



PENSION BOARD

Date: WEDNESDAY, 14 SEPTEMBER 2022 at 3.00 pm

**Council Chambers
Civic Suite
Lewisham Town Hall
London SE6 4RU**

**Enquiries to: Claudette Minott
Telephone: 0208 314 3417 (direct line)**

MEMBERS

Stephen Warren (Chair)
Mark Adu-Brobbey
Gary Cummins
Rowann Limond
Salena Mulhere

Members are summoned to attend this meeting

**Kim Wright
Chief Executive
Lewisham Town Hall
Catford
London SE6 4RU
Date: 6 September 2022**



INVESTOR IN PEOPLE

ORDER OF BUSINESS – PART 1 AGENDA

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Lewisham



INVESTOR IN PEOPLE

The public are welcome to attend our committee meetings, however occasionally committees may have to consider some business in private. Copies of reports can be made available in additional formats on request.

Agenda Item 1

PENSION BOARD		
Report Title	Minutes	
Key Decision		Item No. 2
Ward		
Contributors	CHIEF EXECUTIVE	
Class	Part 1	Date: XXXX

Recommendation

That the Minutes of the meeting of the Pension Board, which was open to press and public, held on XXXX (copy attached) be confirmed and signed as a correct record.

MINUTES OF THE PENSION BOARD

Wednesday 22nd June 2022 at 3pm

PRESENT: Stephen Warren (Chair), Mark Adu-Brobbe, Rowann Limond, Salena Mulhere

Officers Present: Chris Flower (Treasury and Investment Manager), Katharine Nidd (Head of Financial Strategy, Planning and Commerce), Shida Ashrafi (Service Group Manger), Samantha Harlow (Pensions Manager)

In attendance virtually: Gary Cummins

Apologies: None.

1. Declarations of Interest

Salena Mulhere declared a general interest as a Member of the Pension Fund and that she receives a small pension from the LGPS from a different local government employer.

Gary Cummins, Rowan Limmond and Mark Adu-Brobbe declared an interests as members of the Pension Fund.

2. Minutes

The minutes of the meeting held on 18 March 2022 were agreed as an accurate record of the meeting.

3. Rolling Action Log

Chris Flower presented this report. He explained that at its previous meeting the Board had requested the presentation of the rolling action log to each meeting of the Board.

Chris Flower reported that:

- Each Board member had completed and returned a self-assessment of their training needs
- Board Members were required to complete the Pension Regulator's Toolkit
- An hour of training for Board members would be provided before each Board meeting; and
- A routine learning and development item on each agenda, including recording any completion of additional training they may undertake.

4. General Update

Chris Flower introduced this report. The report presented any standing items on the agenda and provided the Board with an update on several general matters to have arisen since the last meeting.

Investment Monitoring Performance by Hymans

The Chair asked if there was any routine monitoring against any target metrics of things like interest rate exposure or inflation exposure and whether there was a benchmark against which performance was being measured. Katherine Nidd responded that in determining the asset allocation, there was the consideration of the macro-economic risks and how different asset classes respond to those risks. She stated the most of this is reflected in the risk register and in the Investment Strategy Statement. In terms of the different exposures, she stated that, to a large extent, these are considered when new mandates are considered.

Conflicts of Interest Policy

Chris Flower reported that the Policy had been reviewed and updated. Other than amending the date on that policy, there were no amendments made.

RESOLVED The Board adopt this policy unchanged.

Code of Conduct

Chris Flower reported that the Code presented was unchanged. The Board noted that the Code of Conduct for members of Lewisham Council was referenced in the Code presented but not appended.

Action:

The Board agreed that officers present the Code and the Code of Conduct for Lewisham Council to the Board's next meeting.

Summary of Discretions Policy

Shida Ashrafi presented the Summary of Discretions Policy that summarises the Council's policies for the Fund and associated policies with regard to Discretionary Compensation and Discretionary Payments.

In answer to questions from Board members, Shida Ashrafi said that:

- Flexible retirement was not currently available pending development and adoption of a new flexible retirement policy;
- The policy summarised the policy on the exercise of discretions by the Council as employer and admitted bodies may adopt their own policies;
- The current version of the Summary of Discretions Policy had not been subject to legal review.

Action:

The Board agreed to recommend to the Council that:

- makes clear in a future iteration of the policy that it applies only to the Council as an employer; and
- the Summary of Discretions Policy should be subject to legal review.

Breach of Law Policy

Shida Ashrafi presented the Breach of Law Policy.

The Board noted that the draft Policy was a Council Policy. The Board noted that, nevertheless, the Policy stated that it applied the Board.

Action:

The Board agreed that officers:

- seek professional advice about the application of the Policy to the Board; and
- report back to the next meeting with recommendations in light of that advice.

The Board noted that the requirement of the Policy that breaches were reported to the Board within a month of becoming aware of the Breach.

Action:

The Board agreed:

- that a standing item should be included on the agenda for each of its meetings to receive the Breaches Log (including a report, if appropriate, that no breaches arose since the previous meeting; and
- that any breaches were reported to the Chair and members of the Board promptly between meetings.

The Board noted the Policy in so far as it applied to the Council, Members of the Council and officers.

Communications Policy

Shida Ashrafi presented the Communications Policy to the Board.

The Board had a wide ranging discussion about the Policy.

Action:

The Board recommended to the Council that in future versions of the Policy:

- there should be a commitment to timely communication with Scheme members;
- the 'other bodies' section is reviewed to ensure that:
 - all relevant parties are identified; and
 - service providers and advisors are identified by role rather than name to minimise the risk of the Policy becoming out of date;
- there should be a clear articulation of the overall principles for communication, including accessibility.

The Board recommended to the Council that officers consider the timescales over which the Council could implement the recommendations made.

Processes to Establish Internal Controls

Chris Flower reported that additional work would be required to complete the work requested by the Council.

Action:

The Board agreed that:

- it would receive an update to the next meeting of the Board detailing the areas in procedures in place and the date of last review; and
- it would receive an update on preparation of procedures for benefit calculations to the subsequent meeting of the Board.

Pooling

The Board received a presentation from Katherine Nidd.

Action:

The Board agreed that it would receive an update at its next meeting on:

- the respective responsibilities of the London CIV and the managers appointed by it;
- the associated control activities undertaken by the London CIV; and
- the mechanisms for obtaining assurance over the operation of controls operated by the London CIV.

Internal Audit

Shida Ashrafi presented the internal audit report on pension scheme administration to the Board.

The Board noted the report.

Training

Chris Flower provided an update to the Board and presented a draft Knowledge and Understanding Policy.

Action:

The Board:

- agreed that the Policy should be amended to reflect the identification of collective training needs and the provision of collective training; and
- delegated to the Chair of the Board approval of the Policy so amended.

5. Work Programme

Chris Flower presented a proposed work programme for the Board.

Action:

The Board:

- agreed the work programme included in the agenda papers; and
- asked officers to confirm that the work programme included:
 - all areas required to be considered by the Board by legislation and guidance; and
 - all current and planned Council policies relevant to the functions of the Board.

6. Future Meeting Dates

The Board agreed the future meeting dates included in the agenda papers.

7. AOB

No other business was raised.

The meeting closed at 4.30pm

Agenda Item 2

LOCAL PENSION BOARD		
Report Title	Declarations of Interest	
Key Decision		Item No. 2
Ward		
Contributors	CHIEF EXECUTIVE	
Class	Part 1	Date: 14 September 2022

Declaration of Interests

Members are asked to declare any personal interest they have in any item on the agenda.

Personal interests

There are two types of personal interest:-

- (a) an interest which you must enter in the Register of Members' Interests*
- (b) an interest where the wellbeing or financial position of you, (or a "relevant person") is likely to be affected by a matter more than it would affect the majority of inhabitants of the ward or electoral division affected by the decision.

*Full details of registerable interests appear on the Council's website.

("Relevant" person includes you, a member of your family, a close associate, and their employer, a firm in which they are a partner, a company where they are a director, any body in which they have securities with a nominal value of £25,000 and (i) any body of which they are a member, or in a position of general control or management to which they were appointed or nominated by the Council, and (ii) any body exercising functions of a public nature, or directed to charitable purposes or one of whose principal purpose includes the influence of public opinion or policy, including any trade union or political party where they hold a position of general management or control).

If you have a personal interest you must declare the nature and extent of it before the matter is discussed or as soon as it becomes apparent, except in limited circumstances. Even if the interest is in the Register of Interests, you must declare it in meetings where matters relating to it are under discussion, unless an exemption applies.

Exemptions to the need to declare personal interest to the meeting

You do not need to declare a personal interest where it arises solely from membership of, or position of control or management on:

- (a) any other body to which you were appointed or nominated by the Council
- (b) any other body exercising functions of a public nature.

In these exceptional cases, unless your interest is also prejudicial, you only need to declare your interest if and when you speak on the matter.

Sensitive information

If the entry of a personal interest in the Register of Interests would lead to the disclosure of information whose availability for inspection creates or is likely to create a serious risk of violence to you or a person living with you, the interest need not be entered in the Register of Interests, provided the Monitoring Officer accepts that the information is sensitive. Where this is the case, if such an interest arises at a meeting, it must be declared but you need not disclose the sensitive information.

Prejudicial interests

Your personal interest will also be prejudicial if all of the following conditions are met:

- (a) it does not fall into an exempt category (see below)
- (b) the matter affects either your financial interests or relates to regulatory matters - the determining of any consent, approval, licence, permission or registration
- (c) a member of the public who knows the relevant facts would reasonably think your personal interest so significant that it is likely to prejudice your judgement of the public interest.

Categories exempt from being prejudicial interest

- (a) Housing – holding a tenancy or lease with the Council unless the matter relates to your particular tenancy or lease; (subject to arrears exception)
- (b) School meals, school transport and travelling expenses; if you are a parent or guardian of a child in full time education, or a school governor unless the matter relates particularly to the school your child attends or of which you are a governor;
- (c) Statutory sick pay; if you are in receipt
- (d) Allowances, payment or indemnity for members
- (e) Ceremonial honours for members
- (f) Setting Council Tax or precept (subject to arrears exception)

Effect of having a prejudicial interest

If your personal interest is also prejudicial, you must not speak on the matter. Subject to the exception below, you must leave the room when it is being discussed and not seek to influence the decision improperly in any way.

Exception

The exception to this general rule applies to allow a member to act as a community advocate notwithstanding the existence of a prejudicial interest. It only applies where members of the public also have a right to attend to make representation, give evidence or answer questions about the matter. Where this is the case, the member

with a prejudicial interest may also attend the meeting for that purpose. However the member must still declare the prejudicial interest, and must leave the room once they have finished making representations, or when the meeting decides they have finished, if that is earlier. The member cannot vote on the matter, nor remain in the public gallery to observe the vote.

Prejudicial interests and overview and scrutiny

In addition, members also have a prejudicial interest in any matter before an Overview and Scrutiny body where the business relates to a decision by the Executive or by a committee or sub committee of the Council if at the time the decision was made the member was on the Executive/Council committee or sub committee and was present when the decision was taken. In short, members are not allowed to scrutinise decisions to which they were party.

Agenda Item 3

Rolling Actions Log

As at September 2022

Date of meeting	Action from Meeting	Owner	Comments	Expected date of completion	Date completed
March 2022	Completion of the Pension Regulators Toolkit within 6 months or within 6 months from appointment	Members	To be completed by end of November 2022		Ongoing
March 2022	Provision of a training programme of a 1 hour session in advance of the Board meetings.	Officers			Ongoing
March 2022	A routine learning and development item on each agenda so that there is recorded completion of self-assessments and the Regulators Toolkit.	CF	See updated training log		Ongoing
June 2022	Present the Code and the Code of Conduct for Lewisham Council to the Board's next meeting.	CF	Circulated as Appendix 1a and 1b		14/09/2022
June 2022	Discretions Policy to make clear in a future iteration of the policy that it applies only to the Council as an employer; and the Summary of Discretions Policy should be subject to legal review.	SA			
June 2022	Breach of Law Policy to seek professional advice about the application of the Policy to the Board; and report back to the next meeting with recommendations in light of that advice.	SA			
June 2022	A standing item should be included on the agenda for each of its meetings to receive the Breaches Log (including a report, if appropriate, that no breaches arose since the previous meeting; and that any breaches were reported to the Chair and members of the Board promptly between meetings.	SA			
June 2022	There should be a commitment to timely communication with Scheme members; <ul style="list-style-type: none"> the 'other bodies' section is reviewed to ensure that: all relevant parties are identified; and service providers and advisors are identified by role rather than name to minimise the risk of the Policy becoming out of date; there should be a clear articulation of the overall principles for communication, including accessibility. 	SA			
June 2022	Process to establish internal controls • it would receive an update to the next meeting of the Board detailing the areas in procedures in place and the date of last review; and • it would receive an update on preparation of procedures for benefit calculations to the subsequent meeting of the Board.	SA			
June 2022	Pooling - the respective responsibilities of the London CIV and the managers appointed by it; the associated control activities undertaken by the London CIV; and the mechanisms for obtaining assurance over the operation of controls operated by the London CIV.	KN	To be presented at the December meeting		
June 2022	Agreed that the Training Policy should be amended to reflect the identification of collective training needs and the provision of collective training; and delegated to the Chair of the Board approval of the Policy so amended.	CF	Amended and circulated as Appendix 2.		14/09/2022
June 2023	Officers to confirm that the work programme included: all areas required to be considered by the Board by legislation and guidance; and all current and planned Council policies relevant to the functions of the Board.	CF	A list of policies has been circulated as Appendix 11 and will be discussed on the agenda with the Work Programme.		Ongoing

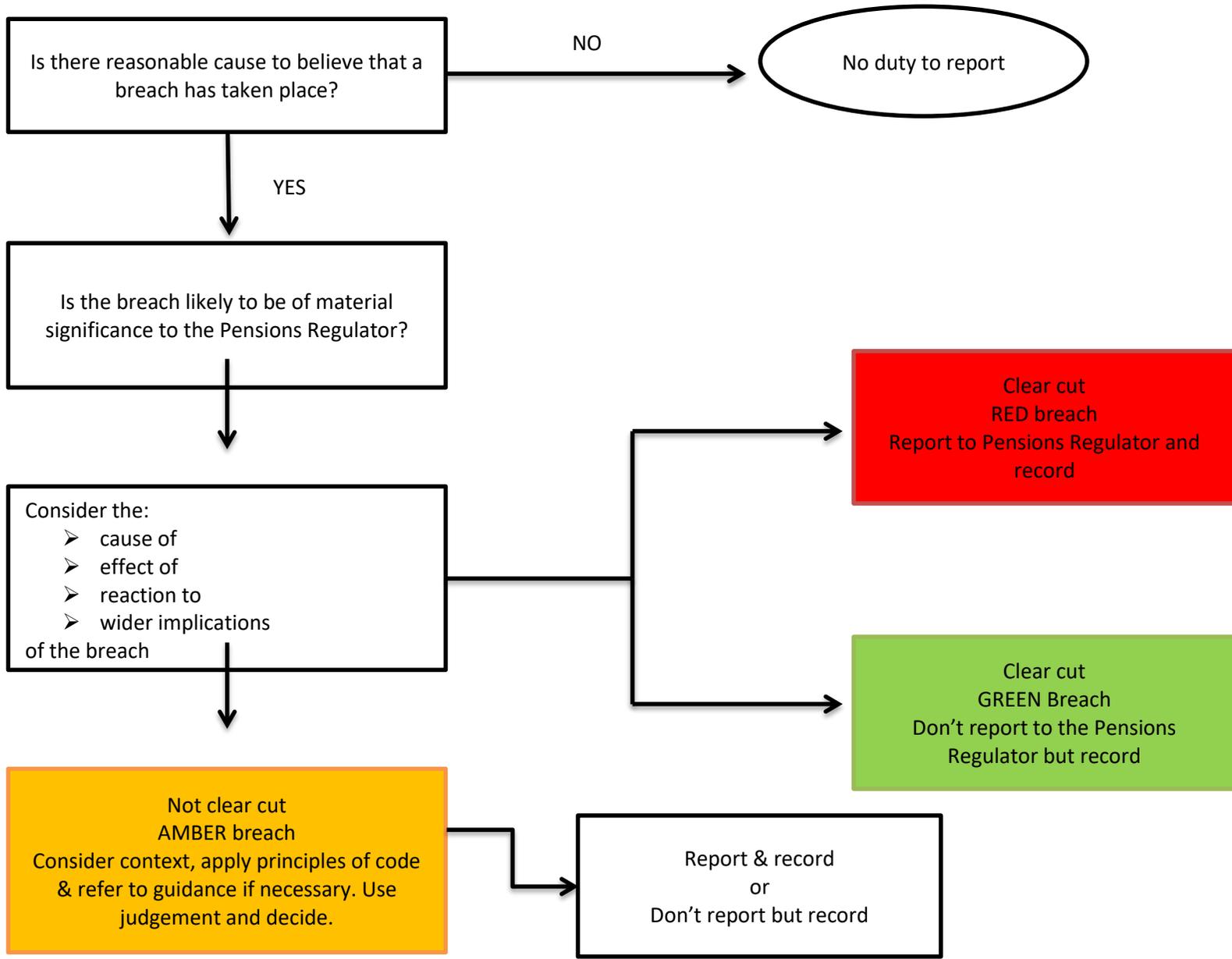
London Borough of Lewisham Administering Authority Breaches Process & Log

All breaches or likely breaches identified are to be reported to the Monitoring Officer (Jeremy Chambers) and Section 151 Officer (Kathy Freeman) as soon as they are identified. The Head of Payroll and Pensions (Shida Ashrafi) will log all breaches on the Council's breaches log once notified, this notification will include the following:

- the date the breach or likely breach was identified;
- name of the employer (where appropriate);
- any relevant dates;
- a description of the breach, its cause and effect, including the reason it is, or is not, believed to be of material significance;
- whether the breach is considered to be red, amber or green;
- a description of the actions taken to rectify the breach;
- a brief description of any longer term implications and actions required to prevent similar types of breaches re-occurring in the future.

The Monitoring Officer (Jeremy Chambers) will be responsible for ensuring the effective management and rectification of any breach identified, including the submission of any report to the Pensions Regulator. Any documentation supporting the breach will be maintained by the Head of Payroll and Pensions (Shida Ashrafi).

Process Flow



Breaches Log

Date Identified	Pensions Administration or Employer (if applicable)	Relevant Dates	Description	Red, Amber or Green	Actions Taken	Long Term Effects

Agenda Item 5

Lewisham Pension Board

Training Log (from March 2022 to date)

	Date	Organiser	Event	Hours
<u>Chair</u> Stephen Warren	22/06/2022	Katharine Nidd	LGPS Governance, Regulatory Framework, Fund Administration and Fund Investment	1.0
<u>Employee Rep</u> Salena Mulhere	22/06/2022	Katharine Nidd	LGPS Governance, Regulatory Framework, Fund Administration and Fund Investment	1.0
<u>Employee Rep</u> Gary Cummins	22/06/2022	Katharine Nidd	LGPS Governance, Regulatory Framework, Fund Administration and Fund Investment	1.0
<u>Employer Rep</u> Rowann Limond	22/06/2022	Katharine Nidd	LGPS Governance, Regulatory Framework, Fund Administration and Fund Investment	1.0
<u>Employer Rep</u> Mark Adu-Brobbe	22/06/2022	Katharine Nidd	LGPS Governance, Regulatory Framework, Fund Administration and Fund Investment	1.0

Member Progress against the Pension Regulator's Toolkit

Module	Stephen Warren	Salena Mulhere	Gary Cummins	Rowann Limond	Mark Adu-Brobby
Core modules					
Conflicts of interest	Pass				
Managing risk and internal controls	Pass				
Maintaining accurate member data	Pass				
Maintaining member contributions	Pass				
Providing information to members and others	Pass				
Resolving internal disputes	Pass				
Reporting breaches of the law	Pass				

PENSION BOARD			
REPORT TITLE	Pensions Board – General Update		
KEY DECISION	No	Item No:	
WARD	N/A		
CONTRIBUTORS	Katharine Nidd - Head of Strategic Finance, Planning and Commercial Shida Ashrafi - Interim Head of Pensions and Payroll		
CLASS	Part 1	Date:	14 September 2022

1. PURPOSE

- 1.1. This paper presents any standing items on the agenda and provides the Board with an update on several general matters to have arisen since the last meeting.

2. RECOMMENDATIONS

- 2.1. Members are recommended to:

- review and note the Quarter 2 Investment report as presented to the Pension Investment Committee on 06/09/2022;
- review and note the Draft Pension Fund Statement of Accounts as presented to the Pension Investment Committee on 06/09/2022;
- review and note the Risk Management Policy, as per section 3.20;
- review and note the Risk Register, as per section 3.22;
- review and note the Governance Compliance Statement, as per section 3.25;
- review and note the processes in place to establish Internal Controls, as per section 3.28;
- review and note the Internal Disputes Resolution Policy, as per section 3.29;
- Review and note the Administration Strategy, as per section 3.30;
- review and comment on the work plan, as per section 3.31;
- note the remainder of the report.

3. CURRENT CONSIDERATIONS

Monitoring of Investment Performance – see appendix 3

- 3.1. The Pension Investment Committee is responsible for ensuring that the investment performance of the fund managers is regularly monitored against the agreed performance benchmarks for each mandate. The Funding Strategy drives the creation of the Investment Strategy Statement, which in turn sets the strategic asset allocations and expected performance benchmarks required for each asset class and mandate to ensure that this provides the level of return (balanced against risk) required to ensure that the Fund can meet the current and further liabilities of its Members.
- 3.2. This performance monitoring is undertaken in a variety of ways by both officers, advisors and the Pension Investment Committee and these processes and actions are as described below.
- 3.3. The Fund's custodian Northern Trust has a secure email portal whereby all fund managers can send secure correspondence. When this is received in the portal all officers registered for this, which includes the entire Treasury and Investments team, the Head of Strategic Finance, Planning and Commercial and the Director of Finance. These emails contain a variety of information ranging from capital calls for funding, performance reporting, and possible changes to the mandates themselves. In addition to this, some fund managers send direct communications through, but again this is always to multiple officers within the Council and there is an annual process (as a minimum) to ensure that all contact details remain current. These emails are then reviewed immediately to ascertain the nature of the communication and the response/action that is required.
- 3.4. In addition to this ad hoc contact, the online investment portal provided by Northern Trust allows officers to access the different fund accounts at any point to review the current value of the each mandate, including available cash balances (where applicable) to assist with the cash flow management of the Fund.
- 3.5. At the end of each quarter Northern Trust produce a quarterly performance report for the Fund's investment advisors Hymans Robertson who in return produce a pack which is then presented to the Pension Investment Committee. This pack includes the following sections:
 - a performance dashboard which shows the funds overall performance against benchmark for the previous quarter, previous 12 months, 3 years and since inception;
 - consideration of strategy and risk by comparing the actual asset allocations of each mandate and asset class against the agreed strategic allocations to consider whether the Fund is imbalanced (overweight or underweight) both within and between asset classes. This also includes metrics on sector and currency exposure;
 - individual fund manager performance against agreed benchmarks, again over the 3 month, 12 month, 3 year and inception time frames and including sector and currency exposure;
 - manager ratings utilising the Hymans ratings and the Responsible Investor ratings; and

- discussion and consideration of the wider market background and considerations of the global markets;
- 3.6. At each meeting of the Committee the Funds investment performance is carefully considered. This takes following form: the Investment and Treasury Manager reviews the report produced by Hymans and prepares an officers covering report which summarises the key issues of the previous quarterly report and clearly identifies the recommendations that the Committee are being asked to consider. This report is presented to the Committee and then the advisors pack is presented to the Committee by the advisors themselves. The quarterly performance report for Q2 is appended to this report.
- 3.7. The Committee then ask questions to ensure that any performance issues or risks raised in the report are fully discussed, and the recommendations are discussed and noted. This is included within the minutes of the meeting.
- 3.8. Finally officers and the investment advisors work with the Committee to agree an annual work plan that is forward looking to ensure that any possible changes to the mandates are properly planned to enable these to be robustly developed and brought to the Committee in advance of a decision and which allows sufficient time to implement. An example being the decision taken by the Committee at its February 2022 meeting to invest in the LCIV Private Debt mandate as the Fund had become underweight over time to Private Debt given the closed ended nature of this asset class.
- 3.9. LCIV attended the September meeting as a ‘Meet the Manager’ session and talked about the LCIV Structure and Governance and investment oversight.
- 3.10. In addition to the specific performance reporting, at each meeting of the Committee there is a general update paper tabled by officers which also includes any specific announcements made by fund managers in the previous period, both those for information and those requiring a decision from the Committee.

Draft Pension Fund Statement of Accounts – see appendix 4

- 3.11. The Pension Investment Committee reviewed the draft pension fund statement of accounts as presented on 6th September 2022.
- 3.12. The accounts comprise two main statements with supporting notes: The Fund Account details dealings with members, employers and others directly involved in the scheme as well as returns on investments, and essentially represents the Fund’s revenue account.
- 3.13. The Net Assets Statement details the Fund’s asset holdings and liabilities, and essentially represents the Fund’s balance sheet.
- 3.14. Within the Fund Account, the section “Dealings with members, employers, and others directly involved in the scheme” sets out the movement in the net worth of the Fund in year by analysing the receipt of contributions from employers and active members, and the payment of pensions. This section indicates the Fund is cash negative, in that the benefits payable exceed the contributions receivable by £7.2m.

- 3.15. Management expenses are analysed in further detail within the notes to the accounts and includes investment management fees, administration expenses, and oversight and governance costs. When including these expenses, net withdrawals from the Fund during the year total £11m.
- 3.16. The section “Returns on investments” details the income received from the investment portfolio and the impact of manager’s activities and market activity on the value of investments. The net return on investments for the year was an increase of £141.4m which includes an increase in market value of £122.6m supplemented by investment income of £18.8m. Overall, the value of the Fund increased by £130.4m during the period.
- 3.17. The Net Assets Statement represents the net worth of the Fund as at 31 March 2022, and reflects how the transactions outlined in the Fund Account have impacted on the value of the Fund’s assets.
- 3.18. Members should note that these accounts are draft and subject to change between now and final sign-off. Any such changes will be detailed in working papers for presentation to external audit, and brought to the Committee later in the year as part of the Annual Report.
- 3.19. The Pension Investment Committee Members ask questions on the draft pension accounts for 2021/22.

Risk Management Policy

- 3.20. Members to review the Risk Management Policy – see Appendix 5.
- 3.21. The document sets out that the London Borough of Lewisham adopts best practice risk management, which supports a structured and focused approach to managing risks, and ensures risk management is an integral part in the governance of the Fund, at a strategic and operational levels.

Risk Register

- 3.22. Members to note the Risk Register – see Appendix 6.
- 3.23. This paper sets out the Fund’s risk register for the financial year 2022/23. It is the responsibility of the Pension Investment Committee to review the register periodically to ensure risks are updated and the relevant mitigations in place are adequate.
- 3.24. The Risk Register was review by the Pension Investment Committee at their meeting of 14 June 2022.

Annual Governance Compliance Statement (draft)

- 3.25. Members to note the draft governance Compliance Statement – see appendix 7
- 3.26. This draft statement sets out the Fund’s Governance Structure, scheme of delegation, and the terms of reference for its Governing Bodies, the Pensions Committee and the Local Pensions Board.

