



London Borough of Lewisham Pension Fund 2023/24 Annual Report

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Contents

1.	<u>Foreword by the Executive Director of Corporate Resources</u>	3
2.	<u>Foreword by the Chair of the Pensions Investment Committee</u>	5
3.	<u>Introduction</u>	7
	a. <u>Overview of the Scheme</u>	7
	b. <u>Management</u>	7
	c. <u>Asset Pooling</u>	7
4.	<u>Scheme Management, Risk and Budget</u>	8
	a. <u>Scheme Management and Administration</u>	8
	b. <u>Risk Management</u>	9
	c. <u>Financial Performance</u>	13
5.	<u>Investment Strategy and Performance</u>	13
	a. <u>Investment Strategy</u>	13
	b. <u>UK Stewardship Code</u>	14
	c. <u>Application of CIPFA Principles for Investment Decision Making</u>	16
	d. <u>Investment Performance</u>	16
6.	<u>Asset Pooling</u>	20
	a. <u>Financial Year 2023/24</u>	20
	b. <u>At Time of Writing Annual Report</u>	21
7.	<u>Scheme Administration</u>	21
	a. <u>Scheme Administration/Pension Admin and Assurance</u>	21
	b. <u>Internal Dispute Resolution Procedure</u>	28
8.	<u>Actuarial Report on Fund</u>	29
9.	<u>Fund Governance</u>	30
	a. <u>Governance Structure</u>	30
	b. <u>Membership – Pensions Investment Committee</u>	30
	c. <u>Member Training</u>	31
10.	<u>Report from the Local Pension Board</u>	36
	a. <u>Introduction</u>	36
	b. <u>Membership of the Board</u>	36
	c. <u>Knowledge and Understanding</u>	37
	d. <u>Work Programme for the Future</u>	37
11.	<u>Fund Account, Net Assets Statement and Notes</u>	37
12.	<u>Funding Strategy Statement</u>	37
13.	<u>Investment Strategy Statement</u>	39
14.	<u>Communications Policy Statement</u>	40
15.	<u>Additional Data</u>	40
16.	<u>Independent Auditor’s Consistency Report</u>	41
17.	<u>Governance Compliance Statement</u>	41

Appendices

2023/24 Pension Fund Statement of Accounts

1. FOREWORD BY THE ACTING EXECUTIVE DIRECTOR OF CORPORATE RESOURCES

- 1.1. Welcome to the 2023/24 Annual Report for the Lewisham Pension Fund. The requirement for, and contents of, the annual report is set out in Regulation 57 of the Local Government Pension Scheme Regulations 2013.
- 1.2. The Council is the Administering authority for the Lewisham Pension Fund. It is responsible for effectively managing the Fund and ensuring that all contributions and investments are collected and invested according to the Fund's Investment Strategy Statement.
- 1.3. I am pleased to inform you that the Fund has achieved positive results over the past year, increasing its value by £180m (11%), from £1.657bn to £1.837bn. for its members. However, this growth has occurred amidst a prolonged period of higher inflation, which has negatively affected the Fund's liabilities. I remain positive that the Fund will remain over 100% funded at the next Triannual valuation.
- 1.4. The Pension Fund Annual Report details the financial position of the Fund and the performance of the managers appointed to administer the investment portfolio. It brings together a number of separate reporting strands into one comprehensive document that enables the public and employees to see how the Fund is managed and how it is performing.
- 1.5. Much of the current investment strategy to diversifying the Fund away from fossil fuels to low-carbon mandates has been achieved. This has been achieved by moving funds away from passive growth funds and investment into funds such as Passive Equity Progressive Paris Aligned Fund (PEPPA) and London Collective Investment Vehicle (LCIV) Renewable Infrastructure Fund and into Storebrand Global Plus Fund in 2023/24.
- 1.6. The London Borough of Lewisham, as administering authority, runs the Fund on behalf of its members, with the overriding objective of ensuring its assets are sufficient to pay the benefits owing to members. To achieve this, it must ensure:
 - The proper receipt of contributions from employers and employees;
 - The appropriate investment of those contributions to achieve both investment income and capital growth; and
 - The timely payment of benefits as and when members retire, for the rest of their lives, and their dependents where relevant.
- 1.7. To achieve these objectives the Fund operates within a framework of strategies, aligned with investment beliefs, which meet the requirements of the Regulations and clearly set out a route to achieve full funding of the Fund's obligations within a set timeframe. These take the form of the Funding Strategy Statement and Investment Strategy Statement and a Statement of Investment Beliefs formed by the Pensions Investment Committee, which is responsible for exercising all functions of the administering authority in relation to local government pensions. The Statement of Investment Beliefs sets out a list of high level overriding principles by which the Committee make investment decisions, including governance, investment strategy and structure, responsible investment, and climate change; the full statement is available on the Fund's website at www.lewishampensions.org.

