the pension fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

**Market risk**

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the pension fund and its investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

**Price risk**

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The fund is exposed to share price risk. This arises from investments held by the fund for which the future price is uncertain. All security investments present a risk of a loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the council to ensure it is within limits specified in the fund investment strategy.

Potential price changes are determined based on historical data and volatility of asset class returns. For example, 'riskier' assets such as equities will display greater potential volatility than bonds. The following table demonstrates the change in the net assets available to pay benefits, if the market price had increased or decreased. In consultation with the fund's investment advisers, the pension fund has determined that the following movements in market price risk are reasonably possible:

2023-24 - asset type	31 March £000	Change %	Value on £000	Value on £000
Fixed Income	153,080	5.4%	161,346	144,813
Equities	1,224,127	7.9%	1,320,833	1,127,421
Multi Asset Credit	205,828	5.9%	217,972	193,684
Property	129,685	6.6%	138,244	121,125
Infrastructure	218,256	8.1%	235,935	200,577
Private Equity	56,471	11.8%	63,135	49,807
Other	18,304	3.9%	19,018	17,590
<b>Total</b>	<b>2,005,750</b>		<b>2,156,482</b>	<b>1,855,019</b>

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2022-23 - asset type	31 March £000	Change %	Value on £000	Value on £000
Fixed Income	286,291	5.1%	300,896	271,686
Equities	1,028,901	12.9%	1,161,804	895,998
Diversified Growth	130,023	6.1%	137,940	122,106
Property	92,967	5.9%	98,471	87,463
Infrastructure	211,990	4.6%	221,795	202,185
Private Equity	50,363	4.6%	52,692	48,034
Other	42,895	4.6%	44,879	40,911
<b>Total</b>	<b>1,843,430</b>		<b>2,018,477</b>	<b>1,668,383</b>

The potential changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment advisers' most recent review. The analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the fund's investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as shown in the table above.

#### Interest rate risk

The fund invests in financial assets for the primary purpose of obtaining a return on investments. Fixed interest securities and cash are subject to interest rate risks, which represent the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The fund's interest rate risk is routinely monitored by the pension fund and its investment advisers in accordance with the fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

Fixed interest securities are exposed to interest rate risk. The table below demonstrates the change in value of these assets had the interest rate increased or decreased by 1%:

Assets exposed to interest rate risks	Market value £000	Value on 1% £000	Value on 1% £000
As at 31 March 2024	153,080	154,610	151,549
As at 31 March 2023	125,746	127,003	124,489

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### Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fund is exposed to currency risk on financial instruments that are denominated in any currency other than sterling. A strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits.

The fund's currency risk is routinely monitored by the pension fund and its investment advisers in accordance with the fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

Overseas equities, fixed interest securities and futures, cash in foreign currencies and some elements of pooled investment vehicles are exposed to currency risk. The following table demonstrates the change in value of assets exposed to currency risk had there been a 5.6% strengthening or weakening of the pound against foreign currencies.

Assets exposed to currency risk	Value £000	Change %	Value on £000	Value on £000
As at 31 March 2024	429,167	5.6%	453,200	405,134
As at 31 March 2023	372,764	6.3%	396,248	349,280

### Credit risk

This is the risk the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. For example a stock may lose value or a dividend due may not be paid. The fund's entire investment portfolio is therefore exposed to some form of credit risk. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the fund's financial assets and liabilities.

The Fund has set out a series of restrictions in each investment manager's agreement. These restrictions are intended to limit the risks from each individual investment and prevent unsuitable investment activity. The Fund also employs a global custodian to ensure that all transactions are settled in a timely manner.

### Liquidity risk

This is the risk that the Pension Fund may not have the funds available to meet payments as they fall due. Historically the Fund has been cash positive (i.e. contributions received have been greater than benefits paid out). However, in recent years this has reversed with benefits paid now surpassing contributions received. The reduction in active members and a resulting change in the membership profile have increased the liquidity risk of the Fund going forward.

The Fund currently has two bank accounts. One is held by the global custodian and holds cash relating to investment activities, the other is the Pension Fund bank account, which holds the cash relating to member activities.

There is a strategy in place to forecast all income and expenditure for the Fund to ensure that sufficient funds will be made available to meet short-term commitments. In the event that there are insufficient available assets to meet liabilities when they fall due, the Fund would be able to redeem investment assets and recall cash resources from investment managers at short notice to meet this requirement.

SOUTHWARK COUNCIL  
STATEMENT OF ACCOUNTS 2023/24

## 19. FUNDING ARRANGEMENTS

### Statement of the Actuary for the year ended 31 March 2024

#### Introduction

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013 (the 'LGPS Regulations').

The LGPS Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the London Borough of Southwark Pension Fund (the 'Fund') is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2022 by Aon, in accordance with Regulation 62 of the LGPS Regulations.

#### Actuarial Position

1. The valuation as at 31 March 2022 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2022 (of £2,125.4M) covering 109% of the liabilities.
2. The valuation also assessed each individual employer's (or group of employers') position separately. Contribution requirements were determined based on the principles in the Fund's Funding Strategy Statement and are set out in Aon's report dated 31 March 2023 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (including ill-health early retirements) will be made to the Fund by the employers.