- 3.27. The Annual Governance Compliance Statement will go to the next Investment Committee meeting alongside the Pension Fund Annual Report.

Processes in place to establish Internal Controls

- 3.28. Members to review the list of Internal Controls – see list of Processes and Procedure Notes, Appendix 8 to follow.

Internal Disputes Resolution Policy (IDRP)

- 3.29. Members to review the Internal Disputes Resolution Policy – see Appendix 9 to follow.

Administration Strategy (draft)

- 3.30. Members to review the process to assess the materiality of any payment failures – see Appendix 10 to follow.

Work Programme

- 3.31. The work programme is attached at Appendix 11 to be developed on an ongoing basis, and has been updated to reflect the high priority compliance issues identified from the Aon review.
- 3.32. The work programme has been updated following completion of some of the tasks. Appendix 11.b show a list of the pension fund policies and reports that are required by the pension regulator.
- 3.33. Officers have provided dates of when the tasks are required to be completed or updated. Some of the tasks will be added to the work programme for the next meeting.

4. FINANCIAL IMPLICATIONS

- 4.1. There are no direct financial implications arising from this report.

5. LEGAL IMPLICATIONS

- 5.1. There are no direct legal implications arising from this report.

6. CRIME AND DISORDER IMPLICATIONS

- 6.1. There are no crime and disorder implications directly arising from this report.

7. EQUALITIES IMPLICATIONS

- 7.1. There are no equalities implications directly arising from this report.

8. ENVIRONMENTAL IMPLICATIONS

- 8.1. There are no environmental implications directly arising from this report.

APPENDICES

Appendix 3a & b – Investment monitoring report and PIC cover report (Part 2)
Appendix 4a & b – Draft Pension Fund Accounts 2021/22 and PIC cover report
Appendix 5 – Risk Management Policy
Appendix 6 – Risk Register
Appendix 7 – Annual Compliance Statement (draft)
Appendix 8 - Processes in place to establish Internal Controls (to follow)
Appendix 9 - Internal Disputes Resolution Policy (to follow)
Appendix 10 – Administration Strategy (draft) (to follow)
Appendix 11a – Pension Board Work Programme
Appendix 11b – List of Policies and reports requirements

FURTHER INFORMATION

If there are any queries on this report or you require further information, please contact either:

Katharine Nidd, Head of Strategic Finance, Planning and Commercial at
Katharine.Nidd@lewisham.gov.uk

Shida Ashrafi - Interim Head of Pensions and Payroll at
Shida.Ashrafi@lewisham.gov.uk

Chris Flower, Treasury & Investments Manager at:
Chris.Flower@lewisham.gov.uk

Code of Conduct Policy: Lewisham Pension Board June 2022

1. Introduction

- 1.1 There are various legal requirements which need to be considered to make sure that sound governance principles are followed, including the Localism Act 2011 which requires councillors to comply with the code of conduct of their local authority and to disclose interests, and Nolan's 'Seven Principles of Public Life' which any holder of public office is expected to comply with.
- 1.2 The importance of following such requirements must be appreciated by Board members. Failure to follow applicable codes of conduct can impact on good governance in various ways; for example, such failure may result in a Pension Board acting improperly, may lead to a perception that the Pension Board has acted improperly, or may result in a challenge to the work carried out by the Board.

2. Code of Conduct Policy

- 2.1 As per the Terms of Reference and where relevant, Lewisham Pension Board adopts the existing Code of Conduct policy for Members set out by Lewisham Council and attached at Appendix 1 of this document. This arrangement should be reviewed regularly and any changes made where appropriate.

3. Seven Principles of Public Life

- 3.1 Members of the Lewisham Pension Board should have regard to the 'Seven Principles of Public Life', referred to as the 'Nolan Principles', which are:
 1. **Selflessness** - Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.
 2. **Integrity** - Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.
 3. **Objectivity** - In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
 4. **Accountability** - Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
 5. **Openness** - Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.

6. **Honesty** - Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
7. **Leadership** - Holders of public office should promote and support these principles by leadership and example.

3.2 As members of a publicly-funded body involved in the discharge of public business, all members of a Pension Board should comply with these principles in the exercise of their functions. They require the highest standards of conduct.

LBL Member Code of Conduct

1. Introduction

- 1.1 This Code sets out the principles and standards of behaviour for all members of the London Borough of Lewisham, both elected and co-opted members. It is designed to demonstrate the Council's commitment to the highest standards of ethical behaviour. Certain minimum requirements are set out in law and these are all included in this Code. However, the Council has put in place some elements of this Code by exercising its own local discretion to do so. Those elements which the Council has included under this discretionary power are contained within text boxes below.
- 1.2 For the avoidance of doubt, when the term "members" is used in this Code, or any appendices or protocols under it, it means the Mayor, elected and co-opted members.

2 Principles

- 2.1 Members are required to comply with the following principles in their capacity as a member:-

- SELFLESSNESS
 - INTEGRITY
 - OBJECTIVITY
 - ACCOUNTABILITY
 - OPENNESS
 - HONESTY
 - LEADERSHIP
- | |
|---|
| <ul style="list-style-type: none">• INDEPENDENT JUDGEMENT• RESPECT• STEWARDSHIP |
|---|

- 2.2 Accordingly the following requirements apply:-

- 1) Members must act solely in the public interest. They must never improperly confer an advantage or disadvantage on any person nor seek to do so. They must not act to gain financial or other benefit for themselves, their family, friends or close associates.

- 2) Members must not place themselves under a financial or other obligation to any individual or organisation that might seek to influence the performance of their duties as a member.

LBL requires that members must not act to place themselves in a position where their integrity might reasonably be questioned and should on all occasions avoid situations which may create the impression of improper behaviour

- 3) Members should make decisions on merit, including when awarding contracts, making appointments, or recommending individuals for rewards or benefits.
- 4) Members are accountable to the public for their actions and the manner in which they carry out their responsibilities and should co-operate fully and honestly with any scrutiny appropriate to their office.
- 5) Members should be as open as possible about their decisions and actions and those of the Council. They should be prepared to give reasons for those decisions and have regard to the advice of the Council's statutory officers before making any decision.
- 6) Members must act to ensure Council resources are used prudently. When using or authorising the use by others of Council resources, members must ensure that they are used only for legitimate Council purposes and not for any other purpose. In particular they must not be used improperly for political purposes (including party political purposes). Members must have regard to any applicable Local Authority Code on Publicity under the Local Government Act 1986.

- 7) Members must take account of the views of others, including their political groups, but must reach their own conclusions and act in accordance with those conclusions.
- 8) Members should promote equality and not discriminate unlawfully against any person, and treat all people with respect. Whilst it is acknowledged that political debate may at times be robust and forthright, and that the right of freedom of expression is essential to vibrant political discourse, members should ensure that their comments and behaviour do not overstep the line of acceptability. They should not bully any person. They should respect the impartiality and integrity of the Council's officers

- 9) Members should promote and support high standards of conduct in particular as characterised by the above requirements by leadership and example.

3 When does this Code apply?

- 3.1 This Code applies at all times when members act in their capacity as member or claim to do so.

4 Personal interests

4.1 There are three categories of personal interest.

- Disclosable pecuniary interest
- Other registerable interest
- Non registerable interest

Disclosable pecuniary interest

4.2 The definition of disclosable pecuniary interest is set out in regulation. It is as follows:-

1 Employment, office, trade, profession or vacation

Any employment, office, trade, profession or vocation carried on by a relevant person for profit or gain.*

2 Sponsorship

Any payment or provision of any other financial benefit (other than from the Council) made or provided within the 12 months prior to the date of giving notice of interest for inclusion in the register in respect of any expenses incurred by the Member in carrying out duties as a member, or towards the election expenses of the Member.

This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

3 Contracts

Any contract which is made between a relevant person (or a firm in which they are a partner, or a body corporate in which they are a director or in the securities** of which body corporate they have a beneficial interest) and the relevant authority—*

(a) *under which goods or services are to be provided or works are to be executed; and*

(b) *which has not been fully discharged.*

4 Land

Any beneficial interest in land which is within the borough.

5 Licences

Any licence (alone or jointly with others) to occupy land in the borough for a month or longer.

6 Corporate tenancies

Any tenancy where (to the Member's knowledge)—

- (a) the landlord is the Council; and*
- (b) the tenant is a body in which the relevant person* is a firm in which they are a partner, or a body corporate in which they are a director or in the securities** of which body corporate they have a beneficial interest.*

7 Securities

Any beneficial interest in securities of a body where—

- (a) that body (to the Member's knowledge) has a place of business or land in the borough; and*
- (b) either—*
 - (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or*
 - (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person* has a beneficial interest exceeds one hundredth of the total issued share capital of that class.*

** For the purposes of this paragraph 4.2, a "relevant person" is:-*

- (i) the Member, their spouse, or civil partner;*
- (ii) a person with whom the member is living as husband and wife; or*
- (iii) a person with whom the member is living as if they were civil partners.*

*** For the purposes of this paragraph 4.2, "securities" means shares, debentures, debenture stock, loan stock, units of a collective investment scheme within the meaning of the Financial Services and markets Act 2000 and other securities of any description other than money deposited with a building society*

- 4.3 Members must within 28 days of taking office as a member, notify the Monitoring Officer of any disclosable pecuniary interest where the pecuniary interest is the interest of themselves, their spouse or civil partner (or is the interest of someone with whom the member lives as spouse or civil partner) for inclusion in the Register of Members' Interests.

Other registerable interest

- 4.4 Members must also within 28 days of taking office as a member, notify the Monitoring Officer of such further interests as LB Lewisham has decided should be included in the register

Membership or position of control or management in:-

- *Any body to which you were appointed or nominated by the Council*
- *Any body exercising functions of a public nature (described below) or directed to charitable purposes, or whose principal purposes include the influence of public opinion or policy, including any political party*

Any person from whom you have received a gift or hospitality with an estimated value of at least £25

There is no definitive list of bodies exercising functions of a public nature, but those bodies which:-

- *carry out a public service, or*
- *take the place of local/central government (including through outsourcing); or*
- *carry out a function under legislation or in pursuit of a statutory power; or*
- *can be judicially reviewed,*

are likely to be bodies carrying out functions of a public nature. They include bodies such as government agencies, other councils, health bodies, council owned companies, ALMOs, school governing bodies.

- 4.5 LBL requires all members to ensure that their entries on the Register of Members' Interests are kept up to date annually and that they notify the Monitoring Officer of any change to their interests within 28 days of the change arising

5. Declaration of interests

Disclosable pecuniary interest

- 5.1 By law, Members with a disclosable pecuniary interest may not participate in any discussion of, vote on, or discharge any function relating to any matter in which the member has such an interest, unless a dispensation has been granted under Section 33 Localism Act 2011.

5.2 In Lewisham decisions relating to dispensation may only be taken by the Standards Committee which will decide each case on its merits.

5.3 The law requires that if a member has a disclosable pecuniary interest which is not entered on the Register of Members' Interests, then the member must disclose the interest to any meeting of the Council at which they are present where they have a disclosable interest in any matter being considered at that meeting. However this shall not apply if the interest is a 'sensitive interest' (see para 5.4 below.) Following any such disclosure the law requires that members update their entry in the Register of Members' Interests within 28 days of the date of disclosure. In this context the law defines a meeting as a meeting of the Council, or any committee, sub-committee or joint committee of it.

5.4 A 'sensitive interest' is an interest the disclosure of which the member and Monitoring Officer have agreed could lead to the member or a person connected with them being subject to violence or intimidation

Other registerable interests

5.5 Members must also comply with such other provisions as the Council may require in relation to declarations of interest. The provisions which the Council has decided to include in this Code in relation to the declaration of interests are set out in paragraphs 5.6 to 5.11 below.

5.6 LBL requires that whenever a member has a registerable interest (pecuniary or otherwise) in any matter and they are present at a meeting at which that matter is to be discussed, they must declare the nature of the interest at the earliest opportunity and in any event before the matter is considered. The declaration will be recorded in the minutes of the meeting. If the matter is a disclosable pecuniary interest the member must take no part in consideration of the matter and withdraw from the room before it is considered. They must not improperly seek to influence the decision in any way.

5.7 Where the member has a registerable interest which falls short of a disclosable pecuniary interest, the member must still declare the nature of that interest to the meeting at the earliest opportunity and in any event before the matter is considered, but unless paragraph 5.8 below applies, provided the member does so, they may stay in the room and participate in consideration of the matter and vote on it.

5.8 Where a member has an interest which under this Code would not be a disclosable pecuniary interest but would be registerable (and therefore would not generally by law prevent participation in consideration of a matter in which the member has that interest,) the member must consider whether a reasonable member of the public in possession of all the facts would think that their interest is so significant that it would be likely to impair the member's judgement of the public interest. If so, the member must withdraw and take no part in consideration of the matter nor seek to influence the outcome improperly.

Non-registerable interests

- 5.9 Occasions may arise where a matter under consideration would, or would be likely to, affect the wellbeing of the member, their family, friend or close associate(s) more than it would affect those in the local area generally, but which is not required to be included in the Register of Members' Interests (for example, a decision in relation to a school closure, where a member has a child at the school). In such matters, members must comply with paragraph 5 in its entirety as if the interest were a registerable one.
- 5.10 Decisions in relation to the declaration of interests are for the member's personal judgement. However members must consider not only whether they have an actual interest in a matter under discussion but should at all times seek to avoid the impression being created that their judgement of the public interest is or is likely to be impaired by their personal interests.
- 5.11 The provisions of this paragraph 5 apply not only to meetings but to circumstances where a member makes a decision alone.

6. ACCESS TO INFORMATION

- 6.1 Members must not disclose confidential information given to them in the course of their duties without the consent of the person entitled to give it unless:-
- (a) there is a legal requirement to disclose the information, or
 - (b) the disclosure is to a third person for the purpose of obtaining professional advice and the third party agrees not to disclose it, or
 - (c) the disclosure is reasonable, in the public interest, made in good faith and made in accordance with the Council's reasonable requirements.
- 6.2 Conversely, members must not prevent access to information to which another is entitled by law.

7. GIFTS AND HOSPITALITY

The Council maintains a Register of Gifts and Hospitality in which all members must register gifts and hospitality received from any party of £25 or over. Members must also register the identity of the party whom they believe to be the source of the hospitality or gift. Members must also record in this register any gift or hospitality offered to them but not accepted if it exceeds £25. This register will be publicly available on the Council's website.

8 PROTOCOLS

From time to time, the Council may put in place protocols which clarify this Code of Conduct and will be used to interpret it. Members must comply with any such protocols in place from time to time. There are attached to this Code 5 such protocols:-

- (1) Member and Officer relations
- (2) Member Use of IT
- (3) Planning and Lobbying
- (4) Local Authority Code on Publicity
- (5) Guidance Code for Members on Outside Bodies

9 UNDERTAKING TO COMPLY

LBL requires that all members sign an undertaking within two months of being elected to abide by this Code of Conduct. Failure to do so will itself amount to a breach.

10 SANCTIONS

Members are reminded that breach of any of the statutory requirements relating to the registration and declaration of interests may result in prosecution. Breach of the provisions introduced locally by the Council will be dealt with in accordance with the Council's procedure for handling allegations of breach of this Code

Members in need of advice about the application of this Code should contact the Head of Law and Monitoring Officer, Kath Nicholson on extension 47648

Knowledge and Training Policy: Lewisham Pension Board June 2022

Legal requirements

A member of the Pension Board of a public service pension scheme must be conversant with:

- the rules of the scheme, and
- any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.

It is appropriate to consider the skills and knowledge of the Committee as a collective for the purposes of enabling the Committee as a whole to properly exercise its delegated responsibilities; as such, although desirable, it is not necessary for every member of the Committee to be able to demonstrate individually that they meet all the expected knowledge and skills competencies.

However, the Fund must still be able to evidence that the combined knowledge and understanding of the Committee allows it to properly exercise its responsibilities. The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Pension Board.

Training policy

It is the responsibility of individual pension board members to ensure that they have the individual and collective skills, knowledge and understanding to enable them to properly exercise their functions as a pension board.

Areas of knowledge and understanding required

Being 'conversant' means having a working knowledge of the scheme regulations and policies, so that pension board members can use them effectively when carrying out their duties.

They must also have knowledge and understanding of the law relating to pensions (and any other matters prescribed in legislation) to the degree appropriate for them to be able to carry out their role, responsibilities and duties.

In terms of documented administration policies, the following are examples of administration policies which the Regulator considers to be particularly pertinent and would expect to be documented where relevant to a pension scheme, and with which pension board members must therefore be conversant where applicable. This list is not exhaustive and other documented policies may fall into this category:

Any scheme-approved policies relating to:

- conflicts of interest and the register of interests
- record-keeping

- internal dispute resolution
- reporting breaches
- maintaining contributions to the scheme
- the appointment of pension board members
- risk assessments / management and risk register policies for the scheme
- scheme booklets, announcements and other key member and employer communications, which describe scheme policies and procedures
- the roles, responsibilities and duties of the scheme manager, pension board and individual pension board members
- terms of reference, structure and operational policies of the pension board and / or any sub-committee
- statements of policy about the exercise of discretionary functions
- statements of policy about communications with members and scheme employers
- the pension administration strategy, or equivalent, and
- any admission body (or equivalent) policies.
- Policies relating to funding and investment matters. For example, they must be conversant with the statement of investment principles and the funding strategy statement.

Pension Board members must also be conversant with any other documented policies relating to the administration of the scheme. For example, where applicable, they must be conversant with policies relating to:

- the contribution rate or amount (or the range/variability where there is no one single rate or amount) payable by employers participating in the scheme
- statements of assurance (for example, assurance reports from administrators)
- third party contracts and service level agreements
- stewardship reports from outsourced service providers (for example, those performing outsourced activities such as scheme administration), including about compliance issues
- scheme annual reports and accounts
- accounting requirements relevant to the scheme
- audit reports, including from outsourced service providers, and
- other scheme-specific governance documents.

Degree of knowledge and understanding required

Pension Board members must have knowledge and understanding of the law relating to pensions (and any other prescribed matters) sufficient for them to exercise the functions of their role. Pension Board members should be aware of the range and extent of the law relating to pensions which applies to their scheme, and have sufficient understanding of the content and effect of that law to recognise when and how it impacts on their responsibilities and duties.

Pension Board members should be able to identify and where relevant challenge any failure to comply with:

- the scheme regulations
- other legislation relating to the governance and administration of the scheme

- any requirements imposed by the Regulator, or
- any failure to meet the standards and expectations set out in any relevant codes of practice issued by the Regulator.

Pension Board members' breadth of knowledge and understanding should be sufficient to allow them to understand fully and challenge any information or advice they are given. They should understand how that information or advice impacts on any issue or decision relevant to their responsibilities and duties.

Acquiring, reviewing and updating knowledge and understanding

Pension Board members should invest sufficient time in their learning and development alongside their other responsibilities and duties. Newly appointed Pension Board members should be aware that their responsibilities and duties as a Pension Board member begin from the date they take up their post. Therefore, they should immediately start to familiarise themselves with the scheme regulations, documents recording policy about the administration of the scheme and relevant pensions law.

Pension Board members should undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses. They should use a personalised training plan to document and address these promptly.

Learning programmes are flexible, and Lewisham Council will assist in acquiring the provision of relevant training.

The Regulator provides an e-learning programme to help meet the needs of Pension Board members, it is a requirement of Pension Board members to utilise this tool and document progress made on the learning modules. Definite and reasonable timescales must be set for members to complete the learning modules on the Regulator's website.

The link is provided below:

<http://www.thepensionsregulator.gov.uk/public-service-schemes/learn-about-managing-public-service-schemes.aspx#s16691>

In addition, the Board will consider areas in which training needs of Board members are effectively met through training for the whole Board. Lewisham Council will assist in organising such training.



Pensions Investment Committee

Draft Pension Fund Accounts – Year Ending 31 March 2022

Date: 6 September 2022

Key decision: No.

Class: Part 2.

Ward(s) affected: None specifically

Contributors: Director of Finance

Outline:

This report presents the draft Pension Fund accounts for the financial year ending 31 March 2022.

Recommendation:

The Committee is asked to review and note the contents of the report.

Timeline of engagement and decision-making

This report is an annual briefing prepared for the Pensions Investment Committee to present the draft Pension Fund Statement of Accounts in line with Members' fiduciary duty as per their terms of reference.

Exclusion of Press and Public: It is recommended that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting during discussion of this item because it involves the likely disclosure of exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Act as set out below and the public interest in maintaining the exemption outweighs the public interest in disclosing the information: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

1. Summary

- 1.1. This report sets out the draft Pension Fund accounts for the financial year ending 31 March 2022, as appended.
- 1.2. The accounts were presented to the external auditors, Grant Thornton, on 24 August 2022 and are currently being audited.

2. Recommendations

- 2.1. The Committee is asked to review and note the contents of the report.

3. Policy Context

- 3.1. The overriding policy context for the Pensions Investment Committee are the pension regulations and Members fiduciary duty to the beneficiaries of the Fund.
- 3.2. The Council's strategy and priorities launched its new Corporate Strategy in 2019, with seven corporate priorities as stated below:
 - **Open Lewisham** - Lewisham will be a place where diversity and cultural heritage is recognised as a strength and is celebrated.
 - **Tackling the housing crisis** - Everyone has a decent home that is secure and affordable.
 - **Giving children and young people the best start in life** - Every child has access to an outstanding and inspiring education, and is given the support they need to keep them safe, well and able to achieve their full potential.
 - **Building and inclusive local economy** - Everyone can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
 - **Delivering and defending health, social care and support** - Ensuring everyone receives the health, mental health, social care and support services they need.
 - **Making Lewisham greener** - Everyone enjoys our green spaces, and benefits from a healthy environment as we work to protect and improve our local environment.
 - **Building safer communities** - Every resident feels safe and secure living here as we work together towards a borough free from the fear of crime.

4. Background

- 4.1. The Council, as an administering authority under the Local Government Pension Scheme Regulations, is required to produce a separate set of accounts for the scheme's financial activities, assets and liabilities.
- 4.2. The contents and format of the accounts is determined by statutory requirements and in accordance with proper accounting practices as defined in the Chartered Institute of Public Finance (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 4.3. Whilst presented to the Committee as a Part 2 report due to taking place before Audit Panel discussions, the draft Fund accounts will be presented to Audit Panel in September as a Part 1 paper together with the Council's accounts and group accounts, which are also currently available for the required public inspection period which has

commenced.

5. Draft Pension Fund Accounts 2021/22

- 5.1. The draft Pension Fund accounts, as appended, were presented to the external auditors, Grant Thornton, on 24 August 2022. The accounts comprise two main statements with supporting notes:
 - The Fund Account details dealings with members, employers and others directly involved in the scheme as well as returns on investments, and essentially represents the Fund's revenue account.
 - The Net Assets Statement details the Fund's asset holdings and liabilities, and essentially represents the Fund's balance sheet.
- 5.2. Within the Fund Account, the section "Dealings with members, employers, and others directly involved in the scheme" sets out the movement in the net worth of the Fund in-year by analysing the receipt of contributions from employers and active members, and the payment of pensions. This section indicates the Fund is cash negative, in that the benefits payable exceed the contributions receivable by £7.2m.
- 5.3. Management expenses are analysed in further detail within the notes to the accounts and includes investment management fees, administration expenses, and oversight and governance costs. When including these expenses, net withdrawals from the Fund during the year total £11m.
- 5.4. The section "Returns on investments" details the income received from the investment portfolio and the impact of manager's activities and market activity on the value of investments. The net return on investments for the year was an increase of £141.4m which includes an increase in market value of £122.6m supplemented by investment income of £18.8m. Overall, the value of the Fund increased by £130.4m during the period.
- 5.5. The Net Assets Statement represents the net worth of the Fund as at 31 March 2022, and reflects how the transactions outlined in the Fund Account have impacted on the value of the Fund's assets.
- 5.6. The section "Net Current Assets and Liabilities" includes debtors and creditors, which represent income and expenditure owing as a result of investment transactions such as interest income and pending trades, and non-investment transactions including contributions owing from admitted and scheduled bodies and fund manager fees.
- 5.7. Members should note that these accounts are draft and subject to change between now and final sign-off. Any such changes will be detailed in working papers for presentation to external audit, and brought to the Committee later in the year as part of the Annual Report.

6. Financial implications

- 6.1. This entire report relates to the draft Pension Fund accounts for the year ending 31 March 2022, as appended.

7. Legal implications

- 7.1. The Accounts and Audit Regulations (2015) specify the process by which the Authority's accounts are initially approved and then examined by an external auditor.

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This process, and the dates by which the various stages have to be achieved, are set out in the Regulations and are binding on the Authority.

8. Equalities implications

8.1. There are no direct equalities implications arising from this report.

9. Climate change and environmental implications

9.1. There are no direct climate or environmental implications arising from this report.

10. Crime and disorder implications

10.1. There are no direct crime and disorder implications arising from this report.

11. Health and wellbeing implications

11.1. There are no direct health and wellbeing implications arising from this report.

12. Background papers

12.1. Appended to this report are the draft Pension Fund accounts for the financial year ending 31 March 2022.

13. Report author and contact

13.1. Katharine Nidd, Head of Strategic Finance, Planning and Commercial,
katharine.nidd@lewisham.gov.uk

SECTION 8 – PENSION FUND ACCOUNTS

FOREWORD

This Pension Fund Statement of Accounts details the financial position and performance of the Lewisham Pension Fund for the year ending 31 March 2022.

The Pension Fund's value increased over the year by £130m (8%), £1.617bn to £1.747bn. (the effects of the global market uncertainty from the war in Ukraine had starting to take effect by 31 March 2022 but may affect the value of the fund in 2022/23).

INTRODUCTION

The London Borough of Lewisham Pension Fund ('the Fund') is part of the Local Government Pension Scheme (LGPS). The Fund is a contributory defined benefit pension scheme administered by the London Borough of Lewisham to provide benefits to London Borough of Lewisham employees and former employees and admitted and scheduled bodies. These benefits include retirement allowances and pensions payable to former employees and their dependants, lump sum death gratuities and special short-term pensions. The Fund is financed by income from investments and contributions from employees, the Council and other admitted and scheduled bodies.

ORGANISATION

The Fund is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation (referred to henceforth as "the Regulations"):

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

Formal responsibility for investment management of the Pension Fund is delegated to the Council's Pensions Investment Committee (PIC), which appoints and monitors external investment managers. Each investment manager has an individual performance target and benchmark tailored to balance the risk and return appropriate to the element of the Fund they manage. The investment managers also have to consider the PIC's views on socially responsible investments. Details of the Socially Responsible Investment policy are contained in the Investment Strategy Statement and published online (see web address below).

The Pension Board operates independently of PIC and assists the administering authority in securing compliance with the Regulations and any other legislation or codes of practice relating to the governance and administration of the Scheme. Further information about the Board, together with its Terms of Reference, can be found online at the web address below.

The Pension Fund administration is managed by a small in-house team, which is also responsible for other areas of work such as redundancy payments, gratuities and teachers compensation.

A statement of the Fund's corporate governance, funding strategy and investment strategy can be found on the authority's Pension Fund website at the following address:

www.lewishampensions.org

Pension Fund Accounts

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

The fund account shows the surplus or deficit on the fund for the year.

