Open Agenda

Pensions Advisory Panel

Wednesday 23 September 2026
2.00 pm
160 Tooley Street, London SE1 2QH

Agenda Item 1

Pensions Advisory Panel

Wednesday 23 September 2026
2:00pm
Room 225, 160 Tooley Street

Membership

Councillor Sam Foster (Chair)
Councillor Stephanie Cryan
Councillor Rachel Bentley

Staff Representatives
Roger Stocker
Julie Timbrell
Derrick Bennett

Officers
Clive Palfreyman
Caroline Watson
Barry Berkengoff

Advisors
David Cullinan
Colin Cartwright

INFORMATION FOR MEMBERS

Contact
Caroline Watson on 020 7525 4379 or email: caroline.watson@southwark.gov.uk

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Members of the committee are summoned to attend this meeting

Althea Loderick
Chief Executive

Date: 16 September 2026

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Pensions Advisory Panel

Wednesday 23 September 2026
2:00pm
Room 225, 160 Tooley Street

Order of Business

Item No.	Title	Page No.

1. **APOLOGIES**

   To receive any apologies for absence.

2. **CONFIRMATION OF VOTING MEMBERS**

   Voting member of the committee to be confirmed at this point in the meeting.

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

4. **DISCLOSURE OF INTERESTS AND DISPENSATIONS**

   Members of the committee to declare any interests and dispensation in respect of any items of business to be considered at this meeting.

5. **MINUTES**

   To agree as a correct record, the open minutes of the meeting held on 5 March 2026.

6. **LONDON CIV PRESENTATION**

7. **TRAINING SESSION: PAP WORKSTREAMS 2025-26**

8. **INVESTMENT UPDATE**

9. **INVESTMENT ADVISOR UPDATES**

   - **DAVID CULLINAN**
   - **AON**

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10. **RESPONSIBLE INVESTMENT UPDATE**

11. **EXCLUSIONS FRAMEWORK – NEXT STEPS**

12. **PENSION FUND GOVERNANCE UPDATE**

13. **PENSION FUND BUSINESS PLAN 2026-27**

14. **TRAINING STRATEGY**

15. **LOCAL PENSION BOARD UPDATE**

16. **PENSIONS SERVICES UPDATE**

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

PART B – CLOSED

17. **CLOSED MINUTES 5 MARCH 2026**

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

19. **PENSION FUND GOVERNANCE UPDATE**

Pensions Advisory Panel

MINUTES of the OPEN section of the Pensions Advisory Panel held on 5 March 2026 at 13.30 pm at Meeting Room 225 - 160 Tooley Street, London SE1 2QH

PRESENT:

Councillor Stephanie Cryan (in the chair)
Councillor Emily Hickson
Councillor Rachel Bentley
Clive Palfreyman
Caroline Watson
Spandan Shah
Mike Ellsmore
Roger Stocker
David Cullinan (remotely)
Colin Cartwright
Marco Gonzalez
Adizatu Tarawallie
Barry Berkengoff

1. APOLOGIES

Apologies were received from Jullie Trimbell and Derrick Bennett. It was noted that David Cullinan would be joining the meeting remotely.

2. CONFIRMATION OF VOTING MEMBERS

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

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

There were none.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

Caroline Watson highlighted that officers and elected members declare potential interest in relation to the Funding Strategy Statement as it will impact the budget setting process for Southwark Council (as the largest employer in the Fund).

The Chair advised that officers consult the Council's Monitoring Officer for clarification and confirmation on the appropriate process for declaring and noting such interest.

5. MINUTES

RESOLVED:

That the open minutes of the meeting held on 9 December 2025 be agreed as a correct record and signed by the Chair.

6. MATTERS ARISIING

There were none.

7. ASSET ALLOCATION UPDATE – 31 DECEMBER 2025

Caroline Watson presented the asset allocation update. She reported that the market value of the Fund had increased by £60.3m to £2,486.1m as at 31 December 2025.

All allocations are within the maximum permitted by the Strategic Asset Allocation. The key overweight position is in global equity (+3.2%), followed by ESG priority funds (+1.2%). In contrast, the key underweight position is in Property (-4.6%).

An update was provided on recent liquidations (Invesco portfolio) and write-downs (Frogmore portfolio). There were questions and additional discussions on reasons for this. Based on the advice from the Fund's investment advisers, officers do not expect any impact from the Invesco liquidation, but it is likely to involve an extended timeline.

There was a question and subsequent discussions in relation to 'Local Investment' required as part of Fit for Future regulation. Aon provided a clarification that in the case of listed equities this would typically cover companies listed on UK Stock Exchanges. However, the focus of 'Local Investment' is more towards private assets in the UK.

RESOLVED:

That the Fund's asset allocation at 31 December 2025, overall performance and other matters considered by the officers and advisers of the Fund during the quarter to the end of December 2025 and post quarter end, be noted.

8. QUARTERLY INVESTMENT UPDATE

ADVISER UPDATES – QUARTER TO DECEMBER 2025

David Cullinan presented his report and provided an update to the Panel.

Colin Cartwright and Marco Gonzalez from Aon also presented their report and updated the Panel on current market conditions and Fund positioning.

Colin highlighted that the market remains highly volatile, driven in part by rapid developments in artificial intelligence (AI) and the wider technology sector. Colin clarified that while there will be an impact of the ongoing conflict in the Middle East on oil and energy prices, and potentially on the GDP growth, it will depend on how long it lasts. It was acknowledged that a significant escalation of the conflict could potentially lead to market impacts that may affect the Fund in the future.

In the short-term, volatility is likely to continue. Colin advised the Panel that in such situations, the Fund is likely to see benefits of active management, particularly from the Comgest and Newton mandates, whose strategies are positioned to take advantage of current market dynamics.

There was a question and subsequent discussion on the importance of asset allocation and investment manager selection. Marco advised that asset allocation is a key element which then needs to be balanced with the right investment manager selection.

RESOLVED:

That the quarterly investment updates be noted.

9. INVESTMENT STRATEGY REVIEW

Caroline Watson presented the report. Caroline highlighted key results of the review of the Fund's current investment strategy conducted by Aon. The review assessed the current portfolio in the context of the overall investment return requirements as set out in results from the 2025 actuarial valuation and considering specific risk exposures for the Fund.

The key recommendation from Aon's review is to reduce the overall allocation to equity by 5% (from 50% to 45%) in favour of credit assets.

RESOLVED:

The Panel voted in favour of the recommendation to adopt the revised investment strategy in line with the updated asset allocation.

10. FUNDING STRATEGY STATEMENT

Caroline Watson presented the report.

Caroline updated the Panel on the progress of the actuarial valuation. The results for the other scheme employers are currently being finalised by the actuaries. Apart from one employer, all have benefitted from a decrease in their contribution rate. Funding levels have also improved, primarily driven by updated financial assumptions.

The Funding Strategy Statement ('FSS') has been updated as part of the valuation process to reflect changes in the funding strategy. The FSS has been shared with scheme employers for consultation.

RESOLVED:

That the updated FSS be noted.

11. RESPONSIBLE INVESTMENT UPDATE

Spandan Shah presented the update on Responsible Investment.

Spandan presented the revised Responsible Investment policy (RI Policy) of the Fund incorporating exclusions in line with principles of the UN Genocide Convention as well as for lists published by the UN in relation to human rights violations globally. The RI Policy continues to capture the Fund's key focus areas - including carbon reduction, progress towards net-zero ambitions, and other material ESG themes.

There were questions on the progress made by London CIV in developing products in line with exclusions included in our RI Policy.

The Panel also discussed how engagement with LCIV on this framework should continue going forward. All elected members have stressed that it is imperative that LCIV show progress in implementing the principles of the RI policy.

Spandan also provided an update on the Fund's carbon footprint and engagement activity during the quarter ended 31 December 2025.

RESOLVED:

1. That the revised RI Policy be adopted.
2. That the carbon footprint and engagement activity during the quarter ended December 2025 be noted.

12. LGPS POOLING (VERBAL UPDATE)

Caroline Watson Officers provided a verbal update on the latest developments including discussions and progress with LCIV, and the draft guidance released in relation to the pooling mandate.

There was a subsequent discussion on possible changes to the Terms of Reference for both the PAP and the Local Pension Board (LPB) following implementation of the pooling mandate.

RESOLVED:

That the LGPS pooling updates be noted.

13. UPDATE ON THE LOCAL PENSION BOARD

Mike Ellsmore presented an update on the Local Pension Board.

As Chair of the LPB, Mike provide an overview of the detailed debriefing on the Annual Benefit Statements at the LPB meeting in February 2026. Mike also updated the Panel on the LPB's formal approach to training going forward including subscribing to the Hymans Robertson training module from April 2026. Mike recommended that access to the training module should also be extended to the Panel.

14. PENSION SERVICES – ADMIN/OPS UPDATE

Barry Berkengoff presented the report and provided an update to the Panel on various tasks being looked at by the Pensions Operations Team including recruitment, IT/systems, National Dashboard Programme (NDP), communication initiatives, and complaint management.

There was a subsequent discussion on the need for creating more awareness amongst scheme members in relation to the National Dashboard Programme.

RESOLVED:

That the Pensions Services updates 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.

15. CLOSED MINUTES

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

16. QUARTERLY INVESTMENT UPDATE - AON - CLOSED

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

17. INVESTMENT STRATEGY REVIEW CLOSED

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

The meeting ended at 15:09.

CHAIR:

DATED:

Meeting Name:	Pensions Advisory Panel
Date:	23 September 2026
Report title:	Investment Update – quarter to 30 June 2026
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer

RECOMMENDATIONS

1. The Pensions Advisory Panel (PAP) is requested to note the updates relating to the Southwark Pension Fund's (the Fund) investment portfolio and associated investment performance for the quarter ended 30 June 2026.

Pension Fund Investments – Quarter ended 30 June 2026

Portfolio value as at 30 June 2026

2. The market value of the Fund increased during the quarter from £2,430.4m to £2,643.6m, an increase of £213.2m (+8.7%) driven by strong equity markets. In contrast, in the previous quarter the market value of the Fund increased only marginally by c. £6m.

Investment Performance Results for quarter ended 30 June 2026

3. The following table shows the total Fund returns for the quarter ended 30 June 2026 and for longer-term assessment periods:

	Quarter to 30/06/26	Year to 30/06/2026	3 Years to 30/06/2026 p.a.
Fund	9.1	6.9	9.2
Benchmark	8.1	7.1	12.1
Relative	1.0	-0.2	-2.9

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

4. The Fund return of 9.1% in the quarter exceeded the benchmark return by 1%. This was driven by strong performance in the global equity markets, including positive sentiments in technology and wider AI value chain stocks.

5. The total Fund return for the year was 6.9% which was below the benchmark return of 7.1%. Over 3 years, the Fund returned 9.2% p.a. compared to a benchmark return of 12.1%.

Asset allocation as at 30 June 2026

6. The value of the major asset classes as at 30 June 2026 compared to 31 March 2026 is as follows:

	30 June 2026		31 March 2026	
	£m	%	£m	%
Low carbon passive equities	994.9	37.6	872.9	35.9
Active Emerging Market equities	145.6	5.5	113.6	4.7
Active global equities	351.9	13.3	291.8	12.0
Total Global Equities	1492.4	56.4	1,322.3	52.6
Total Multi-Asset Credit	235.9	8.9	229.9	9.4
Total Index Linked Gilts	236.1	8.9	239.0	9.9
Total Property	379.6	14.5	383.9	15.8
Total ESG Priority	287.6	10.9	285.9	11.8
Total Cash & Cash Equivalents	11.7	0.4	13.3	0.6
Total Fund	**2,643.6**	**100.0**	**2,430.4**	**100.0**

7. The following table shows a more detailed breakdown of the market valuation as at 30 June 2026 by asset class/manager against the target strategic asset allocation (SAA):

Asset class	Manager(s)	TOTAL FUND £m	Actual %	Target %	(Under) Overweight
Low carbon passive equity	Blackrock	526.5	19.9		
	LGIM	468.5	17.1		
Active Emerging Market equity	Comgest	145.6	5.5		
Active global equity	Newton	351.9	13.3		
Total Global Equity		**1,492.5**	**56.4**	**45.0**	**+11.4**
Multi-Asset Credit	Robeco	116.9	4.4		
	LCIV-CQS	118.9	4.5		
Total Multi-Asset Credit		**235.9**	**8.9**	**19.0**	**-10.1**
Index Linked Gilts	Blackrock	110.3	4.2		
	LGIM	125.8	4.8		
Total Index-Linked Gilts		**236.1**	**9.0**	**10.0**	**-1**
Total Property	Various mandates	**379.7**	**14.4**	**16.0**	**-1.6**
Total ESG Priority (Infrastructure + Private Equity)	Various mandates	**287.7**	**10.9**	**10.0**	**+0.9**
Cash & Cash Equivalents	LGIM Custody Northern Trust Blackrock	2.0 0.0 0.2 9.6	0.1 0.0 0.0 0.3	0.0 0.0 0.0 0.0	+0.1 0.0 0.0 +0.3
Total Cash & Cash Equivalents		**11.8**	**0.4**	**0.0**	**+0.4**
TOTAL Fund		**2,643.6**	**100.0**	**100.0**	

8. The Fund's 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.

9. Most of the changes in over and underweight positions are linked to market movements, with equities having another strong quarter on the back of strong performance of technology and AI sector.

10. A more detailed breakdown and performance analysis of individual mandates is covered as part of Adviser reports tabled as agenda item 9.

Key Fund manager activity/updates

11. The Invesco and Brockton mandates are currently under managed liquidation. Fund Officers continue to proactively monitor liquidation progress, enabling early mitigation of any identified risks and ensuring any potential issues are escalated in a timely manner.

12. Fund officers also continue to closely monitor exposure to technology and AI stocks in the listed equity mandates.

13. Both the Darwin mandates (Leisure Fund and Bereavement Services) and the BlackRock GRP Fund III have struggled with performance and have had significant investment write-downs in previous quarters. Fund officers continue to monitor these mandates and will escalate any issues to the PAP.

UK Holdings

14. Current annual reporting guidelines require that LGPS funds declare what proportion of their total portfolio is allocated to UK assets and how much of this is pooled (with LCIV). This is in line with the government's aim to increase pension fund investment in the UK.

15. The following table identifies the estimated value of the Fund's UK based assets as at quarter end (30 June 2026), shown in the same format as for the annual report requirements.

UK asset values as at 30 June 2026	**Pooled** **£m**	**Under pool management** **£m**	**Not pooled** **£m**	**Total** **£m**
UK listed equities	-	32.1	38.4	70.6
UK government bonds	-	236.1	-	236.1
UK credit	18.1	-	11.7	29.8
UK infrastructure	-	-	117.6	117.6
UK private equity	-	-	2.9	2.9
UK property	-	43.9	322.9	366.8
TOTAL	**18.1**	**312.2**	**493.4**	**823.8**
% of Fund				**31.2%**
Previous Quarter (31 March 2026)				34.2%

16. As on 30 June 2026, £823.8m (c. 31% of the Fund) was allocated to assets in the UK. This represented a slightly lower percentage of the Fund than the previous quarter due to market movements, specifically global equities.

Operational issues

17. During the quarter ended 30 June 2026:

    - Drawdowns and distributions across all applicable mandates were in line with manager strategies communicated to the Fund.

    - During the quarter, money market fund activity to support day-to-day liquidity and cash management was in line with the Fund's cash management policy.

18. There were no other operational issues arising during the quarter.

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

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Caroline Watson, Chief Investment Officer	
Version	Final	
Dated	23 September 2026	
Key Decision?	N/A	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	Comments Included
Director of Law and Democracy	N/A	N/A
Strategic Director of Resources	N/A	N/A
List other officers here		
Cabinet Member	N/A	N/A
Date final report sent to Constitutional Team		

Meeting Name:	Pensions Advisory Panel
Date:	23 September 2026
Report title:	Investment Advisers' Updates - Quarter to June 2026
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer

RECOMMENDATIONS

1. The pensions advisory panel is asked to:

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

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

Community Impact Statement

2. No immediate implications arising

Equalities (including socio-economic) Impact Statement

3. No immediate implications arising

Health Impact Statement

4. No immediate implications arising

Climate Change Implications

5. No immediate implications arising

Resource Implications

6. No immediate implications arising

Legal Implications

7. No immediate implications arising

Financial Implications

8. No immediate implications arising

Consultation

9. No immediate implications arising

APPENDICES

Name	Title
Appendix 1	Independent adviser's report – quarter to June 2026
Appendix 2	Aon's quarterly investment dashboard – quarter to June 2026

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Caroline Watson, Chief Investment Officer	
Version	Final	
Dated	23 September 2026	
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		

LONDON BOROUGH OF SOUTHWARK - Quarterly Report June 2026

Executive Summary

- Global markets rebounded strongly heading into the new year as the energy shock faded, oil prices fell on progress toward a US–Iran ceasefire, and investors shifted their focus back to resilient earnings, particularly in technology-linked sectors
- The Fund returned a very strong 9%, exceeding the benchmark for the first time in two years
- The Fund returned an excellent 14.5% over the full year but remained behind the benchmark
- Medium-term returns improved modestly while long-term returns for the Fund remained very solid, ahead of both still heightened inflation and actuarial assumption, but behind benchmark
- The near-term outlook remains uncertain: Middle East tensions are weighing on sentiment, tempering expectations for rate cuts and heightening inflation concerns. Offsetting this, markets retain a broadly positive view on global equities, particularly in the tech sector where earnings momentum remains strong

Market Background

Global markets staged a strong rebound in the first quarter of the new fiscal year as the energy shock triggered by the Iran conflict eased, risk appetite returned and investors refocused on resilient corporate earnings. The announcement of a US–Iran ceasefire framework and the partial reopening of the Strait of Hormuz pushed oil prices sharply lower, easing inflation pressures. With energy prices retreating from their peaks, markets shifted attention back to accelerating earnings growth, particularly in technology-linked sectors.

Equities delivered robust gains, rising more than 14% globally, with technology-heavy markets such as the US, Japan and Asia Pacific ex Japan leading performance. Emerging markets posted their strongest quarterly returns since 2009, while the UK lagged due to its limited technology exposure and heavier weighting in energy. Although much of the strength has been supported by genuine earnings growth rather than inflated valuations, returns have again become concentrated in a small number of large technology companies.