Total contributions payable by all employers over the three years to 31 March 2026 are estimated to be:

Year from 1 April	% of pensionable pay	Plus total contribution amount (£m)
2023	21.1	-
2024	21.2	-
2025	21.2	-

- 3 The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate, stepping of contribution changes and individual employers' recovery periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers' circumstances. This included an agreement that where employers are in surplus, this has only led to an adjustment in contributions to the extent that this surplus is in excess of 10% of the value of that employer's liabilities (i.e. to the extent that the employer's funding level is greater than 110%).
- 4 The valuation was carried out using the projected unit actuarial method for most employers, allowing for future increases in pensionable pay. The main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount Rate	4.05% p.a.
Rate of pay increases	3.8% p.a.
Rate of increase to pension accounts*	2.3% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)*	2.3% p.a.

\* In addition, a 10% uplift was applied to the past service liabilities to make allowance for short-term inflation above the long-term assumption.

The assets were valued at market value.

SOUTHWARK COUNCIL  
STATEMENT OF ACCOUNTS 2023/24

- 5 The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S3 'Heavy' mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for future improvements based on the 2021 Continuous Mortality Investigation Projections Model, with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	21.5	24.1
Future pensioners aged 45 at the valuation date	22.8	25.6

- 6 The valuation results summarised in paragraph 1 above are based on the financial position and market levels at the valuation date, 31 March 2022. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Actuary, in conjunction with the Administering Authority, monitors the funding position on a regular basis.
- 7 The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2023 to 31 March 2026 were signed on 31 March 2023. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2025 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
- 8 This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2022. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon does not accept any responsibility or liability to any party other than our client, the London Borough of Southwark, the Administering Authority of the Fund, in respect of this Statement.

- 9 The report on the actuarial valuation as at 31 March 2022 is available on the Fund's website at the following address: <https://southwarkpensions.co.uk/library/actuarial-valuation-report>
- 10 The valuation report refers to Aon's approach to some benefit uncertainties in the 2022 valuation which have since been resolved:
- The Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023 were laid on 8 September 2023, and came into effect from 1 October 2023. These regulations set out the McCloud remedy for the LGPS in England and Wales. The remedy is consistent with Aon's expectations and the approximate allowance made for McCloud liabilities in the 2022 valuation.
  - The Judicial Review relating to the 2016 cost management valuation has been concluded and the outcome is that there are no resulting additional costs falling on the Fund (and ultimately employers). The 2020 Treasury cost management valuation has been completed by the Government Actuary's Department. The England & Wales Scheme Advisory Board announced (on 19 April 2024) that it will shortly be publishing the final report of the separate 2022 scheme cost assessment that it is required to undertake under Regulation 116 of the LGPS Regulations 2013, in which different actuarial assumptions are used. However, the Board has already seen the initial results and agreed that it is "not minded to recommend to the Secretary of State any changes to LGPS benefits through that process". This outcome (for both the 2016 and 2020 processes) is in line with the approach taken in the 2022 valuation.

Other benefit uncertainties remain as set out in the 2022 valuation report.

- 11 The Government Actuary's Department carries out a review of all LGPS pension fund valuations in England and Wales under Section 13 of the Public Service Pensions Act, to ensure they are following the Regulations and to assess whether the valuations are being carried out in a broadly consistent way. The review also seeks to ensure employer contributions are set at a level to ensure solvency and long-term cost efficiency. The review for the 2022 valuations has not yet been completed and the final report is not yet available.

However all LGPS fund valuation reports and the LGPS Scheme Advisory Board's (SAB's) summary of the 2022 valuations can be found on the SAB's website at the following link: <https://www.lgpsboard.org/index.php/fund-valuations-2022>

SOUTHWARK COUNCIL  
STATEMENT OF ACCOUNTS 2023/24

## 20. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

IAS 26 (retirement benefit plans) requires the 'actuarial present value of promised retirement benefits' to be disclosed in the Pension Fund Accounts using the most recent actuarial valuation. The fund was last valued as at 31 March 2022.

	31 March 2024 £m	31 March 2023 £m
Fair value of net assets	2,239	2,064
Actuarial present value of promised retirement benefits	(1,901)	(1,911)
Surplus/(deficit) in the fund as measured for IAS 26	338	153

## 21. CURRENT ASSETS

The current assets of the fund are analysed as follows:

	31 March 2024 £000	31 March 2023 £000
Contributions due - employees	855	191
Contributions due - employers	1,320	2,811
Sundry debtors	918	3,371
Prepayments	11	6
<b>Total</b>	<b>3,105</b>	<b>6,379</b>
Cash balances	15,232	22,470
<b>Total</b>	<b>18,337</b>	<b>28,849</b>

## 22. CURRENT LIABILITIES

The current liabilities of the fund are analysed as follows:

	31 March 2024 £000	31 March 2023 £000
Benefits	(1,369)	(2,347)
Professional fees	(280)	(151)
Investment fees	(5,376)	(3,320)
Taxes	(797)	(913)
Other	(594)	(913)
<b>Total</b>	<b>(8,417)</b>	<b>(7,644)</b>

## 23. ADDITIONAL VOLUNTARY CONTRIBUTIONS

Fund Manager	Contributions Paid 2023-24 £000	Market Value 31 March 2024 £000	Contributions Paid 2022-23 £000	Market Value 31 March 2023 £000
Aegon UK	245	3,471	249	3,644
<b>Total</b>	<b>245</b>	<b>3,471</b>	<b>249</b>	<b>3,644</b>

## 24. AGENCY SERVICES

The council has not acted as an agent for any employers of the fund in 2023-24.