	2021/22	2020/21	See
	£000	£000	note
<u>DEALINGS WITH MEMBERS, EMPLOYERS AND OTHERS</u>			
<u>DIRECTLY INVOLVED WITH THE SCHEME</u>			
Contributions Receivable:			
- from Employers	(46,855)	(35,439)	5
- from Employees	(10,929)	(10,822)	5
Transfer Values In	(8,096)	(3,605)	
Other Income	0	(347)	
Sub-Total: Income	(65,880)	(50,213)	
Benefits Payable:			
- Pensions	46,942	45,729	6
- Lump Sums: Retirement allowances	9,891	5,905	6
- Lump Sums: Death grants	1,310	1,983	6
Payments to and on account of leavers:			
- Refunds of Contributions	105	51	
- Transfer Values Out	14,788	5,351	
Sub-Total: Expenses	73,036	59,019	
Sub-Total: Net (Additions)/ Withdrawals from dealings with members	7,156	8,806	
Management Expenses	3,867	3,910	7
Sub-Total: Net (Additions)/ Withdrawals including fund management expenses	11,023	12,716	
<u>RETURNS ON INVESTMENTS</u>			
Investment Income	(18,777)	(18,254)	9
Change in market value of investments (Realised & Unrealised)	(122,628)	(259,794)	14b
Taxes on Income	9	191	
Total Net Returns on Investments	(141,396)	(277,857)	
NET (INCREASE) / DECREASE IN THE FUND DURING YEAR	(130,373)	(265,141)	
OPENING NET ASSETS OF THE FUND	(1,617,349)	(1,352,208)	
CLOSING NET ASSETS OF THE FUND	(1,747,722)	(1,617,349)	

Pension Fund Accounts

NET ASSETS STATEMENT AS AT 31 MARCH 2022

The Net Assets Statement shows the market value of the investments and other assets held by the Pension Fund as at 31 March 2022.

	31/03/22 £000	31/03/21 Re-stated £000	See note
INVESTMENT ASSETS			
Equities			
Equities	107,822	95,341	10 - 14
	107,822	95,341	
Managed Funds			
Property	147,265	112,036	10 - 14
Equities	826,927	776,855	10 - 14
Fixed Interest	212,999	207,213	10 - 14
Index Linked	112,822	107,210	10 - 14
Other Assets	246,989	210,009	10 - 14
	1,654,824	1,508,664	
Cash Held with Custodian	92,992	105,524	18
Derivative Contracts			
Assets	0	0	16
Liabilities	0	0	16
Other Investment Balances	42	2,787	17a
TOTAL INVESTMENTS	1,747,858	1,616,975	
Current Assets	2,100	4,340	17b
Current Liabilities	(2,236)	(3,966)	17b
TOTAL NET ASSETS	1,747,722	1,617,349	

The financial statements of the Fund do not take account of the liability to pay pensions or benefits after 31 March 2022. This liability is included within the Authority's balance sheet.

NOTES TO THE PENSION FUND ACCOUNTS

Note 1: Basis of Preparation of Financial Statements

The Statement of Accounts summarise the Fund's transactions for 2021/22 and its position at year end and as at 31st March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits.

The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Asset Statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Authority has opted to disclose this information in an accompanying report to the accounts, which is disclosed in Note 19.

The Pension Fund Accounts have been prepared on a going concern basis, with the assumption that the functions of the authority will continue in operational existence for the foreseeable future.

Note 2: Summary of Significant Accounting Policies

The Pension Fund accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ('the Code') which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of the obligations to pay pensions and benefits which fall due after the end of the financial year. In respect of future obligations, the actuarial present value of promised retirement benefits are valued on an International Accounting Standard (IAS) 26 basis.

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

The date for publishing the Pension Fund Annual Report is on or before 1 December following the end of the financial year. The Council will be taking its Annual Report to its Pensions Investment Committee later in the year to comply with this deadline.

A summary of the significant accounting policies, valuation techniques, and the basis of preparation of the accounts are shown below:

- (a) **Investments** - Investments in the Net Assets Statement are shown at Fair Value. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13. For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016). The market value of equity investments is based on the official closing data, in the main, with last trade data being used in a small number of countries. Unitised equities are quoted based on last trade or official closing price. Northern Trust, the Fund's custodian, sets out its pricing policies in a document entitled "Asset pricing guidelines" which details its pricing process and sets out preferred pricing sources and price types.

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- (b) The change in market value of investments during the year comprises all increases and decreases in market value of investments held at any time during the year, including profits and losses realised on the sale of investments during the year.
- (c) **Passive equity and bonds:** Passive equity and bonds dividend income earned from equity and bonds are reinvested and not repaid directly to the Fund as cash. Interest income is recognised in the Fund as it accrues.
- (d) **Private Equity Investments:** The Private Equity Investments are valued in accordance with United States generally accepted accounting principles, including FAS 157, which is consistent with the International Private Equity and Venture Capital Valuation Guidelines. These guidelines set out that all investments are carried at fair value and they recommend methodologies for measurement.
- (e) **Property:** The Property Funds do not have any direct investments in property, but use property Fund managers to invest in pooled property/unit trust funds. They are valued in accordance with the Royal Institute of Chartered Surveyors' (RICS) Valuation Standards at Fair Value based on their Open Market Value (OMV).
- (f) **Pooled Investments:** Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published or, if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income that is reinvested in the fund, net of applicable withholding tax.
- (g) **Multi-Asset Credit Investments:** Multi-asset private credit investments are valued at Fair Value using external benchmarks such as the equity values of comparable companies to borrowers, Credit Default Swap or commodity price movements and macro-economic data.
- (h) **Infrastructure Assets:** Infrastructure assets are valued to determine the Fair Value of fund assets, using the Net Asset Value (NAV) of each investment in accordance with market best practice.
- (i) **Contributions** – These represent the total amounts receivable from the employers and employees within the scheme. Rates will differ between bodies in the scheme; from 01 April 2021 the employee contribution bands (revised annually in line with inflation) for the administering authority are as follows:

Pensionable Pay for the Post	Contribution Rates 2021/22	
	Main Section	50/50 Section
Up to £14,600	5.50%	2.75%
£14,601 to £22,800	5.80%	2.90%
£22,801 to £37,100	6.50%	3.25%
£37,101 to £46,900	6.80%	3.40%
£46,901 to £65,600	8.50%	4.25%
£65,601 to £93,000	9.90%	4.95%
£93,001 to £109,500	10.50%	5.25%
£109,501 to £164,200	11.40%	5.70%
More than £164,201	12.50%	6.25%

The employer's contribution is reviewed every three years and is determined by the Fund's Actuary as the rate necessary to ensure that the Fund is able to meet its long-term liabilities.

Pension Fund Accounts

This is assessed at each triennial actuarial revaluation. *The employer's contribution rate for the administering authority in 2021/22 is 22.5%, unchanged from 2019/20.*

- (j) **Benefits** – Benefits payable are made up of pension payments and lump sums payable to members of the Fund upon retirement and death. These have been brought into the accounts on the basis of all valid claims approved during the year.
- (k) **Transfer Values** – Transfer values are those sums paid to, or received from, other pension schemes relating to periods of previous pensionable employment. Transfer values are calculated in accordance with the Local Government Pension Scheme Regulations and have been brought into the accounts on a cash basis.
- (l) **Taxation** – The Fund is a registered public service scheme under section (1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as an expense as it arises.
- (m) **VAT** – By virtue of Lewisham Council being the administering authority, VAT input tax is recoverable on Fund activities. Any irrecoverable VAT is accounted for as an expense.
- (n) **Actuarial** – The adequacy of the Fund's investments and contributions in relation to its overall and future obligations is reviewed every three years by an Actuary appointed by the Council. The Council's Actuary, Hymans Robertson, assesses the Fund's assets and liabilities in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013. The contribution rate required for benefits accruing in future is assessed by considering the benefits which accrue over the course of the three years to the next valuation.

The most recent triennial valuation carried out by the actuaries was as at 31 March 2019. Some of the financial assumptions made, with comparison to the previous valuation, are presented in the table below:

Financial Assumption	March 2019 (%)	March 2016 (%)
Discount Rate	3.5	4.0
Price Inflation (CPI*)	2.3	2.1
Pay Increases	3.0	2.9
Benefit Increase	2.3	2.1
CARE Revaluation	2.3	2.1
Expenses	0.7	0.6

* Consumer Price Index

With effect from 1 April 2017 to 31 March 2019, the actuarial review carried out for 31 March 2016 resulted in the Council's employer contribution rate being set at 22.5%.

The most recent triennial valuation as at the 31 March 2019 revealed that the Fund's assets, which at 31 March 2019 were valued at £1.387bn, were sufficient to meet 90% (78% in 2016) of the past service liabilities valued at £1.541bn (£1.328bn in 2016) accrued up to that date. The resulting deficit as at the 2019 valuation was £154m (£287m in 2016).

- (o) **Actuarial Present Value of Promised Retirement Benefits** – The actuarial present value of promised retirement benefits should be disclosed and based on the requirements of IAS 19 Post-Employment Benefits and relevant actuarial standards. As permitted under the Code, the Pension Fund financial statements include a note disclosing the actuarial present value of retirement benefits (see Note 19).

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The longevity assumptions for current pensioners are average future life expectancies at age 65, whilst future pensioners are assumed to be aged 45 at the last formal valuation; these longevity assumptions are consistent with the previous IAS26 disclosures for year ending 31 March 2021.

For sensitivity purposes, the actuary estimates that a 1 year increase in life expectancy would increase liabilities by approximately 3-5%.

- (p) **Investment Management and Administration** - Regulation 42 of the Local Government Pension Scheme (Administration) Regulations 2008, permit the Council, as the administering authority, to charge the scheme's administration costs to the Fund. A proportion of relevant Council officers' salaries, including related on-costs, have been charged to the Fund on the basis of actual time spent on scheme administration and investment-related business. Management fees of the Fund's investment managers are typically calculated as a set percentage of the market value of funds under management at regular intervals, although some agreements also allow for performance fees above a defined hurdle rate. All investment management expenses are accounted for on an accrual's basis. The Committee has appointed external investment managers to manage the investments of the Fund. Managers are paid a fee based on the market value of the investments they manage and/or a fee based on performance.
- (q) **Foreign currency:** Foreign currency transactions are made using the WM/Reuters exchange rate in the following circumstances:
- Purchase and sales: the foreign exchange rate applicable on the day prior to the trade date is used.
 - Stock holdings: all holdings valuations are made using the WM/Reuters close of previous business day.
 - Dividend receipts: the rate applicable on the day prior to the date the dividend received is used.
- (r) **Commitments** - Where capital committed to investments is not fully drawn down at the end of the financial year the outstanding commitment is not included in the Net Asset Statement but is referred to in the notes to the accounts; please see note 21.
- (s) **Financial Instruments**
- (i) Financial Liabilities are recognised at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.
 - (ii) Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the value of the asset are recognised in the Fund account.
The values of investments as shown in the net asset statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13
- (t) **Additional Voluntary Contributions ("AVCs")**
Members of the Fund are able to make AVCs in addition to their normal contributions. The related assets are invested separately from the main Fund, and in accordance with the Regulations, are not accounted for within the financial statements. If on retirement members opt to enhance their Scheme benefits using their AVC funds, the amounts returned to the Scheme by the AVC providers are disclosed as transfers-in. Further details about the AVC arrangements are disclosed in note 23.

Note 3: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, the Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events. There were no such critical judgements made during 2021/22.

Pension Fund Accounts

Note 4: Assumptions Made About the Future and Other Major Sources of Uncertainty

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

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	The figure of net liability to pay pensions is based on a significant number of complex assumptions including the discount rate, salary increases, mortality rates and expected returns on Fund assets. The Pension Fund's qualified actuary calculates this figure to ensure the risk of misstatement is minimised. However, the market disruption caused by the coronavirus outbreak will have mixed and uncertain impacts on all of those assumptions, possibly resulting in material changes to the disclosed present value of promised retirement benefits as at 31 March 2022. Further sensitivity analysis is included in note 19, below.	The effects on the net pension liability of changes in assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption is estimated to reduce the present value of the pension liability by £36.5m.
Property valuations	Valuation techniques are used to determine the carrying values of directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, otherwise the best available data is used.	Following an analysis of historical volatility of asset class returns and expected investment returns, in consultation with the Fund's advisors, the Council has determined that the percentage of volatility that can be applied to the Fund's Property assets in 2021/22, assuming all other variables such as foreign exchange rates and interest rates remain the same, is estimated to be 3.8%. This would be an increase or decrease in the value of property investments by £5.6m, on a fair value of £147m.

Pension Fund Liability

The Pension Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in note 19. This estimate is subject to significant variances based on changes to underlying assumptions.

Pension Fund Accounts

Note 5: Contributions Receivable

	2021/22 £000	2020/21 £000
Employer Contributions		
Administering Authority	(39,866)	(28,556)
Scheduled Bodies	(6,436)	(6,191)
Admitted Bodies	(554)	(692)
	(46,856)	(35,439)
Employee Contributions		
Administering Authority	(8,606)	(8,566)
Scheduled Bodies	(2,141)	(2,062)
Admitted Bodies	(182)	(194)
	(10,929)	(10,822)

Contributions receivable from employers are shown below:

	2021/22 £000	2020/21 £000
Employer Contributions		
Normal	(45,063)	(34,672)
Early Retirement Strain	(1,623)	(357)
Deficit Funding	(170)	(410)
	(46,856)	(35,439)

Note 6: Benefits PayableBy Category

	2021/22 £000	2020/21 £000
Pensions	46,942	45,729
Commutation and Lump Sum Retirement Benefits	9,891	5,905
Lump Sum Death Grants	1,310	1,983
	58,143	53,617

By Authority

	2021/22 £000	2020/21 £000
Administering Authority	54,305	48,055
Scheduled Bodies	2,717	4,007
Admitted Bodies	1,121	1,555
	58,143	53,617

Pension Fund Accounts

Note 7: Management Expenses

The table below shows a breakdown of the management expenses incurred during the year.

	2021/22 £000	2020/21 £000
Administration Expenses	1,161	1,018
Oversight and Governance Expenses	420	509
<u>Investment Management Expenses:</u>		
- Transaction Costs	220	15
- Management Fees	1,954	2,332
- Performance Fees	0	0
- Custody Fees	112	36
	3,867	3,910

Note 8: External Audit Costs

	2021/22 £000	2020/21 £000
Additional Audit fees for 2020/21	24	0
External Audit Services for 2021/22	38	36
Total	62	36

The Pension Fund's external auditors are Grant Thornton.

Note 9: Investment Income

The table below shows a breakdown of the investment income for the year:

	2021/22 £000	2020/21 £000
Cash	27	(59)
Bonds	(483)	0
Equities	(483)	0
Pooled property investments,	(3,941)	(3,233)
Pooled investments, unit trust & other managed funds	(7,573)	(9,798)
Private Equity, venture capital & infrastructure income	(6,324)	(5,164)
	(18,777)	(18,254)

Pension Fund Accounts

Note 10: Fund Assets

The table below outlines the fund managers, asset classes, and values of those assets held by the Fund as at 31 March 2022.

Fund Manager	Asset	Asset Value 31 March 2022 £000	Proportion of the Fund 31 March 2022 %	Asset Value 31 March 2021 £000
LCIV	Passive Equity	459,186	26.3%	0
UBS	Passive Equity and Bonds*	409,857	23.4%	531,236
Blackrock	Passive Equity and Bonds	368,683	21.1%	636,109
Schroders Property	Property	153,961	8.8%	112,036
J.P. Morgan	Infrastructure	109,205	6.7%	74,260
HarbourVest	Private Equity	99,019	5.7%	86,452
Pemberton	Multi-Asset Credit	40,632	2.3%	38,127
Partners Group	Multi-Asset Credit	32,087	1.8%	33,175
LCIV	Infrastructure	24,900	1.4%	0
LGIM	Property	9,910	0.6%	0
Various Managers	Cash and other Assets	40,418	2.3%	105,579
Lewisham	Net Current Assets/(Liabilities)	(136)	0.0%	375
Total Fund Assets		1,747,722	100.0%	1,617,349

*Note: as at 31 March 2022 there were no Bonds held with UBS, these had been transferred to Blackrock during the financial year.

Note 11: Investment Analysis

Individual Investment assets with a market value exceeding 5% of the total fund value as at 31 March 22 are as follows:

		£000	%
Passive Equity Progressive Paris Aligned Fund	LCIV	459,186	26.3%
UBS Asset Management Fund	UBS	268,067	15.3%
Aquila Life UK Equity Index	Blackrock	112,822	6.5%
UBS Asset Management Life UK Equity Tracker	UBS	107,821	6.2%
BlackRock Pensions Aquila over 15 years	Blackrock	105,556	6.0%
Blackrock Fixed Income A	Blackrock	102,308	5.8%

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Individual Investment assets with a market value exceeding 5% of the total fund value as at 31 March 21 are as follows:

Asset	Manager	31 March 2021	
		£000	%
UBS Asset Management Life World Equity Tracker	UBS	240,024	14.8
Aquila Life US Equity Index Fund	Blackrock	214,030	13.2
BlackRock Pensions Aquila Life UK Equity Index	Blackrock	126,901	7.8
UBS Asset Management Life UK Equity Tracker A Nav	UBS	95,341	5.9

Note 12: Reconciliation in Movement in Investments

An analysis of investment movements in 2021/22 (includes cash, debtors and creditors) is set out below:

	Restated Market Value as at 31/03/2021	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in Market Value during the year	Market Value as at 31/03/2022
	£000	£000	£000	£000	£000
Bonds	107,210	27,291	(28,150)	6,471	112,822
Equities	95,341	253,024	(243,782)	3,239	107,822
Pooled Investments	1,055,598	105,694	(114,813)	87,700	1,134,179
Pooled property Investments	112,036	13,098	(4,507)	26,638	147,265
Private equity/Infrastructure	138,480	49,072	(35,549)	733	152,736
	1,508,665	448,179	(426,801)	124,781	1,654,824
Derivative contracts:					
Forward currency contracts	0	124	(136)	11	0
	1,508,665	448,304	(426,937)	124,792	1,654,824
Other Investment balances:	3,118			(3,143)	(136)
Cash deposits	105,524			984	92,992
Amount receivable for sales of investments	10,800			0	0
Investment income due	42			0	42
Spot FX contracts	0			(5)	0
Amounts payable for purchases of Investments	(10,800)			0	0
	1,617,349			122,628	1,747,722

Pension Fund Accounts

Re-stated	Re-stated Market value as at 31 March 2020	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in Market Value during the year	Restated Market Value as at 31/03/2021
	£000	£000	£000	£000	£000
Bonds	88,785	14,483	0	3,942	107,210
Equities	75,079	400	-7,157	27,019	95,341
Pooled Investments	937,436	32,868	-116,119	220,171	1,055,598
Pooled property Investments	106,328	8,552	-3,119	275	112,036
Private equity/Infrastructure	123,065	15,574	-20,404	1,486	119,721
	1,330,693	71,877	-146,799	252,893	1,508,664
Derivative contracts:					
Forward currency contracts	0	6	-3	-3	0
	1,330,693	71,883	-146,802	252,890	1,508,664
Other Investment balances:	0			0	3,149
Cash deposits	28,393			-832	105,494
	17,500			0	10,800
Investment income due	37			0	42
Spot FX contracts	0			1	0
	-17,504			-7	-10,800
	1,359,117			252,052	1,617,349

Pension Fund Accounts

Note 13a: Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Description of asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable inputs	Key sensitivities affecting the valuations provided
UK Equities	Level 2	Average of broker prices	Evaluated price of feeds	Not required
Global Equities	Level 1	The published bid market price on the final day of the accounting period	Not required	Not required
Bonds and Index Linked	Level 2	Average of broker prices	Evaluated price of feeds	Not required
Property	Level 2	Closing bid price where bid and offer prices are published; closing single price where single price published	NAV - based pricing set on a forward basis	Not required
Cash	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
UK Fixed Income Managed Funds	Level 2	Average of broker prices	Evaluated price of feeds	Not required
UK Venture Capital	Level 2	Average of broker prices	Evaluated price of feeds	Not required
Overseas Venture Capital	Level 2	Average of broker prices	Evaluated price of feeds	Not required
Private equity/ Overseas venture capital	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020)	- EBITDA Multiple - Revenue multiple - Discount for lack of marketability - Control premium	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Overseas Hedge Funds	Level 3	Valued by investing managers on a fair value basis each year using PRAG guidance	NAV - based pricing set on a forward basis	Valuations are affected by a change to the value of the financial instrument it is being hedged against

Pension Fund Accounts

Note 13b: Sensitivity of Assets Valued at Level 3

The fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2022.

	Assessed valuation range (+/-)	Value at 31 March 2022	Value on Increase	Value on Decrease
	%	£000	£000	£000
Overseas Hedge Fund	5.8%	94,253	99,720	88,786
Overseas Venture Capital	5.8%	58,803	62,213	55,392
Total		153,056	161,933	144,178

Note 13c: Valuation of Financial Instruments carried at Fair Value

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

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

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

Level 3 – where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include infrastructure, which the Fund holds assets in, unquoted equity investments and hedge fund of funds, neither of which the Fund currently invests in.

The following table provides an analysis of the assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable:

Pension Fund Accounts

Market Value as at 31/03/2022	Quoted market price	Using observable inputs	With significant observable inputs	
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets at fair value through profit and loss				
Bonds	0	112,823	0	112,823
Equities	0	107,822	0	107,822
Pooled investments	0	1,039,925	94,254	1,134,179
Pooled Property Investments	0	147,265	0	147,265
Private Equity	0	93,933	58,802	152,735
Derivative Assets	0	0	0	0
Cash deposits	92,992	0	0	92,992
Other investment assets	2,100	0	0	2,100
Investment income due	42			42
Financial liabilities at fair value through profit and loss				
Other investment liabilities	(2,236)	0	0	(2,236)
Net financial assets	92,898	1,501,768	153,056	1,747,722

Market Value as at 31/03/2021 - Re-stated	Quoted market price	Using observable inputs	With significant observable inputs	
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets at fair value through profit and loss				
Bonds	0	107,210	0	107,210
Equities	19,271	95,341	0	114,612
Pooled investments	0	1,002,939	71,529	1,055,598
Pooled Property Investments	0	112,036	0	112,036
Private Equity	0	33,176	67,180	138,480
Derivative Assets	0	0	0	0
Cash deposits	105,524	0	0	105,524
Other investment assets	3,101	0	0	3,118
Investment income due	42	0	0	42
Amounts Receivable for Sales	10,800	0	0	10,800
Financial liabilities at fair value through profit and loss				
Payable for investment purchases	(10,800)	0	0	(10,800)
Net financial assets	127,938	1,350,702	138,709	1,617,349

Pension Fund Accounts

Note 13d: Transfers between Levels 1 and 2

There has not been any transfers between Level 1 and Level 2 assets in 2021/22.

Note 13e: Reconciliation of Fair Value Measurements within Level 3

	Market Value as at 31/03/2021	Transfers in/out of level 3	Purchases	Sales	Unrealised gains (losses)	Realised gains (losses)	Market Value as at 31/03/2022
	£000	£000	£000	£000	£000	£000	£000
Overseas Hedge Fund	71,530	0	0	(1,266)	24,057	(67)	94,254
Overseas Venture Capital	67,179	0	8,668	(19,092)	(10,419)	12,466	58,802
Total	138,709	0	8,668	(20,358)	13,638	12,399	153,056

Pension Fund Accounts

Note 14a: Classification of Financial Instruments

The accounting policies describe how the different asset classes of financial instruments are measured, and how income and expenses are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category. No financial assets were reclassified between accounting categories during the year ended 31 March 2022.

Restated Market Value as at 31/03/2021 Designated as fair value through profit and loss	Loans and receivables	Financial liabilities		Designated as fair value through profit and loss	Loans and receivables	Market Value as at 31/03/2022 Financial liabilities
£000	£000	£000	£000	£000	£000	£000
			Financial assets			
107,210			Bonds	112,822		
95,341			Equities	107,822		
1,055,597			Pooled investments	1,134,179		
112,036			Pooled property Investments	147,265		
138,480			Private equity/infrastructure	152,736		
0			Diversified Alternatives	0		
0			Property	0		
0			Derivative Assets	0		
0	105,524		Cash deposits	0	92,992	
3,118	42		Other investment balances	0	42	
0	10,800		Debtors	0	2,100	
1,511,783	116,366	0		1,654,824	95,134	0
			Financial liabilities			
0			Derivative liabilities	0		
		0	Other Investment balances		0	
		(10,800)	Creditors			(2,236)
0	0	(10,800)		0	0	(2,236)
1,511,783	116,336	(10,800)	Total	1,654,824	95,134	(2,236)
	1,617,349		Grand Total		1,747,722	

Pension Fund Accounts

Note 14b: Net Gains and Losses on Financial Instruments

The following table shows net gains on financial instruments:

	31/03/22 £000	31/03/21 £000
Financial Assets		
Fair Value through Profit and Loss	124,781	260,635
Loans and receivables	985	
Assets at Amortised Cost		(834)
Financial Liabilities		
Fair value through profit and loss	11	
Liabilities at Amortised Cost	(3,149)	(7)
	122,628	259,794

Note 15: Nature and Extent of Risks Arising from Financial Instruments

The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). As an investment fund, the Lewisham Pension Fund's objective is to generate positive investment returns for an accepted level of risk. Therefore the Fund holds a mix of financial instruments such as securities (equities, bonds), interests in collective investment schemes (pooled funds), and cash equivalents. In addition, debtors and creditors arise as a result of its operations. The value of these financial instruments is reflected in the financial statements at their fair value.

Responsibility for the Fund's risk management strategy rests with the Council's Pension Investment Committee (PIC). Risk management policies are established to identify and analyse the risks faced by the Council's pension operations. The main risks from the Fund's holding of financial instruments are market risk, credit risk, and liquidity risk. These policies are reviewed regularly to reflect change in activity and in market conditions.

The Committee regularly monitors each investment manager, and its investment consultant (Hymans Robertson) advises on the nature of the investments made and associated risks.

The Fund's investments are managed on behalf of the Fund by the appointed investment managers. Each investment manager is required to invest the assets managed by them in accordance with the terms of their investment guidelines or pooled fund prospectus.

The Fund's custodian is Northern Trust, who manage investments and report on them on behalf of the Fund. As the Fund adopts a long term investment strategy, the high level strategic risks described below will not alter significantly during any one year unless there are significant strategic or tactical changes made to the portfolio.

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a) Market Risk

Market risk represents the risk that fair value of a financial instrument will fluctuate because of changes in market prices, interest rates or currencies. The Fund is exposed, through its investments in equities, bonds and pooled investment funds, to all these market risks. The aim of the investment strategy is to manage and control exposure to market risk within acceptable parameters while optimising the return from the investment portfolio. In general, market risk is managed through the diversification of investments by asset class and establishing mandate guidelines with investment managers. The risk arising from exposure to specific markets is limited by the strategic asset allocation, which is regularly monitored by the PIC.

i) Other Price Risk – Market

The risk that the value of a financial instrument will fluctuate as a result of factors other than interest rate or foreign currency movements, whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting the market in general. Market price risk arises from uncertainty about the future value of the financial instruments that the Fund holds. All investments present a risk of loss of capital, the maximum risk being determined by the fair value of the financial instruments. The investment managers mitigate this risk through diversification in line with their own investment strategies and mandate guidelines.

ii) Other Price Risk – Sensitivity analysis

The Council and its investment advisors also undertake appropriate monitoring of market conditions and benchmark analysis. The Fund has a long term view on expected investment returns which smoothes out short term price volatility.