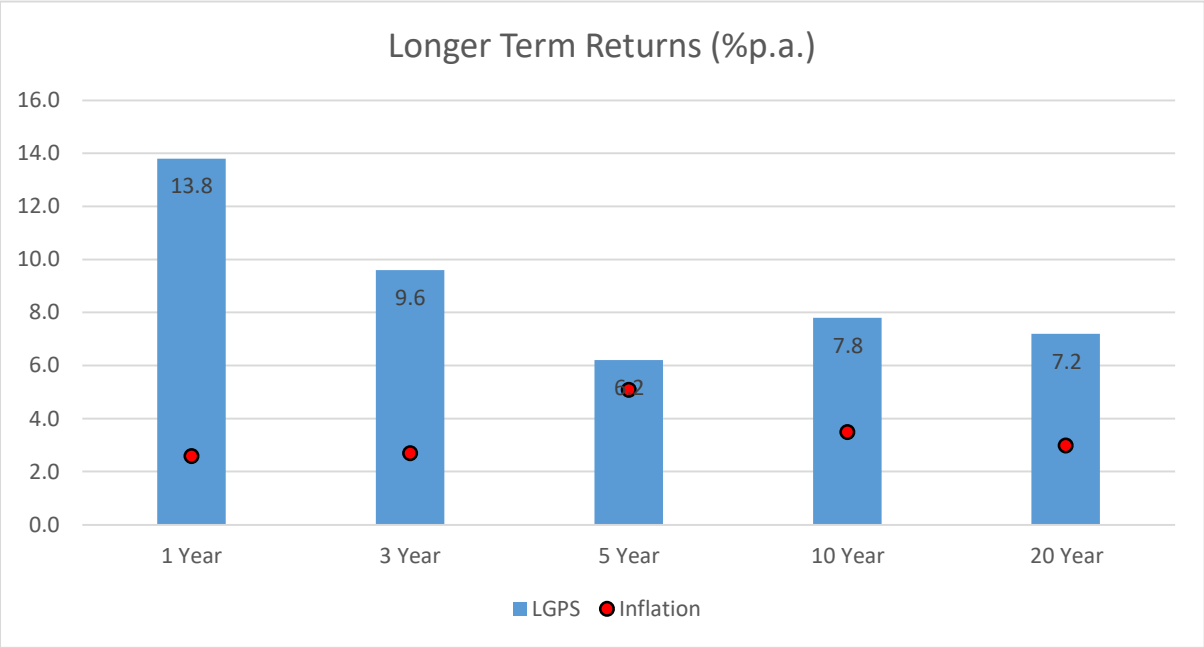
Bond markets produced positive but more modest returns, with yields falling as inflation concerns eased. Central banks however maintained a cautious stance. Corporate bonds outperformed government bonds, supported by strong earnings and tighter credit spreads, while emerging market debt benefited from a stronger US dollar. In the UK, gilt markets absorbed Keir Starmer's resignation with only a muted market response.

UK commercial property had another subdued quarter, with the investment market remaining in a holding pattern amid persistent geopolitical uncertainty. Transaction volumes remained very subdued as both buyers and vendors held back, while the continued instability surrounding the Iran conflict weighed on sentiment.

LGPS Funds

The average LGPS fund was expected to have returned around 7% over the quarter.

After the negative return in the previous quarter, funds experienced a strong recovery driven by global market rebounds, de-escalation of Middle Eastern tensions, and a strong technology rally. Other asset classes delivered more muted results with bonds and property both delivering returns under 2% for the quarter. The average fund delivered a provisional return in the region of 14% for the last twelve months. The three-year result picked up to around 10%p.a. Over the last ten years the average fund delivered returns in the region of 8% p.a. Over the longer-term periods, funds with a higher equity component will have yielded stronger returns.



Total Fund

The Fund returned a very solid 9.1% in the first quarter and outperformed the benchmark by 0.8%. This was a very welcome outperformance and the first since the same quarter two years ago.

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

LATEST QUARTER

	Manager	Returns		
		Fund	Benchmark	Relative
Global Equity	BLK	15.4	15.9	
	LGIM	13.9	13.8	
	Newton	20.5	14.2	
	Comgest	27.8	23.3	
MAC	Robeco	1.7	1.9	
	LCIV-CQS	3.5	2.0	
Property	Nuveen	-1.3	0.9	
	Invesco	-2.8	1.9	
	M&G	0.1	1.9	
	Darwin Leisure	1.4	1.5	
	Frogmore	0.0	3.9	
	Brockton	0.0	3.6	
ESG Priority	Glenmont	13.5	0.8	
	Temporis	-4.1	2.4	
	Temporis (New)	-4.8	1.7	
	Temporis (Impact)	4.5	2.4	
	BLK	-0.3	2.4	
	Darwin Bereavement	0.0	1.5	
	Blackstone	-5.9	2.9	
	BTG	2.2	1.5	
Index-Linked	BLK	-1.2	-1.3	
	LGIM	-1.3	-1.3	
Cash	LGIM/BLK/NT/Mgr Frictional	0.0	0.0	0.0
Total Fund		**9.1**	**8.2**	**0.8**

The Fund outperformed the benchmark over the quarter. The above graphic again shows a significant number of laggards over the period but importantly, our active equity managers added value. Property and ESG portfolios provided a negative offset.

It is worth looking at this over the full year.

YEAR

		Returns		
		Fund	Benchmark	Relative
Global Equity	BLK	23.6	23.3	
	LGIM	24.5	24.3	
	Newton	33.4	28.1	
	Comgest	48.3	48.2	
MAC	Robeco	4.1	4.1	
	LCIV-CQS	7.1	8.4	
Property	Nuveen	1.9	5.4	
	Invesco	-19.7	8.0	
	M&G	-0.5	8.0	
	Darwin Leisure	-19.8	6.0	
	Frogmore	-100.0	16.7	
	Brockton	-0.1	15.1	
ESG Priority	Glenmont	10.9	10.0	
	Temporis Op' Renewable	-10.2	10.0	
	Temporis Renewable	-10.6	7.0	
	Temporis Impact	1.9	10.0	
	BLK	-15.3	10.0	
	Darwin Bereavement	-2.5	6.0	
	Blackstone	3.1	12.0	
	BTG	8.6	6.0	
Index-Linked	BLK	2.0	1.8	
	LGIM	1.9	1.8	
Cash	LGIM/BLK/NT/Mgr Frictional	1.1	4.0	-2.8
Total Fund		**14.5**	**16.4**	**-1.6**

Over the full year, the Fund achieved an excellent 14.5% but trailed the benchmark by 1.6%. The drivers of performance remain consistent with recent quarters: equities held up well, but these gains were more than offset by underperformance in the property (core and opportunistic/value add) and ESG priority portfolios. At the risk of repeating myself, in practice, the c.10% p.a. targets for these allocations have proved demanding, reflecting the structural headwinds that have characterised the recent market environment.

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

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

LATEST QUARTER

	Fund Weight	BM Weight	Fund Return	BM Return	Relative Return	Asset Allocation Policy	Investment Selection
Global Equity	52.6	50.0	17.2	15.5	1.4	0.2	0.7
MAC	9.5	10.0	2.6	1.9	0.7		0.1
Property	15.8	20.0	-1.2	1.3	-2.4	0.3	-0.4
ESG Priority	11.8	10.0	0.7	2.0	-1.3	-0.1	-0.2
Index-Linked	9.8	10.0	-1.2	-1.3	0.0		
Cash	0.6	0.0	0.0				
	100.0	**100.0**	**9.1**	**8.2**	**0.8**	**0.3**	**0.3**

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

Over the quarter, the Fund outperformed the benchmark.

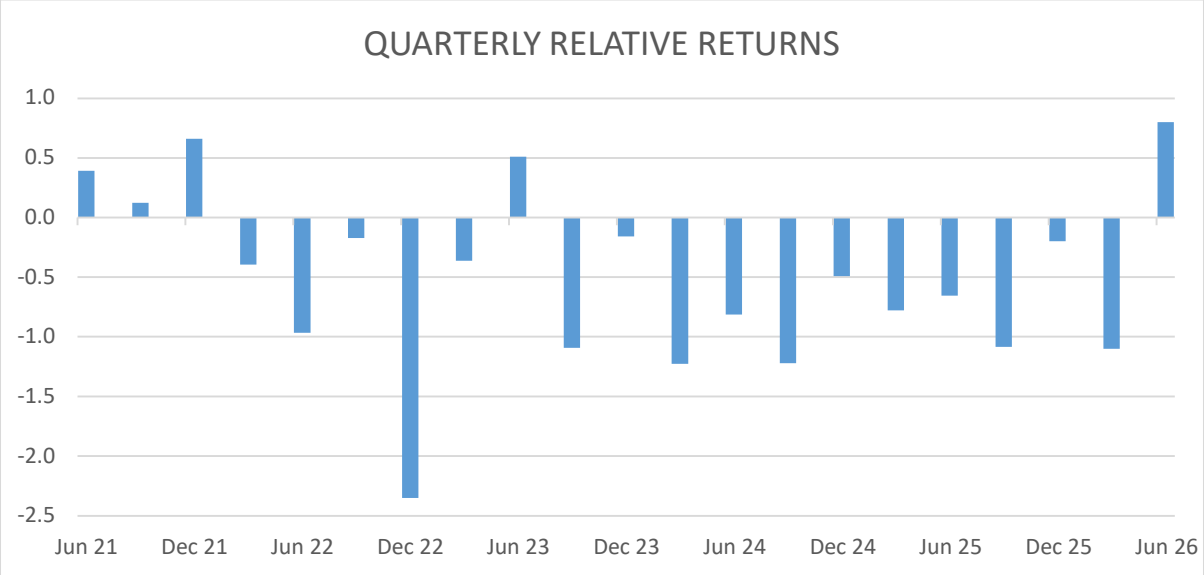
Both "policy" (deviations from the benchmark allocation) and "selection" (what the managers bring to the table) contributed in equal measure. In terms of the former, we don't take active allocation decisions and so deviations arise due to market conditions. Being overweight to the strong performing equity sector and correspondingly underweight to the poorer performing property sector were additive. In terms of the latter, equity outperformance more than compensated for underperformance from the property and ESG priority managers.

YEAR

	Fund Weight	BM Weight	Fund Return	BM Return	Relative Return	Asset Allocation Policy	Investment Selection
Global Equity	52.5	50.0	28.2	27.0	1.0	0.2	0.5
MAC	9.5	10.0	5.6	6.3	-0.7		-0.1
Property	16.0	20.0	-2.8	6.6	-8.8	0.3	-1.4
ESG Priority	11.7	10.0	-0.3	9.0	-9.2	-0.1	-1.1
Index-Linked	9.6	10.0	1.9	1.8	0.1		
Cash	0.6	0.0	0.9	3.0	-2.1	-0.1	
	100.0	**100.0**	**14.5**	**16.4**	**-1.6**	**0.3**	**-2.1**

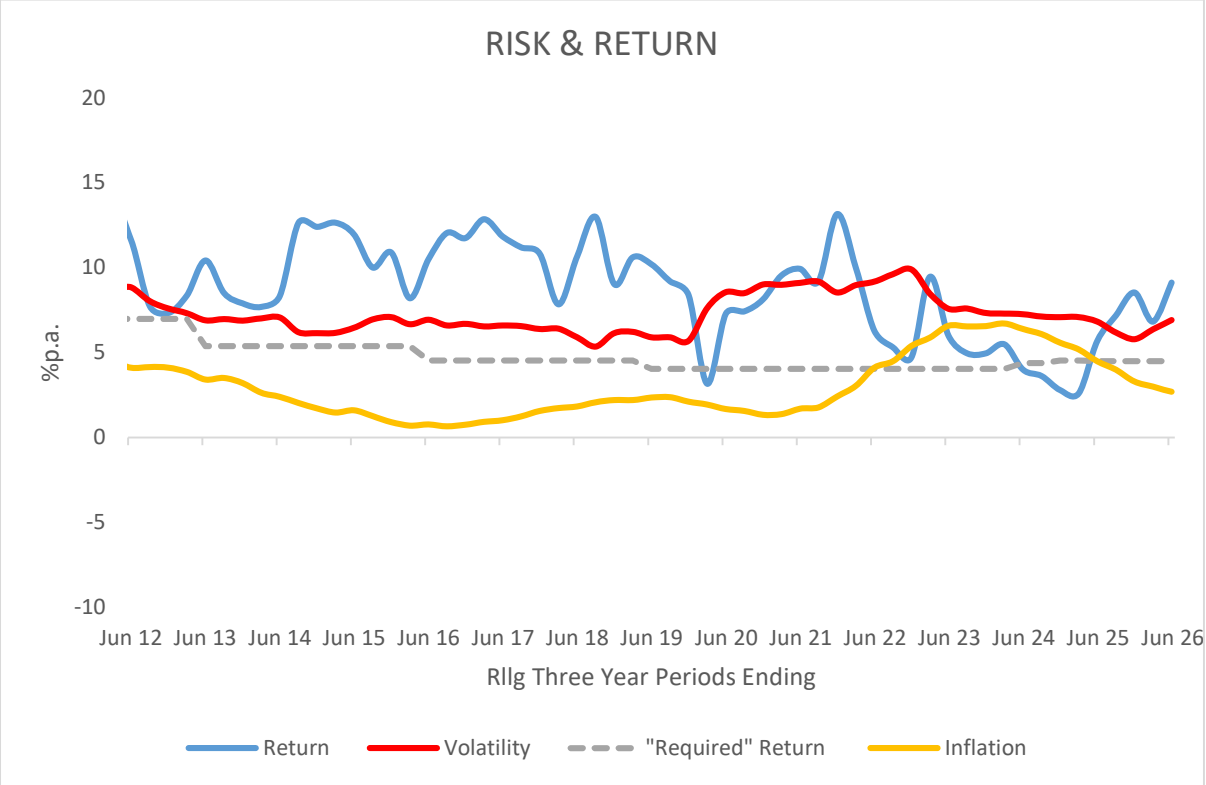
Looking at the full year, our equity allocation performed very strongly in absolute terms and reasonably well in benchmark relative terms. The large 1.6% shortfall was largely driven by the marked underperformance of the ESG and property allocations.

Medium-term, the Fund has produced solid returns of 9%p.a. and 6%p.a. over the three and five-year periods. In relative terms, performance has been materially weaker than the benchmark however with underperformance in the region of 2-3%p.a. The chart below illustrates this medium-term weakness



Longer-term, over the last ten-years, the Fund has delivered a very valuable 8%p.a. return, but has lagged the benchmark by around 1%p.a.

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:



What this quite busy chart highlights is that the fund return (the blue line) sits comfortably above both the actuarial assumption for asset growth (the dotted line) and falling inflation (yellow line). This is a highly favourable combination for the Fund's long-term funding outlook.

Newton – Active Global Equity

Newton returned an excellent 20.5% over the quarter, exceeding the benchmark by an impressive 6.3%, the biggest measure of outperformance since December 2007 (the portfolios inception year)! Having no energy or basic materials stocks (largely precluded by the mandate) provided a major tailwind, but stock selection within technology and financials was also additive over the period.

Despite lagging in two quarters, Newton bettered the index benchmark by 5.4% over the full year recording an excellent 33.5%.

Longer-term numbers have been disappointing in benchmark relative terms, but the delivered returns have been extremely positive – c12%p.a. over the decade and c10.5%p.a. since inception.

Newton's outlook still talks of volatility in equity markets in the near-term with inflation highlighted in their report as a current concern.

Comgest – Active Emerging Market Equity

The portfolio returned a significant 27.8% return over the period, exceeding the benchmark by 4.5%. Ordinarily the reasons for relative performance are difficult to distil from the manager's report, but in the latest period, stock selection in technology and avoiding energy and materials were hugely beneficial.

The latest quarter was the strongest since inception and lifted the full-year result back to broadly flat against the benchmark.

Since inception returns have been very disappointing indeed, with the portfolio outperforming the index in only six of the nineteen quarters measured. In return terms, the portfolio has achieved a return of 3.8%p.a. behind the index.

Nuveen Real Estate – Core Property

The portfolio return was -1.2% over the quarter (Nuveen figures). This represented an income uplift of 1.1% but capital depreciation of 2.3%. Nuveen report that part of the decline came from a change in independent valuer (Knight Frank to CBRE). The lower valuation reflects differing views on the office assets and the leasehold supermarket.

The full year return reported by Nuveen was 2.2%, which was a fair way off the 4.8% posted by the index benchmark.

The three-year return reported by Nuveen was 3.7%p.a. This was in line with benchmark.

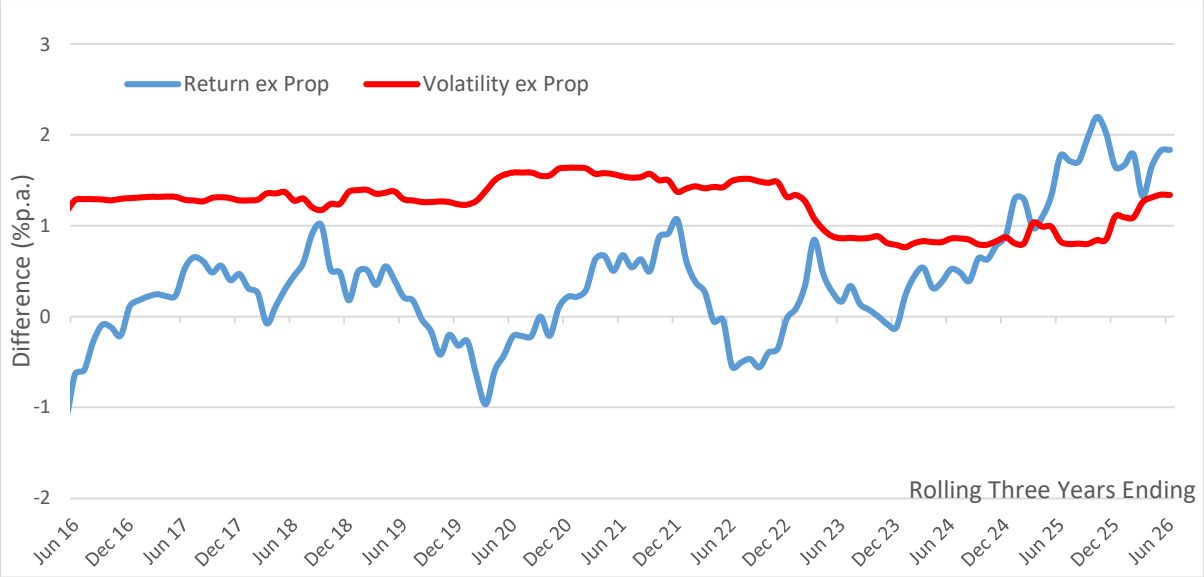
Nuveen suggest that the UK commercial property market is still constrained by domestic and global uncertainty, and activity remains muted as vendors wait for clearer pricing conditions.