SOUTHWARK COUNCIL  
STATEMENT OF ACCOUNTS 2023/24

## 25. RELATED PARTY TRANSACTIONS

Through its administration of the fund, the fund has a related party interest with the council. The council charged the fund £0.9m in 2023-24 (£0.9m in 2022-23). Management of the Pension Fund is the responsibility of the council's Strategic Director of Finance and Governance and a small proportion of the costs of this post were apportioned to the fund in 2023-24 and 2022-23.

No officers' remuneration is paid directly by the fund; costs are instead recovered as part of the costs disclosed in note 11.

The Pension Advisory Panel (PAP) offers advice to the Strategic Director of Finance and Governance. Five members of the PAP are currently active members of the pension fund whilst one member is in receipt of pension benefits. Members of the PAP are required to make a declaration at each meeting, which is then recorded in the minutes and are available on the council website.

The council is also the single largest employer of members of the Pension Fund and contributed £46.4m to the fund in 2023-24 (£42.2m in 2022-23).

### 25A. KEY MANAGEMENT PERSONNEL

Job Title	Increase in IAS 19 Liability to 31st March 2024 £000	Increase in IAS 19 Liability to 31st March 2023 £000
Strategic Director of Finance (new)	22	-
Strategic Director of Finance and Governance (former)	3	4
Departmental Finance Manager - Corporate	-	2
Senior Finance Manager - Treasury and Pensions	9	10
Pensions Manager	4	13
<b>Total</b>	<b>38</b>	<b>29</b>

## 26. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding capital commitments (investments) at 31 March 2024 totalled £102.5m (31 March 2023: £86.3m).

These commitments relate to outstanding call payments due on property and infrastructure funds. The amounts 'called' by these funds are irregular in both size and timing over a number of years from the date of each original commitment.

SOUTHWARK COUNCIL  
STATEMENT OF ACCOUNTS 2023/24

*Southwark*  
Council

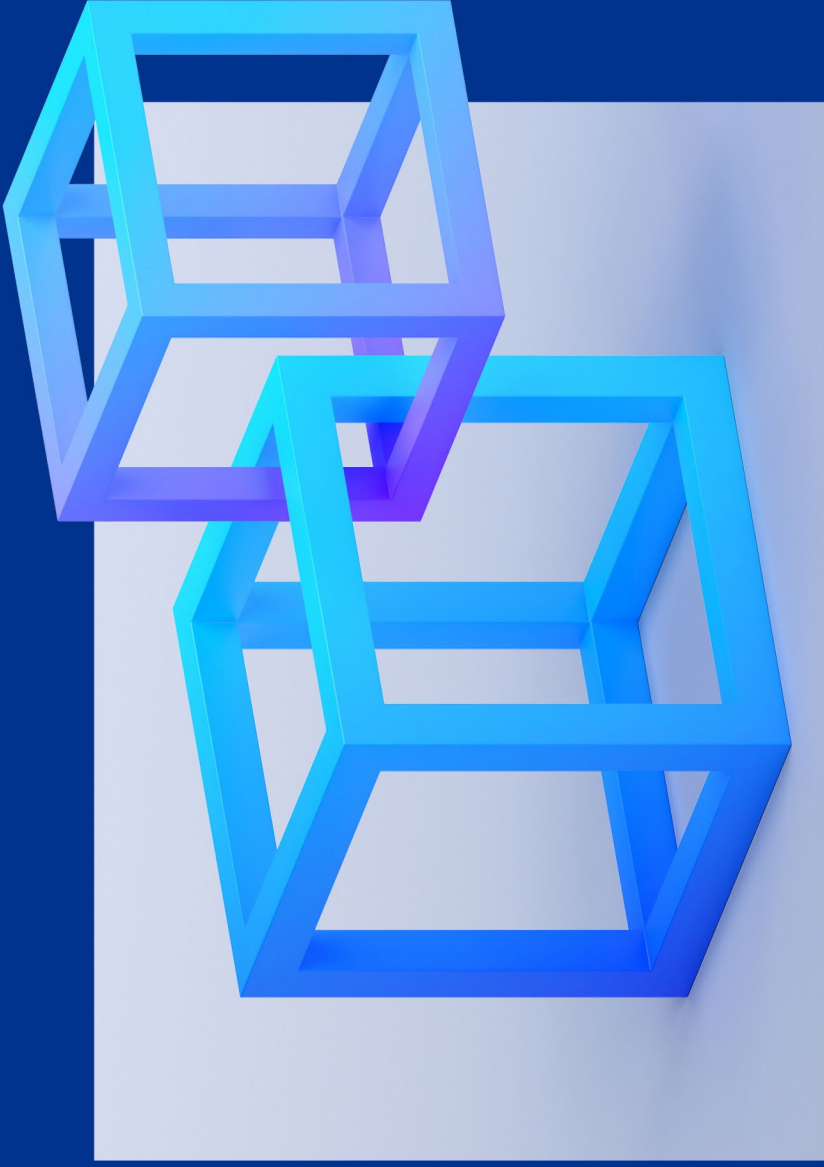




# London Borough of Southwark Pension Fund

Year End Report to Audit, Governance &  
Standards Committee

Report for the year ended 31 March 2024



# Contents

KEY CONTACTS

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Manager

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# Introduction

## To the Audit, Governance & Standards Committee of London Borough of Southwark Pension Fund

We are pleased to have the opportunity to share this report with you on 3 February 2025 and to discuss the results of our audit of the financial statements of London Borough of Southwark Pension Fund, as at and for the year ended 31 March 2024.