Following an analysis of historical volatility of asset class returns and expected investment returns, in consultation with the Fund's advisors, the Council has determined that the following asset level percentages of volatility can be applied to the Fund's assets in 2021/22, assuming all other variables such as foreign exchange rates and interest rates remain the same:

Asset Type	Potential Market Movement +/- (% p.a.)
Bonds	9.1
UK Equities	16.2
Overseas Equities	13.0
Fixed Income unit trusts	9.1
Equity unit trusts	16.2
Hedge funds	5.8
Pooled property Investments	3.8
Private equity/Infrastructure	5.8
Other Investments	2.8
Cash	2.8
Total	7.9

Applied to the period end asset mix, the potential impact on the Fund's market value in the next financial year is as follows:

Pension Fund Accounts

Asset type	Market Value as at 31/03/2022	Percentage change	Value on increase	Value on decrease
	£000	%	£000	£000
Cash and cash equivalents	92,992	2.8	95,605	90,379
Investment portfolio assets:				
Bonds	112,822	9.1	123,135	102,511
UK Equities	107,822	16.2	125,289	90,355
Overseas equities	96,964	13.0	109,569	84,358
Fixed Income unit trusts	212,999	9.1	225,353	193,616
Equity unit trusts	729,964	16.2	961,136	611,710
Hedge funds	94,253	5.8	99,720	88,786
Pooled property Investments	147,265	3.8	161,594	141,624
Private equity/Infrastructure funds	152,735	5.8	177,524	143,877
Other funds	-94	2.8	-97	-92
Total assets * **	1,747,722		1,948,319	1,547,124

* This figure includes derivatives and other investment balances.

** The % change and value change for Total Assets includes the impact of correlation across asset classes

The 2020/21 comparator table is as follows:

Asset Type	Re-stated Final Market Value as at 31 March 2021	Percentage Change	Value on Increase	Value on Decrease
	£000	%	£000	£000
Cash and cash equivalents	105,524	1.8	107,423	103,624
Investment portfolio assets:				
Bonds	107,210	7.9	115,680	98,741
Equities	95,341	17.1	111,644	79,038
Overseas equities	409,426	14.7	469,612	349,240
Fixed Income unit trusts	207,214	7.9	223,583	190,843
Equity unit trusts	367,429	17.1	430,259	304,598
Hedge funds	71,529	4.2	74,533	68,525
Pooled property Investments	112,036	1.9	114,166	109,908
Private equity/Infrastructure funds	138,480	4.2	1462,159	114,800
Other funds	3,161	1.8	3,218	3,104
Total Assets * **	1,617,349		1,812,277	1,422,421

* This figure includes derivatives and other investment balances.

** The % change and value change for Total Assets includes the impact of correlation across asset classes

Pension Fund Accounts

iii) Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on its investments. Fixed interest securities and cash are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fixed interest securities, cash and cash equivalents are exposed to interest rate risk.

iv) Interest Rate Risk – Sensitivity Analysis

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates.

The analysis demonstrates that a 1% increase in interest rates will reduce the fair value on fixed interest assets (obviously the interest received will not change), and vice versa.

Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Asset type	Market Value as at 31/03/2022	Change in year in the net assets available to pay benefits	
		+100 BPS	-100 BPS
	£000	£000	£000
Cash and cash equivalents			
Cash	92,992	0	0
Bonds			
UK public sector Index linked	112,822	(1,128)	1,128
Total change in assets available	205,814	(1,128)	1,128

Asset type (re-stated)	Market Value as at 31/03/2021	Change in year in the net assets available to pay benefits	
		+100 BPS	-100 BPS
	£000	£000	£000
Cash and cash equivalents			
Cash	105,524	0	0
Bonds			
UK public sector Index linked	107,210	(1,072)	1,072
Total change in assets available	212,734	(1,072)	1,072

v) Currency Risk is the risk to which the Pension Fund is exposed to fluctuations in foreign currency exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£GBP). The Fund was exposed to the following significant foreign currency levels at the 31 March 2022:

Euro €20.9m (€10.6m 20/21)

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US Dollars \$84.8m (\$230.4m 20/21)

The remaining exposures arise from much smaller holdings of other currencies including Swiss Francs, Hong Kong Dollars and Norwegian Krone.

vi) Currency risk – sensitivity analysis.

The Fund's currency rate risk is routinely monitored by the Council and its investment advisors. Overseas equities, fixed interest securities and cash in foreign currencies are exposed to currency risk. Following analysis of historical data in consultation with the Fund's advisors, the Council considers the likely volatility associated with foreign exchange rate movements in 2021/22 to be 7.3% (7.7% in 2020/21). This volatility is applied to the Fund's overseas assets at period end as follows:

Asset Type	Asset Value at 31 March 22 £000	Change %	Value on Increase £000	Value on Decrease £000
Overseas Fixed Income	107,516	7.3	115,365	99,668
Overseas Equity Funds	96,964	7.3	104,042	89,885
Overseas Hedge Funds	94,253	7.3	101,134	87,373
Other Alternative Assets	97,0477	7.3	104,131	89,962
Total	395,780	7.3	424,672	366,888

Asset Type (Re-stated)	Asset Value at 31 March 21 £000	Change %	Value on Increase £000	Value on Decrease £000
Overseas Fixed Income	105,701	7.7	113,840	97,562
Overseas Equity Funds	428,184	7.7	461,154	395,214
Overseas Hedge Funds	71,529	7.7	77,037	66,022
Other Alternative Assets	86,511	7.7	93,172	79,849
Total	691,925	7.7	745,203	638,647

b) Credit Risk

Credit risk represents the risk that the counterparty to a financial instrument will fail to meet an obligation and cause the Fund to incur a financial loss. This is often referred to as counterparty risk. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The Fund is exposed to credit risk through its underlying investments (including cash balances) and the transactions it undertakes to manage its investments. The careful selection and monitoring of counterparties, including; brokers, custodian and investment managers, seeks to minimise the credit risk that may occur through the failure to settle transactions in a timely manner.

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	Rating	Balances at 31 March 2022	Balances at 31 March 2021
		£000	£000
Barclays	A +	1,386	3,877
Northern Trust	AA -	92,992	105,524
Total		94,378	109,401

c) Liquidity Risk

Liquidity risk is the risk that the Pension Fund will have difficulties in paying its financial obligations as they fall due. For example; the benefits payable costs and capital commitments. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. The Fund holds a large proportion of assets in instruments which can be liquidated at short notice, normally three working days. As at the 31 March 2022 these assets totalled approximately £112.8m comprising of bonds (see note 15.iv), with a further £93.0m held in cash by the custodian on behalf of the Fund and fund managers.

Note 16: Derivative Contracts

As at 31 March 2022 there were no pending foreign exchange purchases or sales. The net gain related to foreign exchange forward contracts was £11k in 2021/22 (net loss £6k in 2020/21).

Note 17a: Other Investment Balances

These comprise the following amounts:

	31/03/22 £000	31/03/21 £000
Debtors		
Equity Dividends / Income from Managed Funds	23	1,494
Interest and Other Income	19	(10)
Pending Trades	0	12,085
Creditors		
Interest and Other Expenditure	0	(7)
Pending Trades	0	(10,793)
Net	42	2,769

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Note 17b: Net Current Assets

These comprise the following amounts:

Current Assets

	31/03/22 £000	31/03/21 £000
Contributions Due from Admitted/ Scheduled Employers/ Employees	57	341
Interest and Other Income	0	0
Other Current Assets	657	122
Cash in Hand	1,386	3,877
	2,100	4,340

Current Liabilities

	31/03/22 £000	31/03/21 £000
Fund Manager and Custody Fees	(498)	(357)
Consultancy/ Advisory Fees	(153)	(33)
Other Current Liabilities	(1,585)	(3,576)
	(2,236)	(3,966)

Note 18: Cash and Bank**Cash Held With Custodian**

The Northern Trust Company is the Fund's global custodian and cash is held to meet the cash flow requirements of the Fund and its managers. The total cash held as at 31 March 2022 was £93.0m (£105.5m as at 31 March 2021). The table below shows how this was split between the Fund Managers.

Fund Manager	31-Mar-22 £'000	31-Mar-21 £'000
Cash Account (Formerly Invesco)	39,851	76,471
HarbourVest	20,122	9,267
JP Morgan	14,951	6,423
Partners Group	11,246	4,263
Schroders	3,904	8,720
Pemberton	2,352	0
Cash Account (Formerly Fauchier)	548	365
Securities Lending	15	14
UBS	1	1
BlackRock transition account	1	0
	92,991	105,524

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Pension Fund Bank Account

The Lewisham cash in hand balance of £1.4m represents uninvested cash held in the Pension Fund bank accounts as at 31 March 2022. The Fund's accounts are held with Barclays Bank.

Note 19: Actuarial Present Value of Promised Retirement Benefits

The table below shows the total net liability of the Fund as at 31 March 2022. The figures have been prepared by Hymans Robertson LLP, the Fund's actuary, only for the purposes of providing the information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pension's legislation. In calculating the required numbers, the actuary adopted methods and assumptions that are consistent with IAS19.

	31-Mar-22	31-Mar-21
	£m	£m
Present value of promised retirement benefits	(1,995)	(2,369)
Fair Value of Scheme Assets	1,413	1,601
Net Liability	(582)	(768)

Longevity assumptions

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Longevity Assumptions for year ended 31 March 2022	Males	Females
Current Pensioners	21.2	23.8
Future Pensioners	22.5	25.5

Financial assumptions

	31-Mar-22 (%)	31-Mar-21 (%)
Discount Rate	2.7	2.0
Salary Increases	3.9	3.6
Pension Increases	3.2	2.9

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Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions for year ended 31 March 2022	Approximate increase to liabilities (%)	Approximate monetary amount (£000)
0.1% p.a. decrease in the Real Discount Rate	2	36,509
1 year increase in member life expectancy	4	79,811
0.1% p.a. increase in the Salary Increase Rate	0	2,234
0.1% p.a. increase in the Pension Increase Rate	2	34,016

Note 20: Events after the Reporting Period

The audited Pension Fund Statement of Accounts was authorised for issue by the Executive Director of Corporate Resources on 29 July 2022. Events taking place after this date are not reflected in the accounts. Where events took place before this date which materially altered the conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect these altered conditions. There are no events after the balance sheet date to report for 2021/22.

Note 21: Contractual Commitments

The Pension Fund was committed to the following capital contributions as at the 31 March 2022:

Fund Manager	Fund	Contractual Commitment	Undrawn Capital
Harbourvest	Harbourvest Closed Ended Funds	£123,402,553	£36,873,150
Legal and General	LGIM Build to Rent	£45,000,000	£35,000,000
JP Morgan	JP Morgan Infrastructure	£105,000,000	Fully drawn
London CIV	LCIV Renewable Infrastructure	£90,000,000	£65,100,453
London CIV	LCIV private debt*	N/A	N/A
Pemberton	Pemberton European Mid-Market Debt Fund II	£40,000,000	£5,606,682
Partners Group	Partners Group MAC	£40,000,000	Fully drawn
Total		£443,402,553	£142,580,285

*Investment into the LCIV private debt fund was approved prior to March 2022, however the commitment was not formalised until June 2022.

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Note 22: Related Party Transactions

There have been no material transactions with related parties in the financial year. There were no provisions for doubtful debt and amounts written off in the period.

Eight Councillors sit on the Pensions Investment Committee which oversees the Fund. At each meeting of the Pensions Investment Committee, Councillors are required to make declarations of interest which are recorded.

During the year the following declarations were made:

- The Chair of the Investment Committee Councillor Mark Ingleby declared an interest as a Councillor elected Director of Lewisham Homes, the Council's housing subsidiary, not in receipt of pension.

Four members and an independent chair make up the membership of the Pensions Board, which assists the administering authority in adhering to the Regulations with regards to its administration and governance of the scheme. At each meeting of the Board, members are required to make declarations of interest which are recorded.

During the year no declarations of interest were made apart from the members being participants in the scheme, although this is a requirement of their Board membership.

No other trustees or Council chief officers with direct responsibility for Pension Fund issues made any declarable transactions with the Pension Fund in the period to 31 March 2022.

The Council, the administering authority, had dealings with the Fund as follows:

- Recharges from the Council for the in-house administration costs borne by the scheme were transacted (included in Administration Expenses in Note 7). Some cash transactions relating to pension activities are currently effected through the Council's bank account and consequently Pension Fund cash balances are held by the Council from time to time and vice versa.

Key Management Personnel Remuneration

The key management personnel of the Fund are the Executive Director of Corporate Resources and the Director of Finance.

There were no costs apportioned to the Pension Fund in respect of the Executive Director of Corporate Resources post for 2020/21 and 2021/22.

Total remuneration payable to key management personnel from the Pension Fund is set out below:

	2021/22 £'000	2020/21 £'000
Short Term Benefits	10	21
Post-Employment Benefits	4	4
Total	14	25

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Note 23: Additional Voluntary Contributions (AVC's)

Contributing members have the right to make AVCs to enhance their pension. There are currently 45 'open' AVC contracts for LGPS members (i.e. excluding members with AVC contracts who have left Lewisham and now have preserved benefits). Some of these 'open contracts' will be for members who have paid AVCs in the past but who have suspended payments to the scheme for the time being.

The Fund has two AVC providers: Clerical Medical and Utmost (formerly Equitable Life). The value of AVC investments is shown below. The contributions are held by the providers and do not form part of the Lewisham Fund's assets in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

	2021/22			2020/21		
	Utmost £000	Clerical Medical £000	Total £000	Equitable Life £000	Clerical Medical £000	Total £000
Value at the Beginning of Year	356	1,106	1,462	421	986	1,407
Contributions and Transfers Received	0	181	181	0	286	286
Investment Return	16	64	80	29	156	185
Paid Out	(20)	(327)	(347)	(94)	(322)	(416)
Value at the End of the Year	352	1,024	1,376	356	1,106	1,462

Note 24a: Scheduled Bodies

The following are scheduled bodies to the Fund as at 31 March 2022, arranged in descending order by the value of their contributions in 2022/22:

Lewisham Homes Limited
Haberdashers' Aske's Hatcham College
Christ The King Sixth Form College
St Matthews Academy
Tidemill Academy
Childeric
Sedgehill School
St George's Academy

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Note 24b: Admitted Bodies

The following are admitted bodies to the Fund as at 31 March 2022, arranged in descending order by the value of their contributions in 2021/22

Youth First Ltd
Phoenix
Inspace/ BS Phoenix
Skanska
Change Grow Live / CIS / Penrose
Lewisham Music
Quality Heating
GLL
City West Services
3 C's Support
Housing 21
Pre-School Learning Alliance
NSL Ltd (formerly known as National Car Parks Ltd)
Tower Services
Harrison Catering Crayford
Harrison Catering Hatcham
Harrison Catering Knights
M Group Services

Note 25: Membership

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

Organisations participating in the London Borough of Lewisham Pension Fund include:

Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.

Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

The following table summarises the membership numbers of the scheme:

	Active Members		Deferred Beneficiaries		Retired Members	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Administering Authority	5,522	5,745	9,867	10,593	7,824	7,629
Scheduled Bodies	1,021	1,083	1,210	1,323	435	389
Admitted Bodies	74	79	62	60	80	76
	6,617	6,907	11,139	11,976	8,339	8,094



Pension Fund Risk Management Policy



1. Introduction

This is the Risk Management Policy of the London Borough of Lewisham Pension Fund (the Fund), part of the Local Government Pension Scheme (LGPS), which is managed and administered by Lewisham Council (the Administering Authority).

The Policy details the risk management strategy for the Fund, including:

- the risk philosophy for the management of the Fund and, in particular, attitudes to and for risk;
- how risk management is implemented;
- risk management responsibilities;
- the procedures that are adopted in the Fund's risk management process; and
- the key internal controls operated by the Administering Authority and other parties responsible for the management of the Fund.

The Administering Authority recognises that effective risk management is an essential element of good governance in the LGPS. By identifying and managing the risks through an effective policy and risk management strategy, the Administering Authority is able to:

- demonstrate best practice in governance;
- improve financial management of the Fund;
- minimise the risk and effect of adverse conditions on the Fund;
- identify and maximise opportunities that may arise; and
- minimise threats;

The Administering Authority adopts best practice risk management, which supports a structured and focused approach to managing risks, and ensures risk management is an integral part in the governance of the Fund, at a strategic and operational level.

2. Scope

This Risk Management Policy applies to all members of the Pensions Investment Committee and the Local Pension Board. It also applies to all senior officers involved in the management of the Fund.

Less senior officers involved in the daily management of the Fund and administration of the LGPS are also integral to managing risk for the Fund, and will be required to have appropriate understanding of risk management relating to their roles.

Advisers and suppliers to the Fund are also expected to be aware of this Policy, and assist officers, Committee members and Board members as required, in meeting the objectives of this Policy.

3. Aims and Objectives

In relation to understanding and monitoring risk, the Administering Authority aims to:

- integrate risk management into the culture and day-to-day activities of the Fund;
- raise awareness of the need for risk management by all those connected with the management of the Fund (including advisers, employers and other partners);
- anticipate and respond positively to change;
- minimise the probability of negative outcomes for the Fund and its stakeholders;
- establish and maintain a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice; and
- ensure consistent application of the risk management methodology across all Fund activities, including projects and partnerships.

To assist in achieving these objectives in the management of the Fund, the Administering Authority will aim to comply with:

- the CIPFA publication 'Managing Risk in the Local Government Pension Scheme' (published in December 2018);
- the Pensions Act 2004 and the Pensions Regulator's Code of Practice for Public Service Pension Schemes as they relate to managing risk.

4. Risk Management Philosophy

The Administering Authority recognises that it is not possible or even desirable to eliminate all risks; accepting and actively managing risk is therefore a key part of the Fund's risk management strategy. The Administering Authority's risk management process does not seek to fully eliminate all risks, but where possible, to reduce residual risk to an appropriate level with which it is comfortable.

A key determinant in selecting the action to be taken in relation to any risk will be its potential impact on the Fund's objectives in the light of the Administering Authority's risk appetite, particularly in relation to investment matters. Equally important is striking a balance between the cost of risk control actions against the possible effect of the risk occurring.

In managing risk, the Administering Authority will:

- ensure that there is a proper balance between risk taking and the opportunities to be gained;
- facilitate a focussing of resource on high risk areas, and hence allow for a more efficient service provision;
- adopt a system that will enable the Fund to anticipate and respond positively to change;
- minimise loss and damage to the Fund and to other stakeholders who are dependent on the benefits and services provided; and

- make sure that any new areas of activity (new investment strategies, any joint working, framework agreements etc.) are only undertaken if the risks they present are fully understood and taken into account in making decisions.

The Administering Authority also recognises that risk management is not an end in itself, nor will it remove risk from the Fund or the Administering Authority. However, it is a sound management technique that is an essential part of the Administering Authority's stewardship of the Fund. The benefits of a sound risk management approach include better decision-making, improved performance and delivery of services, more effective use of resources and the protection of reputation.

5. How Risk Management is Implemented

5.1 CIPFA and the Pension Regulator's Requirements:

CIPFA's publication 'Managing Risk in the Local Government Pension Scheme' explores how risk manifests itself across the broad spectrum of activity that constitutes LGPS financial management and administration and how, by using established risk management techniques, those risks can be identified, analysed and managed effectively.

The publication also considers how to approach risk in the LGPS in the context of the role of the Administering Authority as part of a wider local authority and how the approach to risk might be communicated to other stakeholders.

5.2 The Pensions Regulator's Code of Practice:

The Public Service Pensions Act 2013 added the following provision to the Pensions Act 2004 relating to the requirement to have internal controls in public service pension schemes:

"249B Requirement for internal controls: public service pension schemes

(1) The scheme manager of a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed -

- (a) in accordance with the scheme rules, and
(b) in accordance with the requirements of the law.*

(2) Nothing in this section affects any other obligations of the scheme manager to establish or operate internal controls, whether imposed by or by virtue of any enactment, the scheme rules or otherwise.

(3) In this section, "enactment" and "internal controls" have the same meanings as in section 249A."

Section 90A of the Pensions Act 2004 requires the Pensions Regulator to issue a code of practice relating to internal controls. The Pensions Regulator has issued such a code in which it encourages scheme managers to employ a risk based approach to assessing the adequacy of their internal controls and to ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls.

The Pensions Regulator's code of practice guidance on internal controls requires scheme managers to carry out a risk assessment and produce a risk register which should be reviewed regularly.

The risk assessment should begin by:

- setting the objectives of the scheme;
- determining the various functions and activities carried out in the running of the scheme; and
- identifying the main risks associated with those objectives, functions and activities.

Schemes should consider the likelihood of risks arising and the effect if they do arise when determining the order of priority for managing risks, and focus on those areas where the impact and likelihood of a risk materialising is high. Schemes should then consider what internal controls are appropriate to mitigate the main risks they have identified and how best to monitor them. The code of practice includes the following examples as issues which schemes should consider when designing internal controls to manage risks:

- how the control is to be implemented and the skills of the person performing the control;
- the level of reliance that can be placed on information technology solutions where processes are automated;
- whether a control is capable of preventing future recurrence or merely detecting an event that has already happened;
- the frequency and timeliness of a control process;
- How the control will ensure that data is managed securely; and
- The process for flagging errors or control failures, and approval and authorisation controls.

The code states that risk assessment is a continual process and should take account of a changing environment and new and emerging risks. It further states that an effective risk assessment process will provide a mechanism to detect weaknesses at an early stage and that schemes should periodically review the adequacy of internal controls in:

- mitigating risks;
- supporting longer-term strategic aims, for example relating to investments;
- identifying success (or otherwise) in achieving agreed objectives; and
- providing a framework against which compliance with the scheme regulations and legislation can be monitored.

Under section 13 of the Pensions Act 2004, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to internal controls are not being adhered to.

5.3 Application to the London Borough of Lewisham Pension Fund

The Administering Authority adopts the principles contained in CIPFA's Managing Risk in the LGPS document and the Pensions Regulator's code of practice in relation to the Fund. This Risk Management Policy highlights how the Administering Authority strives to achieve those

principles through the use of risk management processes and internal controls incorporating regular monitoring and reporting.

5.4 Responsibility

The Administering Authority must be satisfied that risks are appropriately managed. For this purpose, the Section 151 Officer is the designated individual for ensuring the process outlined below is carried out, subject to the oversight of the Pensions Investment Committee and Local Pension Board.

However, it is the responsibility of each individual covered by this Policy to identify any potential risks for the Fund and ensure that they are fed into the risk management process. Senior officers will undertake relevant activities in ensuring that the risk register is maintained and presented to the Pensions Investment Committee and Local Pension Board at the appropriate times.

6. Risk Management Process

The Administering Authority's risk management process is in line with that recommended by CIPFA and is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities. The main processes involved in risk management are detailed in the following sections.



6.1 Risk Identification

Risk identification involves assessing risks in the context of the objectives and targets of the Fund. The risk identification process is both a proactive and reactive one: looking forward i.e. horizon scanning for potential risks, and looking back, by learning lessons from reviewing how previous decisions and existing processes have manifested in risks to the organisation. Risks to the Fund are identified by a number of means including, but not limited to:

- formal risk assessment exercises managed by the Pensions Investment Committee;
- performance measurement against agreed objectives;
- monitoring against the Fund's Annual Business Plan;
- findings of internal and external audit and other adviser reports;
- feedback from the Local Pension Board, employers and other stakeholders;
- informal meetings of senior officers or other staff involved in the management of the Fund; and
- liaison with other organisations, regional and national associations, professional groups, etc.

Once identified, risks will be documented on the Fund's risk register, which is the primary control document for the subsequent analysis and classification, control and monitoring of those risks.

6.2 Risk Analysis and Evaluation

Once potential risks have been identified, the next stage of the process is to analyse and profile each risk. Risks will be assessed and scored by considering the likelihood of the risk occurring, from rare to almost certain, and the impact if it does occur, from insignificant to extreme. These scores are then multiplied to produce overall risk ratings, which are then used to prioritise the risk into four categories; from red, being the highest priority risks, to green, being the lowest priority risks.

Risk Ratings		Impact				
		Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
Likelihood	Rare (1)	1	2	3	4	5
	Unlikely (2)	2	4	6	8	10
	Possible (3)	3	6	9	12	15
	Likely (4)	4	8	12	16	20
	Almost Certain (5)	5	10	15	20	25

	Likelihood
Rare	Would not normally be expected to occur, except in the rarest of circumstances. Less than 10% chance of occurring.
Unlikely	Unlikely to occur, but might occur in exceptional circumstances. Less than 25% chance of occurring.
Possible	Whilst not expected, there is a chance it may occur at some time. 50% chance of occurring.
Likely	There is a strong possibility this will occur based on past experiences. 50-75% chance of occurring.
Almost Certain	Expected to occur in the normal course of events. 75-100% chance of occurring.
	Impact
Insignificant	Negligible effect on the Fund in terms of service provision and financial impact.
Minor	Minor impact on service, typically short term. Minor financial impact on the Fund. Possibly some isolated stakeholder complaints containable within the usual course of business.
Moderate	Short-medium term impact on service provision, 2-3 days. Moderate financial loss to the Fund, relative to its size. Several service user complaints, potentially local media coverage.
Major	Serious impact on service provision, 4-5 days. Significant financial loss to the Fund. National media coverage.
Extreme	Extensive service disruption exceeding 5 days. Major financial loss to the Fund, relative to its size. Media inquiries, Regulator or Ministerial intervention.

6.3 Risk Response

The risk ratings assigned to identified risks will determine the priority for risk response in line with the following categories.

Risk Category	Risk Response
Red (16-25)	Immediate action required, senior management involved.
Amber/Red (10-15)	Senior management attention needed and management responsibility specified.
Amber/Green (5-9)	Manage by specific monitoring or response procedures.
Green (1-4)	Manage by routine procedures, unlikely to need specific or significant application of resources.

Senior officers will review the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to control the risk, including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur. Before any such action can be taken, Pensions Investment Committee approval may be required where appropriate officer delegations are not in place.

The result of any change to the internal controls could result in any of the following:

- Risk elimination – for example, ceasing an activity or course of action that would give rise to the risk;
- Risk reduction – for example, choosing a course of action that has a lower probability of risk or putting in place procedures to manage risk when it arises; or
- Risk transfer – for example, transferring the risk to another party either by insurance or through a contractual arrangement.

The Fund's risk register details all further action in relation to a risk, as well as the risk owner and direction of travel upon review.

6.4 Monitor and Review

Risk monitoring is the final part of the risk management cycle and will be the ultimate responsibility of the Pensions Investment Committee. In monitoring risk management activity, the Committee will consider whether:

- the risk controls taken achieved the desired outcomes;
- the procedures adopted and information gathered for undertaking the risk assessment were appropriate;
- greater knowledge of the risk and potential outcomes would have improved the decision-making process in relation to that risk; and
- there are any lessons to be learned for the future assessment and management of risks.

7. Key Internal Controls

7.1 Reporting and Monitoring of this Policy

Progress in managing risks will be monitored and recorded on the risk register. The risk register, including any changes to the internal controls, will be provided on an annual basis to the Pensions Investment Committee, as well as ad hoc updates in relation to any significant changes to risks.