Residential/Opportunistic Real Estate

As can be seen from the graphics on pages 3 and 4 above, the managers of the non-core property assets struggled over the latest quarter and over the full year, with all of the managers failing to hit their respective targets by varying margins. Over the quarter, in aggregate, the residential part of the portfolio underperformed by 3.2% with Invesco continuing to weigh, and the opportunistic properties by 3.7%. I look at this again towards the end of my report.

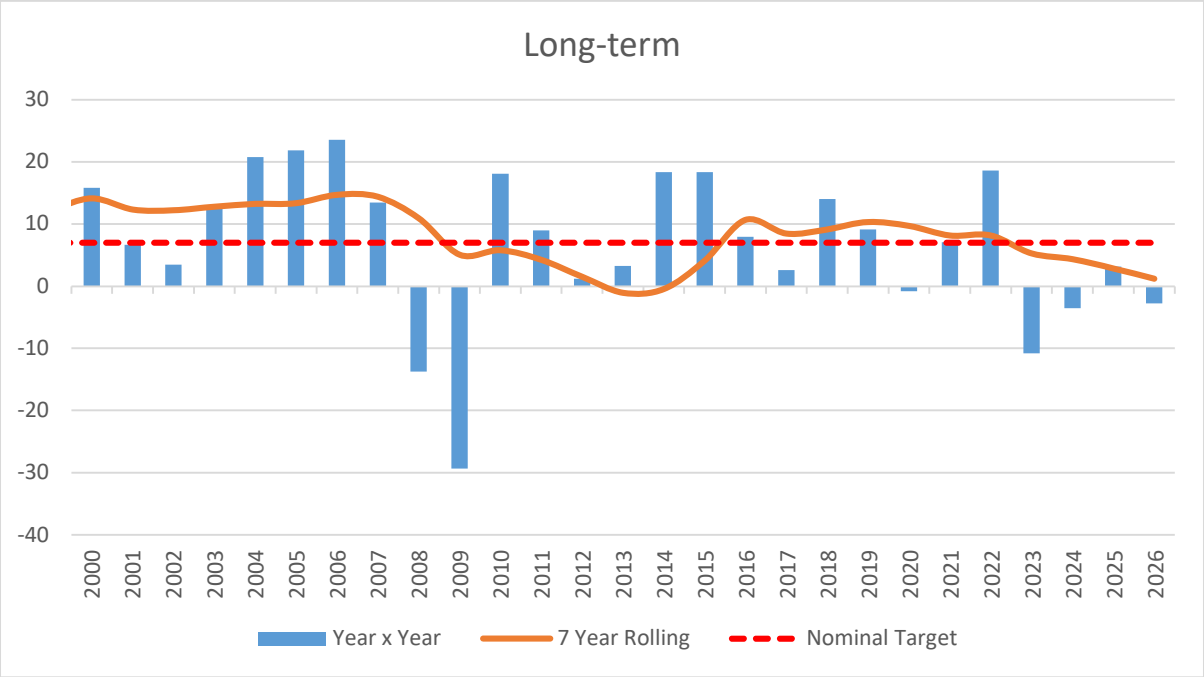
Southwark's Property Allocation

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



In the latest three-year period, the asset class underperformed other investment types and so the Fund return was negatively impacted by our real estate holdings (the blue line above shows an impact of c1.8%p.a.). Volatility has been reduced however but by a slightly lower amount, and so the risk/return trade-off is arguably sub-optimal.

I again include a chart showing the very long-term performance of our property investments. While the core portfolio benchmark has changed in recent years, a nominal 7% p.a. is a defensible medium-term assumption and well aligned with prevailing market consensus.



The long-term series continues to show that property can deliver steady returns, even as the sector moves through distinct cycles. While the global financial crisis remains the most striking period in the data, recent years have brought their own challenges: rising interest rates, low transaction volume, softer occupier demand and higher vacancies. Offices are still adjusting to hybrid working, and retail has endured sustained pressure. Nonetheless, the manager remains cautiously optimistic about the medium-term outlook.

Robeco – Multi-Asset Credit

The portfolio delivered a 1.7% return over the period, marginally adrift of the benchmark.

Over the full year, the portfolio returned 4.1%. This was very much in line with the index.

Returns since inception remained ahead of the index benchmark by around 0.2%p.a.

LCIV-CQS – Multi-Asset Credit

The portfolio enjoyed an excellent return in relative terms, exceeding the benchmark by 1.5% (portfolio 3.5%, benchmark 2%).

Over the full year, the portfolio has returned a very respectable 7.1% but has failed to match the benchmark which returned 8.4%.

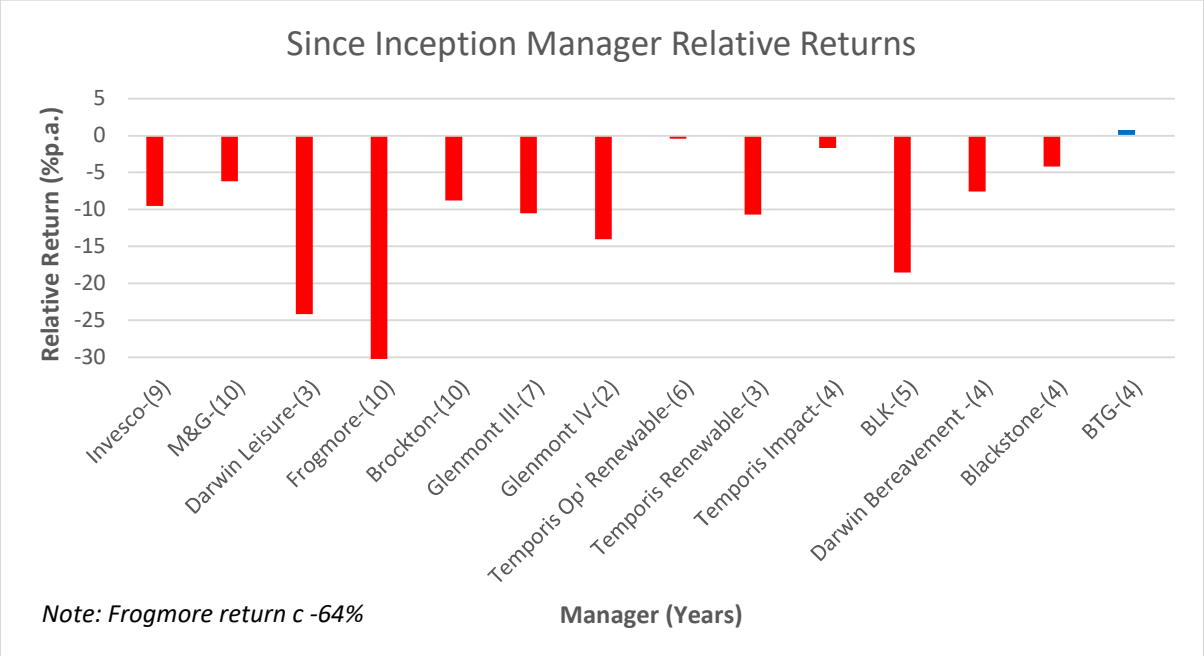
Since inception, the portfolio has underperformed by around 1%p.a.

"ESG Priority" Allocation

The performance of the Fund's infrastructure and other diversified alternative investments was typically negative (relative to benchmark) over the quarter and year as can be seen in the analyses above. I comment on these portfolios below.

A focus on our Illiquid Investments

The chart below looks at our non-core real estate and ESG Priority portfolios in a little more detail. The chart shows the returns generated, since inception, relative to the portfolios' individual targets. For reference, the number in brackets indicates how many years the portfolio has been held within the Fund.

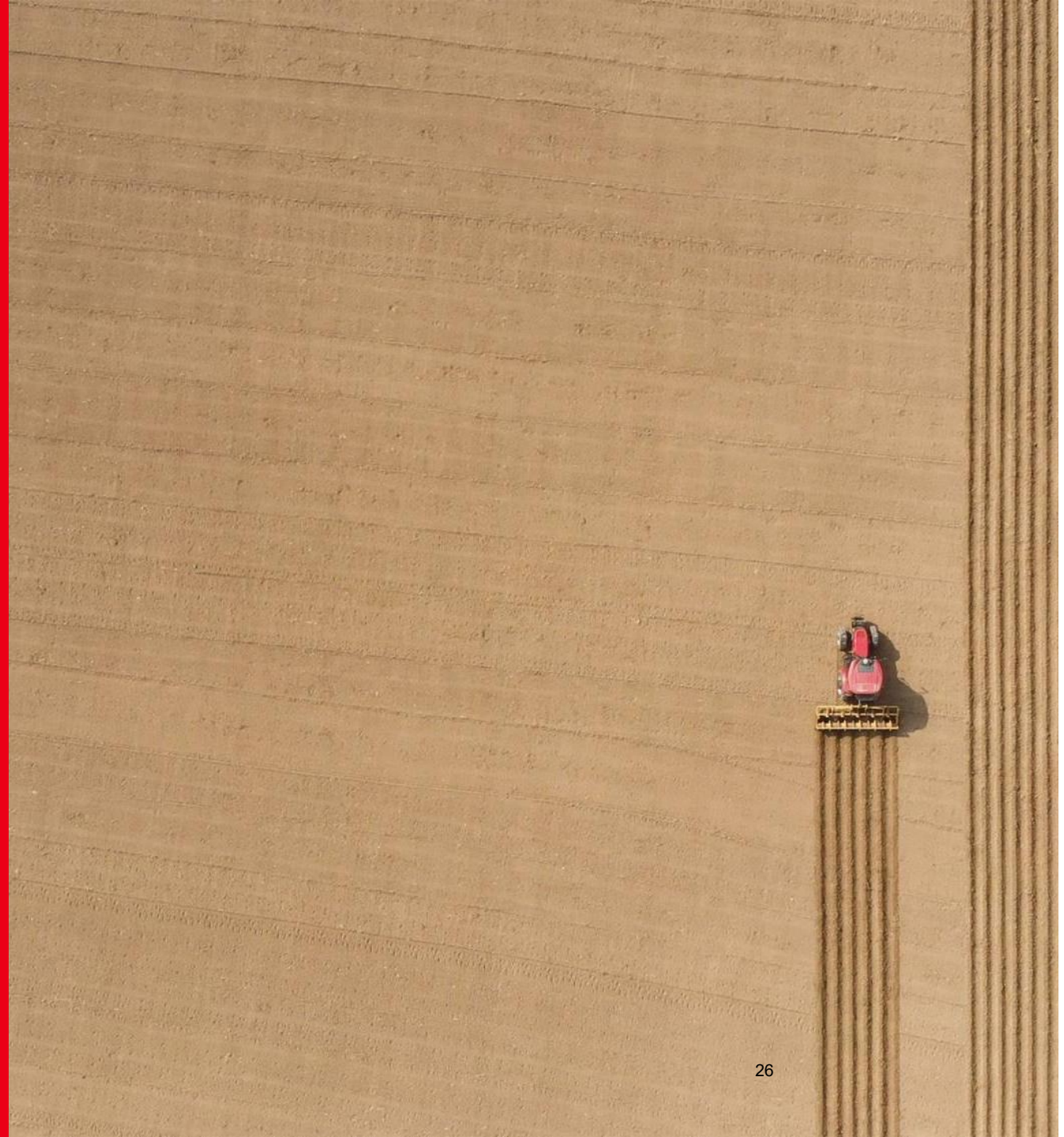


Note: Frogmore return c -64%

These investments have again delivered weaker-than-expected returns, contributing to the Fund's overall underperformance. However, as highlighted in earlier reports, illiquid strategies often exhibit muted early-stage outcomes while value creation and operational progress take shape. Aside from the previously documented challenges at Darwin Leisure and Frogmore, the remaining holdings — averaging around five years old — are still in that development phase and do not currently give cause for concern.

Passive Portfolios

The portfolios tracked within tolerance over the quarter.



Strategic Investment Dashboard Q2 2026

London Borough of Southwark Pension Fund

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Prepared for: The Pension Advisory Panel

Prepared by: Aon

1 September 2026

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Executive Summary



Long-term strategy

Funding level

30 June 2026

Funding Level	124%
Surplus	£514M

There has been a significant improvement in the Fund's funding level, mainly driven by strong equity performance.

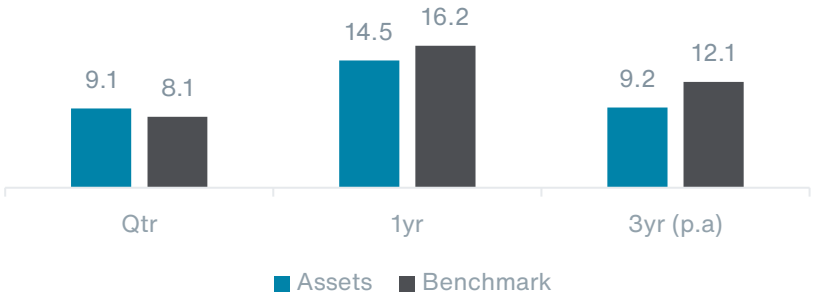
Investment Performance

Expected Return

7.7% ▲

The 30 June 2026 expected return has improved by 0.2% over the quarter. This is above the Strategic Asset Allocation expected return of 7.5%.

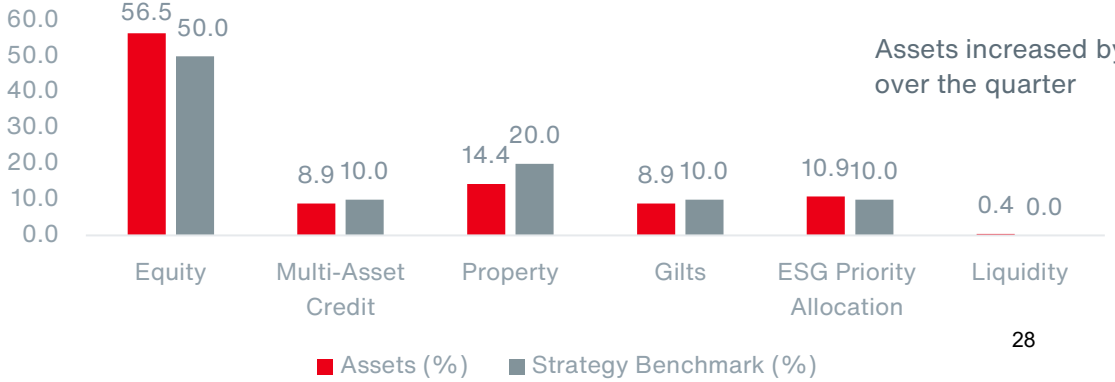
Performance



The Fund returned 9.1% over the quarter, increasing asset value by approximately £213 million. Performance was driven by strong global equity markets, and the Fund outperformed its composite benchmark, primarily due to significant outperformance from Comgest and Newton. Whilst quarterly performance was encouraging, longer-term returns remain below the composite benchmark.

Strategic Positioning

Asset Allocation



£2,643.6m ▲

Assets increased by £213.1m over the quarter

As at quarter end, the Fund remained underweight to Multi-Asset Credit (MAC), Property and Gilts relative to target allocations, while maintaining an overweight position in the ESG Priority Allocation.

2

Asset Allocation



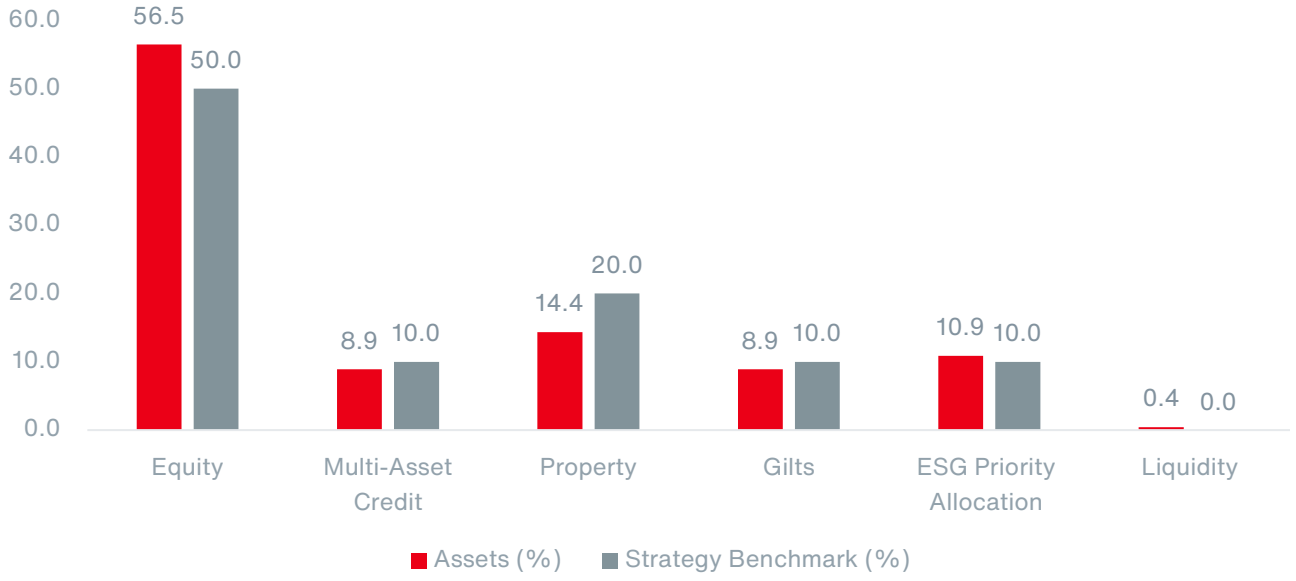
Asset Allocation – Asset Class

	31 March 2026		30 June 2026			
	Valuation (£m)	Weight (%)	Valuation (£m)	Weight (%)	Strategic	Relative
Growth	**£2,178.1**	**89.6%**	**£2,395.8**	**90.6%**	**90.0%**	**0.7%**
Equity	£1,278.3	52.6%	£1,492.5	56.5%	50.0%	6.5%
Multi-Asset Credit	£230.0	9.5%	£235.9	8.9%	10.0%	-1.1%
Property	£383.9	15.8%	£379.7	14.4%	20.0%	-5.6%
ESG Priority Allocation	£285.9	11.8%	£287.7	10.9%	10.0%	0.9%
Matching	**£252.4**	**10.4%**	**£247.8**	**9.4%**	**10.0%**	**-0.7%**
Index-Linked Gilts	£239.0	9.8%	£236.1	8.9%	10.0%	-1.1%
Liquidity Fund	£13.4	0.6%	£11.7	0.4%	0.0%	0.4%
Total	**£2,430.5**	**100.0%**	**£2,643.6**	**100.0%**	**100.0%**	**-**

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

Asset Allocation – Current vs Strategic

Strategic allocation & Benchmark



£2,643.6m

Assets increased by £213.1m over the quarter

Comments

- The Fund's overweight position to Equity increased over the quarter amid robust earnings and continued AI-driven capital expenditure.
- As at quarter end, the Fund remained underweight to Multi-Asset Credit (MAC), Property and Gilts relative to target allocations, while maintaining an overweight position in the ESG Priority Allocation.