We are providing this report in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions.

This report should be read in conjunction with our audit plan and strategy report, presented on 5 September 2024.

We will be pleased to further elaborate on the matters covered in this report when we meet.

## Status of our Audit

Subject to the Administering Authority's approval, we expect to issue an unmodified Auditor's Report. There have been no significant changes to our audit plan and strategy.

We draw your attention to the important notice on page 4 of this report, which explains:

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

Yours sincerely,



**Fleur Nieboer**

**Partner KPMG LLP**

10 February 2025

## How we deliver audit quality

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

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

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

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

# Important notice

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

Circulation of this report is restricted.

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

## Purpose of this report

This Report has been prepared in connection with our audit of the financial statements of London Borough of Southwark Pension Fund (the 'Fund'), prepared in accordance with International Financial Reporting Standards ('IFRSs') as adapted Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, as at and for the year ended 31 March 2024.

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

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

## Limitations on work performed

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

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

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

## Status of our audit

Our audit is now complete.

## Restrictions on distribution

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

# Our audit findings

Significant audit risks	Page 07 - 09
Significant audit risks	Our findings
Management override of controls	No issues identified
Valuation of directly held property	We have utilised KPMG Real Estate experts as part of our work in this area. The overall valuation is considered as balance.
Key accounting estimates	Page 09 - 12
Valuation of directly held property	We assessed the assumptions underpinning the valuation as balance.
Valuation of level 3 pooled investment vehicles	We agreed the value to investment manager confirmations and assessed the NAV statements as reliable.
Valuation of level 1 and 2 pooled investment vehicles and segregated investments	We verified the pricing at the year end to an independent pricing source (where available). For ULIPs, we verified from fund manager the willingness to transacts at the price obtained.

## Expenditure recognition

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.

Expenditure in a pension scheme equates to payments to members and management expenses. There are no subjective issues concerning when expenses need to be recognised. Amounts involved cannot easily be manipulated through accounting policies, timing or other policies. There is little incentive for the Fund to manipulate the financial reporting of expenses. Therefore, in the absence of specific fraud risk factors, there is no risk of fraudulent financial reporting arising from the manipulation of expenditure recognition for the Fund.

Uncorrected Audit Misstatements	Page 18	Number of Control deficiencies	Page 20 - 22
Understatement/ (overstatement)	£m	Understatement/ (overstatement)	
Net assets	nil	Significant control deficiencies	1
		Other control deficiencies	4

# Significant risks and Other audit risks

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

Our risk assessment draws upon our knowledge of the Fund, the industry and the wider economic environment in which the Fund operates.

We also use our regular meetings with senior management to update our understanding.

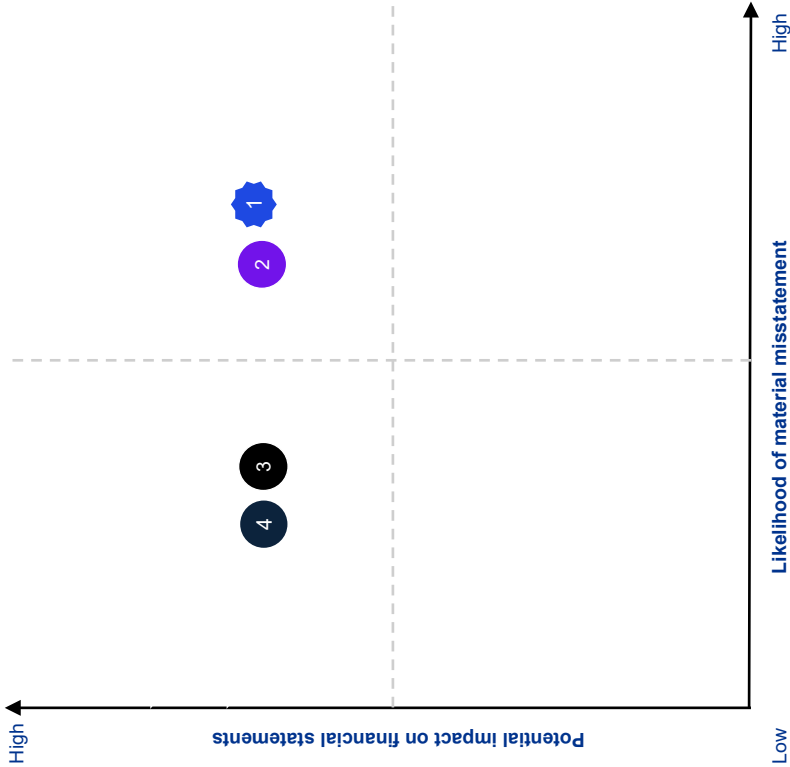
## KEY

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

Significant risks	
1.	Management override of controls
2	An inappropriate amount is estimated for the value of directly held property
Other audit risks :	
3.	Valuation of other Level 3 investments is misstated
4.	Valuation of Level 1 and 2 investments is misstated

We have split the risk related to valuation of investments between other level 3 and level 2 investments, mainly due to the different nature of these assets.

Fair values for level 3 assets would require at least one input whose valuation is based on unobservable market data whereas, level 2 assets are those instruments which are traded in a market that is not considered to be active or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.