The Local Pension Board is expected to consider risk regularly, and will be provided with an officer update at each meeting and will be able to provide comment and input to the management of risks.

In order to identify whether the objectives of this Policy are being met, the Administering Authority will review the delivery of the requirements of this Policy on an annual basis, taking into consideration any feedback from the Local Pension Board.

The risks identified are of significant importance to the Fund. Where a risk is identified that could be of significance to the wider Council, it would be included in the corporate risk register.

7.2 Key Risks to the Effective Delivery of this Policy

The key risks to the delivery of this Policy are outlined below. The Pensions Investment Committee, with the assistance of officers, will monitor these and other key risks and consider how to respond to them.

- risk management becomes mechanistic, is not embodied into the day to day management of the Fund and consequently the objectives of the Policy are not delivered;
- changes in Pensions Investment Committee and/or Local Pension Board membership and/or senior officers mean key risks are not identified due to lack of knowledge;
- insufficient resources are available to satisfactorily assess or take appropriate action in relation to identified risks;
- risks are incorrectly assessed due to a lack of knowledge or understanding, leading to inappropriate levels of risk being taken without proper controls;
- Lack of engagement or awareness of external factors means key risks are not identified; and
- Conflicts of interest or other factors lead to a failure to identify or assess risks appropriately.

7.3 Costs

All costs related to this Risk Management Policy are met directly by the Fund.

7.4 Approval, Review and Consultation

This document, once formally approved by the Pensions Investment Committee, will be reviewed and updated at least every three years or sooner if the risk management arrangements or other matters included within it merit reconsideration.

7.5 Further Information

For further information about anything in or related to this Risk Management Policy, please contact:

London Borough of Lewisham
Pensions Team
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1 Catford Road
London
SE6 4RU

Email: pensionsteam@lewisham.gov.uk
Phone: 020 8314 7277

Lewisham Pension Fund Risk Register 2022/23

Summary Dashboard

Risk Category	Risk Ref	Risk	Current Scoring	Target Score	Previous Score	Direction of Travel
Asset and Investment Risk	AI 01	Funding Risk	15	9	15	-
	AI 02	Concentration Risk	6	4	6	-
	AI 03	Liquidity Risk	12	3	12	-
	AI 04	Currency Risk	6	2	4	↗
	AI 05	Transition Risk	6	2	4	↗
	AI 06	Manager Underperformance Risk	9	6	9	-
	AI 07	Environmental, Social and Governance Risk	6	4	12	↘
	AI 08	Investment Pooling Risk	12	3	12	-
Liability Risk	LI 01	Discount Rate Risk	6	4	6	-
	LI 02	Inflation Risk	4	4	4	Target reached
	LI 03	Salary Increase Risk	4	4	4	Target reached
	LI 04	Longevity Risk	6	4	6	-
	LI 05	Early Retirement Risk	6	4	6	-
	LI 06	Ill-Health Retirement Risk	4	4	4	Target reached
	LI 07	Regulatory Risk	12	12	20	Target reached
Employer Risk	EM 01	Financial Risk	9	4	9	-
	EM 02	Administration Risk	4	4	4	Target reached
	EM 03	Reputational Risk	4	4	4	Target reached
Resource and Skill Risk	RS 01	Inadequate Staffing	12	4	12	-
	RS 02	Inadequate Resources for Support Staff	4	1	4	-
	RS 03	Inadequate Knowledge and Skills – Pensions Committee and Pension Board	12	4	12	-
	RS 04	Inadequate Knowledge and Skills - Officers	9	4	9	-
Administrative and Governance Risk	AG 01	Failure or Unavailability of ICT	6	4	6	-
	AG 02	Delays to Pensions Payroll	4	4	4	Target reached
	AG 03	Over-Reliance on/ Loss of Key Staff	12	2	12	-
	AG 04	Data Quality	6	3	6	-
	AG 05	Professional Advice	4	4	4	Target reached
	AG 06	Legislative and Regulatory Changes	12	6	12	-
	AG 07	Third Party Provider Risk	9	4	9	-
	AG 08	Data Protection Risk	6	6	6	Target reached
	AG 09	Fraud or Fraudulent Behaviour	6	2	6	-
	AG 10	Cyber Threats	15	10	15	-
	AG 11	Inappropriate Decision-making	9	6	9	-
	AG 12	Operational Disaster – Fire/ Flood/ Pandemic	6	4	10	↘
Regulatory and Compliance Risk	RC 01	Non-compliance Risk – Statement of Accounts	6	6	9	Target reached
	RC 02	Non-compliance Risk – Other	9	6	9	-

Scoring and Risk Owner Keys

Likelihood Key	Impact Key
1 – Rare	1 – Insignificant
2 – Unlikely	2 – Minor
3 – Possible	3 – Moderate
4 – Likely	4 – Major
5 – Almost Certain	5 – Extreme

Risk Scoring	Risk response	Number of Risks
Low (1-4)	Manage by routine procedures; unlikely to need specific or significant application of resources.	10
Low/Medium (5-9)	Manage by specific monitoring or response procedures.	15
Medium/High (10-15)	Senior management attention needed, and management responsibility specified.	10
High (16-25)	Immediate action and response required.	1

Risk Owner Key
Pensions Investment Committee - PIC
Pensions Board – PB
Executive Director of Corporate Resources - EDR
Director of Finance – DF
Interim Head of Payroll and Pensions - HPP
Pensions Manager – PM
Principal Accountant – PA

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Reference

Identification of Risk		Current Scoring			Risk Mitigation		Target Scoring			Review			
Risk Overview	Risk Drivers	Likelihood	Impact	Risk rating	Existing Controls	Additional Requirements/ Controls	Likelihood	Impact	Risk rating	Previous Score	Direction of Travel	Risk Owner	
Asset and Investment Risk													
AI 01	Funding risk – the risk that the Fund’s assets fail to deliver returns as anticipated and/or fail to grow in line with the developing cost of liabilities over the medium-long term.	<ul style="list-style-type: none"> Unexpected inflation or pay growth may increase pension and benefit payments to a greater extent/at greater speed than asset returns. Unanticipated market movements may negatively impact asset growth compared to forecasts. 	3	5	15	<ol style="list-style-type: none"> Actuarial valuations take into account: <ul style="list-style-type: none"> Future investment performance/ discount rates, which are estimated on a relatively prudent basis to reduce risk of under-performance. Progress of all employers in the Fund, which is monitored at least annually. A Funding Strategy Statement is prepared at least every three years as part of the triennial valuation. 	<ul style="list-style-type: none"> Consider engagement of independent adviser to challenge/ confirm Investment Strategy decisions. 	3	3	9	15	-	EDR DF PIC

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review		
Ref	Risk Overview	Risk Drivers	Likelihood	Impact	Risk rating	Existing Controls	Additional Requirements/ Controls	Likelihood	Impact	Risk rating	Previous Score	Direction of Travel	Risk Owner
Page 82		<ul style="list-style-type: none"> The Fund's Investment Strategy Statement and/or Funding Strategy may contain flawed assumptions. 				<ol style="list-style-type: none"> An Investment Strategy Statement is prepared and considered an integral part of the Funding Strategy, with asset modelling used to determine the best benchmark allocation of assets to meet the Funding objectives. It is reviewed at least every three years. Asset allocation includes acceptable ranges of deviation to allow for market movements and rebalancing arrangements for when those limits are breached. Ongoing performance monitoring; monthly reporting from the Fund's custodians, quarterly reporting from the Fund's advisors, annual reporting from the Fund's benchmarking provider. 							
	AI 02	Concentration Risk	<ul style="list-style-type: none"> Concentration of assets in a single asset class, geography or manager where underperformance relative to expectations would result in difficulties meeting funding objectives. 	2	3	6	<ol style="list-style-type: none"> Assets are invested on the basis of professional, specialist advice, in a diversified manner across asset classes, geographies, managers etc. The Fund invests in a range of investment mandates each of which has a defined objective, performance benchmark and manager processes which, taken in aggregate, help reduce the Fund's asset concentration risk. 		2	2	4	6	-

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review			
Ref	Risk Overview	Risk Drivers	Likelihood	Impact	Risk rating	Existing Controls	Additional Requirements/ Controls	Likelihood	Impact	Risk rating	Previous Score	Direction of Travel	Risk Owner	
AI 03	Liquidity Risk – the risk that the Fund is unable to meet its immediate liabilities due to insufficient liquid assets.	<ul style="list-style-type: none"> Maturing fund – when the cost of pension payments exceeds contributions income, there will be pressure on the Fund to maintain liquidity and generate enough cash to meet day to day cash requirements. 	3	4	1 2	<ol style="list-style-type: none"> Liquidity management is featured as part of the strategic asset allocation, with a further 6-9% to be transitioned to income assets in the next 12 months. The Funds liquidity risk has increased marginally as the rebalancing has resulted in slightly lower levels of equities held, although marginally. 	<ul style="list-style-type: none"> Cash flow projections for the short-medium term to evaluate liquidity risk, ensure adequate liquidity to meet pension payments/capital calls as they fall due, and avoid the likelihood of forced sales. Officers to discuss with advisers in Q4 2022. 	1	3	3	3	12	-	DF PA
AI 04 Page 83	Currency Risk – where a variation in the prices of assets relative to liabilities is caused by movement in currency rates.	<ul style="list-style-type: none"> Over exposure to volatile currencies. The appreciation of sterling relative to other currencies, given the proportion of Fund's assets denominated in currencies other than sterling (approx. 10%). 	3	2	6	<ol style="list-style-type: none"> The Fund invests in a range of overseas markets which provides a diversified approach to currency markets. The recent funding of low carbon equities mandates has meant a larger proportion of the Fund is now held in US\$. 		1	2	2	4	↗	PIC	
AI 05	Transition Risk – the risk of incurring unexpected costs relating to the movement of assets among managers.	<ul style="list-style-type: none"> Market movements e.g. the impact of Coronavirus on equity valuations. Transition to a pooling vehicle may incur unknown costs. 	3	2	6	<ol style="list-style-type: none"> The Fund's investment advisers provide advice on the inherent risks, timing and nature of transitions in line with the decisions of PIC, taken in the wider context of the Investment Strategy. The Fund appointed a specialist transition manager for the transfer to the three low carbon passive equity mandates in 2021 which reduced transition costs for the Fund, however until the final funding for the emerging market mandate is complete this risk remains higher than previously. 		1	2	2	4	↗	PIC DF PA	

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review		
Ref	Risk Overview	Risk Drivers	Likelihood	Impact	Risk rating	Existing Controls	Additional Requirements/ Controls	Likelihood	Impact	Risk rating	Previous Score	Direction of Travel	Risk Owner
AI 06	Manager Underperformance Risk – the failure of fund managers to achieve expected investment returns.	<ul style="list-style-type: none"> Markets perform against expectations, prevailing market conditions change contrary to a manager's style of management or fund structure, leading to periods of outperformance and underperformance. Due diligence and manager selection process not thorough enough. Departure of key personnel/high turnover of investment team. 	3	3	9	<ol style="list-style-type: none"> Passive management of approx. 70% of the Fund – reduces risk of underperformance, where managers generally deliver returns in line with benchmark expectations. The Fund has appointed several managers across diversified assets to reduce the risk of any one manager underperforming. Ongoing performance monitoring; monthly reporting from the Fund's custodian, quarterly reporting to PIC from the Fund's advisors, annual reporting from the Fund's benchmarking provider. Managers regularly present to, and update, PIC; officers regularly meet and engage with managers. Manager selection exercises are undertaken with assistance from Fund's advisers. 	<ul style="list-style-type: none"> Review of benchmarks used by custodian to ensure performance is being correctly recorded in performance reporting. 	2	3	6	9	-	PIC DF PA
AI 07	Environmental, Social and Governance (ESG) Risks – the risk that ESG related factors reduce the Fund's ability to generate long-term returns.	<ul style="list-style-type: none"> Not investing in funds that manage social concerns appropriately, e.g. protection of consumers, labour rights, diversity and inclusion policies, human rights, health and safety etc. Funds which exhibit poor social practices are susceptible to litigation, and potentially poorer 	2	3	6	<ol style="list-style-type: none"> The Fund's overall ESG policy is included in its Investment Strategy Statement. The Fund has established a set of 5 Climate Objectives (CO) to drive future investment. PIC has established a Statement of Investment Beliefs (SIB) which sets out the overriding principles by which the Committee make investment decisions; this includes beliefs on 	<ul style="list-style-type: none"> The fund has moved all of its passive equity funds into three low carbon funds. It has also invested in the LCIV Renewable Infrastructure and LGIM Build to Rent funds Improve engagement with managers to 	2	2	4	12	↘	PIC DF PA

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review		
Ref	Risk Overview	Risk Drivers	Likelihood	Impact	Risk rating	Existing Controls	Additional Requirements/ Controls	Likelihood	Impact	Risk rating	Previous Score	Direction of Travel	Risk Owner
Page 85		<p>levels of financial performance.</p> <ul style="list-style-type: none"> Investing in funds that suffer from corporate governance failures, e.g. use of child labour in overseas production, poor safety records resulting in death or injury, mis-selling scandals, rogue trading. Fossil fuel linked investments suffer losses due to stranded assets and reputational damage. Not managing exposure to environmental risk (including climate change risk) can leave the Fund susceptible to challenge from legal and pressure groups. 				<p>governance, responsible investment, and climate change.</p> <ol style="list-style-type: none"> The majority of the Fund's managers have signed up to the UK Stewardship Code. The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) which engages and acts on behalf of members by promoting high standards of corporate governance and responsibility. The Fund's advisers explicitly model potential government corporate policies on climate change when reviewing its Funding and Investment Strategies. The Fund takes advice from actuarial and investment advisers to improve understanding of ESG issues. The Fund's 2020-23 Investment Strategy actively seeks to transition its existing passive equity holdings into a low carbon passive-like mandate, and also allocates up to 16% of the Fund to new low-carbon mandates (including renewable infrastructure. 	<p>identify the extent to which ESG factors are considered within the investment process, and establish degree of comfort that these risks are being appropriately managed on the Fund's behalf.</p> <ul style="list-style-type: none"> Create a formal Responsible Investment (RI) policy to incorporate SIB, CO and ESG Policies per the Investment Strategy Statement. The introduction of TCFD reporting will increase the Fund's ability to assess the ESG performance of fund managers. 						
	AI 08	Investment Pooling Risk – the risk that the London CIV (LCIV) fails to meet the Fund's needs.	<ul style="list-style-type: none"> The transition of the Fund's assets to LCIV will see a transfer of some risks to the pool operator, changes to existing Fund risks, and the creation of new risks, 	3	4	1 2	<ol style="list-style-type: none"> The Fund is a founding shareholder of the LCIV and has shareholder input at Member and officer level. Member representation at LCIV's AGM. 	<ul style="list-style-type: none"> More work required to understand the role of LCIV's oversight committee & its own risk management arrangements and processes. 	1	3	3	12	-

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review		
Ref	Risk Overview	Risk Drivers	Likelihood	Impact	Risk rating	Existing Controls	Additional Requirements/ Controls	Likelihood	Impact	Risk rating	Previous Score	Direction of Travel	Risk Owner
		<p>including asset and investment risk, employer risk, resource and skill risk, reputational risk, and regulatory and compliance risk.</p> <ul style="list-style-type: none"> Asset pooling may restrict the Fund's ability to fully implement its desired strategy. 				<p>3. Member and officer involvement in LCIV mandate developments via consultation and Seed Investment Groups (SIG).</p> <p>4. Officers maintain regular contact with LCIV via client meetings, business update meetings, and 'meet the manager' sessions.</p>	<ul style="list-style-type: none"> The increase in pooled funds via PEPPA and the LCIV Renewable Infrastructure fund has not increased the likelihood of this risk, but should the Fund continue to pool further then the impact score may require review. 						
Liability Risk													
9899-86	Discount Rate Risk – the risk that the set discount rate (based on a prudent view of future investment returns) does not reflect actual returns or market volatility.	<ul style="list-style-type: none"> Largely a measurement risk since liability cash flows do not change, but risk largely driven by the actual cost of benefits being higher than expected due to investment returns being lower than originally assumed. 	3	2	6	<p>1. The Fund adopts a prudent discount rate assumption at triennial valuation as a cushion against reductions in future investment returns.</p> <p>2. This will be fully reviewed as part of the Triennial valuation in 2022.</p>	<ul style="list-style-type: none"> Regular monitoring of changes in market conditions between triennial valuations, perhaps on a quarterly or bi-annual basis, can provide early warning of changes in the outlook for future investment returns. 	2	2	4	6	-	ED R DF
LI 02	Inflation Risk – the risk of incorrect inflationary assumptions used in the Fund valuation.	<ul style="list-style-type: none"> Unexpected inflation or pay growth increases pension and benefit payments, and assets do not grow fast enough to meet the increased cost. 	2	2	4	<p>1. The Fund adopts a prudent inflation assumption at triennial valuation as a cushion against increases in future inflation expectations.</p> <p>2. The Investment Strategy is set so as to provide exposure to assets providing inflation protected growth which will be reviewed following the Triennial valuation in 2022.</p>		2	2	4	4	-	ED R DF

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review		
Ref	Risk Overview	Risk Drivers	Likelihood	Impact	Risk rating	Existing Controls	Additional Requirements/ Controls	Likelihood	Impact	Risk rating	Previous Score	Direction of Travel	Risk Owner
LI 03	Salary Increase Risk – the risk of incorrect salary increase assumptions used in the Fund valuation.	<ul style="list-style-type: none"> When salary increases actually awarded are higher than the assumed increase in the triennial valuation. 	2	2	4	<ol style="list-style-type: none"> The Fund adopts a prudent salary increase assumption at triennial valuation as a cushion against unexpected salary increases. Employers may have some control over the award of salary increases through pay award negotiations. 		2	2	4	4	-	ED R DF
LI 04	Longevity Risk – the risk of incorrect life expectancy assumptions used in the Fund valuation.	<ul style="list-style-type: none"> Future life expectancy, and the allowance for future improvements in life expectancy, is uncertain. There is a risk that members will live longer than expected, resulting in benefits being paid for longer. Maturing fund – the proportion of active members declines relative to retired employees. 	3	2	6	<ol style="list-style-type: none"> The Fund set mortality assumptions with a prudent allowance for future increases in life expectancy, as a cushion against faster than expected improvements. Regular monitoring of longevity and other demographic factors through the triennial valuations and interim valuations; experience analyses provides early warning of any expected increase in contributions and costs. Regular updates from the fund actuary on general longevity experience within UK pension funds and national trends, e.g. from population statistics, through the Fund's Club Vita membership 		2	2	4	6	-	ED R DF
LI 05	Early Retirement Risk – the risk that members retire earlier than assumed in the Fund valuation.	<ul style="list-style-type: none"> Members retiring for financial freedom, or due to perceived unfavourable changes to working conditions. Liabilities for members who retire earlier than 	3	2	6	<ol style="list-style-type: none"> The Fund adopts a prudent assumption for early retirements at triennial valuation as a cushion against higher than expected retirement. 		2	2	4	6	-	ED R DF

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review		
Ref	Risk Overview	Risk Drivers	Likelihood	Impact	Risk rating	Existing Controls	Additional Requirements/ Controls	Likelihood	Impact	Risk rating	Previous Score	Direction of Travel	Risk Owner
		assumed in the triennial valuation and receive no reduction in benefits will be higher than expected.				<ol style="list-style-type: none"> Employers are required to make capital contributions in respect of pensions strain arising from early retirements as a result of redundancy or on efficiency grounds. Updates from the Fund actuary through the triennial valuation process or more regularly (and advises employers of the effect on their contributions). 							
Page 88	Ill-Health Retirement Risk – the risk that more members retire due to ill health than assumed in the Fund valuation.	<ul style="list-style-type: none"> Where more members are granted higher tier benefits, the Fund's liabilities will increase and employer contributions may need to increase accordingly. 	2	2	4	<ol style="list-style-type: none"> Regular monitoring of ill-health experience through the triennial valuations and interim valuations/ experience analyses to provide early warning of changes in future costs. 		2	2	4	4	-	ED R DF
LI 07	Regulatory Risk – the extent to which legislative and regulatory changes impact the Fund.	<ul style="list-style-type: none"> Changes to the LGPS where benefits are governed by statute; for example, McCloud, Goodwin, exit payment cap etc. Changes by Government to particular employer participation in LGPS funds, leading to impacts on Funding and/or Investment Strategies. 	3	4	1 2	<ol style="list-style-type: none"> The Fund's actuary provides regular updates to Members and officers and assists in adhering to new regulations. Following SAB advice, an allowance for certain forthcoming regulatory changes (McCloud and Goodwin) were built into the triennial valuation of the Fund; in interim periods, further updates regarding the impact of regulatory change may be required. Officers consider all consultation papers issued by the Government, in conjunction with the Fund's advisers, and comments where appropriate. 	<ul style="list-style-type: none"> Project planning for how to approach and manage the forthcoming regulatory and legislative changes. Resource planning for managing forthcoming regulatory and legislative changes. 	3	4	1 2	20	↘	ED R DF HPP PM

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review		
Ref	Risk Overview	Risk Drivers	Likelihood	Impact	Risk rating	Existing Controls	Additional Requirements/ Controls	Likelihood	Impact	Risk rating	Previous Score	Direction of Travel	Risk Owner
						4. Members and officers keep abreast of regulatory changes through attendance at LGPS conferences and training, membership of national advisory bodies, and communication with the LGPS Scheme Advisory Board (or its working groups).							
Employer Risk													
EM 01	Financial Risk – the risk that employers cannot meet their obligations to the Fund, and/or other employers become liable for their deficits.	<ul style="list-style-type: none"> Rise in unanticipated ill-health or early retirements, leading to contribution shortfall. Market conditions lead to employees opting out of LGPS, or employers deciding they can no longer afford the required level of contributions. 	3	3	9	<ol style="list-style-type: none"> Officers work with the Fund's actuary to make an objective assessment of the strength of an employer's covenant (to include an analysis of financial position, forward-looking prospects and the ongoing ability to pay the necessary employer contributions). Officers work with the Fund's actuary to calculate cessation valuations when an employer is due to leave the Fund. The Pensions Team maintains a close relationship with employing bodies to identify any potential issues at an early stage, and communicates required standards. Officers monitor and reconcile contributions received against those expected. Reminders are sent to employers when they fail to meet payment deadlines, or if payment amounts differ to that expected. 		2	2	4	9	-	ED R HPP PM
EM 02	Administration Risk – the risk that	<ul style="list-style-type: none"> Poor employer knowledge bank and/or 	2	2	4	<ol style="list-style-type: none"> Officers monitor and maintain records of employers in the Fund, e.g. number 		2	2	4	4	-	HPP PM

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review		
Ref	Risk Overview	Risk Drivers	Likelihood	Impact	Risk rating	Existing Controls	Additional Requirements/ Controls	Likelihood	Impact	Risk rating	Previous Score	Direction of Travel	Risk Owner
	employers maintain poor records and provide inaccurate information.	record-keeping maintained by the Council, or inadequate monitoring of records/information, which prevents the identification of employers that may pose the greatest risk.				of participating members, promptness of contribution payments etc. 2. Employers are made aware of their responsibilities and payment procedures when admitted to the scheme/ as part of their admission agreements.							
EM 03	Reputational Risk – the risk of adverse publicity arising from interactions with, or failure of an employing authority.	<ul style="list-style-type: none"> Inaccurate information in the public domain leads to damage to reputation and loss of confidence. Complaints not handled appropriately or in time. 	2	2	4	<ol style="list-style-type: none"> Officers maintain constructive relationships with Fund employers. Processes are in place for responding to FOIs, Member/Public questions, and employer queries. 		2	2	4	4	-	HPP PM
Resource and Skill Risk													
RS 01	Inadequate Staffing	<ul style="list-style-type: none"> High staff turnover Regular staff absence Poor recruitment 	4	3	1 2	<ol style="list-style-type: none"> The Council has a standard recruitment policy in place. Utilisation of additional resourcing (e.g. Hymans Robertson and/or independent advice) if needed, where staff shortfalls prevent internal specialisation. 	<ul style="list-style-type: none"> Preparing annual business plans which identify short and long term resource requirements. Improved retention policies and procedures where skills are in high demand/short supply. 	2	2	4	12	-	ED R DF
RS 02	Inadequate Resources for Support Staff	<ul style="list-style-type: none"> Out-of-date or inadequate software. A lack of basic office equipment, e.g. working from home due to the Coronavirus pandemic 	2	2	4	<ol style="list-style-type: none"> Budgetary provisions are made for staff and resources to meet demands of the service. Regular retendering of pensions administration contracts with third party suppliers to ensure required 		1	1	1	4	-	ED R DF

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review		
Ref	Risk Overview	Risk Drivers	Likelihood	Impact	Risk rating	Existing Controls	Additional Requirements/ Controls	Likelihood	Impact	Risk rating	Previous Score	Direction of Travel	Risk Owner
		where staff may not have access to the same resources they would in the workplace.				standards are included in contract specifications. 3. The Council has a remote working policy, and a 'buy your own devices' policy to enable staff to purchase equipment needed to work from home. The use of virtual meetings has ensured that staff and advisors can meet regularly regardless of location.							
RS 03 Page 91	Inadequate Knowledge and Skills – Pensions Committee and Pension Board.	<ul style="list-style-type: none"> Change of membership/high turnover of membership. Low attendance at meetings. New members not sufficiently inducted or signposted to learning opportunities/ requirements. Poorly designed training programmes. 	4	3	1 2	<ol style="list-style-type: none"> Induction training is offered to new Members when joining PIC. Training is provided by the Fund's investment adviser, particularly in those specific asset classes relevant to the Fund and when acquiring new mandates. Officers signpost a quarterly selection of recommended conferences, workshops and training events to PIC and Pension Board members. PIC and Pension Board members are requested to complete the Pensions Regulator's Public Service Toolkit. Training logs are maintained and reported on in the Fund Annual Report. PIC Members have committed to attending a minimum of 5 hours of training each per year, to satisfy the requirements of MIFID II. Pension Board members are required to undertake learning needs analyses 	<ul style="list-style-type: none"> Induction programme to be developed for the Pension Board 	2	2	4	12	-	PIC PB DF PA

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review		
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						and identify their training requirements. 7. Annual skills audits are conducted to ensure skills remain relevant to the roles being undertaken, identifying any learning gaps and preparing tailored training in response to these gaps.							
RS 04	Inadequate Knowledge and Skills - Officers.	<ul style="list-style-type: none"> Lack of, or inadequate, staff training policies or opportunities. Knowledge is concentrated in a small number of officers, risking knowledge drain if those staff leave the authority. Increased workloads reduces time for skills development and training opportunities. 	3	3	9	<ol style="list-style-type: none"> The Fund is a member of, subscribes, and has access to several organisations that assist officers to maintain their knowledge and keep abreast of changes to the LGPS, e.g. LGA, GAD, LAPFF, LPFF, PLSA, SAB, etc. Actuarial, investment, independent advice is available where knowledge or skills fall short. Staff with professional qualifications relevant to their job roles. 	<ul style="list-style-type: none"> Succession planning for key roles to mitigate loss of knowledge from planned or unplanned departures. Improved networking with other LGPS administration teams, particularly those where senior members of the team have previously worked and relationships already exist, to improve knowledge sharing. 	2	2	4	9	-	ED R DF HPP PM PA
Administrative and Governance Risk													
AG 01	Failure or Unavailability of ICT.	<ul style="list-style-type: none"> Unscheduled system maintenance, downtime, or outages. Outdated or incompatible software. Loss of data due to system failure. 	2	3	6	<ol style="list-style-type: none"> Lewisham Information Security Policy – includes technical measures in place to maintain backups of files and emails. Corporate Business Continuity Plan in place to respond to potential loss of critical infrastructure, systems and data. 		2	2	4	6	-	ED R