30 June 2026

7.7%

Expected Absolute Return

30 June 2026

3.9%

Standard Deviation*

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

Strategic Allocation

7.5%

Expected Absolute Return

Strategic Allocation

3.3%

Standard Deviation*

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

3

Manager Performance



Manager focus – returns relative to benchmark (%)

	3 month (%)		1 year (%)		3 year (%)	
	Return	Relative	Return	Relative	Return	Relative
L&G Low Carbon Transition Developed Markets Index Fund	13.9	0.1	24.5	0.3	17.8	0.4
Newton Active Global Equity	20.5	6.3	33.5	5.4	17.7	-2.5
Comgest Growth Emerging Markets Plus	27.8	4.5	48.3	0.1	16.0	-5.3
BlackRock World Low Carbon Equities Fund	15.4	-0.5	23.7	0.4	17.6	0.4
Robeco Multi-Asset Credit	1.7	-0.2	4.1	0.0	-	-
LCIV Alternative Credit CQS	3.5	1.5	7.1	-1.4	-	-
Nuveen Real Estate	-1.3	-1.4	1.9	-2.6	1.2	-4.9
Invesco Real Estate UK Residential Fund	-2.8	-4.7	-19.7	-27.7	-9.2	-17.2
M&G UK Residential Property Fund	0.1	-1.9	-0.5	-8.5	0.1	-7.9
Brockton Capital Fund III	0.0	-3.6	-0.1	-15.2	-4.9	-19.9
Darwin Leisure Development Fund	1.4	-0.1	-19.8	-25.8	-20.1	-26.1
Darwin Bereavement Services Fund	0.0	-1.5	-2.5	-8.5	-5.5	-11.5
Glennmont Clean Energy Fund III	9.1	6.6	8.4	-1.6	3.5	-6.6
Glennmont Clean Energy Fund IV	21.8	19.4	15.6	5.6	-	-
BlackRock Global Renewable Power	-0.3	-2.7	-15.3	-25.3	-15.6	-25.6
BTG Pactual OEF Fund	2.2	0.7	8.6	2.6	4.2	-1.8
Temporis Operational Renewable Energy Strategy	-4.1	-6.5	-10.2	-20.2	-4.2	-14.2
Temporis Impact Strategy V	4.5	2.1	1.9	-8.1	2.0	-8.0
Temporis Renewable Energy Fund	-4.8	-6.5	-10.6	-17.6	-4.9	-12.0
Blackstone Strategic Capital Holdings GP Stakes Fund II	-5.9	-8.7	3.1	-8.9	3.7	-8.3

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

Frogmore Real Estate Partners III Fund was terminated on the 31 October 2025, so the performance figures reported by Northern Trust have not been included here.

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

	3 month (%)		1 year (%)		3 year (%)	
	Return	Relative	Return	Relative	Return	Relative
L&G Over 5y Index Linked Gilts	-1.3	0.0	1.9	0.0	-2.5	0.0
BlackRock Aquila Over 5y Index Linked Gilts	-1.2	0.0	2.0	0.2	-2.3	0.2
BlackRock Sterling Liquidity Fund	0.0	-1.0	0.0	-4.0	4.5	-0.1
L&G Sterling Liquidity Fund	0.8	-0.1	3.5	-0.3	4.5	-0.1
Northern Trust Money Market Fund	0.0	-0.1	0.0	-4.0	3.0	-1.6
Total performance	**9.1**	**1.0**	**14.5**	**-1.7**	**9.2**	**-2.9**

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

Equity Mandate

Market Commentary & Outlook

Global equity markets rose strongly over the quarter, with the MSCI ACWI gaining 15.3% in local currency and 14.3% in sterling terms, supported by robust earnings and continued AI-driven capital expenditure. US and Emerging Market equities led gains, with MSCI US returning 15.3% in local currency and MSCI Emerging Markets returning 24.2%.

UK equities returned 3.4% over the quarter, lagging broader global markets. Among the larger sectors, Financials (+16.7%) and Industrials (+8.0%) supported market gains, with banks benefiting from resilient earnings, strong capital returns and robust net interest income. US equity gains were led by Information Technology (+32.1%), as continued AI-related investment and strong earnings supported the sector. Emerging Markets were the strongest-performing major regional equity market, with Korea (+89.8%) and Taiwan (+48.4%) leading performance, supported by strong demand for semiconductors and other technology-related exports.

Fund Manager News

Newton – Performance Commentary: Global equities delivered strong gains during the second quarter, with robust performance in April and May helping several major indices reach record highs. Improving geopolitical conditions and continued enthusiasm for artificial intelligence (AI) supported investor sentiment. Against this backdrop, the Fund generated a strong positive return and outperformed its benchmark. Both stock selection and asset allocation contributed positively to relative performance. Stock selection was particularly strong within the technology and financial sectors, with holdings such as Texas Instruments and Barclays adding value. The Fund also benefited from having no exposure to the energy and basic materials sectors, although this was partly offset by the absence of telecommunications holdings during a period of strong sector performance. Stock selection within consumer staples detracted from returns. Technology stocks featured prominently among both the Fund's top and bottom contributors. Notably, the top four contributors were AI-related companies, including semiconductor businesses Advanced Micro Devices, Marvell Technology and ASML, together with memory storage company Western Digital.

Comgest – Performance Commentary: Comgest delivered a strong return of 27.8% over Q2 2026, outperforming the MSCI Emerging Markets Index by 4.5%. Performance was driven primarily by the Fund's holdings in the technology and semiconductor sectors, which benefited from continued investor enthusiasm for AI and strong demand for AI-related infrastructure. In particular, holdings such as SK Hynix, Delta Electronics, TSMC and ASPEED Technology made significant positive contributions to returns. Stock selection was the primary driver of outperformance, particularly in Korea and Taiwan.

Multi-Asset Credit Mandate

Market Commentary & Outlook

UK investment grade credit spreads contracted by 10bps to 79bps over the quarter, based on the iBoxx Sterling Non-Gilts index. Both higher-quality and lower-quality bond credit spreads contracted. AA-rated non-gilt spreads fell by 8bps to 49bps, and BBB-rated non-gilt spreads fell by 13bps to 113bps. The iBoxx Sterling Non-Gilts Index posted a return of 2.6%.

Global investment grade credit spreads fell by 15bps to 77bps over the quarter. US high yield saw its credit spreads fall sharply by 53bps, ending the quarter at 275bps (based on the ICE BofA Global Corporate index and US High Yield index, respectively). Hard currency emerging debt credit spreads fell by 93bps to 196bps (based on the JP Morgan EMBI Global Diversified index).

Fund Manager News

Robeco – The Fund delivered a positive return over Q2 2026. Credit markets were supported by easing geopolitical tensions, falling oil prices and tighter corporate credit spreads, which helped offset a more hawkish stance from major central banks. The portfolio's above-benchmark credit exposure (beta) and duration positioning contributed positively to returns as credit spreads tightened over the quarter. However, issuer selection detracted from performance, partially offsetting these gains.

LCIV Alternative Credit Fund – The Fund returned 3.5% over the second quarter, exceeding its target return of SONIA (30-day compounded) + 4.5%. Performance was supported by favourable credit market conditions, with strong income generation and tightening credit spreads contributing positively to returns. The portfolio's allocation to high yield bonds was the primary driver of performance during the period.

Property Mandate

Market Commentary & Outlook

UK property capital values rose over the second quarter leading to a total return of 1.2%. Capital gains were negative at -0.2%, and the income return was 1.4%.

The Office sector was the worst performer, returning 0.7%, while the Retail sector was the best performer, returning 2.1%. The Industrial sector rose 1.0%.

Fund Manager News

Darwin Leisure Development Fund - The Fund returned 1.4% during Q2 2026, with an increase in NAV. For the year-to-date period ending June 2026, the parks' rental income is broadly in line with last year, although it was 5.4% behind budget year to date. Encouragingly, booked rental income for the remainder of the year was ahead of the level achieved at the same point in 2025. Whilst occupancy is slightly down on last year, this is a result of trying to achieve higher Average Net Hire (ANH). Darwin's management is focused on building profitable momentum through the peak summer season and into 2027.

M&G UK Residential Property Fund (Q1 Performance commentary) - The M&G UK Residential Property Fund delivered a return of -2.3% during Q1 2026. While rental income remained resilient, generating a positive income return of 0.7%, this was more than offset by a negative capital return of -3.0% as property valuations weakened across the portfolio. The fall in valuations was primarily driven by a market-wide rise in property yields.

Invesco UK Residential - The Fund experienced a challenging quarter. Performance was driven by a decline in portfolio valuations as higher interest rates, macroeconomic uncertainty and ongoing regulatory fire safety considerations continued to weigh on investor sentiment and residential asset pricing. Despite the weaker market backdrop, portfolio occupancy remained strong at 94.8%. The Fund continues to pursue its orderly liquidation strategy, with progress made on several asset sales and an initial return of capital expected following completion of disposals.

ESG Priority Allocation Mandate

Market Commentary & Outlook

Illiquid alternatives delivered resilient performance over the quarter, supported by stable underlying cashflows and favourable long-term market trends. While market conditions remain mixed, diversified exposure across private markets continues to provide attractive income and return opportunities. Manager selection remains an important driver of outcomes.

Fund Manager News

BTG Pactual – BTG Timberland delivered a positive return over Q2 2026. Performance was supported by asset appreciation, timber harvesting activity and land sales, while the Fund also benefited from portfolio expansion through new acquisitions. Market conditions remained mixed, with weaker timber demand and higher operating costs creating headwinds. However, the Fund's diversified asset base helped support overall performance during the quarter.

Darwin Bereavement Services Fund - The Fund's NAV increased by 1.8% during Q2 2026 despite continued trading challenges at Addfield. These were driven by reduced (and delayed) demand from international aid agencies, with order levels remaining impacted by ongoing conflict in the Middle East, and a reduction in US foreign aid spending.

Matching Portfolio

Market Commentary & Outlook

The UK nominal gilt yield curve shifted downwards across all maturities. The 10-year nominal bond yield fell by 12bps to 4.95%, whereas the 30-year nominal bond yield fell by 2bps to 5.61%.

The index-linked gilt yield curve shifted upwards over the quarter. Breakeven inflation fell across all maturities with the 10-year breakeven inflation falling by 44bps to 3.15%.

Performance Summary

BlackRock Sterling Liquidity Fund - The Fund underperformed its benchmark (SONIA) over the second quarter of 2026.

L&G Sterling Liquidity Fund – The Fund slightly underperformed its reference index (SONIA) over the second quarter of 2026.

Northern Trust MMF – The Fund underperformed its benchmark (SONIA) over the second quarter of 2026.

4

Appendix



Key assumptions of the model (1)

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

Key assumptions of the model (2)

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

TAS compliance

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

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

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

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

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

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Meeting Name:	Pensions Advisory Panel
Date:	23 September 2026
Report title:	Responsible Investment Update – 30 June 2026
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer

RECOMMENDATIONS

1. The Pensions Advisory Panel is asked to note the following aspects of the Fund's approach to responsible investment:
    a. Carbon footprint as at 30 June 2026.
    b. Engagement and voting activity during the quarter ended 30 June 2026.

Background

2. This report captures an update on the Carbon Footprint and Voting and Engagement activity for the quarter ended 30 June 2026.

3. Given these two areas are closely connected, these are presented in a single report to ensure consistency and highlight how carbon measurement and engagement activities collectively inform the Fund's broader approach to responsible investment strategy and long-term sustainability objectives.

4. Individual sections of the report cover an update on both areas for the quarter ended 30 June 2026.

Carbon Footprint Update

5. The results for 30 June 2026 shows a decrease in the Weighted Carbon Intensity ('WCI') (Scope 1 and Scope 2) of the Fund by 4% compared to the previous quarter (31 March 2026). On an aggregate basis, since the September 2017 baseline, the Fund has reduced its WCI by ~80%.

6. For the calculations, we rely primarily on the Weighted Average Carbon Intensity (WACI) provided by our fund managers. In our calculations, we currently consider Scope 1 and Scope 2 carbon emissions only.

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

Weighted Carbon Intensity over time		Weighted Carbon Intensity (Scope 1 & Scope 2) tCO2e/$m revenue							
Asset Class	**Fund Managers**	**Sept 2017 (baseline)**	**Mar 2021**	**Mar 2022**	**Mar 2023**	**Mar 2024**	**Mar 2025**	**Mar 2026**	**Jun 2026**
Equity - Developed Market Low Carbon	Blackrock, LGIM		24.2	51.0	17.5	13.7	10.4	12.0	15.8
Equity - Emerging Markets	Comgest			0.2	0.4	2.2	1.6	2.1	2.4
Equity - Global	Newton	10.6	4.4	5.8	6.9	4.5	2.9	4.9	4.4
Multi-Asset Credit	Robeco, LCIV					5.1	5.1	5.5	5.4
Core Property	Nuveen	14.3	10.6	12.0	1.8	1.7	2.8	4.6	1.5
ESG Priority Allocation - Property	Invesco, M&G, Brockton, Frogmore	8.8	10.9	4.6	4.8	0.8	1.1	1.5	0.5
ESG Priority Allocation - Alternatives	BTG Pactual, Blackstone, Darwin			0.1	0.5	1.1	1.0	0.7	0.3
Sustainable Infrastructure	Blackrock, Glennmont, Temporis	0.0	0.0	0.0	0.0	1.8	1.8	4.1	4.5
IL Gilts	Blackrock, LGIM	14.0	14.0	24.2	21.4	8.8	11.1	10.3	9.1
Cash And Equivalents	Blackrock, Nuveen, Newton	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Weighted Carbon Intensity		213.7	131.7	121.4	85.5	39.7	37.8	45.7	43.8
Total Change in Footprint			**-38.3%**	**-43.2%**	**-60.0%**	**-81.4%**	**-82.3%**	**-78.6%**	**-79.5%**

8. The changes in the standalone investments across the asset classes in the portfolio are discussed below:

   a. Developed market equities (negative): Aggregate WCI for the BlackRock and LGIM developed market low-carbon equities increased compared to earlier quarter (15.8 vs 12.0). BlackRock have now started sharing portfolio level carbon emissions data. Historically, they have provided index-level data. The portfolio-level data for BlackRock is higher compared to the index-level data, which has led to an increase in overall WCI for the quarter. On a standalone basis, LGIM's portfolio saw a reduction in the carbon emissions during the quarter by 7%.

   b. Comgest (negative impact): The WCI of the Comgest portfolio has increased (2.4 vs 2.1), driven by an increase in portfolio weightage of technology and AI stocks. Stock level emissions (in absolute terms) of the constituent companies has remained broadly constant across both quarters.

   c. Newton Global Equity (positive impact): Overall WCI of the Newton portfolio has decreased compared to the previous quarter (4.4 vs 4.9). This is primarily driven by reducing positions in some industrial companies in the portfolio.

   d. Multi-asset credit funds with LCIV and Robeco (neutral): Overall WCI for both the multi-asset credits funds has remained broadly stable during the quarter (5.4 vs 5.5). Both managers continue to focus on decarbonisation plans of all underlying companies in the portfolio.

   e. Nuveen (positive impact): There is a significant decrease in the WCI for the quarter (4.6 vs 1.5). This result was driven by a 6% decrease in landlord-controlled emissions and a marginal 2% fall in landlord-reported revenue, but most significantly by the material improvement of one asset, which substantially reduced the portfolio's emissions intensity.

   f. ESG Priority Allocation (positive impact): Aggregate WCI for all investments in the ESG Priority Allocation category including both property assets (Invesco, M&G, Brockton, etc) and wider infrastructure assets (BTG Pactual, Darwin) has decreased compared to the previous quarter (0.5 vs 1.5). We use Nuveen WACI as a proxy for these investments. As the Nuveen WCI has decreased (as highlighted above), it has had a positive impact on proxy emissions for these mandates.

   g. Sustainable Infrastructure (negative impact): Aggregate WCI for all investments in the category has increased during the quarter (4.5 vs 4.1). As these assets become fully operational and revenue increases gradually, we expect to see an improvement in WACI over time. We continue to use historically data shared by investment managers for these assets.

h. Index-linked Gilts (positive impact): WCI for the index-linked gilts over the quarter has decreased (9.1 v 10.3). This is primarily due to market movements.