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

# Audit risks and our audit approach



## Management override of controls<sup>(a)</sup>

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



### Significant audit risk

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

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



### Our response

- Our audit methodology incorporates the risk of management override as a default significant risk. We have:
- Assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
  - Evaluated the selection and application of accounting policies.
  - In line with our methodology, evaluated the design and implementation of controls over journal entries and post closing adjustments.
  - Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
  - Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the entities normal course of business or are otherwise unusual.
  - Analyse all journals through the year and focus our testing on those with a higher risk, such as material journals posted during the final close down period.

# Audit risks and our audit approach (cont.)



1

## Management override of controls<sup>(a)</sup>

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



### Significant audit risk

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

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



### Our findings

- We have not identified any indication of management override in the year leading to material misstatement or significant concern.
- We have reviewed the accounting records and did not identify any significant unusual transactions.
- We have also reviewed management estimates, and the journal entries posted in the period and around the year end. We did not identify any areas of bias in key judgements made by management.
- We performed the screening of journals listing and did not identify any high-risk criteria. Our screening procedures identified journal entries and our examination of these did not identify unauthorised, unsupported or inappropriate entries.
- Our testing over journals is complete.

Journal controls are now subject to enhanced scrutiny by auditors and must comply with a series of prescriptive criteria in order to be considered effective. We did not identify effectively designed and implemented controls over journal entries because management do not enforce journal entry authorisation within SAP. Whilst there are authorisation logs for journal entries, there was no mechanism to stop a fraudulent entry being posted without being recorded on the journal entry log.

See Appendix 5 for our recommendation and management's response.

# Audit risks and our audit approach



## 2 Incorrect valuation of directly held property

Assessment of accounting estimate



**Significant  
audit risk**

An inappropriate amount is estimated for the value of property due to inappropriate assumptions, errors in the underlying data or inaccurate computation of the valuation estimate. The significant risk is driven by the market assumptions due to the subjectivity and complexity involved in their determination.



**Our  
response**



**Our  
findings**

- We obtained the property valuation produced by the independent valuer as at 31 March 2024 directly from Nuveen, fund manager who further engage an independent valuer, Knight Frank (the property valuer). We noted the proposed valuation recorded by management was understated by £1.39m.
- We assessed Knight Frank as a management specialist and assessed their competency as a property valuer and their work for use as an audit evidence.
- We involved KPMG property valuation specialists to evaluate the assumptions underlying the properties' valuations for a selection of the directly held property portfolio, holding direct discussion with Knight Frank in respect of the underlying assumptions used for the valuation.
- The KPMG Real Estate team have challenged the valuer on the valuation inputs and reasons for value movement, considered any comparable evidence provided by the valuer and referred to our own internal sources of comparable data, market research, benchmark yields and MSCI data throughout our review. The KPMG Real Estate team evaluated a risk-based sample of properties and concluded that the valuations were balanced.
- Under the International Standards of Auditing, we are required to identify and evaluate the design and implementation of an internal control in relation to significant risks. Whilst the fund manager appoints a third party (Knight Frank) to value the property, we did not identify an associated management review or other control that that meets the requirements of the auditing standards.



# Audit risks and our audit approach



## Valuation of Level 1, Level 2 and other Level 3 investments is misstated



### Other audit risk

Investments are held to pay benefits of the Fund. They are held as pooled investments and cash with 18 investment managers. The investments are material to the financial statements (more than 95% of the Statement of Net Assets) and therefore there is a risk of material misstatement.

There is a risk of material misstatement relating to fair values of level 1 and 2 pooled investments and segregated assets, due to the estimation uncertainty resulting from the pricing of these investments.

There is a risk of material misstatement relating to fair values of level 3 pooled investments, due to the estimation uncertainty resulting from unobservable inputs to these investments.



### Our response

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

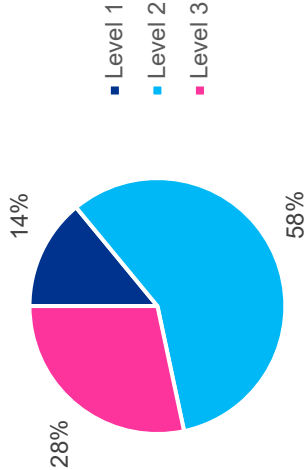
- **Segregated financial instruments:** Our in-house investment valuation team, iRADAR, was engaged to independently revalue segregated securities and over the counter (OTC) derivative prices and identify stale price issues of directly held financial instruments within the investment portfolio as well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

See following pages for our findings.



# Audit risks and our audit approach (cont.)

## Level 3 Investments



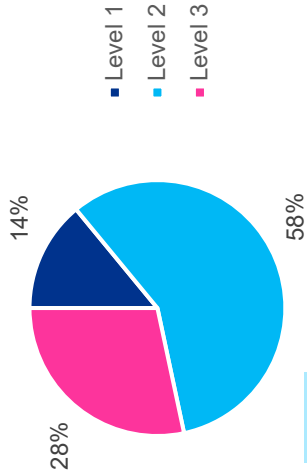
Type of security	Portfolio	Market value 2024 (£m)	Percentage of portfolio 2024 %	Market value 2023 (£m)	Percentage of portfolio 2023 %
Inputs are unobservable (i.e. market data is unavailable)					
Level 1: Segregated					
		313.56	14%	267.22	13%
Level 2: PIVs					
		1,287.61	58%	1,220.73	60%
Level 3: PIVs					
		404.41	18%	352.29	17%
Level 3: Property					
		218.77	10%	197.34	10%
Total		2,224.35	100%	2,037.59	100%