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review		
Ref	Risk Overview	Risk Drivers	Likelihood	Impact	Risk rating	Existing Controls	Additional Requirements/ Controls	Likelihood	Impact	Risk rating	Previous Score	Direction of Travel	Risk Owner
Page 93						3. Custodian and fund manager portals can be accessed from any browser/device outside of the Lewisham network. 4. The Fund's bank account can be monitored by phone, and payments processed manually as per the authority's Business Continuity Plans for Finance (covering Treasury Management and Financial Transactions). 5. IT maintenance is scheduled for non-working hours where possible.							
	Delays to Pensions Payroll	<ul style="list-style-type: none"> ICT failure. Staff absence. 	1	4	4	1. Clear procedure notes in place for processing payroll.	<ul style="list-style-type: none"> Further training in payroll/ systems to be undertaken in Oracle Cloud. 	1	4	4	4	-	ED R HPP PM
	Over-Reliance on/ Loss of Key Staff	<ul style="list-style-type: none"> Knowledge is concentrated in a small number of officers, risking knowledge drain if those staff leave the authority. Unequal distribution of workloads creating reliance on certain staff. 	4	3	1 2	1. Staff appraisal programme to identify opportunities for upskilling, job rotation, and fair distribution of work. 2. Comprehensive process notes developed and in place.	<ul style="list-style-type: none"> Succession planning helps to mitigate and manage the loss of key staff, and is currently being reviewed by the interim Head of Payroll and Pensions. 	1	2	2	12	-	ED R DF HPP
	AG 04	Data Quality – the risk of complaints, fines, or incorrect valuation assumptions due to poor data quality.	<ul style="list-style-type: none"> Employers do not understand or meet their responsibilities, provide poor quality data, are unable to resource their pensions obligations, or 	2	3	6	1. Communications Strategy sets out how Fund will engage with all stakeholders. 2. Reconciliations and review of the recording of pay and pensions by	<ul style="list-style-type: none"> Administration Policy to be developed. 	1	3	3	6	-

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review		
Ref	Risk Overview	Risk Drivers	Likelihood	Impact	Risk rating	Existing Controls	Additional Requirements/ Controls	Likelihood	Impact	Risk rating	Previous Score	Direction of Travel	Risk Owner
		<p>have poor engagement with the Fund.</p> <ul style="list-style-type: none"> Officers do not understand or are unaware of their responsibilities, maintain poor quality data, or do not ensure data is reviewed on a regular basis. 				<p>officers, as well as running Altair reports for verification.</p> <p>3. Segregation of duties so that reconciliations are reviewed by a second individual.</p>							
AG Page 94	Professional Advice – the risk that professional advice is not sought or heeded, or proves to be insufficient.	<ul style="list-style-type: none"> Not enough time to seek the appropriate level of advice. Advice is ignored or not acted upon. 	1	4	4	<ol style="list-style-type: none"> Members and officers maintain close contact with its specialist advisers. Investment advice is delivered via formal meetings involving elected Members and recorded appropriately. Actuarial advice is subject to professional requirements such as peer review. 	<ul style="list-style-type: none"> Retendering of actuarial (and investment advisory) services to take place in 2022/23. 	1	4	4	4	-	ED R DF PIC
AG 06	Legislative and Regulatory Changes – the risk of complaints or fines due to incorrect adoption or incorrect calculation of regulatory changes.	<ul style="list-style-type: none"> Challenging implementation of major regulatory reform. Complexity of new regulations gives rise to heightened risk of error in calculations 	3	4	1 2	<ol style="list-style-type: none"> Use of Altair to ensure calculations are correct (e.g. for transitional protections). Officers attend and enrol in professional forums and events to keep up to date with legislative or regulatory changes. Support is provided by LGA and the actuary where necessary. 		2	3	6	12	-	HPP PM
AG 07	Third Party Provider Risk	<ul style="list-style-type: none"> Third party IT systems failing, or not adapting to meet regulatory changes. 	3	3	9	<ol style="list-style-type: none"> Third party suppliers used are reputable and fall within pension administration framework agreements. 		2	2	4	9	-	HPP PM

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review		
Ref	Risk Overview	Risk Drivers	Likelihood	Impact	Risk rating	Existing Controls	Additional Requirements/ Controls	Likelihood	Impact	Risk rating	Previous Score	Direction of Travel	Risk Owner
		<ul style="list-style-type: none"> Underperformance of provider. Poorly resourced, poor contract management, incorrect contract specification. 				<ol style="list-style-type: none"> Appropriate oversight and monitoring by the Pensions Team for assurance of controls in place. Regular meetings with contractors to discuss performance and service improvements. 							
AG 08	Data Protection Risk – the risk of financial penalty or reputational damage due to data mismanagement.	<ul style="list-style-type: none"> ICT failure. Fraud. Security of paper documents, especially when out of the office (e.g. handling paperwork at home due to the Coronavirus pandemic). 	2	3	6	<ol style="list-style-type: none"> Officers have completed compulsory GDPR training. Lewisham Information Security Policy – includes technical measures to help protect information including anti-virus updates, software patches, encryption, permissions management, and system backups. Secure email is available via the Council's standard email or via CJSJ or Egress Switch. 		2	3	6	6	-	HPP PM
AG 09	Fraud or Fraudulent Behaviour – the risk that someone deliberately acts to deprive the Fund of its assets, or to obtain personal benefit from his or her position.	<ul style="list-style-type: none"> Opportunities to commit fraud can arise due to a temporary situation where the risk of being caught is low. Lapsed controls, or loopholes identified by those intent on fraudulent behaviour. 	2	3	6	<ol style="list-style-type: none"> Appropriate system of checks and authorisations for death and transfer cases. Separation of duties for upload, checking, approval, input and processing of payments from the Pension Fund bank account. "Confirmation of Payee" initiative used by bank to target and prevent impersonation fraud, invoice redirection and new payment fraud. Monthly reconciliation of Pension Fund bank account to identify and code all income/payments. 		1	2	2	6	-	ED R DF HPP PM PA

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review		
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						<p>5. Internal audit acts as an appraisal and advisory service and can review, identify and advise on internal controls regarding fraud prevention.</p> <p>6. Fund managers are requested to submit internal control reports which are reviewed by external audit.</p>							
AG 10	Cyber Threats – the risk of vulnerability to, and impact of, cyber-attacks that result in different types of breaches.	<ul style="list-style-type: none"> • Failure of ICT. • Accidental loss of hardware (laptop, mobile, USB device). • Accidental loss of electronic data. • Generic malware. • Untargeted attacks from 'hobbyist' hackers. • Targeted attacks from ex-employees, customers, current employees or anonymous activists. • State-sponsored attacks, cyber-criminal/terrorists. 	3	5	15	<ol style="list-style-type: none"> 1. Lewisham Information Security Policy – includes technical measures to help protect IT systems including anti-virus updates, software patches, encryption, and firewalls. 2. 'Spam email' blocking software and a dedicated mailbox for reporting spam/phishing attacks. 3. Fund bank account can only be accessed by authorised users with access to a bank smartcard, card reader, and PIN unique to the card/user. 4. Fund bank account responsibilities are segregated so that no single user, whether compromised or not, can input and approve payments; any changes to these authorisations require confirmations from two system administrators. 5. Lewisham's ICT Acceptable Use Policy – to restrict use that may leave the Council's systems vulnerable to attack. 	<ul style="list-style-type: none"> • Create a formal Fund Security Policy, to include an assessment of the scheme's 'cyber footprint' – scheme's key functions, systems and assets, vulnerabilities and impact of breaches. • Member/officer training required on cyber threats. • Undertake testing of security measures and protocols in place for the Fund; penetration testing, testing of staff to gauge reactions to typical threats. • Consider appointing an ICT Compliance Officer for reporting to the Pensions Board. 	2	5	10	15	-	ED R DF HPP PM PA

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review		
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						6. Lewisham managed devices are password protected to prevent unauthorised access.							
AG 11	Inappropriate Decision-making.	<ul style="list-style-type: none"> High staff turnover at officer, PIC or Pension Board level. Lack of oversight at senior officer, PIC or Pension Board level. Undisclosed conflicts of interest. Decision making process is too rigid. Poor monitoring of political and public sector landscape. 	3	3	9	<ol style="list-style-type: none"> Oversight by the Pension Board to assist the scheme secure compliance with relevant LGPS regulations; reviews and comments on governance, administration and decision-making within the scheme. Knowledge and Training Policy in place for Pension Board members. Investment Committee and Pension Board members are required to disclose conflicts of interest at meetings. A Conflict of Interest Policy and Register of Interests is maintained. Professional advice received from the Fund's investment adviser and actuary to aid decision-making. 		2	3	6	9	-	ED R DF PIC PB
AG 12	Operational Disaster – Fire/ Flood/ Pandemic	<ul style="list-style-type: none"> Covid-19 and its associated impact on the administration and governance of the Fund. 	3	2	6	<ol style="list-style-type: none"> Business Continuity Plans are in place. Remote and flexible working practices and policies enable staff to work away from the office, e.g. increased use of digital platforms to communicate, multiple devices with which to work and communicate, etc. Documentation is saved on Council IT network, available from any location 		2	2	4	10	↘	ED R DF

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						<p>via a Council managed device or own devices via 2FA.</p> <p>4. Government guidelines to be followed in the event of a pandemic – Committee meetings continue virtually.</p>							
Regulatory and Compliance Risk													
RC 01	Non-compliance Risk – Statement of Accounts	<ul style="list-style-type: none"> Material misstatement due to incorrect accounting practices, poor judgement or breaches of the law that potentially result in a qualified audit opinion. Changes to accounting requirements that are incorrectly implemented. Poor quality of data and/ or recordkeeping. 	2	3	6	<ol style="list-style-type: none"> Qualified CIPFA officers produce Statement of Accounts in accordance with the CIPFA Accounting Code of Practice. Accounts are reviewed by the Executive Director of Corporate Resources, also a qualified CIPFA accountant. Reconciliations of key control accounts, custodian valuations, manager valuations, and the Fund's ledger. Reconciliations are reviewed and signed off by a second officer. External audit of accounts identifies audit findings which if implemented will avoid a qualified opinion. 	•	2	3	6	9	↘	ED R DF
RC 02	Non-compliance Risk - Other	<ul style="list-style-type: none"> Weak business processes that give rise to non-compliance through either poorly designed processes, not understanding the regulatory requirements, 	3	3	9	<ol style="list-style-type: none"> Officers engage in statutory consultation periods to obtain early sight of planned changes to legislation and increase understanding of changes. 	The Pension Board has appointed new members and are working on an updated work programme. The Board met in March 2022 and has	2	3	6	9	-	ED R DF

Identification of Risk			Current Scoring			Risk Mitigation		Target Scoring			Review		
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		<p>or not knowing the requirements exist.</p> <ul style="list-style-type: none"> Inadequate staffing or training of staff to understand their responsibilities 				<ol style="list-style-type: none"> Members and officers attend relevant training events and conferences. Members and officers engage with formal and informal networks. Pension Board work plan is designed to cover all areas of applicable Fund governance and administration to help identify and avoid statutory breaches. A Breaches of the Law Policy and Breaches Log is in place. Professional advice from the Fund's investment adviser and actuary is available. Internal and external audit reviews. The Council provides legal support to review PIC papers, key fund documents, and provide general legal advice when required. Independent compliance reviews to assess the Fund's compliance to the Pension Regulator's Code of Practice and the Scheme Advisory Board Requirements. 	<p>set dates for the next three quarterly meetings.</p>						

Lewisham Pension Fund – Annual Governance Compliance Statement – Sept 2022

INTRODUCTION

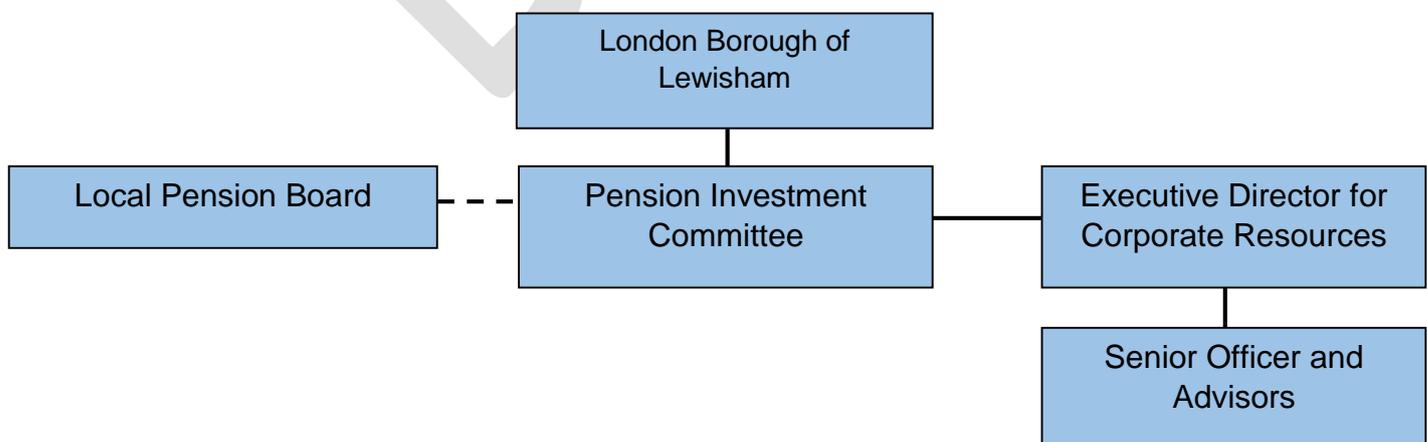
Regulation 55 of the Local Government Pension Scheme regulations 2013 requires all administering authorities for local government pension schemes to publish a Governance Compliance Statement setting out the Fund’s governance arrangements. It should outline the extent of the Fund’s compliance with guidance issued by the Secretary of State for Communities and Local Government (now DLUHC) and review that statement on an ongoing basis. This statement sets out the Fund’s Governance Structure, scheme of delegation, and the terms of reference for its Governing Bodies, the Pensions Committee and the Local Pensions Board.

RELATIONSHIP WITH THE ADMINISTERING AUTHORITY – THE LONDON BOROUGH OF LEWISHAM

The London Borough of Lewisham (the Council) is the Administering Authority for the Lewisham Pension Fund (the Fund) under the Local Government Pension Scheme Regulations 2013 and is the Scheme Manager as defined by Section 4 of the Public Service Pension Act 2013. The Council is required, by virtue of the statutory provisions in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 to manage the Pension Fund’s assets and liabilities separately to those it holds to perform its functions as a local government authority and to carry out all other activities associated with the management and administration of the scheme, in accordance with legislation and statutory guidance for the benefit of its members, employers and other stakeholders.

GOVERNANCE STRUCTURE

Under its constitution and in accordance with Section 101 of the Local Government Act 1972 the Council has delegated responsibility for the management of the Fund to the Pension Investment Committee and the Executive Director for Corporate Resources. As required by the Public Service Pensions Act 2013, the Council has also established a Local Pensions Board to assist in the good governance of the scheme by ensuring compliance with legislation and statutory guidance. The Fund’s Governance arrangements are outlined in the diagram below.



THE PENSION INVESTMENT COMMITTEE

The Pension Investment Committee is responsible for exercising all of the functions that are required as an Administering Authority for a Local Government Pension Scheme under the Public Service Pensions Act 2013. Adhering to the principles required by Statutory Guidance, The Pensions Regulator's (TPR) Code of Practice and performing the duties set out in the Terms of Reference for the Pension Investment Committee as detailed in Article 9 of the Council's Constitution available on its website.

Members of the Pension Investment Committee are responsible for the Fund's activities, ensuring that the Fund is managed in the best interest of all its members, employers, and beneficiaries. Members of the Pension Investment Committee must therefore take a non-political approach to the decisions they take.

The key duties as set out in the terms of reference include:

- review with fund managers of the investment performance of the superannuation fund on a quarterly basis;
- to examine the portfolio of investments, and its market value, at the end of each quarter for suitability and diversification;
- to inform the fund managers of the Council's policy regarding investment of its superannuation funds, and to take advice on the possible effect on performance resulting from implementing the policy;
- to review from time to time the appointment of the fund manager;
- to determine the overall investment strategy and policies of the fund on professional advice;
- responsibility for compliance with the ten Myners principles incorporated in the "CIPFA Pensions Panel Principles for Investment Decision Making" and all other relevant guidance in relation to the Local Government Pension Scheme in force and issued by CIPFA from time to time

The Pensions Investment Committee comprises eight Members of the Council who have voting rights, and meets at least quarterly. Each Councillor has one vote with the Chair having the casting vote. At the start of each meeting Committee Members are invited to declare any financial or pecuniary interest related to specific matters on the agenda. The Committee takes advice from its independent investment consultant and permits attendance from non-voting observers comprised of pensioners, admitted and scheduled bodies, union officials, and members of the Local Pension Board.

LOCAL PENSIONS BOARD

As required by the Public Service Pensions Act 2013, the Council as administering authority established the Local Pensions Board to assist in the good governance of the scheme by ensuring the Fund's compliance with legislation and statutory guidance. The terms of reference for the Local Pensions Board are available in the Council's Constitution and on the Fund's website.

The purpose of the Board is to assist the London Borough of Lewisham in its role as a scheme manager of the Scheme. Such assistance is to:

- (a) secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pension Regulator in relation to the Scheme; and
- (b) to ensure the effective and efficient governance and administration of the Scheme.

Pension Board members are non-political, they represent the Fund's members and employers (not political group, trade union or individual employer) and must consider the Fund's overriding objective, which is to pay members benefits when they fall due. The Pensions Board consists of five members, two employer, two scheme (member) representatives and an Independent Chair. All members apart from the Independent Chair may vote.

Further information with regards to representation on the Local Pensions Board can be found in the Pension Board Terms of Reference within the Council's Constitution, available on the Council's website.

In line with Pensions Committee, the Board also meet on a quarterly basis. The Board establishes an annual programme of work focused on the Fund's governance and administration, monitoring the Fund's compliance with statutory and regulatory guidance and working with officers to ensure the highest standards are met. The workplan covers the broad range of functions undertaken by the Fund including data management, financial management, funding policy and investment governance and stewardship. A report on the work of the Pensions Board is provided to the Pensions Committee on an annual basis.

INVESTMENT POOLING

Role of Individual Administering Authority

In compliance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the London Borough of Lewisham Pension Fund has outlined its approach to investment pooling in its Investment Strategy Statement. Working collectively with the London Pension Funds, the London Borough of Lewisham Pension Fund created and owns the London Collective Investment Vehicle (LCIV), an FCA regulated company responsible for product development and collective investment vehicles to meet the investment requirements of the thirty two London Boroughs and the City of London as its clients.

In conjunction with the other London Pension Funds, the London Borough of Lewisham Pension Fund takes two roles in this structure:

- **Role as Shareholder**

To oversee, challenge and ensure the company's goals, ambitions and overall performance achieve the objectives set out in its annual business plan (including the budget), ensuring such business plan is fit for purpose in the context of its customers, their needs and ambitions, including the creation and delivery of products which meet those needs. The Chair of the Pension Investment Committee holds the role of Shareholder Representative in the LCIV.

- **Role as Client/Customer**

To receive services (under agreement) and to manage the performance of that agreement in line with contract management processes.

EXECUTIVE DIRECTOR FOR CORPORATE RESOURCES

In accordance with Section 101 of the Local Government Act responsibility for the day-to-day administration, and investment management for the Fund within the policy's and strategies agreed by the Pensions Committee is delegated to the Executive Director for Corporate Resources.

The Executive Director for Corporate Resources has lead responsibility for the London Borough of Lewisham Pension Fund in accordance with the statutory provisions imposed on administering authorities who hold a Local Government Pension Scheme function, as governed by the Public Service Pensions Act 2013 (and associated legislation).

The full delegations to the Executive Director for Corporate Resources are available in the Council's constitution.

The Executive Director for Corporate Resources may authorise Senior Officers from within the Fund to exercise on their behalf the functions delegated to them. Any decisions taken under this authority shall remain the responsibility of the Executive Director for Corporate Resources who shall remain accountable and responsible for such decisions.

ACCOUNTABILITY AND PUBLICATION OF INFORMATION

Details of the Pension Investment Committee and Local Pension Board meetings, including minutes agendas and reports presented are publicly available on the administering authority's website, where these are not considered to be exempt. Members of the Local Pensions Board have full access to the information presented to the Pension Investment Committee and vice-versa.

Meetings of the Pension Investment Committee and Local Pensions Board are open to members of the public.

The Pensions Board workplan is publicly available and a report on the work of the Pensions Board is presented annually to the Pensions Committee. Papers for the meetings of the Board are published on the Council's website alongside committee papers.

The Fund prepares and publishes an Annual Pension Fund Report and Accounts detailing Fund activities and performance during the year. The Annual Report includes details of the training records for members of the Fund's Governing Body's (The Pension Investment Committee and Local Pensions Board), with copies available on the Fund website.

GOVERNING BODY KNOWLEDGE AND SKILLS

The Fund is required by law (section 248a of the Public Service Pensions Act 2013), and statutory guidance (Pensions Regulator's Code of Practice and Scheme Advisory Board Statutory Guidance), to ensure that members of its Governing Bodies (the Pension Investment Committee and the Local Pensions Board), have an appropriate level of knowledge and understanding, to undertake the roles and functions of the positions they have been appointed to.

The Fund have established a Training Policy which is available on its website.

The policy sets out the Fund's approach to supporting members to meet statutory expectations in relation to knowledge and understanding through a tailored and structured training programme.

GOVERNING BODY CONFLICTS OF INTEREST

A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's ability to undertake the functions of the role they have been appointed to. A conflict could arise where an individual has been appointed to a Governing Body (the Pension Investment Committee or Local Pensions Board) who at the same time has a separate personal interest or responsibility (financial or otherwise) in a matter being discussed. The Fund has established a Conflicts of Interest policy that sets out its approach to identifying, monitoring, and managing conflicts which is available on its website. Members of the Pension Investment Committee and Local Pensions Board are required to complete annual declarations of interest and the Fund maintains a register of interests declared. Declaration of Interests is also a standing agenda item at all meetings of both the Pension Investment Committee and the Local Pensions Board. In addition, elected members are expected to follow the policies agreed by their local authority, including the relevant Councillor Code of Conduct.

COMPLIANCE STATEMENT

The Fund fully complies with the best practice guidelines on governance, issued by the Department for Levelling Up, Housing and Communities (DLUHC). For details, see the table below.

Principle	Fully Compliant
A - Structure	
The Management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.	✓
That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	✓
That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	N/A
That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	N/A
B - Representation	
That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee (the Local Pensions Board) structure. These include: <ul style="list-style-type: none"> • Employing authorities (including non-scheme employers (e.g. admitted bodies)) • Scheme members (including deferred and pensioner scheme members) • Independent professional observers (where appropriate) • Expert advisers (on an ad hoc basis) 	✓
That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and	✓

meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.	
Selection and Role of Lay Members	
That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	✓
That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	✓
Voting	
The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	✓
Training/Facility Time/Expenses	
That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	✓
That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form or secondary forum.	✓
Meetings	
That the administering authority's main committee or committees meet at least quarterly.	✓
That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	✓
That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders be represented.	✓
Access	
That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	✓
Scope	
That administering authorities have taken steps to bring the wider scheme issues within the scope of their governance arrangements.	✓
Publicity	
That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	✓

Version	Author	Document Title	Approved By	Approval Date	Next Review
1	Katharine Nidd	Governance Compliance Statement			

DRAFT

London Borough of Lewisham
Pensions Team - List of Process Notes

- Auto enrolment queries and opt-out process
- i-Connect procedure notes
- New procedure for address changes
- New starter process notes
- Non club transfers out procedure notes
- Procedure for aggregation on Altair
- Process for estimates where member has an AVC
- IFAINs actuals
- Interfund transfers in pre and post 14
- Interfund transfers in
- Interfund out actuals
- Interfund transfers
- Status 9 record – LGPS rights elsewhere
- Refund procedure notes
- Single annual benefit statement production process



LONDON BOROUGH OF LEWISHAM INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP) EMPLOYEES' GUIDE

This guide shows how the internal dispute resolution procedures operate in the Local Government Pension Scheme, and is provided for general information only. It does not cover every aspect. It is not an interpretation of the scheme regulations. In the event of any unintentional differences, the scheme regulations will apply. This booklet does not confer any contractual or statutory rights.

Enquiries

If you are not sure which benefits you are entitled to, or you have a problem with your benefits, please either phone the number on the letter your employer or the Pensions Team of your administering authority:

Address: London Borough of Lewisham
Pensions Team
4th Floor Laurence House
1 Catford Road
London SE6 4RU

Telephone: 020 8314 7277

E-mail: pensionsteam@lewisham.gov.uk

The Pensions Team will try to deal with the problem as quickly and efficiently as possible. The administering authority is the authority that looks after the pension fund.

Many problems that members have are, in fact, resolved in this way. They may be caused by misunderstandings or wrong information, which can be explained or put right easily. An informal enquiry of this kind may save you a lot of time and trouble.

Decisions

From the day that you become a member of the Local Government Pension Scheme (LGPS), to the day when benefits or dependant's benefits are paid decisions are made about your pension rights. Some decisions are made by your employer and some decisions are made by Lewisham Pensions Team as the administering authority. When you (this includes dependants) are notified of a decision you should check, as far as you can, that it is based on the correct details and that you agree with the decision.

Complaints

If you are not satisfied with any decision affecting you made in relation to the Scheme, you have the right to ask for it to be looked at again under the formal complaint procedure. You also have a right to use the procedure if a decision should have been made by your employer or administering authority, but it hasn't been. The complaint procedure's official name is the 'Internal Dispute Resolution Procedure' (IDRP).

There are also a number of other regulatory bodies, such as The Pension Advisory service (TPAS) and the Pensions Ombudsman, which may be able to help you. They are described in the 'Additional Help' section. You can contact TPAS for information and advice at any stage during the formal complaint procedure.

The formal complaint procedure has two stages, although many complaints are resolved at the first stage. Any complaint you make will be treated seriously, and considered thoroughly and fairly.

You can ask someone to take your complaint forward on your behalf. This could be, for instance, a trade union official, welfare officer, your husband, wife or partner, or a friend.

No charge is made at any stage for investigating a complaint under the internal dispute resolution procedure. But expenses that you will have to meet are your own (and/or your representative's) time, stationery and postage.

At any stage during the formal complaint procedure you can contact the Pensions Advisory Service for information and advice (see *Additional Help* section).

Please remember that, before going to the trouble of making a formal complaint, your Pensions Section may welcome the opportunity to try to resolve the matter about which you are dissatisfied in an informal way. It may be worth checking again that they know you are concerned, and why.