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

Unweighted Carbon Intensity

Asset Class	Fund Manager(s)	Unweighted Carbon Intensity tCO2e/$m revenue June 2026
Cash And Equivalents	BlackRock, LGIM, Nuveen, Newton	0.0
Core Property	Nuveen	15.2
Global Equities	Newton	33.1
Low Carbon Equity	BlackRock	53.2
Low Carbon Equity	LGIM	29.2
Emerging Markets Equity	Comgest	44.0
ESG Priority Allocation - Alternatives	BTG Pactual, Blackstone, Darwin Bereavement & Leisure Dev	35.4
ESG Priority Allocation - Property	Brockton, Frogmore, Invesco, M&G	60.8
Multi-asset Credit Funds	Robeco, LCIV	119.7
Sustainable Infrastructure	BlackRock, Glenmont, Temporis	273.5
Index Linked Gilts	Blackrock, LGIM	203.9
Total		**868.0**

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

Voting & Engagement update

11. During the quarter ended 30 June 2026, the key ESG-focused engagement and voting themes for the listed assets are outlined below:

a. Environment-focused themes:
   i. Climate risk & mitigation
   ii. Water management

b. Social themes:
   i. Human Rights

c. Governance-related themes:
   i. Board effectiveness
   ii. Corporate Strategy
   iii. Compensation & Remuneration

12. The report also includes a selection of voting & engagement focused case studies that better highlight the tangible outcomes and effectiveness of the Fund's stewardship activities.

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

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

15. Appendix 1 to the report includes select case studies from engagement and voting activity undertaken by investment managers with various companies in their respective portfolios during the quarter ended 30 June 2026.

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

Community Impact Statement

16. No immediate implications arising

Equalities (including socio-economic) Impact Statement

17. No immediate implications arising

Health Impact Statement

18. No immediate implications arising

Climate Change Implications

19. No immediate implications arising

Resource Implications

20. No immediate implications arising

Legal Implications

21. No immediate implications arising

Financial Implications

22. No immediate implications arising

Consultation

23. No consultation is needed.

APPENDICES

No.	Title
Appendix 1	Case studies - Engagement and Voting

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Caroline Watson, Chief Investment Officer	
Version	Final	
Dated	23 September 2026	
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		

Appendix 1 – Select case studies: Stewardship activity during the quarter from 1 April 2026 to 30 June 2026

Fund manager: LGIM

Case Study 1 – Climate corporate engagement: AI and data centres

- LGIM have identified the rapid expansion of AI-driven data centre infrastructure as a cross-sector priority spanning the technology, real estate, and electric utility value chains. While this growth presents significant financial opportunities and underpins broader digital and economic development, it also introduces complex risks that issues include rising energy demand and associated emissions, water and land intensity, infrastructure constraints, and the uneven allocation of costs and accountability across stakeholders.
- To better understand these dynamics, LGIM conducted a research project in collaboration with MBA student research consultants from the Bard Graduate Programs in Sustainability, focused on mapping value chain relationships, stakeholder responsibilities, and risk ownership. This eight-month project, which concluded in May 2026, focused primarily on the US and China, where data centre development is most concentrated.
- LGIM then We undertook a coordinated effort of insight-driven engagements across more than 20 companies spanning the tech, utilities, and real estate sectors over the first half of 2026. Informed by the research insights above, these engagements sought to understand and assess how companies are managing risks and opportunities associated with AI-driven growth and capital deployment, as well as to identify pathways for reducing climate- and water-related impacts while enabling continued expansion.
- Engagement themes across sectors included but were not limited to:
    - Technology: demand forecasting and transparency; renewable energy sourcing and additionality; electricity consumption and Scope 2 emissions management; lifecycle emissions (including embodied carbon in hardware and construction); and water use and cooling technologies in data centre operations
    - Real estate: site selection and exposure to water stress; permitting and land-use impacts; embodied carbon in construction and materials sourcing; and resilience of assets to climate and resource constraints
    - Utilities: generation mix and emissions trajectory; grid capacity and interconnection constraints; capital planning and execution to meet large-load demand; and cost allocation and affordability

Case Study 2 – Voting at Uber Technologies AGM on Gender Diversity

- LGIM believe a diverse mix of skills, experience and perspectives is essential for a company and its board to function and perform optimally. Studies demonstrate that a good level of diversity can improve business resilience and decision making, minimise risks, and improve the sustainability of profit growth which can maximise

long-term returns for investors. LGIM's approach to diversity and expectations of companies are set out in their Global Diversity principles.

- At Uber's AGM in May 2026, LGIM voted against the management recommendation on a resolution aimed at re-electing a Director.
- LGIM voted against the resolution because Uber's current level of gender diversity on their board does not meet with LGIM's minimum expectations as set out in their Global Diversity Principles. As member of the Nomination/Governance Committee, through such a vote, LGIM aimed to hold this director accountable for the board's governance practices.
- While majority voted in favour of the resolution, LGIM's stance is in line with their longstanding, published expectations and voting approach on diversity.

Fund manager: BlackRock

Case Study 1 – Evaluating proposed changes to climate related disclosures at a UK energy company

- BP p.l.c. (BP) is a UK-based integrated energy company operating across oil, gas, and low-carbon energy businesses globally.
- At BP's April 2026 AGM, management sought shareholder approval to "revoke both resolution 25, passed at the company's AGM held in 2015 and resolution 22, passed at the AGM held in 2019 such that they cease to apply and have effect." The two climate-related resolutions required specific disclosures on the company's strategy, progress towards climate related goals, capital expenditure, and portfolio resilience against certain climate scenarios.
- In line with the internal guidelines, BlackRock team look for sufficient disclosure to assess a company's transition strategy, targets, emissions, and value chain decarbonisation. The team assessed that revoking the proposals could reduce the availability of useful information, such as how the company evaluates the consistency of new material investments with the goals of the Paris Agreement. As a result, it would have been more difficult to evaluate the company's alignment with its stated climate objectives.
- The team considered these disclosures particularly relevant in light of BP's evolving capital allocation priorities following the company's 2025 strategic reset, which includes increasing oil and gas investment and a reduction in planned transition businesses.
- As such, BlackRock did not support the management proposal. The proposal received approximately 47% shareholder support and did not meet the 75% threshold to pass.5 At the time of the AGM, funds and accounts in scope of the Guidelines collectively held less than 1% of the BP's total shares available for voting.

Fund manager: Robeco

Case Study 1 – Engagement with Antofagasta - Transition Minerals

- Robeco most recently engaged with Antofagasta in July 2026 through an in-person meeting with its Investor Relations team. The engagement focuses on the

company's role as one of the world's largest copper producers, given the metal's critical importance to the energy transition and the environmental and social risks associated with its Chilean mining operations.

- Key focus areas of the engagement included:
    - Decarbonisation - Scope 2 emissions have been fully eliminated through renewable electricity. The remaining challenge is diesel haul trucks, with trolley-assist trials underway at key mine sites.
    - Biodiversity - Antofagasta has signed the ICMM nature principles and plans to publish its first TNFD-aligned biodiversity metrics in H2 2026. Robeco are pushing the company for more ambitious, group-level targets.
    - Water stewardship - Operations are performing well (63% seawater use, 84% recirculation), though formal alignment with international water frameworks and time-bound targets is still outstanding.
    - Community & consent - Antofagasta confirmed that a group-wide FPIC policy statement exists and has committed to sharing it with our engagement specialists.
    - Remuneration - Sustainability metrics account for around 10% of group bonuses, but quantitative performance thresholds have not yet been disclosed.
- Outlook: Progress is currently assessed as flat, reflecting the early stage of the dialogue. Robeco will re-engage once Antofagasta publishes its nature targets in Q2 2026, and further discussions are expected on the public disclosure of its FPIC policy, remuneration thresholds, and haul truck decarbonisation progress.

Fund manager: Comgest

Case Study 1 – Engagement with Aspeed on various ESG topics

- Comgest analysts met with the founder of Aspeed (alongside their CEO and Chairman of the Board) at our Paris office. The discussion covered a range of ESG-related topics.
- Comgest had an in-depth discussion on Aspeed's approach to “people”, which the CEO framed as a partnership model rather than a conventional employment relationship. He shared details regarding the group’s profit-sharing framework and noted that Aspeed has ranked first for average employee compensation among more than 2,000 listed peers for several consecutive years (based on the annual compensation disclosures required for all Taiwanese listed companies). Beyond pay, the CEO emphasised that the partnership culture itself is what underpins talent retention. Discussions also touched on recruitment practices in light of growing competition for Taiwanese engineering talent.
- Discussions also touched on capital allocation and succession planning. On the latter, Aspeed’s CEO explained that a steering committee modelled on a peer’s approach has been in place for many years to train and select executive candidates, with a preference for internal succession (while remaining open to external hires who commit to the committee process).

- We appreciated the depth and candour of the CEO’s responses. The discussion provided additional support for our conviction in the company, reinforcing our view of Aspeed's strong partnership culture, disciplined capital allocation and considered approach to succession planning.

Meeting Name:	Pensions Advisory Panel
Date:	23 September 2026
Report title:	Exclusions Framework – Next Steps
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer

RECOMMENDATIONS

1. The Pensions Advisory Panel ('PAP') is asked to note the proposed next steps in relation to the Exclusions Framework the Fund has developed and formally incorporated in its Responsible Investment policy approved by the PAP in March 2026.
2. Next steps in relation to the Exclusions Framework include:
    a. Continue engagement with LCIV to accelerate product launch
    b. Collaborate with like-minded LGPS Funds

Background

3. In response to global conflicts and instances of human rights violations in such conflicts, the Fund developed an Exclusions Framework in 2025 to provide a mechanism for divestment of pension fund investments from companies profiteering from activities within conflict zones and countries linked to genocide.

4. Following consultation and consideration by the PAP, the Exclusions Framework was formally incorporated into the Fund's Responsible Investment (RI) Policy following approval by PAP in March 2026.

5. The Exclusions Framework currently covers:

    a. The principles of the UN Genocide Convention, providing a basis for excluding companies domiciled in jurisdictions which have in the past or currently are the subject of an ongoing case at the ICJ/ICC as directly involved in possible genocide.

    b. Companies identified through relevant UN lists in relation to human rights violations globally or in any global conflict(s).

c. Weapons-related exclusions, including both conventional and controversial weapons, through the Fund's preference to opt into Pillar 3 of the LCIV Responsible Investment Matrix.

d. Intention to apply the Fund's RI Policy across all asset classes, including listed equities, fixed income, private markets, infrastructure and real estate.

6. The requirements of the Exclusions Framework are in addition to existing exclusions already applied by the Fund's investment managers. For example, exclusions for companies subject to severe ESG controversies and persistent breaches of the UN Global Compact principles covering human rights, labour standards, environmental protection and anti-corruption. Managers also take account of applicable government sanctions. In addition, the Newton segregated mandate provides the Fund with flexibility to apply bespoke requirements where appropriate.

Exclusions Framework - Next steps

#1. Continue Engagement with LCIV to accelerate product launch

7. The key priority for the Fund is to continue engaging proactively with LCIV to support the development and launch of investment products that align with the Fund's Exclusions Framework and RI Policy.

8. Whilst many of the framework's requirements are already reflected within existing mandates, implementing the full framework consistently through pooled investment products will require appropriate solutions to be developed by LCIV. Continued engagement will therefore be important to:

a. Clearly communicate the Fund's requirements and priorities.

b. Support LCIV in understanding the demand for enhanced exclusion-based products.

c. Help accelerate the development and launch of investment solutions that meet the Fund's responsible investment objectives.

d. Ensure the Fund can implement its exclusions consistently and efficiently across the portfolio over time.

#2. Collaborate with Like-Minded LGPS Funds

9. Alongside engagement with LCIV, the Fund should work collaboratively with other LGPS funds that share similar responsible investment ambitions.

10. A collective approach would allow participating funds to:

a. Explore opportunities to further refine aspects of the Exclusions Framework where appropriate.

b. Develop greater consistency in the interpretation and application of exclusion criteria.

c. Share resources and research, reducing duplication of effort.

d. Create stronger collective demand for suitable investment products.

11. The collaboration will focus on agreeing and finalising exclusion criteria collectively wherever possible. Providing LCIV with a clearer and more consistent set of requirements across multiple LGPS investors should help reduce complexity and support the faster development and launch of appropriate investment vehicles.

Operational Next steps:

12. Officers will continue engagement with LCIV to support the development and initiate discussions with like-minded LGPS funds to explore opportunities to refine and collectively agree the exclusions criteria.

13. Officers will provide regular updates to PAP on progress and highlight any significant implementation challenges, risks or opportunities as they arise.

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

Community Impact Statement

14. No immediate implications arising

Equalities (including socio-economic) Impact Statement

15. No immediate implications arising

Health Impact Statement

16. No immediate implications arising

Climate Change Implications

17. No immediate implications arising

Resource Implications

18. No immediate implications arising

Legal Implications

19. No immediate implications arising

Financial Implications

20. No immediate implications arising

Consultation

21. No consultation is needed.

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Caroline Watson, Chief Investment Officer	
Version	Final	
Dated	23 September 2026	
Key Decision?	N/A	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	**Comments Included**
Assistant chief executive, governance and assurance	N/A	N/A
Strategic Director of Resources	N/A	N/A
Cabinet Member	N/A	N/A
Date final report sent to Constitutional Team		

Meeting Name:	Pensions Advisory Panel
Date:	23 September 2026
Report title:	Governance update – LGPS Regulations 2026
Ward(s) or groups affected:	Not applicable
Classification	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer

Recommendations

1. The Pensions Advisory Panel (PAP) is asked to note the updates provided in this report in relation to the 2026 LGPS Regulations and areas the Fund needs to consider both from a pooling and a governance perspective.

Background

LGPS Regulations 2026

2. The LGPS Pooling, Management and Investment of Funds Regulations 2026 ('LGPS Pooling Regulations 2026') and the LGPS Governance Regulations 2026 came into force on 30 June 2026, introducing enhanced requirements for asset pooling, fund governance, accountability and oversight across LGPS Administering Authorities ('AA').

LGPS Pooling Regulations 2026

3. Under the LGPS Pooling Regulations 2026, AAs are required to participate in an FCA-regulated LGPS asset pool (London CIV in the case of the Southwark Fund) and ensure that investment implementation and asset management activities are delivered through the pool in accordance with the regulations and statutory guidance.

4. The regulations reinforce the distinction between the Fund's responsibility for setting investment strategy and the pool's role in implementing that strategy and undertaking investment management activities on the Fund's behalf.

5. In line with these requirements, the Fund signed the Investment Management Agreement (IMA) with LCIV in August 2026, granting LCIV discretionary authority to undertake investment management functions for the Fund's assets within agreed

investment and governance parameters.

6. The IMA defines the terms and conditions for asset management, including roles and responsibilities, fee arrangements, responsible investment priorities and other operational aspects of the pooling mandate to be applicable between LCIV and the Fund.

7. Given the commercially sensitive nature of the IMA, the document is included in the closed agenda only.

LGPS Governance Regulations 2026

8. The LGPS Governance Regulations 2026 introduce a strengthened governance framework for Administering Authorities, aimed at improving accountability, decision-making, capability, and oversight across the LGPS. Key provisions include:

   - the appointment of a dedicated LGPS Senior Officer,
   - enhanced knowledge and understanding requirements for those exercising pension responsibilities,
   - requirement for a Training and a Governance Strategy,
   - the involvement of Independent Persons in governance arrangements, and
   - a requirement for periodic Independent Governance Reviews.

9. In addition to the requirements outlined above, implementation of the LPGS Governance Regulations 2026 will require review and amendment of a number of the Fund's existing governance documents and processes, including the Council's Constitution, terms of reference of the PAP and the Local Pension Board (LPB), and other documents capturing delegations, policies and other supporting governance arrangements to ensure full alignment with the new regulatory framework.

10. Officers have prepared an Action Plan attached as Appendix 1 which lists the key requirements of the regulations, timelines and current status of compliance for the Fund.

Next Steps

11. Officers will work towards ensuring the Fund's compliance with each requirement within the agreed statutory timelines and will keep the PAP updated on progress and any issues or challenges.

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

12. **Community Impact Statement**

No immediate implications arising.

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

No immediate implications arising

14. **Health Impact Statement**

No immediate implications arising

15. **Climate Change Implications**

No immediate implications arising

16. **Resource Implications**

No immediate implications arising

17. **Legal Implications**

No immediate implications arising

18. **Financial Implications**

No immediate implications arising

19. **Consultation**

No immediate implications arising

APPENDICES

Name	Title
Appendix 1	LGPS Regulations 2026 – Action Plan

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources		
Report Author	Caroline Watson, Chief Investment Officer		
Version	Final		
Dated	23 September 2026		
Key Decision?	N/A		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		**Comments Sought**	Comments Included
Director of Law and Democracy		N/A	N/A
Strategic Director of Resources		N/A	N/A
List other officers here			
Cabinet Member		N/A	N/A
Date final report sent to Constitutional Team			N/A

APPENDIX 1

2026 LGPS Fit for the Future Action Plan

Action Item	RAG	Statutory Deadline	Regulations	Requirement	Compliance	Next Steps	Responsible Person
Publish Governance and Training Strategy and conflict of interest policy		TBA	The Local Government Pension Scheme (Amendment) (Governance) Regulations 2026, 5. Replaces the needs for a governance compliance statement with the need for a governance strategy, training strategy and conflicts of interest policy	The Fund must prepare and maintain a Governance Strategy and a Training Strategy. These may be published separately or combined into a single document.	The Fund currently partially complies with this requirement. The Fund has a Conflict of Interest Policy in place. A training strategy has been drafted for review by PAP and LPB building on the 2023 Training Policy. The Fund currently publishes a Governance and Compliance statement which meets the majority of the requirements for the new Governance Strategy, a Governance Strategy will be drafted once the governance arrangements have been confirmed including potential changes to the terms of reference of PAP following change in roles between the Fund and the LGPS pool.	Approve the draft Training Strategy; Confirm governance arrangements including any ToR changes; draft and approve Goverance Strategy; Publish all documents on Fund website	Senior LGPS Officer:Caroline Watson
Appoint Senior LGPS Officer		31-Dec-26	The Local Government Pension Scheme (Amendment) (Governance) Regulations 2026, 3. Inserts Regulation 53A.(1) into the 2013 Regs must appoint an officer ("the LGPS senior officer") who has senior responsibility across all pension functions of the authority. This person cannot be the S151, monitoring officer or head of paid service (CEO).	The Fund must appoint an LGPS Senior Officer within six months of the regulations coming into force. The LGPS Senior Officer must be a senior individual whose main priority is the overall responsibility for the management of the Fund. This individual cannot be the s151 officer.	The Fund is compliant with this requirement. The Fund's appointed Senior LGPS officer is Caroline Watson	N/A	Head of Paid service
Appoint Independent Person		31-Dec-26	The Local Government Pension Scheme (Amendment) (Governance) Regulations 2026, 3. Inserts Regulation 53A.(5) into the 2013 Regs	The Fund must appoint an Independent Person within six months of the regulations coming into force. The Independent Person will support, rather than sit as a voting member of, PAP. The role does not require FCA authorisation and may be filled either by an individual or through a firm, provided there is a named individual.	The Fund has not yet appointed an Independent Person. A delay in appointing an Independent Person could lead to regulatory scrutiny from the Pensions Regulator.	Now the final guidance has been issued, officers will consider appropriate mechanism to appoint to this role	Senior LGPS Officer:Caroline Watson
Develop Pension Administration Strategy		Ongoing	Regulation 59 of the 2013 Regs	Administering authorities must publish and Administration Strategy	The Fund already have an Administration Strategy in place. This was revised late 2025 and consultation carried out with Employers in February 2026	Await the SAB guidance on how to prepare the Administration strategy and consider if further amendments are required.	Senior LGPS Officer:Caroline Watson Operations team: Agne Svencionyte, Louise Charman