### Our findings

Type of security	Our findings	Assessment of accounting estimate
Property	<ul style="list-style-type: none"><li>Refer to page 9 for the commentary and findings in respect of property assets</li></ul>	
Level 3 Pooled Investment Vehicles	<ul style="list-style-type: none"><li>We obtained direct confirmations from the custodian and all the investment managers to vouch the holdings and valuation of assets at the year end;</li><li>The draft financial statements are prepared on the basis of latest available valuations that are sometimes lagged due to delay in preparing the quarterly valuation statements by investment managers. Our audit procedures involved obtaining valuations as at 31 March 2024. We have identified an overstatement of £11.61m between the values in the draft financial statements and those provided by the investment managers as at 31 March 2024. This is relating to Blackstone (£10.36m) and M&amp;G (£1.25m). This is not material to our financial statement's opinion. See Appendix 4 for details.</li></ul>	<div><div></div><div>CautiousNeutralOptimistic</div></div>

# Audit risks and our audit approach (cont.)

## Level 2 Investments



### Our findings

Type of security	Portfolio	Market value 2024 (£m)	Percentage of portfolio 2024 %	Market value 2023 (£m)	Percentage of portfolio 2023 %
Inputs are unobservable (i.e. market data is unavailable)					
Level 1: Segregated		313.56	14%	267.22	13%
Level 2: PIVs		1,287.61	58%	1,220.73	60%
Level 3: PIVs		404.41	18%	352.29	17%
Level 3: Property		218.77	10%	197.34	10%
Total		2,224.35	100%	2,037.59	100%

Type of security	Our findings	Assessment of accounting estimate
Segregated assets	Our in-house investment team, iRADAR, was used to verify the segregated securities and over the counter (OTC) derivative prices and identify stale price issues of directly held financial instruments within the investment portfolio as well as any exposures to hard to value assets. No issues were noted in these assets.	<div>CautiousNeutralOptimistic</div>
Level 2 Pooled investment vehicles	We obtained direct confirmations from your custodian and all your investment managers to vouch the holdings and valuation of assets at the year end; We engaged our in-house investment team, iRADAR who verified the pricing of the pooled investment vehicles at the year end to an external pricing source (where available) and noted no issues in these assets. For ULIPs, we verified from fund manager the willingness to transact at the price obtained and noted no issues.	<div>CautiousNeutralOptimistic</div>

# Other matters

## Annual report

The Pension Fund annual report will be issued later than the financial statements. We will consider whether there is a material inconsistency between this information included in the annual report and the financial statements, or with our knowledge obtained in the audit; or whether this information appears to be materially misstated.

## Independence and Objectivity

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

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

See page 22 for more details.

## Audit Fees

Our PSAA proscribed 2023/24 audit scale fee for the audit was £75,000 plus VAT.

The scale fees agreed with the PSAA do not take into account the impact of ISA315 (Revised). We have agreed a fee variation of c5% of the fee plus VAT with you in respect of ISA351R.

# Appendices

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# Required communications

Type	Response
Our draft management representation letter	<div><div></div><div>OK</div></div> <p>We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2024.</p>
Adjusted audit differences	<div><div></div><div>OK</div></div> <p>There were 3 adjusted audit differences with an impact on net assets of £11.40 million. See page 19.</p>
Unadjusted audit differences	<div><div></div><div>OK</div></div> <p>The aggregated impact on net assets of unadjusted audit differences would be £nil. In line with ISA 450 we request that you adjust for these items. However, they will have no effect on the opinion in the auditor's report, individually or in aggregate.</p>
Related parties	<div><div></div><div>OK</div></div> <p>There were no significant matters that arose during the audit in connection with the entity's related parties.</p>
Other matters warranting attention by the Audit Committee	<div><div></div><div>OK</div></div> <p>There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.</p>
Control deficiencies	<div><div></div><div>OK</div></div> <p>We communicated to management in writing all deficiencies in internal control over financial reporting of a lesser magnitude than significant deficiencies identified during the audit that had not previously been communicated in writing.</p>
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	<div><div></div><div>OK</div></div> <p>No actual or suspected fraud involving Fund management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements identified during the audit.</p>
Make a referral to the regulator	<div><div></div><div>OK</div></div> <p>If we identify that potential unlawful expenditure might be incurred then we are required to make a referral to your regulator. We have not identified any such matters.</p>
Issue a report in the public interest	<div><div></div><div>OK</div></div> <p>We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters.</p>

Type	Response
Significant difficulties	<div><div></div><div>OK</div></div> <p>No significant difficulties were encountered during the audit.</p>
Modifications to auditor's report	<div><div></div><div>OK</div></div> <p>None</p>
Disagreements with management or scope limitations	<div><div></div><div>OK</div></div> <p>The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.</p>
Other information	<div><div></div><div>OK</div></div> <p>No material inconsistencies were identified related to other information in the statement of accounts.</p>
Breaches of independence	<div><div></div><div>OK</div></div> <p>No matters to report. The engagement team and others in the firm, as appropriate, the firm and, when applicable, KPMG member firms have complied with relevant ethical requirements regarding independence.</p>
Accounting practices	<div><div></div><div>OK</div></div> <p>Over the course of our audit, we have evaluated the appropriateness of the Fund's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.</p>
Significant matters discussed or subject to correspondence with management	<div><div></div><div>OK</div></div> <p>No significant matters arising from the audit were discussed, or subject to correspondence, with management.</p>
Certify the audit as complete	<div><div></div><div>OK</div></div> <p>We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.</p>