Exceptions where you cannot apply for IDR

There are certain circumstances where you cannot apply for IDR. As detailed under Section 50(9) of the 1995 Pensions Act, IDR is not possible if any of the following applies:

- Proceedings have commenced in a court or tribunal
- The Pensions Ombudsman has started an investigation
- It is prescribed by regulations made by the Secretary of State

First stage

If you need to make a formal complaint, you should make it:

- in writing, using the application form at the end of this guide, and
- within 6 months of the day when you were told of the decision you want to complain about.

Your complaint will be considered carefully by a person nominated by your employer or the administering authority that took the original decision you wish to appeal against. This guide calls them the 'Stage 1 Adjudicator' and they are required to give you their decision in writing.

You should complete the IDR form setting out the full details of your complaint. Please make sure that you include your full name, address, date of birth and National Insurance number.

Please send the completed form and any relevant evidence to:

Pensions Manager
London Borough of Lewisham
Pensions Team
4th Floor Laurence House
1 Catford Road
London SE6 4RU

E-mail: pensionsteam@lewisham.gov.uk

What happens next?

The facts of your case and any other supporting documentation will be examined, alongside the Scheme rules, and any legislation that is applicable. It is possible that you may be asked for more details, to help the Stage 1 Adjudicator fully understand your case. Your complaint will then be considered carefully and you will receive a written reply within 2 months of the date your complaint is received.

If it has not been possible for the Stage 1 Adjudicator to issue a decision within the 2 month period, a letter will be sent to you explaining the reasons for the delay and provide an expected date for issuing a decision.

Receiving a reply from the Stage 1 Adjudicator

The Stage 1 Adjudicator will write to you, and to your representative if you have one, with a decision on your complaint. The letter will explain the decision and the details of any legislation or provisions of the Scheme Regulations which have been referred to in the decision making process.

The decision letter will also give you information about how to apply for Stage 2 of the IDR should you wish to appeal against the Stage 1 decision.

If the decision you complained about concerned the exercise of a discretion by your employer or the administering authority, and the Stage 1 Adjudicator decides that your employer or the administering authority should reconsider how they exercised their decision, they will write to notify them of their decision. In such cases, the Stage 1 Adjudicator cannot overturn the initial decision but can determine whether the discretion has been exercised reasonably and, in cases where this is found not to be the case, can refer the decision to be reconsidered. If you

are still not satisfied with this decision after reconsideration, then you can take your appeal to Stage 2.

Second Stage

You can ask the Pensions Team to take a fresh look at your complaint in any of the following circumstances:

- If you are not satisfied with the Adjudicator's first decision
- If you have not received a decision or an interim letter from the Adjudicator, and it is 3 months since you lodged your complaint,

You must apply for your complaint to be dealt with under Stage 2 within the time limits set out at the end of this guide and give a statement of the reasons why you are dissatisfied with that decision. Please send the completed application form, covering letter, all the details you provided at Stage 1 and a copy of the Stage 1 decision to:

London Borough of Lewisham
Pensions Team
4th Floor Laurence House
1 Catford Road
London SE6 4RU

E-mail: pensionsteam@lewisham.gov.uk

The person nominated by the administering authority as the *Stage 2 adjudicator* will let you and your representative, if you have one, know the decision within 2 months of your appeal being received and whether this confirms, changes or reverses the Stage 1 decision.

You will be provided with a written statement explaining the decision, the provisions of the Scheme Rules and any legislation relevant to the matter.

In any case where the Stage 2 Adjudicator cannot give their decision within 2 months, you will be written to setting out reasons for the delay and an expected date for giving the decision.

If you are still unhappy following the administering authority's second stage decision, you can take your case to the Pensions Ombudsman provided you do so within 3 years from the date of the original decision (or lack of a decision) about which you are complaining.

Additional Help

The Pensions Advisory Service (TPAS)

TPAS provide independent and impartial information about pensions, free of charge, to members of the public. TPAS is available to assist members and beneficiaries of the scheme with any pension query they have or any general requests for information or guidance concerning their pension benefits. Visit the TPO at <https://www.pensionsadvisoryservice.org.uk>

If you have received a second-stage decision under the IDRPs, are not satisfied with that decision, and still think your complaint is well-founded, TPAS may be able to help to resolve your pension complaint or dispute. Before asking for TPAS' help in resolving a dispute, you must have already tried to settle it using the IDRPs described above.

A TPAS adviser cannot force a pension scheme to take a particular step but, if they think your complaint is justified, they will try to resolve the problem through conciliation and mediation. TPAS would need copies of all relevant documents, including the correspondence about your complaint under the internal complaints procedure and how it was dealt with.

Contact TPAS:

Website: <https://www.pensionsadvisoryservice.org.uk>

Telephone: 0800 011 3797

In Writing: The Money and Pensions Service, 120 Holborn, London EC1N 2TD

The Pensions Ombudsman (TPO)

The TPO investigates complaints and settles disputes about pension schemes.

You have the right to refer your complaint to the TPO free of charge. Before you refer your complaint, you should first have tried to resolve it through the IDRPs and have consulted TPAS.

The TPO is completely independent and acts as an impartial adjudicator. His role and powers have been decided by Parliament. The TPO cannot investigate matters where legal proceedings have already started but, subject to that, he can settle disputes about matters of fact or law as they affect occupational pension schemes.

He can also investigate and decide any complaint or dispute about the maladministration of a pension scheme. Maladministration is about the way that a decision is taken, rather than about the merits of the decision.

The TPO's decision is final and binding on all the parties, subject to any appeal made to the High Court on a point of law.

You must refer your complaint to the Ombudsman within 3 years of the event about which you are complaining, or within 3 years of when you first became aware of the problem.

Contact TPO:

Telephone: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk

In Writing: The Pensions Ombudsman, 10 South Colonnade, Canary Wharf E14 4PU

IDRP 2022

INTERNAL DISPUTE RESOLUTION PROCEDURE

Application to Adjudicator – Stage 1

Local Government Pension Scheme

You can use this form to apply to the Adjudicator if you want them to investigate a complaint concerning your pension. Please write clearly in black ink

1. Member's details:

If you are the member (the person who is or was in the Scheme), or a prospective member (a person who is eligible to be a member of the Scheme), please give your details in this section, and then go to **section 4**.

If you are the member's dependant (for example, their husband, wife or child), please give the member's details in this section, and then go to **section 2**.

If you are representing the person with the complaint, please give the member's details in this section, and then go to **section 3**.

Full Name	
Address	
Telephone Number	
Email address	
Date of Birth	
Employer name and address	
National insurance number	
Job Title	

2. Dependant's detail:

If you are the member's dependant and the complaint is about a benefit for you, please give **your** details in this section and then **complete section 4**.

If the complaint is about a benefit for a dependant and you are the dependant's representative, please give the dependant's details in this section and then go to **section 3**.

Full Name	
Address	
Telephone Number	
Relationship to Member	

3. Representative's details:

If you are the member's or dependant's representative, please give your details in this section then go to **section 4**.

Your Name	
Address	
Telephone Number	
The address response letters should be sent to	

4. Your complaint

Please give full details of your complaint in this box. Please try to explain exactly why you are unhappy, giving any dates or periods of Scheme membership that you think are relevant.

If there is not enough space, please go on to a separate sheet and attach it to this form. Remember to write your name and national insurance number at the top of any separate sheet if you are a member. Or, if you are not a member, put the member's name and national insurance number at the top of any separate sheet.

5. Declaration

Please tick the statement which applies to you:

- I am a scheme member/prospective scheme member/former scheme member
- I am a dependant of a former scheme member
- I am the scheme member's or dependant's representative*

I would like the Adjudicator to investigate my complaint and make a decision about it. I understand the information I have provide will be shared with the Adjudicator. Information may also be provided by my (ex) employer and/or the Pensions Team. I can ask for copies of this information.

Signed _____ Date _____

If you are the scheme member's or dependant's representative, we require written permission from the scheme member or dependant to disclose information to you. The scheme member or dependant should complete the declaration below:

I _____ (scheme member or dependant's name)
give permission for _____ (representative's
name) to represent me.

I would/would not (delete as applicable) like to receive a copy of all correspondence.

Signed _____ Date _____

Please enclose a copy of any notification you received from your employer or Lewisham Pensions Team about the decision you are complaining about, together with evidence in support of your appeal.

Please return this form to:

Pensions Manager
London Borough of Lewisham
Pensions Team
4th Floor Laurence House
1 Catford Road
London
SE6 4RU

Time limits under the Internal Dispute Resolution Procedure

Your situation	To complain to	Time Limit
You have received a decision on your benefits under the pension scheme from your employer/administering authority, and there seem to be good grounds for complaining.	The nominated person under the first stage of the procedure.	6 months from the date when you were notified of the decision ¹
You have received a first stage decision on your complaint from the nominated person, but you are not satisfied.	The relevant administering authority under the second stage of the procedure.	6 months from the date of the nominated person's decision
You made your complaint in writing to the nominated person, with all the information they needed but, 3 months later, you have not received their decision on your complaint or any interim reply.	The relevant administering authority under the second stage of the procedure.	9 months from the date when you submitted your complaint.
You received an interim reply to your complaint to the nominated person, within 2 months of applying to them. Their reply promised you a decision by a specified date but, one month after the specified date, you still have not received their decision.	The relevant administering authority under the second stage of the procedure.	7 months from the date by which you were promised you would receive a decision
Your complaint is that your employer or administering authority have failed to make any decision about your benefits under the pension scheme	The nominated person under the first stage of the procedure	6 months from the date when the employer or administering authority should have made the decision ² .
Your complaint went to the administering authority under the second stage of the procedure. You received their decision but you are still not satisfied.	The Pensions Ombudsman. Note that the Ombudsman will normally expect you to have asked TPAS for help first.	3 years from the date of the original decision about which you are complaining.
You have taken your complaint to the administering	The Pensions Ombudsman. Note	3 years from the date of the original

¹ The nominated person can extend the 6 month time limit for a reasonable period where there are special circumstances.

² The nominated person can extend the 6 month time limit for a reasonable period where there are special circumstances.

Your situation	To complain to	Time Limit
authority under the second stage of the procedure but, 2 months after your complaint was received by the authority, you have not received their decision on your complaint or any interim reply.	that the Ombudsman will normally expect you to have asked TPAS for help first.	decision about which you are complaining.
You received an interim reply to your second stage complaint to the administering authority, within 2 months of applying to them. Their reply promised you a decision by a certain date but, by that date, you still have not received their decision	The Pensions Ombudsman. Note that the Ombudsman will normally expect you to have asked TPAS for help first.	3 years from the date of the original decision about which you are complaining.

Lewisham Pension Fund

Pensions Administration Strategy

July 2022

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Pensions Administration Strategy

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1. Roles and Responsibilities
2. Primary employer contact form

Introduction

Regulatory background

This is the Pension Administration Strategy of Lewisham Pension Fund (“the Fund”), administered by Lewisham Council (“the administering authority”).

This Statement has been produced in accordance with regulation 59 of the Local Government Pension Scheme Regulations 2013 (“the Regulations”). The Regulations provide that the administering authority may prepare, maintain and publish a written Statement setting out their policy concerning administration matters, and that the administering authority and the scheme employers participating in the Fund must then have regard to that strategy when carrying out their respective functions.

The Regulations also require that the administering authority must consult with its participating employers (and any other persons it considers appropriate) in preparing or reviewing this Strategy

In addition, regulation 70 of the Regulations allows an administering authority to recover additional costs incurred by the administering authority from a participating employer where, in its opinion, those costs are directly related to the poor performance of that employer. Where this situation arises, the administering authority is required to give written notice to the employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

Aims and objectives

The purpose of the Strategy is to:

- Support the provision of a high-quality pension service to Fund members delivered through efficient working practices;
- Confirm the role of scheme employers and sets out their expected levels of performance;
- Confirm the role of the administering authority and sets out its expected levels of performance;
- Ensure that the Fund is operated in accordance with LGPS regulations, overriding legislation and any relevant Codes of Practice issued by The Pensions Regulator;
- Set out how the performance of the administering authority and scheme employers will be monitored and reported;
- Explain what actions might be taken by the administering authority in response to a scheme employers poor performance or non-compliance;
- Confirm how the administering authority will communicate with its employers
- Detail the resources and support that is available for scheme employers to access

This Strategy statement has been produced in consultation with all participating employers in the Fund and becomes effective from **XXXXXX**. It will be reviewed at least annually and will be revised to reflect changes to:

- LGPS Regulations;
- Other overriding legislative requires and/or Pension Regulator code of practice;
- Policies determined by the administering authority; and
- Administrative practices required of the administering authority and scheme employers in fulfilling their respective functions.

Levels of performance and compliance achieved by both the administering authority and scheme employers will be reported;

- To the Fund's Pension Committee and Pension Board as part of regular administration performance reporting; and
- in the Fund's Annual Report and Accounts.

The statement will be published to all participating Fund employers via the Fund website.

In no circumstances, however, does this Strategy override any provision or requirements of the LGPS Regulations or any overriding legislative requirements.

Queries

Any enquiries in relation to this Administration Strategy should be forwarded to **XXX**,

Roles and Responsibilities

General

The Fund is committed to providing a high-quality pension service to both members and employers, ensuring all members and dependants receive their correct pension benefit entitlement at the correct time. These aims are best achieved where the administering authority and scheme employers work in partnership and understand their respective roles and responsibilities.

As well as setting out the roles and responsibilities of both the administering authority and scheme employers this Strategy specifies the level of service each is expected to provide to each other, and the performance measures used to evaluate them.

The administering authority's roles and responsibilities

The high-level responsibilities for the administering authority are to:

- administer the LGPS in respect of all scheme members (active, deferred, pensioner and survivor members) in accordance with this Strategy
- maintain and review the Fund's statements, policies and reports and all other matters relating to the governance of the scheme
- communicate and engage with scheme employers on all LGPS and related matters
- provide support/training to employers
- maintain and develop an effective web presence for the benefit of scheme members and scheme employers

The scheme employer's roles and responsibilities

The high-level responsibilities for a scheme employer are to:

- communicate the benefits of the LGPS to eligible staff
- ensure the correct level of monthly pension contributions are collected and paid over to the Fund by no later than the 19th of the month following the month of deduction (or 22nd of the month if remitted electronically)
- report information and data to the administering authority as set out in this Strategy
- keep up-to-date with Fund related communications
- provide a prompt response to information requests from the administering authority

A detailed description of the key administering authority and scheme employer responsibilities relating to the Fund's administration are set out in Appendix 1.

Primary employer contact

Each scheme employer must nominate a person who will act as the administering authority's primary employer contact. This person's contact details should be passed to the administering authority and kept up to date. There may be additional contacts for finance, payroll, etc, but the primary contact will be the first port of call where any issues or disputes arise.

See Appendix 2 for the primary employer contact form. This should be completed by the scheme employer and submitted to the administering authority immediately on first participating in the Fund and then immediately any change to the primary employer contact occurs.

It is the scheme employer's responsibility to ensure that the primary employer contact and all other key staff contact details held by the administering authority are correct, and to notify the administering authority of any changes immediately.

The scheme employer must ensure the nominated primary contact (and other key staff) is aware of the scheme employer duties and keep up to date with all guidance and instruction issued by the administering authority from time to time.

The scheme employer must ensure that they retain a good level of understanding of the LGPS and have a succession plan in place for their nominated contacts, including the primary employer contact.

The primary employer contact should ensure all information provided to the administering authority is correct by having an appropriate quality review process in place prior to information being submitted to the administering authority.

Performance Monitoring

General

The document provides the actions that may be taken where standards are not met by scheme employers and/or when persistent non-compliance occurs.

Due in large part to the annualised nature of the pension accrual for a Career Average Revalued Earnings (CARE) pension scheme, the importance of accurate and timely membership data returns to the administering authority has never been greater. The requirements and demands of running a CARE pension scheme, such as the LGPS, means that the administering authority must receive accurate and timely membership data from all scheme employers. This is in order that it can fulfil its statutory and organisational responsibilities, such as completion of member retirements, the production of annual benefit statements and compliance with the pension dashboards disclosure requirements.

The administering authority has, therefore, made the decision to mandate monthly data returns (via the administration platforms iConnect functionality) for all scheme employers. All new joiner, opt-out, retirement notifications, etc. must be included on the monthly data submission for the month that the member joined, opted, out, retired, etc. or the month after if this is not possible.

If a scheme employer fails to provide the required data on a monthly basis via iConnect and continues to provide information on an annual basis, the administering authority will charge an additional fee in order to process data using this legacy arrangement. Details of the additional fee that will be charged can be seen in the table below.

Monitoring and engagement

Various means will be employed, as determined from time to time, to assist in monitoring compliance with this Strategy. More detailed methods may be included in a service level agreement (SLA) between an individual scheme employer and the administering authority.

Methods may include:

- Internal/external audit review of processes and internal controls;
- Performance monitoring against scheme employer tasks and functions noted in this Strategy;
- Performance monitoring the administering authority's own performance against internal key performance indicator as noted in this Strategy;
- Training sessions offered by the administering authority on the most pertinent issues affecting scheme members and scheme employers;
- Annual scheme employer pension forums;
- Member complaints;
- Internal Dispute Resolution Procedure (IDRP).

Using the above means the administering authority will monitor progress against this Strategy. This information will be reported to the Fund's Pension Committee and Pension Board alongside any remedial action taken where the expected standards are not being met. In addition, key performance indicators relating to the administering authority and scheme employers' performance will be reported in the Fund's Annual Report and Accounts.

Employer poor performance

Regulation 70 of the Regulations provides that an administering authority may recover from a scheme employer any additional costs associated with the administration of the scheme incurred because of a poor level of performance.

Circumstances where additional costs may be recovered

The circumstances where additional costs may be recovered from the scheme employer are:

- Persistent failure to provide relevant information to the administering authority, scheme member, or any other interested party in accordance with specified performance targets (either relating to the timeliness of delivery or the quality of information);
- Instances where performance by the scheme employer results in a loss to the Fund, e.g. any overpayment resulting from inaccurate information supplied by the scheme employer, costs associated with the assessment of benefits, interest on late payment of benefits, scheme tax charges, etc.;
- Failure to deduct and pay over correct employee and/or employer contributions within the standard timescales;
- Failure to pay any other amounts due to the Fund, e.g., actuarial strain payments;
- Instances where the performance of the scheme employer results in fines being levied against the administering authority by the courts, the Pensions Regulator, the Pensions Ombudsman or any other regulatory body.

Where an administering authority wishes to recover any such additional costs it must give written notice stating:-

- The reasons, in their opinion, that the scheme employer's poor performance contributed to the additional cost;
- The amount of the additional cost incurred;
- The basis on how the additional cost was calculated; and
- The provisions of this Strategy relevant to the decision to give notice.

The approach by the administering authority when dealing with poor scheme employer performance

When dealing with poor performance from a scheme employer the administering authority will follow the approach set out below.

- Write to the scheme employer noting the administering authority's areas of concern regarding the scheme employer's performance and offer training or a meeting to address the issue.
- If no improvement is made within one month of the above date (or within an agreed timescale following a meeting with or delivery of a training session to the scheme employer), or where the matter in question is not a regular event and no improvement is made at the next occasion that that same matter occurs, and the offer of training or a meeting has not been accepted, the administering authority will issue a formal written notice. The notice will set out the area(s) of concern that have been identified, the steps taken to resolve those area(s) and notice that the additional costs will now be reclaimed.
- An invoice and formal written notice will then be issued to the scheme employer which sets out calculations of any loss resulting to the Fund, or additional cost, taking account of time and resources in resolving the specific area(s) of unsatisfactory performance, in accordance with the fee scale set out in this Strategy.

Charges to be applied as a consequence of employer's poor performance

In instances where the performance of the scheme employer results in fines being levied against the administering authority by the Pension Regulator, Pensions Ombudsman or other regulatory body, these costs will be recoverable immediately.

Details of the additional fee charged are set out below.

Activity	Charge
Late payment of employer and/or employee contributions and any other payments due.	A fixed penalty of £xx per occurrence plus interest as defined in the LGPS Regulations.
Late provision of monthly or year-end contributions returns in prescribed format	A fixed penalty of £xx per occurrence plus £xx for each week plus part week of continued non-provision.
Failure to provide a copy of discretions policy or latest version	A fixed penalty of £xx for failing to supply a copy plus a further £xx charged on each occasion that a policy is requested or is chased by an officer and is not supplied
Failure to provide required member information monthly via iConnect	Charge £xx per form and a further charge of £xx per month the form is outstanding
Failure to respond or provide any other required information within timeframes.	A fixed penalty £xx per case for each case chased after the original deadline has passed.
Charges for persistent incorrect and incomplete information provided by the scheme employer to the administering authority (where the case has to be returned for incorrect information on more than 2 occasions).	£xx per case
Fines levied against the administering authority from the Pensions Regulator that are directly attributable to the scheme employer's performance.	Amount requested by the Pensions Regulator.
Fines levied against the administering authority from the Pensions Ombudsman that are directly attributable to the scheme employer's performance.	Amount requested by the Pensions Ombudsman.
Delay causing payments from the Fund to be treated as unauthorised payments for HMRC purposes.	Cost of amount of the unauthorised payment.
Fines from any other statutory body incurred as a result of the scheme employers actions.	As levied.

Communication

It is vital that good communication channels exist between the administering authority, scheme employers and scheme members. This helps ensure the good running of the Fund by reducing errors and improving efficiency and alerts scheme members to the value to them of the LGPS, which itself aids recruitment, retention and the motivation of the workforce and negates misleading media information.

In order to support scheme employers the administering authority will:

- Work closely with them to improve areas where issues have been identified as a result of performance monitoring;
- Keep under review all processes and procedures and implement improvements where required;
- Provide access to policy and strategy documents, including the administering authority's discretions policy, communications policy, communication and engagement strategy, data strategy and annual report;
- Provide guidance to scheme employers on a range of topics through procedural guides, newsletters, e-alerts, employer forum, etc.
- Provide training to scheme employers as and when required or on request from the scheme employer. All new employers in the Fund will also be provided with training. Employers will be expected to attend any such training, particularly where significant performance issues have been identified.

In addition to the above the administering authority will be happy to attend any employer specific events to assist employers to understand their responsibilities in relation to their participation in the LGPS.

Scheme employers are expected to support the administering authority with any promotional activities that they are carrying out, including assisting with distributing e-communications and/or and promoting online access to the scheme.

The administering authority will also communicate with scheme members, using the following means to do so:

- [Fund website](#) - containing information about the Fund and the LGPS.
- Member Self Service - an on-line self-service facility giving scheme members access to their own pension records.
- Annual Benefit Statements – issued to all active and deferred scheme members.
- Newsletters – issued at least annually, bringing attention to important information, such as changes to scheme rules.
- One to One meetings – as required, to discuss personal details related to a scheme member's participation in the Fund
- Presentations – available to scheme members on specific pension related matters, such as HMRC pension tax rules or pre-retirement sessions.

Breaches of the Law

Where an employer does not actively engage with the Fund to resolve issues and/or consistently fails to meet its responsibilities under the LGPS Regulations, the administering authority (or stakeholders such as the Pension Board) has a statutory duty to report any breach to The Pensions Regulator. Similarly, stakeholders (such as the Pension Board) may report the Fund to The Pensions Regulator if it is believed that a breach has occurred in respect of its duty as scheme administrator.

If deemed to be materially significant, the Pensions Regulator has the authority to take prompt and effective action to investigate and correct the breach and its causes, and, where appropriate, to notify any members whose benefits have been affected.

The Pensions Regulator may impose a penalty under section 10 of the Pensions Act 1995. At the time of creating the Strategy, the maximum amount of a penalty in relation to a breach is £5,000 in the case of an individual and up to £50,000 in any other case.

Penalties may be imposed on any party who has legal requirements or responsibilities relating to the management or administration of the scheme, and anyone else who could be subject to any of the Pensions' Regulator's statutory powers of investigation and enforcement, such as employers and professional advisers.

Other charges

In line with its Funding Strategy Statement the administrative costs of running the Fund are predominantly charged to scheme employers through their contribution rates. However, it should be noted that, in addition to additional costs already set out in this Strategy other costs may be passed on to a scheme employer, including:

- Work commissioned specifically on behalf of a scheme employer will be charged to them for that work. This includes IAS19/FRS17 valuations, actuarial modelling, assessments or advice, and/or legal advice and technical advice.
- Where, because of the employer's failure to notify the administering authority of the final retirement details in a timely manner, payment of the retirement lump sum is not made within 30 days from the day the member's retirement, the administering authority may issue an employer with a written notice of unsatisfactory performance and may charge the employer for the interest payment made.

Performance Standards

Administering Authority

In addition to the legislative and regulatory requirements set out previously, the administering authority and scheme employers will ensure that all functions and tasks are carried out to agreed quality standards. This section outlines the key responsibilities of the administering authority, and the performance standards scheme employers and scheme members should expect. It is focused on the key activities which involve interaction with scheme employers and/or scheme members and should not be viewed as an exhaustive list.

Function	Requirement
Governance	
Regularly review the Fund's pension administration strategy and consult with all scheme employers	At least annually or following any material change in scheme rules or policies relating to the Strategy
Review the Fund's Funding Strategy Statement at each triennial valuation, following consultation with scheme employers and the Fund's actuary.	As part of each formal triennial valuation, to be published by 31 March following the valuation date
Review the Fund's Communication policy statement	At least annually, as part of Fund's annual report and accounts. To be published within 30 days of any revision being agreed by the Pension Committee
Review the Fund's Governance and compliance statement	Annually, as part of Fund's annual report and accounts. To be published within 30 days of any revision being agreed by the Pension Committee
Formulate, keep under review and publish policies in relation to all areas where the administering authority may exercise a discretion within the scheme	Review annually or following any material change in scheme rules amending existing discretions or introducing new ones. To be published within 30 days of any revision being agreed by the Pension Committee
Publish the Fund's Annual report and Financial Statement	By 30 September following the year-end or following the issue of the auditors opinion
Notify scheme employer of issues relating to scheme employer's unsatisfactory performance	Within XX working days of performance issue being identified.