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Action Item	RAG	Statutory Deadline	Regulations	Requirement	Compliance	Next Steps	Responsible Person
Schedule Independent Governance Review		31-Mar-28	The Local Government Pension Scheme (Amendment) (Governance) Regulations 2026, 10. Inserts regulation 116A into the 2013 regs.	Administering authorities must undertake independent governance reviews and the first review must be completed by 31 March 2028, with an action plan published within six months of the review report.	There are no immediate compliance concerns at this stage, given the lead-in time before the first review is due.	Now the final guidance has been issued, officers will consider the appropriate timing for commissioning the first review and report back to PAP and LPB as required.	Senior LGPS Officer:Caroline Watson
Pooling Compliance		TBA / 30-Sep-2026	The Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026, 7. Requires an authority to participate in an asset pool company with a view to that company managing the funds or other assets of the Scheme for which that authority is responsible.	Funds are required to ensure their assets are under pool management within three months of the regulations coming into effect.	The Fund is compliant with this requirement. The Fund has pooled all assets with the London CIV through an Investment Management agreement	No further actions	Senior LGPS Officer:Caroline Watson
Formulation of investment strategy		31-Mar-27	The Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026, 10. Requires the relevant asset pool company to provide an authority with proper advice (whether directly or indirectly) about its investment strategy.	The Fund must take strategic investment advice from the LGPS pool	The Fund carried out an Investment strategy review which aligns with the asset allocation requirements as set out in the draft guidance.	Now the final guidance has been issued, officers will assess whether further investment advice is required beyond that presented to PAP in March 2026.	Senior LGPS Officer:Caroline Watson
Set a Target for Local Investment		31-Mar-27	The Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026, 11 (1)(f). Requires the Fund to set a high-level objective on local investments, including a target range in its ISS as a proportion of the total value of the pension fund. Regulation 18 requires an authority to co-operate with the relevant strategic authority to identify and develop appropriate local investment opportunities	Within the Funds Investment Strategy it must set a target and high level objective for Local investment	A target for local investment was set as part of the investment strategy view which was concluded in March 026	No further actions	Senior LGPS Officer:Caroline Watson
Publish a new Investment Strategy Statement (ISS)		31-Mar-27	The Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026, 13. Requirement for an authority to publish the first investment strategy statement on or before 31st March 2027	Administering authorities must publish an investment strategy by 31 March 2027 and keep it under review.	The Fund has not yet drafted a new Investment Strategy statement based on the new regulations.	Officers to draft an updated ISS in line with the new requirements. The ISS will then be consulted on with Fund stakeholders as required under the 2026 regulations and guidance. A draft revised ISS will be tabled at the December 2026 PAP meeting for approval	Senior LGPS Officer:Caroline Watson

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Meeting Name:	Pensions Advisory Panel
Date:	23 September 2026
Report title:	Business Plan 2026-27
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer

RECOMMENDATIONS

1. The Pensions Advisory Panel is asked to review and agree the 2026-27 pension fund Business Plan, attached as Appendix 1, which covers the strategic objectives for the Fund for 2026-27.

Background

2. The 2026 LGPS Regulations require LGPS funds to approve an annual business plan in respect of the objectives required for the next one to three years.

3. The Fund's Business Plan sets out the strategic objectives for 2026-27 covering the following areas:

    a. Administration
    b. Communication
    c. Actuarial/Funding
    d. Pensions Advisory Panel ('PAP')
    e. Financial and Risk Management
    f. Investment Management
    g. Local Pension Board

4. Budget monitoring for the Fund is considered separately and is presented to the Local Pension Board at quarterly meetings.

5. Officers will keep PAP updated on the progress of the objectives included in the Business Plan and flag any lapses and/or challenges in meeting the outlined goals and milestones.

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

Community Impact Statement

6. No immediate implications arising

Equalities (including socio-economic) Impact Statement

7. No immediate implications arising

Health Impact Statement

8. No immediate implications arising

Climate Change Implications

9. No immediate implications arising

Resource Implications

10. No immediate implications arising

Legal Implications

11. No immediate implications arising

Financial Implications

12. No immediate implications arising

Consultation

13. No immediate implications arising

APPENDICES

Name	Title
Appendix 1	Business Plan 2026-27

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Caroline Watson, Chief Investment Officer	
Version	Final	
Dated	23 September 2026	
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		

Appendix 1

Business Plan and Actions for 2026/27

One of the recommendations of the Scheme Advisory Board's 2021 Good Governance Review was on business planning and budgeting. It is considered best practice for LGPS funds to approve an annual business plan in respect of the objectives required for the next one to three years and to set an annual budget.

The Fund's business plan covers the strategic medium-term objectives across the following areas:

- Administration
- Communication
- Actuarial/Funding
- Pension Advisory Panel ('PAP') Members
- Financial and Risk Management
- Investment Management
- Local Pension Board ('LPB')

Budgets for the above areas are monitored as part of every quarterly Local Pension Board meeting.

Administration and Communication

The administration of the Fund is undertaken by the in-house Pensions Administration team.

Administration			
Objective(s) - to ensure scheme is run in accordance with the rules; in accordance with agreed service standards; and in compliance with regulations - to deal with and rectify any errors and complaints in a timely way			
Action	**Description**	**Timescale**	**Primary Responsibility**
1	PAP and LPB to receive quarterly updates on Pension Fund Administration	Ongoing	Pensions Administration Manager/ Pensions Payroll Manager
2	Ensure that any complaints against action or inaction by pension staff are dealt with in a timely manner.	Ongoing	Southwark Council HR & Chief Investment Officer
3	Review the content of the Pension Fund website to ensure it is relevant and kept up to date.	Ongoing	Pensions Administration Manager/ Pensions Payroll Manager/Chief Investment Officer
4	Mortality screening to identify deceased individuals.	Ongoing	Pensions Administration Manager/ Pensions Payroll Manager

Communication			
Objective(s) - to convey the security of the Scheme - to ensure members understand and appreciate the value of their benefits			
Action	**Description**	**Timescale**	**Primary Responsibility**
1	Ensure communication material complies with current legislation and effectively communicates the benefits of the scheme to members and employers. Ensure communication material is amended to comply with the requirements of the new regulations.	Ongoing	Pensions Administration Manager/ Pensions Payroll Manager
2	Communication on a timely basis of material scheme changes to PAP, LPB, employer bodies and members.	Ongoing	Pensions Administration Manager/ Pensions Payroll Manager/Chief Investment Officer

Actuarial /Funding:

The Fund is responsible for commissioning triennial actuarial valuations which assess the funding status and level of employer contributions required to ensure the Fund is fully funded over the long term.

Actuarial/Funding			
Objective(s) - to monitor the funding level of the Scheme including a formal valuation every three years - to monitor and reconcile contribution payments to the Scheme by the employers and scheme members - to understand legislative changes which will impact on funding			
Action	**Description**	**Timescale**	**Primary Responsibility**
1	Provide scheme employers with IAS19/FRS102 disclosures when requested.	Southwark Council: 31 March Academies: 31 August	Chief Investment Officer
2	Monitor and reconcile employer contributions remittances with the bank statement.	Ongoing	Chief Investment Officer
3	Member training covering actuarial funding issues.	Ongoing	Chief Investment Officer
4	New employers admitted into the fund, including bonds, admission agreements and initial funding level.	Ongoing	Pensions Administration Manager/ Pensions Payroll Manager

Pensions Advisory Panel

Pension Advisory Panel Members			
Objective(s) - to train and develop all members to enable them to perform duties effectively - to meet quarterly and to include investment advisor and independent advisors as required - to run meetings efficiently and to ensure decisions are made clearly and effectively			
Action	**Description**	**Timescale**	**Primary Responsibility**
1	Review PAP member training requirements and implement training strategy as appropriate.	Ongoing	Chief Investment Officer
2	Ensure that meeting papers are issued at least five working days prior to meeting.	Every meeting	Chief Investment Officer
3	Ensure that governance processes remains in line with revised Myners/CIPFA principles to ensure 100% compliance.	Ongoing	Chief Investment Officer
4	Put in place an action plan, which will be monitored by PAP on a quarterly basis, to ensure the Fund achieves full compliance with the LGPS (Amendment) Regulations 2026.	Ongoing	Chief Investment Officer
5	Ensure that the PAP is kept fully up to date with all applicable LGPS guidance and other regulatory changes.	Ongoing	Chief Investment Officer

Financial and Risk Management / Investment

In line with best practice and the Pension Regulator's General Code of Practice, the Pension Fund maintains a risk register to identify and monitor short-term and long-term risks to the Fund. Investment assets are managed by external investment managers, with segregated assets held by an independent global custodian.

Financial & Risk Management			
Objective(s) - to properly record financial transactions to and from the Scheme and produce the annual report and accounts within six months of year end - monitor investment adviser fees against budget - assess the risk associated with the management of the Scheme			
Action	**Description**	**Timescale**	**Primary Responsibility**
1	Monitor Pension Fund expenses for the year against budget.	Ongoing: 2026/27	Chief Investment Officer/ Pension Fund Accountant
2	Produce Annual Statement of Accounts and achieve an unqualified audit.	Draft Accounts: May 2026 Audit: September/ October 2026	Chief Investment Officer/ Pension Fund Accountant
3	Produce Pension Fund Annual Report.	Deadline for publication 1 December 2026	Chief Investment Officer/ Pension Fund Accountant
4	Ensure ongoing risk assessments of the management of the Fund.	Ongoing and reported to every LPB and PAP meeting	Chief Investment Officer
5	Review of the MiFID II documents to ensure the Fund retains professional status.	Ongoing	Chief Investment Officer
6	Conduct a full review of the pension fund risk register, taking into account changes to the way the pension fund will be managed following the publication of the LGPS (Amendment) Regulations 2026	31 March 2027	Chief Investment Officer

Investment			
Objective(s) - periodically review investment strategy and benchmarks - monitor performance against benchmarks - maintain contact with pool and investment managers			
Action	**Description**	**Timescale**	**Primary Responsibility**
1	Annual consideration of CIPFA/Myners principles.	Part of Investment Strategy Statement review for annual report	Chief Investment Officer
2	Discussions/meetings with London CIV and report to PAP.	Quarterly	Chief Investment Officer
3	PAP to receive quarterly investment monitoring reports.	Ongoing and reported to every meeting	Chief Investment Officer
4	Respond to government consultations (where possible) and report to the PAP/LPB as necessary.	Ongoing	Chief Investment Officer
5	Implement pooling regulations and a framework which facilitates monitoring of LCIV performance to enable PAP to hold them to account for delivery of the investment strategy	Ongoing	Chief Investment Officer
6	Monitor alignment of investment mandates and LCIV performance with the Fund's Responsible Investment policy and ongoing reporting	Ongoing	Chief Investment Officer/ ESG and Responsible Investment Lead
7	Consider additional Responsible Investment-focused reporting in line with industry best practice and LGPS guidance (e.g. UK Stewardship Code, TCFD, etc.)	Ongoing	Chief Investment Officer/ ESG and Responsible Investment Lead

Local Pension Board

Under Section 5 of the Public Service Pensions Act 2013 and Regulation 106 of the LGPS Regulations 2013, a Local Pension Board must be established and maintained. The Pension Board meets up to four times a year and assists in the governance and administration of the Fund.

Local Pension Board			
Objective(s) - to ensure the Local Pension Board is constituted and functions within the regulations - to help facilitate the effective operation of the Local Pension Board			
Action	**Description**	**Timescale**	**Primary Responsibility**
1	Reasonably comply with any requests from the Local Pension Board with regard to any aspect of the Scheme Manager function.	Ongoing	Chief Investment Officer/ Pensions Administration Manager/ Pensions Payroll Manager
2	Give due consideration to recommendations made to the PAP from LPB and respond to the LPB within a reasonable time.	Ongoing	Chief Investment Officer
3	Provide LPB members with access to training opportunities	Ongoing	Chief Investment Officer
4	Consider cyber security risk assessment of the Fund's third-party service providers	Annual	Chief Investment Officer/ Pensions Administration Manager

Meeting Name:	Pensions Advisory Panel
Date:	23 September 2026
Report title:	Training Strategy
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chief Investment Officer

RECOMMENDATIONS

1. The Pensions Advisory Panel (PAP) is requested to review the Fund's Training Strategy ('the Strategy') and provide any comments and feedback, which will then be incorporated by officers as they finalise the Strategy for implementation.

Approach to Training and new Regulatory Requirements

Background

2. The Fund has historically maintained a Training Policy to support the development of knowledge and skills amongst PAP and Local Pension Board ('LPB') members. This has been complemented by an annual Training Plan, which has been considered and approved by the LPB each January, setting out the training priorities and programme for the following year.

3. The final statutory guidance on LGPS Fund Governance published in June 2026, now places greater emphasis on the importance of knowledge, understanding, and ongoing learning for those involved in pension fund decision making and governance, supported by structured training plans and ongoing monitoring. Specifically, the guidance requires Administering Authorities ('AA') to formalise and strengthen their approach to training and knowledge.

4. In addition to the above, the 2026 Pensions Regulations (under Regulation 5), have introduced a formal requirement for LGPS funds to maintain a Training Strategy as part of an increasing focus on strengthening governance and accountability.

5. Considering the above regulatory changes, officers have undertaken a review of the Fund's existing training arrangements. Following the review, officers have developed a new Training Strategy which builds on the Fund's existing approach while incorporating the requirements of the latest LGPS guidance and best practice.

6. The Strategy provides a more structured and comprehensive framework for identifying, delivering, monitoring, and evidencing training activities across the

Fund's decision-making, governance and oversight activities.

Training Strategy

7. The Strategy will apply to all officers of the Fund, including the LGPS Senior Officer, all members of the PAP and LPB whether voting or not and any other individual(s) involved in decision-making in relation to the Fund's operations.

8. The Strategy establishes a robust framework to align with the regulatory requirements and covers:

    - compliance with the updated LGPS regulations and statutory guidance;
    - adoption of nine core knowledge areas where appropriate knowledge and skills should be achieved;
    - clearly defined expectations on the level of knowledge required for each role;
    - a requirement for induction training within three months of appointment or before attending a first meeting;
    - completion of an annual Training Needs Analysis, to assess levels of knowledge and identify the key areas and gaps in which training is required;
    - enhanced monitoring and reporting requirements, including disclosures in the Fund's Annual Report and updates to the Committee/LPB
    - a commitment on resources, including an annual training budget and procurement of appropriate learning tools

9. The Training Strategy is included as Appendix 1 to this report.

Hymans Robertson's Aspire Training

10. In June 2026, the Fund subscribed to Aspire, Hymans Robertson's online learning platform which provides access to a broad range of training modules covering LGPS-specific, investment, governance, fund management, administration, regulatory and other technical and current topics. The platform has been made available to all PAP and LPB members to support the development and maintenance of the knowledge and understanding required to effectively undertake their roles.

11. To reinforce the Fund's commitment to continuous learning, engagement and progress against the training programme will be monitored and discussed as a standing agenda item at each LPB and PAP meeting. This will provide regular oversight of training completion rates, identify any knowledge gaps, and help inform future training priorities.

Next Steps

12. Officers request the PAP to provide any comments and feedback on the Training Strategy. The feedback will be incorporated in a revised version of the Strategy which will then be adopted and implemented by the Fund.

13. Progress against provisions of the Training Strategy and compliance, including monitoring progress of the Aspire training modules and any lapses under the Strategy, will be reported to the PAP and LPB on an ongoing basis.

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

Community Impact Statement

14. No immediate implications arising

Equalities (including socio-economic) Impact Statement

15. No immediate implications arising

Health Impact Statement

16. No immediate implications arising

Climate Change Implications

17. No immediate implications arising

Resource Implications

18. No immediate implications arising

Legal Implications

19. No immediate implications arising

Financial Implications

20. No immediate implications arising

Consultation

21. No immediate implications arising

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources
Report Author	Caroline Watson, Chief Investment Officer
Version	Final
Dated	23 September 2026
Key Decision?	N/A

CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	Comments Included
Director of Law and Democracy	N/A	N/A
Strategic Director of Resources	N/A	N/A
List other officers here		
Cabinet Member	N/A	N/A
Date final report sent to Constitutional Team		

The London Borough of Southwark Pension Fund

Training Strategy

September 2026

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Introduction

This is the training strategy of the London Borough of Southwark Pension Fund (the Fund). The Fund is committed to providing training to those involved in the governance and administration of the LGPS scheme run for Southwark scheme members and to ensure that the Pensions Advisory Panel and the Local Pensions Board members have the necessary skills and knowledge to effectively discharge their responsibilities.

This training strategy sets out how these key roles within the Fund will obtain and maintain the necessary knowledge and understanding needed to fulfil their role.

Objectives

The objectives of this strategy are to:

- Ensure that the Fund is managed, and its services delivered, by individuals who have the appropriate knowledge and expertise to demonstrate competence in their roles.
- Provide those responsible for governing the Fund, with the skills to evaluate the information that they receive and feel confident in being able to challenge where appropriate.
- Support effective and robust decision making, ensuring that decisions comply with prevailing regulatory requirements or guidance from the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for the Ministry of Housing Communities and Local Government (MHCLG).
- Ensure an understanding of the operation and administration of the London Borough of Southwark Pension Fund.