## Audit fee

Our fees for the year ending 31 March 2024 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2023/24 (£)
Statutory audit	75,000
ISA315r	7,840
<b>TOTAL</b>	<b>82,840</b>

*\*Note: we are in a process of agreeing the ISA315r fee uplift.*

## Billing arrangements

- Fees have been billed in accordance with the milestone completion phasing that has been communicated by the PSAA.
- As per PSAA's Scale Fees Consultation, the scale fees did not include new requirements of ISA315 revised (risk of material misstatement);

# Confirmation of Independence



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

## To the Audit and Risk Committee members

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

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

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

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

### General procedures to safeguard independence and objectivity

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

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

The conclusion of the audit engagement partner as to our compliance with the FRC Ethical Standard in relation to this audit engagement and that the safeguards we have applied are appropriate and adequate is subject to review by an engagement quality control reviewer, who is a partner not otherwise involved in your affairs.

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

### Confirmation of audit independence

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

This report is intended solely for the information of the Audit and Risk Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

# Uncorrected audit misstatements

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

There are no uncorrected misstatements to report.

# Corrected audit misstatements

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit, Governance and Standard Committee with a summary of corrected audit differences (including disclosures) identified during the course of our audit. The adjustments below have been included in the financial statements.

Corrected audit differences (£m)				
No.	Detail	Fund Account Dr/(Cr)	Net Asset Statement Dr/(Cr)	Comments
1	Dr Directly held Property Cr Change in market value	(£1.39m)	£1.39m -	Due to mathematical inaccuracy performed by fund manager, the valuation of directly held property was misstated and wrongly recorded in the financial statements.
3	Dr Change in market value Cr Pooled Property (L3 pooled funds) Cr Private Equity (L3 pooled funds)	£11.61m	(£1.25m) (£10.36m)	Latest available value for private equity and pooled property was taken at the time of preparing the financial statements. However, it was the lagged valuation. While performing the audit, KPMG was able to confirm the valuation as at 31 March 2024 by obtaining an independent confirmation from fund manager and noted variance between the management's valuation and latest NAV.
Total		£10.22m	(£10.22m)	

Disclosure differences	
Matter	Comment
Capital commitments disclosure	Capital Commitments due as at 31st March 2024 relating to the Temporis Impact Strategy V Fund have been understated by £6.09m.
Capital commitments disclosure	Capital Commitments due as at 31st March 2024 relating to the Frogmore FREP III Fund have been overstated by £6.43m. These were considered as recallable when recording the outstanding commitments.
Investment risk disclosure	Assets exposed to currency risk is understated by £7m within disclosure of nature and extent of risks arising from financial instruments.
Reconciliation of movements in investments	Purchase and Sales within notes for reconciliation of movements in investments have been overstated by £70m. This won't have any impact on the closing investment valuation.

# Control Deficiencies



The recommendations raised as a result of our work in the current year are as follows:

Priority rating for recommendations				
#	Risk	Issue, Impact and Recommendation	Priority rating for recommendations	Management Response / Officer / Due Date
1	1	<b>Approval of journals: Segregation of duties</b> The Pension Fund has a process where journal entries require authorisation prior to posting in SAP. Whilst none of the journal entries we selected for testing lacked authorisation, we note that the system – as configured – does not enforce authorisation meaning there is a risk that a journal could be posted without approval.  We understand the limitations the Pension Fund has identified in the current system meaning they do not believe an approval workflow will be useful. The Pension Fund should consider introducing an approval workflow in its replacement finance system..	<b>Priority one:</b> issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.  <b>Priority two:</b> issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately, but the weakness remains in the system.  <b>Priority three:</b> issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.	The pension fund follows the system put in place for the posting of journals in SAP for all users (council and pension fund). This recommendation will be fully addressed via the implementation of an approval workflow in the replacement finance system.
2	2	<b>Management review of valuation of directly held property</b> Under the International Standards of Auditing, we are required to identify and evaluate the design and implementation of an internal control in relation to significant risks. Whilst the Audit, Governance and Standard Committee appoints a third-party fund manager, Nuveen to manage its property portfolio and who further in turn engage Knight Frank to value the property, we did not identify an associated management review or other control that meets the requirements of the auditing standards.  We recommend that the Fund review and challenge the valuations provided by the valuer. This process should be fully documented.	The Fund's direct property holdings are reviewed by officers on a quarterly basis. Movements in valuations are monitored quarterly and significant changes in valuation are investigated: the quarterly Knight Frank valuation report is reviewed to ascertain whether the reasons for valuation changes are documented; and, if required, further investigation is conducted via Nuveen. Arrangements will be made for the review of valuations to be formalised and documented during 2024-25.	