Function	Requirement
General administration/member data	
Provide support for scheme employers through a dedicated employer website, technical notes, forums, employer bulletins/alerts and day to day contact	Ongoing support as required
Organise and provide coaching sessions on an employer's roles and responsibilities	Upon request of scheme employers or as administering authority officers deem necessary

Function	Requirement
General administration/member data	
Notify scheme employers and scheme members of changes to the scheme rules	Within XX days of regulatory change
Produce annual benefit statements to active and deferred members as at 31 March each year	By 31 August following the year-end
Produce and issue annual allowance pension saving statements each year to members who have exceeded their annual allowance	By 6 October following the end of tax year (subject to receipt of all relevant information from the scheme employer)
Publish and keep up to date all forms required for completion by scheme members or employer	XX days from any revision
Issue and keep up to date web-based employer guides and factsheets	Within XX days from date of change/amendment
Issue and keep up to date scheme guide and all other literature for issue to scheme members	Within XX days from date of change/amendment
Set up new joiner and provide statutory notification to member	Within XX days of receipt of correct notification from a scheme employer
Process changes in employees' circumstances which may impact on pension benefits	Within XX days of receipt of correct notification from a scheme employer
Process transfer-in quotations	Within XX working days of receipt of all required information
Transfer notification of credited membership/accrued pension account to be notified to the scheme member	Within XX working days of receipt of payment
Transfer-out quotations processed	Within XX working days of receipt of all necessary information
Transfer-out payments processed	Within XX working days of receipt of all necessary information
Determine necessary category in relation Aggregation/Interfund cases and issue notification to member of service credit and accrued pension account	Within XX working days of receipt of all necessary information
Process divorce valuation	Within XX working days of receipt of all necessary information
Notify the scheme employer of any scheme member's election to pay additional pension	Within XX working days of receipt of election from a scheme member

Function	Requirement
General administration/member data	
contributions, including all required information to enable deductions to commence	
Process scheme member requests to pay/amend/cease additional voluntary contributions	Within XX working days of receipt of request from scheme member
Process deferred benefits calculations and issue notification to former scheme member	Within XX working days of receipt of all necessary information
Process deferred benefits into payment	Within XX working days of receipt of election and all necessary information
Process refund of pension contributions	Within XX working days of receipt of all necessary information
Provide retirement options to members	Within XX working days of receipt of all necessary information
Process new retirement benefits following receipt of options	Lump sum payment plus first payment of pension within XX working days of receipt of all necessary documentation. Thereafter pension payment on monthly payroll run
Acknowledge notification of a death of a scheme member to their personal representatives/next of kin	Within XX days of receiving the notification
Determine recipient of a death grant	Within XX working days of receipt of all necessary information and representations enabling a decision to be made.
Make payment of death grant	Within XX working days of making determination regarding recipient
Provide notification of benefits payable to dependents	Within XX working days of receiving the required information
Provide an answer or acknowledgement to scheme members/scheme employers/personal representatives/dependents and other authorised persons	Within XX days from receipt of enquiry
Undertake data reconciliation exercises against Fund and scheme employer payroll system	Periodically as deemed appropriate

Function	Requirement
Outsourcing/new employer admissions	
Arrange for the setting up of separate admission agreement/new scheme employers including the allocation of assets and notification to the Secretary of State	Within XX days of all necessary information being in place
Arrange for all new prospective admitted bodies/new scheme employers to undertake, to the satisfaction of the Fund, a risk assessment of the level of bond or guarantee required in order to protect other scheme employers participating in the Fund	To be completed prior to the body being admitted timings predicated on timely submission of staff profile for submission to the Fund Actuary
Undertake ongoing review of the level of risk and/or bond requirement for existing admitted bodies	Annual review or upon material change in an employer's structure

Function	Requirement
Contributions	
Consult with scheme employers on the outcomes of the triennial valuation	As part of agreed triennial valuation action plan
Notify scheme employers of contribution requirements for the 3 years effective from April following the triennial valuation date	By 31 December following the triennial valuation date
Notify new scheme employers of their contribution requirements on joining the Fund	Within XX days of receiving request
Carry out termination valuations on admitted bodies or scheme employers ceasing participation in the Fund	Immediately following notification of exiting scheme employer
Provision of IAS/FRS reports requested by scheme employers	Within agreed timescales following receipt of request from scheme employer.

Scheme employer

This section outlines the role and responsibilities of all scheme employers in the Fund and the performance standards they are expected to meet, to enable the administering authority to deliver an efficient, quality and value for money service.

The Scheme employer must maintain employment records for each member for the purposes of determining membership and entitlement to benefits (this will need to include full-service history for the period of LGPS membership held under the employment, as well as any gaps in service and whether these were repaid).

The employer must keep a full pay history for the 13 years, ending 31 March, before the member leaves the Scheme.

Function	Requirement
Governance	
Designate a named individual to act as the primary employer contact, who is the main contact with regard to any aspect of administering the LGPS and confirm to the administering authority.	Within XX days of becoming a scheme employer or within one month of the change in officer role.
Appoint person for stage 1 of the pension dispute process (IDRP) and provide full up to date contact details to the Fund	Within XX days of becoming a scheme employer or following the resignation of the current adjudicator
Notify the administering authority that the stage 1 decision has been issued and provide a copy of the determination	Within XX working days of making the determination.
Appoint an independent registered medical practitioner qualified in occupational health medicine or arrange contract with third party, in order to consider all ill health retirements applications and agree appointment with administering authority	Within XX days of commencing participation in the scheme or date of resignation of existing medical officer
Formulate, publish and keep under review policies in relation to all areas where the employer may exercise discretion within the LGPS	A copy of the policy document is to be submitted to the administering authority within one month of a change in policy
Distribute any information provided by the administering authority to scheme members/potential scheme members (e.g. financial information or generic news alerts)	In a timely manner as required

Function	Requirement
General administration/member data	
Determine eligibility for LGPS membership – including the date membership starts.	At the date of employee joining employment or, if different, the date employee becomes eligible for LGPS membership.
Determine elements of pay to be treated as pensionable for the purposes of the LGPS	At the date of employee joining employment or, if different, the date employee becomes eligible for LGPS membership.
Notify the administering authority of new joiners via monthly submission.	New joiner information will be submitted electronically by scheme employers in a format agreed with the administering authority. Notifications must be included on the monthly data submission for the month that the member joined, or the month after if this is not possible
Provide monthly return to administering authority providing a breakdown of employee of contribution, CARE/FTE pay and service related data	Within the same timescales as the remittance of employer and employee contributions
To provide annual year end return to administering authority	Completed and validated return to be submitted no later than 30 April following year end
To action requests for data reconciliations of member records	To fully answer data reconciliations/member queries from the Fund within XX weeks of receipt of data
Provide new employees with information regarding the scheme, including access to the member guide and the Fund's membership form (required in order that the administering authority can establish previous pension entitlements and apply for transfer details on behalf of the member)	Within XX days of the member's first day of entry to the scheme
Direct all eligible new employees to the member guide to the pension scheme on the Fund website	At date of employee appointment
Provide confirmation of any change in a scheme member's circumstances that might impact their LGPS entitlements (e.g. move into or out of the 50/50 scheme, family related leave, etc.)	Within XX days of the event or receipt of information
Notify the administering authority of early leaver/opt over three months for member's entitled to a refund or deferred benefit.	Notifications must be included on the monthly data submission for the month that the member left, or the month after if this is not possible
Confirm actual leaving data for an opted-out member	Notifications must be included on the monthly data submission for the month that the member left, or the month after if this is not possible

Function	Requirement
General administration/member data	
Notify the administering authority when a member leaves with immediate entitlement to benefits (normal, late, ill health or flexible retirement) and issue retirement option form to the employee.	Notifications must be included on the monthly data submission for the month that the member retired, or on an earlier monthly return. Only in exceptional cases should notification be made on a later monthly return
Notify the administering authority of the death of an employee and provide next of kin details.	Within XX working days of knowledge of the death of the employee
To determine based on medical opinion and advice whether an ill health award is to be made and determine where relevant which tier 1,2 or 3. Arrange for the completion of the appropriate forms and provision of IRMP certificate where ill health retirement is to be awarded.	No later than XX days prior to the date of retirement.
To submit request for estimates for forthcoming retirement.	No later than XX months before retirement, where known

Function	Requirement
Outsourcing/new employer admissions	
Notify the administering authority where an outsourcing of services which will involve a TUPE transfer of staff to another organisation is anticipated so that information can be provided to assist in the decision	At the point of deciding to tender
Notify the administering authority of lead decision making and operational officers in circumstances where a prospective new employer or admitted body may request to join the Fund as a result of re-organisation or TUPE transfer	At commencement of business review project
Work with administering authority officers to arrange for an admission agreement to be established	A minimum of XX days in advance of the date of contract
Notify the administering authority if the scheme employer ceases to admit new scheme members or is considering terminating membership of the Fund	As soon as decision is agreed

Function	Requirement
Contributions	
Ensure correct employee contribution rate to be applied each scheme year in line with the appropriate contribution banding table	Immediately upon commencing scheme membership, reviewed as per policy on adjusting employee contribution rates.
Strain on the Fund payments – ensure that where applicable additional fund payments are paid to the Fund (for e.g. redundancy / flexible retirement).	Within XX days of receipt of invoice from the administering authority
Remit employer and employee contributions to the Fund.	By 22nd of the month following deduction of payroll if made electronically or 19th if paid by cheque.
Implement changes to employer contribution rates as instructed by the administering authority at the date specified by the Fund Actuary.	In line with the Rates Adjustment Certificate as per the triennial valuation
Ensure and arrange for the correct deduction of employee contributions from a member's pensionable pay including any period of child related leave, trade dispute or other forms of leave of absence from duty	In accordance with payroll cycle
Manage the deduction of all additional contributions or amend such deductions, as appropriate	As required
Arrange for the deduction of AVCs and payment over of contributions to the AVC provider(s) and inform the administering authority as required	In accordance with payroll cycle
Refund any employee contributions when employees opt out of the pension scheme within 3 months and submit notification to the administering authority	As part of the next available payroll following receipt of the election to opt-out
Payments in respect of all work carried out on behalf of the scheme employer by the Fund's Actuary and connected data quality assurance undertaken by the Fund's Administration Team	To be paid within XX days of the invoice from the Fund

Appendices

1. Roles and Responsibilities

Administering authority

The key responsibilities of the administering authority are summarised below:

- To appoint an actuary for the purposes of the triennial valuation of the Fund and to provide periodical actuarial advice when required.
- To appoint an Additional Voluntary Contributions provider
- Ensure that, where required, employer admission agreements with the administering authority are in place
- To comply with any orders or instructions issued by The Pensions Regulator or the Pensions Ombudsman. Where the order or instruction requires financial compensation or a fine to be paid from the Fund, or by any officer responsible for it, and it is due to the default, omission or otherwise negligent act of the employer, the sum concerned shall be recharged to the employer
- To issue forms, newsletters, booklets and such other materials as are necessary in the administration of the scheme, for scheme members and for use by scheme employers.
- To provide accurate, timely data to the Fund actuary for the purposes of the triennial actuarial valuation of the Fund and for scheme employer accounting reports requested (e.g. IAS19/FRS102 reports).
- To provide assistance to scheme employers in regard to the pension implications of outsourcing services and to deal with any related bulk transfers of pension rights.
- To comply with HMRC reporting requirements regarding pension benefits.
- To ensure that sufficient information is issued in the form of newsletters, booklets and other materials to satisfy the requirements of the Occupational Pension Schemes (Disclosure of Information) Regulations 1996.
- To ensure that steps are taken at all times to pay benefits to appropriate beneficiaries only and to reduce the possibility of fraud.
- To ensure compliance with the (UK/EU) General Data Protection Regulation legislation including use of appropriate secure data transfer methods.

Scheme employer

The key responsibilities of a scheme employer are summarised below:

- To maintain employment records for each scheme member for the purposes of determining membership and entitlement to pension benefits.
- To determine a scheme member's pay (or fees) for the purpose of pension contributions and to determine final pay (if required both final salary and CARE regulation definitions) for the purposes of calculating benefits due from the scheme
- To determine annually a scheme member's contribution rate on the basis of the scheme member's rate of pensionable pay having regard to guidance issued.

- To collect, make payment and account for the deduction of the correct rate of monthly pension contributions payable by both the scheme members and the employer.
- To appoint a person designated to receive appeals from employees on 'first instance decisions' under the LGPS Regulations
- To notify, in writing, every person whose rights or liabilities are affected by a 'first instance decision' made by the employer under the Regulations
- To ensure all information is provided as required regarding a scheme members' employment, using electronic transfer of data where at all possible (especially for bulk exercises) and agreed with the administering authority. Data provided should comply with the General Data Protection Regulations and secure transfer methods used.
- To use an independent Medical Officer qualified in Occupational Health Medicine, (who has been approved by the administering authority), in determining ill-health retirement and provide the administering authority with a relevant certificate where appropriate.
- To provide additional information as required for actuarial valuation, monthly data transfer, data matching or communication purposes. The specification for such exercises will be provided by the administering authority and may, after consultation, be modified from time to time.
- To provide prospective scheme members with basic information about the scheme using, where appropriate, material provided by the administering authority.
- To ensure those not joining the scheme are fully aware of the benefits given up and that equalities principles are met.
- To pay the administering authority, by lump sum and within prescribed time limits, any amounts arising as a result of the scheme employer's decision to increase annual pension under the Regulations.
- To pay the administering authority, by lump sum payment and within prescribed time limits, any strain cost arising from a decision made by the scheme employer to award early payment of benefits.
- To ensure the administering authority is informed about, and Government guidance is followed in respect of, any transfer of members in respect of an outsourcing of service arrangement, and any subsequent changes to that arrangement which would impact on those members.
- To inform the administering authority of any planned changes to their pension provision for employees, including whether the scheme is open to new employees, bulk transfers of employments or any redundancy exercises as soon as known.
- To provide details of officers (specifically the primary employer contact) or representatives who are to receive employer communications issued by the administering authority and keep these up to date as necessary. Details should be kept up to date as necessary.

APPENDIX**Lewisham Pension Board - Work Programme**

	OPERATIONAL	Officer leading	Qtr 3 - Sept 2022	Qtr 4 Dec 2022	Qtr 1 - Mar 2023	Qtr 2 June 2023
1	Draft Pension Fund Statement of Accounts	KN	X			
2	Pension Fund Annual Report (must be published by 1 December): Includes: <ul style="list-style-type: none"> Administration update (including KPI monitoring) Final Statement of Accounts Pension Board Annual Report Governance Compliance Statement 	KN		X		
3	Pension Fund Internal Audit Report	SA				X
4	Monitoring of Investment Performance: <i>see Hymans Robertson Performance Reports reported to PIC</i>	KN	X	X	X	X
5	Triennial and Interim Actuarial Valuations	SA		X		
6	Progress Reports on the Arrangements for Pooling	KN		X		X
7	Risk Management Policy	Both	X			
8	Risk Register	Both	X			
9	Data improvement plan required	SA		X		

	OPERATIONAL	Officer leading	Qtr 3 - Sept 2022	Qtr 4 Dec 2022	Qtr 1 - Mar 2023	Qtr 2 June 2023
10	Processes in place to establish internal controls – (List of procedures and what is missing by September) i.e. arrangements and systems procedures to be followed in the administration and management of the scheme	SA	X			
11	Process to assess the materiality of any payment failures and ensure that those which are material are reported to the Regulator within a reasonable period	SA		X		
12	Internal Disputes Resolution Policy: Information for members to show the procedure and process to apply for a dispute to be resolved including: - to highlight or consider whether a dispute is exempt and who it applies to - who the specified person (stage 1) is - the timescales for making applications - who to contact with a dispute - the information that an applicant must include - the process by which decisions are reached?	SA	X			

	STRATEGIC Policies, where available, can be found at the following site: https://www.lewishampensions.org/resources/	Officer leading	Qtr 3 Sept 2022	Qtr 4 Dec 2022	Qtr 1 Mar 2023	Qtr 2 Jun 2023
13	Funding Strategy Statement: Oversight Must be updated at least every 3 years (in line with the triennial valuation)	SA		X		
14	Terms of Reference and Membership of the Board Should be reviewed at least annually, and then published on the website	SA		X		
15	Administration Strategy <i>(To be created)</i>	SA	X			
16	Governance Compliance Statement <i>(To be created)</i>	Both	X			

London Borough of Lewisham Pension Fund
List of Policies and Report requirements

The notes marked with * are mandatory documents that the Pension Investment Committee must approve.

AON ref. No.	Details	Policies/Reports etc.	Produced by	Approved required by:	Timetable	Review every
	Acceptance of the triennial valuation report produced by the Fund Actuary	Triennial Valuation Report	Actuaries	Officers	January 2023	3 years
	The key parties involved in the funding process and their responsibilities are set out in the funding strategy statement.	Funding Strategy Statement*	Pension Advisors	PIC	March 2023	3 years
	The LGPS introduced a requirement that authorities administering pension funds prepare, maintain and publish a statement of the principles governing their decisions on the investment of the pension fund assets.	Statement of Investment Principles*	Officers	PIC	March 2023	3 years
	Must take proper advice; set out clearly the balance between different types of investments; identify the risks associated with their overall investment strategy; periodically review their policy	Investment Strategy Statement*	Officers	PIC	March 2023	3 years
	The communications policy outlines the objectives of providing clear and comprehensive information to members and employers, and how it currently meet those objectives.	Communications Strategy*	Officers	PIC	November 2022	3 years
Page 146	The objective of the strategy is to clearly define the roles and responsibilities of the Pension Fund and scheme employers under LGPS regulations and related legislation.	Pension Administration Strategy*	Officers	PIC	November 2022	3 years
	A Business Plan explains how the Pension Fund intends to develop and improve its services over the next three years. I	Annual Business Plan*	Officers	PIC	March 2023	1 years
K14	A Local Pension Board should consider (with its Administering Authority) the need to publish an annual report of its activities.	Annual Report and Accounts (by 1 December)*	Pension advisors and Officers	PIC	November 2022	1 Year
K15	publish its governance compliance statement to include details of the terms, structure and operational procedures relating to its Local Pension Board.	Governance compliance statement*	Officers	PIC	November 2022	1 years
	Review the appointment of Additional Voluntary Contribution providers.		Officers	Officers	June 2023	5 years
	Review the appointment of investment managers, consultants and the custodian.		Officers	Officers	June 2023	5 years
C1	Does the Fund have a conflict of interest policy and procedure, which include identifying, monitoring and managing potential conflicts of interest?	Conflict of Interest Policy	Officers	Officers	June 2022	3 years
C6	Does the Fund have a conflicts register and it is circulated for ongoing review and published?	Conflict Register	Officers	Officers	September 2022	Quarterly
D1	Does the Administering Authority publish information about the pension board?		Officers	Officers	September 2022	Publish on Website (annual check)
D2	Does the Administering Authority publish other useful related information about the pension board? (Add additional information from Code of Practice paragraph 96 about the Pension Board and Pension Committee members onto the		Officers	Officers	September 2022	Publish on Website (annual check)
E1	Is there an agreed process for identifying and recording scheme risks?	Risk Register	Officers	Officers	September 2022	Quarterly
E2	Does the Fund have an adequate process to evaluate risks and establish internal controls?	Risk Management Policy	Officers	Officers	September 2022	3 years
E6	Is there a standing item on the Pension Board agenda to review scheme risks?		Officers	Officers	September 2022	Quarterly

AON ref. No.	Details	Policies/Reports etc.	Produced by	Approved required by:	Timetable	Review every
E7	Does the Administering Authority have adequate systems, arrangements and procedures (internal controls) in place for the administration and management of the Fund and are they documented ?	Internal controls - see other tab for more internal controls	Officers	Officers	September 2022	1 Year
F2	Does the Fund have the appropriate processes in place so employers can provide timely and accurate information?	Communications Policy	Officers	Officers	June 2022	3 years
G8	Is there a satisfactory process in place to assess the materiality of any payment failures and ensure that those which are material are reported to the Regulator within a reasonable period?	Process to assess the materiality of payment failures	Officers	Officers	September 2022	3 years
I1	Information for members to show the procedure and process to apply for a dispute to be resolved including: - to highlight or consider whether a dispute is exempt and who it applies to - who the specified person (stage 1) is - the timescales for making applications - who to contact with a dispute - the information that an applicant must include - the process by which decisions are reached	Internal Disputes Resolution Policy.	Officers	Officers	September 2022	3 years
J1	A Breaches Policy should be in place, and appropriate breaches training provided.	Breach of Law Policy	Officers	Officers	November 2022	3 years
Page 13 & 147	Are breaches being recorded in accordance with the agreed procedures? A Local Pension Board should put in place arrangements to meet the duty of its members to report breaches of law.	Breaches log	Officers	Officers	September 2022	3 years
K3	Once established a Local Pension Board should adopt a knowledge and understanding policy and framework (possibly in conjunction with the Pensions Committee if appropriate).	Knowledge and Understanding Policy	Officers	Officers	June 2022	3 years
K6	A Local Pension Board should prepare (and keep updated) a list of the core documents recording policy about the administration of the Fund and make the list and documents (as well as the rules of the LGPS) accessible to its members.	List of Policies and documents	Officers	Officers	September 2022	1 Year
K7	Members of a Local Pension Board should undertake a personal training needs analysis and put in place a personalised training plan.	Personal training plan/log	Officers	Officers	June 2022	Quarterly
K8	An Administering Authority should prepare a code of conduct and a conflicts policy for its Local Pension Board for approval in accordance with the Administering Authority's constitution and at the first meeting of the Local Pension Board. The Local Pension Board should keep these under regular review.	Code of Conflict Policy	Officers	Officers	June 2022	3 years
K9	Training should be arranged for officers and members of a Local Pension Board on conduct and conflicts.	Training	Officers	Officers		2 Years
K10	A Local Pension Board should establish and maintain a register of interests for its members.	Register of interests	Officers	Officers	June 2022	1 Year

Agenda Item 7



Audit Panel

Report title: Audit Panel Work Programme

Date: 8 September 2022

Key decision: No.

Class: Part 1

Ward(s) affected: All

Contributors: Rich Clarke, Head of Assurance

Outline and recommendations

This report sets out the current proposed work plan for the Panel at its next meeting, scheduled for 9 November 2022, and an outline work programme of regular items across the municipal year.

We recommend Members **note** the Work Programme

1. Summary

- 1.1. This paper builds on a generic work programme paper presented in March that aimed to set out a 'typical' year. This paper is more specific to the work of the Panel anticipated in 2022/23 and will be developed as the year goes on. It aims to help Members plan their work and enhance the level of scrutiny they can provide across the year. Members can, and no doubt will, request additional items of specific interest throughout the year. That we will use to adapt the work programme.

2. Recommendations

- 2.1. We recommend the Audit Panel:
 - **Note** the Audit Panel's work programme.

3. Policy Context

- 3.1. The work programme sets out papers that will come to the Panel as it discharges the responsibilities set out in its terms of reference.

4. Background

- 4.1. We have prepared this work programme in consultation with the Audit Panel Chair and relevant officers within the Council and our external auditors, Grant Thornton.

5. Anticipated Items for Meeting on 9 November 2022

- 5.1. This is an extra meeting added to the Panel's typical annual cycle. It is needed to accommodate the end of audit process for the financial statements, which works to a tight schedule with a statutory deadline of the end of November.
- 5.2. As a result, items will focus on those necessary to complete the external audit and conclude review of the Council's Financial Statements.
- **Audit Findings Report 2021/22.** Presented by the Council's external auditors, Grant Thornton, this report will summarise their work and disclose to Members any material or significant findings, potentially including recommendations for further action. The report will include a draft of the auditor's opinion on the financial statements. It will be presented to Members to note, and bear in mind as they take a decision on whether to recommend approval of the financial statements.
 - **Letters of Representation 2021/22:** Agreeing letters required by the external auditor making certain representations required by audit standards. For example, asserting to the auditor that the Council has made available all documents it holds and provided full answers to all auditor queries.
 - **Statement of Accounts 2021/22:** The Panel will be invited to recommend the Council's Statement of Accounts for approval at full Council on 23 November.
 - **Annual Governance Statement 2021/22:** This document summarises the Council's governance processes and comments on their performance through the year. The Panel will be invited to recommend the statement for approval at full Council on 23 November.
 - **External Audit Progress Update:** A regular update from the external auditors, including progress on open recommendations.

6. Annual Work Programme

- 6.1. The table below sets out the current and anticipated papers this Panel might expect to consider in 2022/23. We will develop this further through the year.

Audit Panel Work Programme: Lewisham Council						
Service & Document Type	Purpose	Tuesday 21 June	Thurs 8 Sept	Wed 9 Nov	Tues 6 Dec	Tues 14 March
Assurance Service Documents						
Internal Audit						
Annual Report & Head of Audit Opinion 2021/22	Information	<input checked="" type="checkbox"/>				
Progress Report	Information	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Annual Plan 2022/23	Approval					<input checked="" type="checkbox"/>
Audit Charter	Approval		<input checked="" type="checkbox"/>			
External Quality Assessment	Information	<input checked="" type="checkbox"/>				
Anti-Fraud & Corruption						
Annual Report 2021/22	Information		<input checked="" type="checkbox"/>			
Insurance & Risk						
Risk Management Strategy	Recommendation				<input checked="" type="checkbox"/>	

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Audit Panel Work Programme: Lewisham Council

Service & Document Type	Purpose	Tuesday 21 June	Thurs 8 Sept	Wed 9 Nov	Tues 6 Dec	Tues 14 March
Risk Register Update Report	Information	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Specific Risk Area Review	Information	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Finance Service Documents						
Letters of Representation 2021/22	Approval			<input checked="" type="checkbox"/>		
Statement of Accounts 2021/22	Recommendation			<input checked="" type="checkbox"/>		
Annual Governance Statement 2021/22	Recommendation			<input checked="" type="checkbox"/>		
Consultation Responses	Information	<input checked="" type="checkbox"/>				
External Audit Documents						
Value for Money Conclusion 2020/21	Information	<input checked="" type="checkbox"/>				
Progress Report (including actions progress)	Information	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Audit Plan 2021/22	Information	<input checked="" type="checkbox"/>				
Risk Assessment 2021/22	Information	<input checked="" type="checkbox"/>				
Audit Findings Report 2021/22	Information			<input checked="" type="checkbox"/>		
Value for Money Conclusion 2021/22	Information					<input checked="" type="checkbox"/>
Annual Audit Letter 2021/22	Information					<input checked="" type="checkbox"/>
Housing Benefit Certification 2021/22	Information					<input checked="" type="checkbox"/>
Audit Plan 2022/23	Information					<input checked="" type="checkbox"/>
External Audit Documents						
Minutes of the previous meeting	Approval	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Work Programme	Information	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Update on Audit Committee Regulatory Requirements	Information				<input checked="" type="checkbox"/>	

7. Tuesday 6 December Meeting

- 7.1. The planned agenda for the meeting on 6 December is slanted towards risk management, including a refreshed risk management strategy. It is also planned to include an update on Audit Committee regulatory requirements, following the anticipated publication of CIPFA's detailed guidance.

8. Financial implications

- 8.1. There are no financial implications arising from this report.

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9. Legal implications

9.1. There are no legal implications arising from this report.

10. Equalities implications

10.1. There are no equalities implications arising from this report.

11. Climate change and environmental implications

11.1. There are no climate change and environmental implications arising from this report.

12. Crime and disorder implications

12.1. There are no crime and disorder implications arising from this report.

13. Health and wellbeing implications

13.1. There are no health and wellbeing implications arising from this report.

14. Background papers

14.1. The Panel's Terms of Reference are set out in the Council's [Constitution](#). Previous papers of the Panel are [online](#).

15. Report author and contact

15.1. For any queries on the report, please contact its author: Rich Clarke, Head of Assurance on 020 8314 8730 (extension 48730) or by email at rich.clarke@lewisham.gov.uk.

Agenda Item 10

PENSION BOARD		
Report Title	Exclusion of the Press and Public	
Key Decision		Item No. 10
Ward		
Contributors	Chief Executive	
Class	Part 1	Date: 14 September 2022

Recommendation

It is recommended that under Section 100(A)(4) of the Local Government Act 1972, 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 paragraphs 3, 4 and 5 of Part 1 of Schedule 12(A) of the Act, as amended by the Local Authorities (Executive Arrangements) (Access to Information) (Amendments) (England) Regulations 2006:-

11. Appendix 3a - Quarterly Investment Monitoring Report
12. Appendix 3b - Quarterly Investment Report Q2 2022

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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Agenda Item 12

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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