Scope of this strategy

This strategy setting out the knowledge and understanding requirements applies to:

- Pensions Advisory Panel (PAP) members
- Local Pensions Board (LPB) members
- LGPS Senior Officer
- Any officer with delegated functions under the The Local Government Pension Scheme (Amendment) (Governance) Regulations 2026
- Substitute members of PAP or LPB
- Independent Person
- Any other individual involved in management or a decision making, scrutiny or oversight role for the Fund

These individuals are required to:

- be conversant (have a working knowledge) with;
    - The rules of the LGPS scheme
    - Any document recording policy about funding, investment, administration, communications, or governance which is adopted by Southwark Pension Fund

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- have knowledge and understanding of the law relating to pensions

Knowledge and understanding requirements apply equally to all PAP/LPB members irrespective of whether they are voting members, co-opted or substitutes.

Timescales

Individuals must meet the required knowledge and skills "within a reasonable time after being appointed". Incoming members of PAP or LPB should be aware that their responsibilities and duties begin from the date they take up their post and comprehensive inductions should be completed with individuals new to their role **within 3 months** of joining or before their first meeting, whichever is sooner.

Training Resources

The LGPS Senior Officer will be responsible for ensuring there are adequate resources to meet legal requirements and objectives in this Training Strategy.

Key areas of knowledge and understanding

The LGPS is a complex, multi-faceted scheme that requires knowledge and understanding across several disciplines. There are 9 core technical areas where appropriate knowledge and understanding should be achieved and maintained on an individual basis:

1. relevant pensions legislation and guidance
2. pensions governance
3. funding strategy and actuarial methods
4. pensions administration and communications
5. pensions financial strategy, management, accounting, reporting and audit standards
6. investment objectives, strategic asset allocation, pooling, and pooling performance management
7. risk management
8. pension services procurement, contract management, and relationship management.
9. key skills and behaviours

In addition to the 9 core technical areas, the Fund will assess the Pension Regulator's General Code on an ongoing basis to understand regulatory expectation and ensure appropriate knowledge of those individuals in scope.

The PAP and LPB are expected to have collective understanding of these areas and Officers are expected to have a detailed understanding of these areas of knowledge and skills.

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Regulatory Requirements

This strategy sets out the requirements for those covered under the scope, as set out in the following regulations

- Regulation 55A of the LGPS Regulations 2013, requires the Fund to prepare this Training Strategy and set out how the Fund will ensure that those individuals covered in this strategy will meet the required knowledge and understanding to properly exercise the functions that have been delegated to them by the administering authority in accordance with guidance issued by the Secretary of State.
- Section 248A of the Pensions Act 2004.
- Schedule 4 of the Public Service Pensions Act 2013.
- fiduciary and public law duties.
- MiFID II (Markets in Financial Instruments Directive).

Other relevant guidance:

- the Pensions Regulator's General Code
- Scheme Advisory Board guidance
- Chartered Institute of Public Finance and Accountancy (CIPFA) guidance

MiFID II (Markets in Financial Instruments Directive)

This training strategy sets out the necessary knowledge and skills to ensure the Fund is recognised as a professional investor and able to invest in a wide range of investment products suitable for a Pension Fund of this scale.

MiFiD II regulations (which came into effect on 3 January 2018), require those that are responsible for the management of the London Borough of Southwark Pension Fund to demonstrate a high level of skills and knowledge to enable the Fund to opt-up and be recognised as a professional investor. If the Fund cannot evidence this, there is the risk that the Fund would be downgraded to retail investor status, which means that the Fund will not have access to the type of investment products commensurate in which the Fund invests and would not be able to implement its investment strategy to meet its objectives.

It is important that all those covered under the scope, including members of the Pensions Advisory Panel and the Local Pension Board, the Senior LGPS officer and Independent Person commit to participating in training to ensure that they have the necessary skills required to support them in their role.

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Pensions Advisory Panel (PAP)

Under the constitution of London Borough of Southwark, the Pension Advisory Panel is responsible for providing advice to the responsible delegated officer on matters relating to:

- the strategic investment objectives and asset allocation
- performance of the investment portfolio
- policy matters
- membership to the scheme from other bodies
- early retirements and
- costs associated with the Fund

Members of the PAP must understand all aspects of running the Fund to provide effective advice to the responsible officer to support them in making decisions for the Fund.

Regulation 55B of the LGPS requires anyone with delegated functions for the Fund to be conversant with the rules of the scheme, conversant with all policy documents adopted by the Fund and have knowledge and understanding of the law in relation to pensions. As the PAP are providing an advisory function to the responsible officer, it is essential that any advice is grounded on knowledge and understanding of these areas to support the responsible officer in ensuring compliance with the law and to pay pensions when they fall due.

There also exists a specific requirement under MiFID II, that the Fund and any one with delegated responsibility or in receipt of certain financial information, must be able to demonstrate that they have the capacity to be treated as professional investors.

Expectations on Pensions Advisory Panel Members

The role of a PAP member is an important one and there are certain expectations on those undertaking the role. These include:

- Committing to undertake the role for a term of office and having the capacity to attend meetings.
- Understanding that roles on the PAP are in a non-political capacity.
- Attending and participating constructively in meetings.
- Undertaking training and development appropriate to their role and individual needs.
- Investing sufficient time in learning and development alongside responsibilities and duties.
- Undertaking a personal training needs analysis and annual review of skills, competencies, and knowledge to identify any gaps or weaknesses.
- Keeping an accurate record of their own training. This should be kept up to date and shared with the Fund annually - this could also cover keeping records of any alternative or further learning activity (for example, reading, attending conferences, sessions with the scheme advisors).
- Approaching matters with an open and independent mind, avoiding any pre-determination bias.
- Having the confidence to challenge, influence and engage.
- Operating within the terms of reference of the Panel and the administering authority's code of conduct.

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Local Pension Board

In accordance with Section 248A of the Pensions Act 2004 and redrafted by the Pensions Act 2013, every member of the Southwark Local Pension Board must be:

- Conversant with the rules of the Local Government Pension Scheme (LGPS), for example, Investment regulations.
- Conversant with any document recording policy about the administration of the Southwark Pension Fund.
- Knowledge and understanding of the law relating to pensions and
- Any other matter that may be prescribed.

Local Pensions Board members should have sufficient knowledge and understanding to assist the administering authority to secure compliance with the Regulations and other legislation relating to the governance and administration of the LGPS and/or any failure to meet the standards and expectations set out The Pension Regulator's General Code.

Local Pension Board members should have a breadth of knowledge and understanding that is sufficient to allow them to understand fully any professional advice the Local Pension Board is given.

Local Pension Board members should have sufficient knowledge and understanding to challenge any information or advice they are given and understand how that information or advice impacts on any decision relating to the Local Pension Board's duty to assist the administering authority.

Expectations on Local Pension Board members

The training provided to members of Local Pension Boards will ensure that they are familiar with certain legal requirements with they must comply. These are listed below:

- Members must have the capacity to represent employers or scheme members, according to whether they themselves are an employer or scheme member representative.
- Members must not have conflicts of interest and must provide the administering authority with any information they require to ensure that conflicts do not exist or arise in future.
- Have the appropriate level of knowledge and skills to carry out their role.

Local Pension Board members are also expected to demonstrate other attributes, including:

- A commitment to attend and participate in training events and to adhere to the principles of this Training Strategy.
- Investing sufficient time in learning and development alongside responsibilities and duties.
- Undertaking a personal training needs analysis and annual review of skills, competencies, and knowledge to identify any gaps or weaknesses.
- Keeping an accurate record of their own training. This should be kept up to date and shared with the Fund annually - this could also cover keeping records of any alternative

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or further learning activity (for example, reading, attending conferences, sessions with the scheme advisors).
- The ability to use acquired knowledge to participate in meetings and to ask questions constructively of the information provided by officers, advisers, and others.
- Judge the information provided in a fair and open-minded way that avoids predetermining outcomes.
- Operate within the terms of reference for the Pension Board.

Senior LGPS Officer

The Senior LGPS Officer is responsible for all aspects of managing the LGPS within the administering authority. Therefore, it is expected that the Senior LGPS Officer retains an exceptional level of knowledge, commensurate with the role.

The Senior LGPS Officer should have an exceptional knowledge of:

- Pensions legislations: including LGPS, wider relevant pensions and guidance.
- Pensions governance: including legal and constitutional matters, relevant legal bodies, and performance monitoring.
- Pensions administration: including administration and communications strategy, best practice in administration delivery and data management and security.
- Funding and actuarial matters: including setting funding strategy, employer risk and covenant, valuations and funding reporting and scrutiny.
- Accounting and auditing: including financial strategy, accounting, financial reporting, and audit standards.
- Investment strategy: including asset allocation, pooling, performance, and risk management.
- Financial markets and products knowledge: including MiFID II, pooling, and asset classes.
- Procurement: Including contract management, SLAs, and relationship management.

Other officers responsible for the management and administration of the Fund

All individuals responsible for the management and delivery of the LGPS or who have a decision making, scrutiny or oversight role require the appropriate training to ensure they are equipped to do their job well.

The knowledge and skills required of staff are set out in their job descriptions, including any formal qualifications required.

The exact nature and level of knowledge required will vary by role. Fund officers should have a strong understanding of:

- Relevant areas of the LGPS as required for the delivery of their role.
- The processes and procedures required to successfully carry out their role.
- Any pension fund or Southwark Council policies which apply, for example IT security, data management, equality, and diversity.

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- Public sector pensions governance - understanding the guidance and regulations in relation to local pensions boards and keeping up to date with how other Funds are working with their boards. This will ensure that the Pension Board can be supported effectively and add value to the governance of the Fund.
- New Investment Arrangements - understanding the implications of how the Southwark Pension Fund will comply with the Markets in Financial Instruments Directive (MiFiD II) or the prevailing LGPS pooling regulations.
- New Investment Products - keeping up to date with what the market (including London CIV) is offering.
- Accounting issues - keeping up to date with the latest CIPFA guidance on the format of the Pensions Fund Statement of Accounts and content of the Annual Report, including any responsible Investment related reporting such as climate related financial disclosures (TCFD).
- Pensions Administration Regulations - keeping up to date with updates/new releases.
- Actuarial methods, Standards and practices - understanding the work of the actuary and the ways in which actuarial information is produced.

Expectations of Officers

The knowledge and skills required by staff are set out in job descriptions, including any formal qualifications required for the role.

Officers play a significant role in the management and administration of the Fund and there are certain expectations on those undertaking the role. These include:

- participation in appropriate training to fill any knowledge gaps and to maintain their level of understanding of their role.
- For those with professional memberships (e.g. CIPFA) this will also ensure that Continuing Professional Development (CPD) requirements are met.
- Officers of the Fund must have the necessary skills and knowledge to carry out the tasks of managing the Fund's investments and administering the payment of benefits.
- Any gaps identified in the knowledge and skills or training needs should be incorporated into the officer's personal development plan.
- attend relevant training events and seminars during the year to ensure that they remain up to date with latest requirements and developments. Officers are also required to keep up to date with relevant issues affecting the pension fund.

Unrestricted Document

Delivery of Training

This Strategy sets out how the Fund will provide training to members of the Pensions Advisory Panel, Local Pensions Board and Officers.

Officers involved in the management and administration of the Fund will have their own team and personal training plans and career development objectives.

Induction training

On joining the PAP or LPB, all new members will receive an induction pack and will attend an induction meeting with a senior Officer of the Fund. The induction pack includes relevant training slides and links to key fund documents, which can be found on the Pension Fund website.

Under the regulations incoming members of PAP or LPB should be aware that their responsibilities and duties begin from the date they take up their post and comprehensive inductions should be completed with individuals new to their role within 3 months of joining or before their first meeting, whichever is sooner.

As part of the induction process members of PAP or LPB must:

- complete within 3 months the online training courses provided in the Public Service Toolkit by the Pension Regulator (TPR). Further details can be found in the Appendix.
- complete within six months of their appointment, the TPR Trustee Toolkit. Further details can be found in the Appendix.
- Attend three-day LGA LGPS Pension Fundamentals Training at the earliest opportunity and within the first 12 months of their appointment. Attendance can be in-person or online and the cost of attendance will be paid for out of the Pension Fund.
- must familiarise themselves with the Southwark Pension Fund website and the information held on the Fund's website here.
- must assess their training needs annually by completing the training needs analysis template that will be issued by the Senior LGPS Officer.

Seminars, conferences, and external events

There are several specialist courses run by bodies such as the Local Government Association; actuarial, governance and investment advisers; as well as fund managers. There are also a number of suitable conferences run annually, which will be brought to members attention where appropriate. Of relevance are the LGA Annual Governance Conference, Pensions UK Conference, the Local Government Chronical (LGC) Local Authority Conference, DG publishing events, LGPS in Conversation and the Local Authority Pension Fund Forum (LAPFF) annual conference.

Other training resources

- Newsletters/updates
- Online resources
- In-house and shared training events
- Self-improvement and familiarisation with regulations and documents.

Unrestricted Document

- The Pension Regulator's e-learning programme.
- Internally developed training days and pre/post meeting sessions
- Regular updates from officers and/or advisers.
- Formal presentations.
- Circulated reading material.
- E-learning.

Where appropriate, training will be provided jointly for the PAP, LPB and officers. In addition, Officers will circulate potential external training/CPD opportunities monthly or as they arise. Should members be made aware of any training opportunities that are not captured in regular officer updates, these should be notified to officers for circulation.

Where possible, a standing agenda item for training for PAP/LPB members will be included at each quarterly meeting. Should a standalone meeting be required solely for training purposes, this will be set up to be as accessible as possible for as many members as possible. This may mean that the meeting is held on a hybrid basis.

Training Plan

To be effective, training must be recognised as a continual process and will have three pillars:

- The collective knowledge of the PAP/LPB
- The general pensions environment
- Ongoing developments (e.g. legislative changes)

All members and officers will be expected to complete a minimum of four hours training per financial year, in addition to any induction training. Officers may have additional requirements if they are members of professional bodies (e.g. CIPFA) that have specific CPD requirements.

Members of the PAP and LPB must be able to commit sufficient time to prepare for meetings and keep under review their knowledge and understanding.

Training plans will be reviewed and developed on at least an annual basis. Where knowledge gaps are identified intra-year, the training plan will be updated accordingly. This may also take into consideration updates to legislation or guidance updates.

Unrestricted Document

Training monitoring and reporting

The Fund must be able to demonstrate that those involved in managing and administering the Fund have the knowledge and understanding for governing the scheme. This means that PAP and LPB reporting must demonstrate how knowledge and understanding requirements have been considered and applied when decisions are being discussed or taken during meetings. This is particularly important when key strategic decisions must be made.

The Fund is required to monitor and report knowledge and understanding through the following requirements:

- keep a record of the training each member of the PAP and LPB has received each year and include this in the annual report and accounts each year.
- ensure PAP and LPB papers provide a link to the training members have received on relevant topics discussed.
- act where poor attendance of training is identified.
- undertake a training needs assessment of existing knowledge and understanding to assist with prioritisation of training delivery and prepare tailored training plans for roles and in line with the Fund's workplan.
- communicate regularly with PAP and LPB members encouraging the need to identify training needs on an ongoing basis.
- report training attended (or not) in the fund's annual report and accounts each year.
- ensure the PAP and LPB Terms of Reference covers non-compliance with knowledge and understanding requirements.
- PAP and LPB members taking responsibility for keeping an accurate record of their own training and shared with the Fund annually.
- ensure the training needs assessment and all records monitoring knowledge and understanding are available to persons carrying out an independent governance review.

Under MiFiD II opt-up requirements, evidence of both this training strategy and training received in the previous year must be provided to third parties to ensure that professional investor status is maintained.

PAP and LPB should provide information of training to the Fund using the following proforma reporting tool for such reporting:

Role	Event	Provider	Date	Event Type	Content	Duration (hrs)
Pensions Investments Manager	Investment Seminar	Local Government Chronicle	March 2023	In person conference	Investment and pooling updates	10

A report will be presented to the PAP and LPB on an annual basis setting out:

- Training attended by members in the previous year
- Any actions required, such as updating the Training Plan.

Where a member has not completed the required training in the time frames set out under this strategy, and has no mitigating factors, this will be reported to the chairs of the PAP and LPB for action.

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Should any member of the LPB no longer be able to demonstrate their capacity to attend and prepare for meetings, or to participate in required training or otherwise to carry out the requirements of the role, their membership may be reviewed.

Officers involved in the management and administration of the Fund are set annual objectives which will include an element of professional development. These objectives will be monitored as part of the individual's annual performance review/appraisal.

Cost

A training budget will be approved annually, and costs will be fully scoped for any training activity. The Senior LGPS Officer will ensure those responsible for administering the Fund have appropriate training resources. Where possible, training and support will be provided at nil cost through officers, conferences and seminars with free places, fund managers and advisers.

Time spent attending training sessions and other relevant learning and development events will be reimbursed.

All direct costs and associated reasonable expenses for attendance of external courses and conferences will be met by the Fund (other than routine costs associated with travelling to and from PAP/LPB meetings). Appropriate receipts must be sent to the Fund's accounts team as evidence of the expenses being claimed for.

Effective date

This training strategy was reviewed at Pensions Advisory Panel on 23 September 2026 and approved by the responsible officer.

Review

This strategy will be reviewed every 3 years, and if necessary, more frequently to ensure it remains accurate and relevant.

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Appendix: The Pensions Regulator Toolkit's

Public Service toolkit

The toolkit can be found here

PAP and LBP members will need to set up an account to access the materials. This is free to access.

Public Service toolkit programme is split into seven separate courses designed to enable you to dip in and out of the content and learn at your own pace. All of the learning is downloadable, which means that you can also study offline.

Each course features a variety of activities to suit the way you want to learn. This includes:

- an e-learning module which includes a technical tutorial and a case study
- an assessment to test your knowledge
- a check your scheme worksheet to help you apply the learning to your own scheme
- exercises which you can complete individually or as a group to test your knowledge or the scheme's processes
- examples and extra resources to bring the learning to life

The toolkit covers the following modules

Course	What the course covers
Conflicts of interest	Learn what conflicts of interest are, how important it is to be aware of them and their potential impact. You will also find out how to manage conflicts.
Managing risk and internal controls	Learn how to identify, evaluate, manage and monitor scheme risks. You will also learn about internal controls used to mitigate risk.
Maintaining accurate member data	Learn about the requirements for maintaining complete and accurate member data. You will also learn about other records that must be kept.
Maintaining member contributions	Learn about the requirement to monitor member contributions and how to manage overdue contributions.
Providing information to members and others	Learn about the information that public service schemes are required to provide to members.
Resolving internal disputes	Learn about the requirement for schemes to have an internal dispute resolution procedure (IDRP).
Reporting breaches of the law	Learn about who must report breaches, deciding when to report a breach and how to submit a report.