# Control Deficiencies



The recommendations raised as a result of our work in the current year are as follows:

Priority rating for recommendations				
	1	2	3	Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.
	<b>Priority one:</b> issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	<b>Priority two:</b> issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.		
#	Risk	Issue, Impact and Recommendation		Management Response / Officer / Due Date
3	2	<b>Related parties</b> We noted that no formal process is followed by the Fund to identify related parties at the year end and to ensure that all related party transactions are captured.  We therefore recommend that the Fund considers putting in place a formal process to do this as part of its year end close processes.		A review is conducted annually to identify potential related parties to the Fund. This considers all the key areas and functions associated with the operation of the pension fund, such as the external investment arrangements and the administration function. It is not considered necessary to put in place a formal process
4	2	<b>Valuation of investments</b> We noted that no formal process followed by pension fund to update the investment valuations after preparing draft financial statements. There is a risk that investments are recorded at lagged valuations.  We therefore recommend that the Fund considers obtaining the asset confirmations from fund managers again (at least after 6 months from the year end) for those assets which were recorded at lagged valuations within the first draft of financial statements.		Investment valuations are provided by fund managers as soon as they are available. March valuations are received by the end of May. The required adjustments to the financial statements are identified and updated during the audit process.  We note this recommendation and will ensure the current process is formally documented.

# Control Deficiencies



The recommendations raised as a result of our work in the current year are as follows:

Priority rating for recommendations					
1	<b>Priority one:</b> issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	2	<b>Priority two:</b> issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	3	<b>Priority three:</b> issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.
#	Risk	Issue, Impact and Recommendation			Management Response / Officer / Due Date
5	3	<b>Membership reconciliation</b>  We noted that no formal member reconciliation is performed noting membership changes in the year, reconciling movements and cross checking against the underlying payroll records. There is a risk that membership information may be incorrect.  We therefore recommend that the Fund considers performing an annual membership reconciliation to ensure the completeness and accuracy of member records, which should be checked against the underlying payroll records for active and pensioner members at the year end or keep an audit trail and do a formal check when a report is run for the year end.			Following changes in admin software, the Pension Fund has been working towards membership reconciliation and membership movement reporting throughout the year. A reconciliation was already in the process of being built and tested throughout 2024-2025 with a view that it goes live during March 2025, in time for the next audit window. This will allow the Pension Fund to reconcile Active membership numbers by employee through each employer. And, with this report we will also be able to reconcile the Pensioner membership numbers (and Active membership numbers) back to underlying Council SAP/Payroll files.

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



## Ongoing impact of the revisions to ISA (UK) 240

- ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) *The auditor's responsibilities relating to fraud in an audit of financial statements* included revisions introduced to clarify the auditor's obligations with respect to fraud and enhance the quality of audit work performed in this area. These changes are embedded into our practices and we will continue to maintain an increased focus on applying professional scepticism in our audit approach and to plan and perform the audit in a manner that is not biased towards obtaining evidence that may be corroborative, or towards excluding evidence that may be contradictory.

- We will communicate, unless prohibited by law or regulation, with those charged with governance any matters related to fraud that are, in our judgment, relevant to their responsibilities. In doing so, we will consider the matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud.

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

Our assessment of the risks of material misstatement due to fraud may be found on page 5 and 7. We also considered the following matters required by ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) *The auditor's responsibilities relating to fraud in an audit of financial statements*, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud:

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

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

# KPMG's Audit quality framework

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

To ensure that every engagement lead and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework. Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

## ■ Commitment to continuous improvement

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

## ■ Performance of effective & efficient audits

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

## ■ Commitment to technical excellence & quality service delivery

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

## ■ Association with the right entities

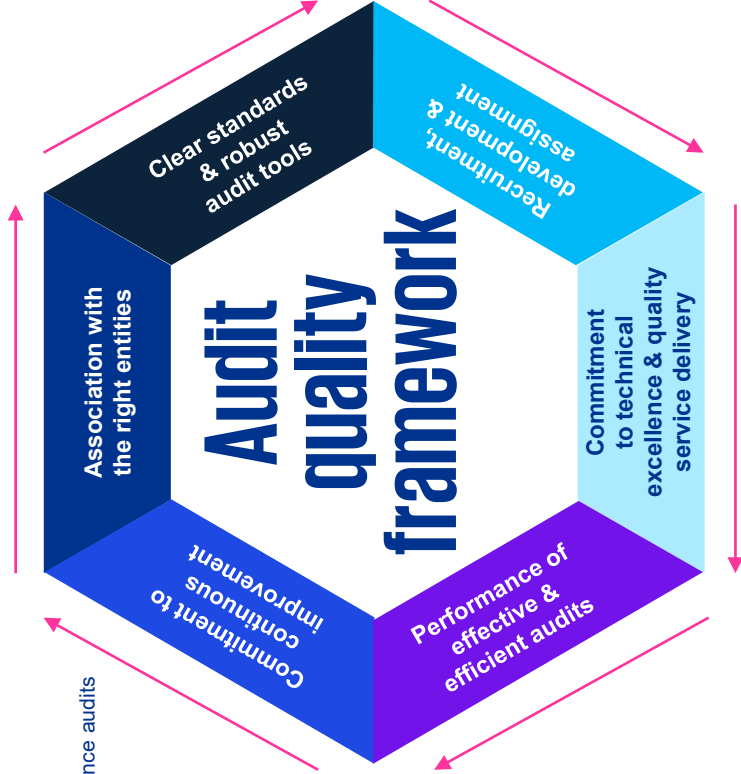
- Select clients within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

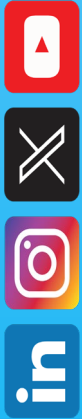
## ■ Clear standards & robust audit tools

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

## ■ Recruitment, development & assignment of appropriately qualified personnel

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





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**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)**OPEN**

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