Trustee Toolkit

The toolkit can be accessed here members will need to set up an account. This is free to access.

The trustee toolkit helps trustees meet the level of knowledge and understanding required by law. The tool kit includes 12 learning modules with assessments and additional resources.

PAP and LPB members should complete the following modules

Core Module	Tutorials included
Introducing pension schemes	What is a pension scheme? Benefits What is a trustee? Important documents
The trustee's role	Becoming a trustee Trustee meetings Conflicts of interest Duties and powers Trustee liabilities and protections
Running a scheme	Scheme governance Risk management and internal controls Scheme administration and member data Introducing advisers and service providers Appointing advisers and service providers
Pensions law	Pensions related legislation The Pensions Regulator Tax and the state pension Internal dispute resolution procedure
An introduction to investment	Investment in a pension scheme Setting an investment strategy Types of asset – Common assets Types of asset – Alternative assets Capital markets and economic cycles Risk and reward Active and passive management Suitability and diversification Reviewing investments
Recommended Modules for Southwark LBP and PAP	**Tutorials included**
How a DB scheme works	The basics Managing the liabilities Employer covenant Risks to employer covenant Implications of winding up a DB scheme Corporate transactions
Funding your DB scheme	The statutory funding objective Valuing the scheme's liabilities Calculating the liabilities

	Impact of assumptions Individual and bulk transfers Additional employee funding
DB recovery plans, contributions and funding principles	Determining the contribution rate Accrued benefits funding methods Recovery plans Future service funding methods Agreeing a schedule of contributions The statement of funding principles
Investment in a DB scheme	Understanding investment strategy Changing asset and liability values Future projections and scenario analysis Stochastic modelling Changing the asset allocation strategy Reviewing the investment strategy
Pension scams	Three interactive case studies to work through, covering: Familiar schemes Questions and warning signs Due diligence and communication

DRAFT

Meeting Name:	Pensions Advisory Panel
Date:	23 September 2026
Report title:	Update on the Local Pension Board
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Chair of the Local Pension Board

RECOMMENDATION

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

    a. The update from the Local Pension Board (LPB or the Board) meeting of 1 July 2026.

KEY AREAS OF DISCUSSION

Training Session – National Pensions Dashboard Readiness

2. The training session was conducted by the Pensions Administration Manager.

3. The training session covered various aspects of the National Pensions Dashboard programme and its readiness. Key areas of discussions covered:

    a. introduction to the National Dashboard programme, its objective and relevance to LGPS

    b. the role of the Board in providing monitoring and oversight of the progress,

    c. overview of operational aspects of the Dashboard User Interface

    d. Data requirements

    e. Risk areas in relation to Dashboard readiness

4. There were additional discussions on the above areas. Questions raised were in relation to the timeline for implementation and go-live, oversight and checks in place to ensure accurate data inputs and engagement with both employers and members in relation to the programme. Officers will update the Board on progress of the National Dashboard programme on a quarterly basis.

Action Tracker

5. The Chief Investment Officer presented the Action Tracker. An update was provided regarding progress made on each item in the tracker.

6. The Fund's Administration Strategy will now be reviewed against final guidance published in relation to Fit for Future regulations.

7. There was an update on key Administration-focused KPIs, and subscription of the Hymans Robertson online training module 'Aspire' for LPB and PAP members.

8. Officers will provide an update on progress made by LPB and PAP members on their individual training modules at every quarterly LPB meeting.

Pension Services

9. The Pensions Administration Manager presented the report.

10. An update was provided on recruitment within the service, IT and systems, and member communications, specifically the issuance of Annual Benefit Statement (ABS). There were further discussions and questions on the above areas in relation to Transfer Value metrics.

Annual Benefit Statement – Update

11. The Pensions Administration Manager presented the report.

12. An update was provided on progress made internally in relation to timely issuance of the ABS to all Fund members. The team is working on issuing the ABS in-house with minimal external advisor support.

13. Officers confirmed that the Fund is in good position to issue ABS to all members by the deadline of 31 August 2026.

14. There were further discussions and questions on the above including any systems issues and improving data quality.

15. Board agreed to receive ABS-related data and KPIs at the next meeting.

McCloud Update

16. The Pensions Administration Manager presented the report.

17. An update was provided on the work being undertaken in respect of McCloud remedy, including overview of data around members who are potentially impacted.

18. There were subsequent questions on quality of the data, how it aligns with our expectation on potential impact as well timescale regarding implementing the remedy.

19. Officers have agreed to provide more data on McCloud remedy at the next LPB meeting.

Risk Register

20. The Chief Investment Officer presented the report.

21. An update was provided on changes made to various risks, both in terms of risk identification and mitigation and quantification of risks.

LPB Annual Report 2025-26

22. The Chair outlined various focus areas for the Board going forward for 2026-27, including embedding requirements of Fit for Future regulations into the activities of the Board.

23. The Chair encouraged every LPB member to proactively consider completing the Hymans Robertson online training modules. Officers confirmed that there will be formal monitoring mechanism for the training as that is one of the requirements of Fit for Future regulations.

Fit for Future – Verbal Update

24. The Chief Investment Officer provided a verbal update on the Fit for Future regulations.

25. The Board was updated on the key gaps/areas to focus on for alignment with the final regulations, including:

    a. appointment of an LGPS Senior Officer

    b. appointment of an Independent Person

    c. developing and implementing various formal policies for the Fund

    d. undertaking an Independent Governance Review

    e. updating the Investment Strategy Statement

26. There were subsequent questions including engagement with LCIV going forward.

27. Officers confirmed that there will also be a need for revising the Terms of Reference for both the LPB and PAP, which will be considered later in the year.

Investment Update

28. An update was provided on the investment performance of the Fund for the quarter ended 31 March 2026, including key macro-economic factors that influenced market performance during the quarter.

Update on Current LGPS Issues

29. An update was provided on current LGPS issues specifically covering the Scheme Advisory Board (SAB)'s new Cost Transparency and Benchmarking framework, the government letter on investment in conflict zones and statutory guidance on Access and Fairness within LGPS and Data protection duties.

Budget Outturn and Quarterly Budget Monitoring Report

30. The Chief Investment Officer presented the budget monitoring analysis for the financial year ending 31 March 2026 as well as the analysis undertaken for the quarter ending 30 June 2026.

31. There were subsequent discussions and questions, particularly in relation to investment management fees, extra costs (if any) in relation to new roles that need to be accounted for to meet new statutory requirements and cost recharges from the council, which is being discussed with wider council teams.

COMMUNITY, EQUALITIES (including socio-economic) AND HEALTH IMPACTS

23. **Community Impact Statement**
    No immediate implications arising

24. **Equalities (including socio-economic) Impact Statement**
    No immediate implications arising

25. **Health Impact Statement**
    No immediate implications arising

26. **Climate Change Implications**
    No immediate implications arising

27. **Resource Implications**
    No immediate implications arising

28. **Legal Implications**
    No immediate implications arising

29. **Financial Implications**
    No immediate implications arising

30. **Consultation**
    No immediate implications arising

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources		
Report Author	Mike Ellsmore, Chair of Local Pension Board		
Version	Final		
Dated	23 September 2026		
Key Decision?	N/A		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		**Comments Sought**	Comments Included
Director of Law and Democracy		N/A	N/A
Strategic Director of Resources		N/A	N/A
List other officers here			
Cabinet Member		N/A	N/A
Date final report sent to Constitutional Team			

Meeting Name:	Pensions Advisory Panel
Date:	23 September 2026
Report title:	Pension Services – Admin/Ops update
Ward(s) or groups affected:	Not applicable
Classification:	Open
Reason for lateness (if applicable):	Not applicable
From:	Head of Pensions Operations

Recommendation

1. The 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 March 2026 setting out specific information on recruitment, IT/systems, National Dashboard Programme, communication initiatives, the Access and Fairness consultation, and complaint management.

Recruitment

3. Following interviews in April, two Data Officer positions have now been filled (one internal and one external candidate).

4. A number of Job Descriptions have now been evaluated by HR as part of the Fit for the Future changes being introduced with effect from 1 October 2026.

IT/Systems

5. Further upgrades were planned for June, including the latest UPM and McCloud-related releases. Release 2.3.0 was delayed to late July and put on hold to allow Annual Benefit Statement production.

6. The latest McCloud software enables improved eligibility, reporting and calculation functionality. Post-upgrade checks will be completed before wider operational use.

7. A UPM TestPay refresh was completed in July 2026. TestPay is a separate UPM test environment used mainly for payroll-related testing and checking and is completely separate from the main Live and Test pensions admin system environments.

National Dashboard Programme

8. Following an engagement/feedback meeting with the Pensions Regulator in May 2026, the Regulator has confirmed that Southwark is successfully connected to the Pensions Dashboards ecosystem, with all IT provider dashboard configuration stages completed and no technical connection concerns identified. The focus has now shifted from connectivity to demonstrating ongoing operational readiness and assurance.

9. Ongoing work includes validation reporting, AVC supplier readiness, and maintaining a robust audit trail with IT provider. Progress in these areas will continue to be monitored to provide assurance that Southwark's end-to-end dashboard readiness can be evidenced effectively to the Panel.

10. An actual “go-live” service date is expected to be delayed until later in 2026 for all Local Government employers, with end-users being able to access the dashboard later in 2027.

Progress to September 2026

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

Communication Initiatives

12. The 2026 Pensions Increase exercise (3.8% increase) was completed earlier in April 2026. This was followed by the annual P60 issue exercise in May.

13. Annual Benefit Statements (**ABS**) were issued to deferred members (ex-staff) in July 2026, and statements were posted to active members (staff) around 28 August 2026.

14. For the first time since new pensions admin software was procured, the Pension Fund used standard UPM system generated statements and ABS process built within UPM admin software. This has highlighted a number of changes which will be incorporated into the 2027 ABS process, namely dispatch options which were complicated this year due to GDPR.

15. However, utilising in-house admin software has resulted in considerable annual savings, compared to previous years when the Pension Fund had used its external benefit consultants to manage much of the ABS process, including printing and dispatching.

16. Work is underway (following the 2026 ABS exercise) to assess any Annual Allowance tax implications for the period 2025/26. Anyone affected by this will receive a personalised Pensions Savings Statement by 6 October 2026. Anyone with a tax charge can utilise the Pension Fund’s Scheme Pays Policy.

Complaint Management

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

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

  Case OPEN - The Pensions Ombudsman recently shared its Opinion with the Pension Fund, which did not uphold the former member's complaint. The former member did not accept the Ombudsman's decision and has provided further commentary and information which requires investigation. The matter is currently with the Head of Pensions Operations for further consideration. The Pension Fund denies all allegations and maintains that it cannot be held responsible for actions subsequently taken by a former member after the transfer had been completed and its liability to the member had been fully discharged.

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

  Case CLOSED - A Stage 2 determination under the IDRP was issued to the complainant. While certain aspects of the complaint were upheld, the principal request to transfer benefits out within 12 months of Normal Pension Age was not upheld, as this would be contrary to statutory legislation and the LGPS Regulations. The complainant did not accept this outcome and is now free to escalate matters to the Pensions Ombudsman for investigation.

- Pensions Ombudsman single complaint - ongoing claim to the death benefit lump sum following the passing of a Pension Fund member. This is a secondary matter that was determined by the Ombudsman in 2024.

  CASE OPEN - Whilst the member's expression of wish form was considered as part of the decision-making process, the Pension Fund exercised its discretionary powers to determine the allocation of death benefits. The complainant has contacted Southwark and many Senior Officers in recent months outlining personal circumstances, however, the matter is with the Pensions Ombudsman and will be determined by them.

Admin Performance Monitoring

17. Quarterly performance remains strong, with the majority of key transactions continuing to achieve between 97% and 100% against agreed service standards.

18. Transfer performance metrics have been significantly impacted during the reporting period following the amendment of GAD transfer factors. Instructions were received across the LGPS on 19 May 2026 to suspend the processing of transfer cases pending the implementation of revised factors, which were subsequently issued in June 2026 and updated on UPM in July 2026. As a result, transfer activity was temporarily paused, creating a backlog of both transfer-in, transfer-out and interfund cases. The reduction in reported transfer performance therefore reflects a sector-wide operational issue rather than a decline in service delivery. All administering authorities have been affected by the same changes and have experienced similar delays. Since the introduction of the revised factors, processing has recommenced and a recovery plan is in place, with the existing backlog expected to be substantially cleared within the next three months.

19. Performance remains consistently high for priority member events, with 100% of new joiner and death benefit cases processed within service standards. This reflects the continued focus on delivering a timely and high-quality service for transactions that have the greatest impact on members.

20. Performance metrics for the period June to August 2026 are detailed in Appendix 1. Whilst transfer-related metrics show a temporary reduction due to the national suspension and subsequent implementation of revised GAD factors, performance across all other key service areas remains strong and within target. Transfer performance is expected to improve over the coming quarters as backlog cases are processed and normal service levels are restored.

21. Performance metrics for period 2026 are detailed in Appendix 1.

Future work planning

22. The Pension Fund's admin and operational function has signed up to the Resources Directorate Business Plan for 2026/27. This includes IT-related objectives such as improved Member Self-Service functionality and any staff survey follow-up actions.

Conclusions

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

KEY ISSUES FOR CONSIDERATION
Policy framework implications

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

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

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

APPENDICES

No.	Title
Appendix 1	Admin/Ops Performance Metrics, June, July and August 2026

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director, Resources	
Report Author	Barry Berkengoff, Head of Pensions Operations, Resources.	
Version	Final	
Dated	23 September 2026	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	**Comments Included**
Assistant Chief Executive, Governance and Assurance	No	N/a
Strategic Director, Resources	Yes	N/a
Cabinet Member	No	N/a
Date final report sent to Constitutional Team		

APPENDIX 1

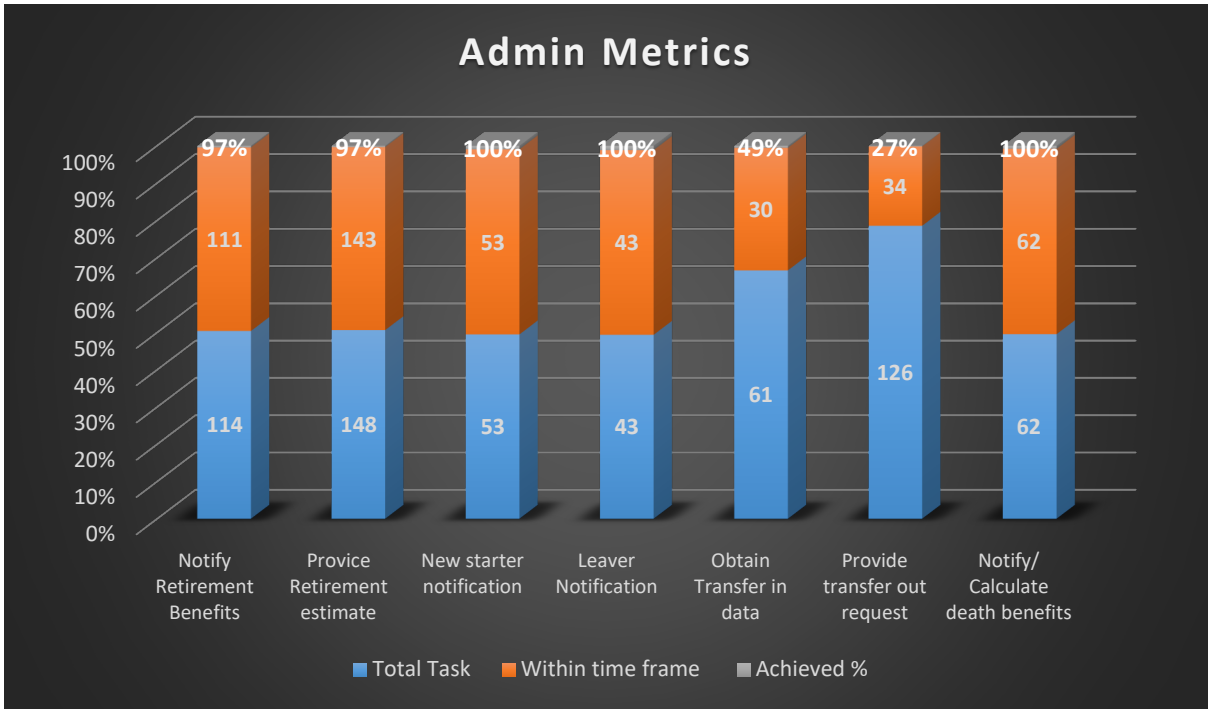
Admin Metrics

June/ July/ August 2026

	Total Tasks	Within Time frame	Achieved	
Notify Retirement Benefits (Within one month of retirement)	114	111	97%	↑
Provide Retirement Estimate/ Quote on request (Within 10 working days of request)	148	143	97%	→
New Starter Notification joining the LGPS (Within 10 working days of receipt of clean employer data)	53	53	100%	→
Inform member who left scheme of leaver rights and options (Within 20 working days of receipt of clean data)	43	43	100%	→
Obtain transfer details for transfer in, calculate and provide quote [1] (Within 10 working days of receipt of information)	61	30	49%	↓
Provide transfer out (CETV) request [2] (Three months from date of request)	126	34	27%	↓
Calculate and notify dependants about death benefits (Within 5 working days of receipt of all relevant information)	62	62	100%	→

[1] Transfer in performance was impacted by delays incurred while awaiting the implementation of revised GAD factors.

[2] Transfer out performance was impacted by delays incurred while awaiting the implementation of revised GAD factors.


Admin Metrics
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
97%
111
114
97%
143
148
100%
53
53
100%
43
43
49%
30
61
27%
34
126
100%
62
62
Notify Retirement Benefits
Provice Retirement estimate
New starter notification
Leaver Notification
Obtain Transfer in data
Provide transfer out request
Notify/ Calculate death benefits
Total Task
Within time frame
Achieved %