- 1.8. Lewisham has also invested in pooling its assets with the LCIV. Lewisham took action in 2021/22 to make our first direct investment with the pool which included investment of £460m into the LCIV Passive Equity Progressive Paris Aligned Fund (PEPPA) and a commitment of £90m into LCIV Renewable Infrastructure Fund. During 2022/23 the fund made a new commitment of £85m into the LCIV Private Debt Fund.
- 1.9. The total value of investment in pooled funds in LCIV is £999.9m at 31 March 2024. The LCIV Renewable Infrastructure Fund and the LCIV Private Debt Fund will continue to drawdown during 2024/25.
- 1.10. The results of the most recent triennial valuation, based on the Fund's position as at 31 March 2022, showed an improved funding level of 97% of its liabilities, compared to a funding level of 90% as at the 2019 valuation. The resulting deficit as at the 2022 valuation was £56m (£154m in 2019). The improved funding level and reduced deficit are predominantly the result of a large increase in the value of the Fund's assets since the previous valuation (£1.387bn at 31 March 2019 to £1.750bn at 31 March 2022), which partially offsets an increase in liabilities of £263m due to a reduction in the assumed rate of future investment returns. The next triennial valuation will take place as at 31 March 2025.
- 1.11. The continuing war in Ukraine and the problems in Israel has not good for global stability and makes it difficult to predict the future economic situation. Inflation started to fall during the year and has given rise to the Bank of England reducing interest rates in 2024/25. In 2023/24 the net asset value of the Fund rose by £180m, or 11%, from £1.657bn to £1.837bn (compared to a fall of £98m, or 5.6%, in 2022/23).
- 1.12. The uncertainty in global markets have a mixed and uncertain impact on the underlying assumptions and required performance to meet the pension fund targets. Officers and Members will continue to monitor the impact of the war on funding levels, including working with employers to review their contribution rates if necessary following amendments to the LGPS regulations which now allow employer contributions to be reviewed outside of formal valuations.
- 1.13. During the year the Pensions Investment Committee agreed a new Climate revised investment strategy which continues to move along the pathway to more low carbon investments and to meet its climate objectives. In doing so, climate change mitigation issues will remain a key consideration for the Fund along side its fiduciary duty to prioritise the interests and benefits of its members.

David Austin
Executive Director of Corporate Resources (S151 Officer)

2. FOREWORD BY THE CHAIR OF THE PENSIONS INVESTMENT COMMITTEE

- 2.1. I am pleased to present the Annual Report for the financial year ending 31 March 2024 on behalf of Lewisham Pension Fund. We hope that this report will provide you with valuable insight into the Fund.
- 2.2. Over the past year to 31 March 2024, our pension fund's investments have performed admirably, which have seen steady growth across various asset classes, including equities, fixed income, renewable infrastructure, property and private debt. The overall fund value increased by 11% compared to last year, ending the financial year on £1.837bn.
- 2.3. We expect our fund managers to continue monitoring market trends and make necessary adjustments to our portfolio in order to optimise returns whilst effectively managing risk.
- 2.4. Global stock markets grew strongly in early 2024, boosted by positive US economic data and expectations of interest rate cuts. US stock indices, such as the S&P 500 and Nasdaq, hit record highs. European stocks also saw gains, albeit more modest, as inflation in the Eurozone fell. The UK stock market joined the global rally in March despite earlier setbacks from weak economic data. The Bank of England maintained its interest rates at 5.25%, with potential cuts expected later in 2024/25.
- 2.5. Lewisham's Pension Fund assets saw strong growth in the compared with a fall in value in 2023/24. However, as the war in Ukraine and other conflicts continue it is likely to have a detrimental effect on the Fund in the medium-term, not just in terms of asset values but the funding assumptions underlying the strategic direction of the Fund, remains uncertain.
- 2.6. The Fund had a relatively poor year in its investment returns compared against the benchmark but overall the fund is just behind the longer term strategic benchmarks for the last three year and since inspection. The 3-year period benchmark is 5.7% against the benchmark of 6.2% and since inception the fund is 7.0% against the benchmark of 7.9%. The Fund underperformed over the past year, mainly due to poor performance of Harbourvest, LGIM By to Rent and Pemberton's private debt fund. The performance of the Renewable Infrastructure and Private debt funds is not formally assessed against its objective until four years after inception, in accordance with the fund terms.
- 2.7. During 2023/24 members approved a Climate Transition & Net Zero Policy. This policy will be revised on an annual basis as the Fund's action plan to achieve its objectives is developed and will be supported by ongoing quantitative analysis. This policy sets out the targets set by the Pension Investment Committee as well as the detail on the approaches that will be taken to achieve the net zero ambition. Throughout its net zero journey, the committee will fully recognise and adhere with its fiduciary duties.
- 2.8. We will see the continued investment and drawdowns into low-carbon investments, as well as low-carbon income generating assets such as the LCIV Renewable Infrastructure Fund. This will ensure the Fund continues to align investments with the wider climate objectives of the Fund, while still preserving the resources necessary for securing the long-term payment of members' benefits.

- 2.9. As we move through 2024/25, the Fund will continue seeking more opportunities to pool our assets into the LCIV to maximise savings. Currently, the fund has over £999 million invested in the LCIV, with a plan to make further investments. One of these investments will be in natural capital, which involves allocating financial resources to activities that improve and preserve the natural environment. This not only offers return potential for the fund but also aligns with specific Environmental, Social, and Governance issues and impact objectives.
- 2.10. As a global long-term investor, the Panel recognise that climate change presents significant long-term risks to the value and security of pension scheme investments, and capital markets more broadly, with climate opportunities and responsible investment a significant return driver.
- 2.11. Lewisham Pension Fund was a voluntary founding member of London Collective Investment Vehicle (LCIV), the Fund remains committed to pooling our assets onto the platform. We are actively engaging with LCIV to identify mandates which are aligned with the beliefs of the Committee and the overall Fund strategy. Alongside most of the other 32 London Borough shareholders, we hope to see LCIV taking the opportunities of scale afforded to it to make significant and profitable investments in alternative asset classes.
- 2.12. The Committee will continue to work to ensure the Fund is well managed to the benefit of all its members. I thank the members of the Pensions Investment Committee and the Council's officers for their work over the last year, in particular for their work to ensure the Fund is well managed and increasingly aligned with our wider climate objectives. I look forward to continuing to work with all concerned to ensure the Fund continues to be effectively and responsibly managed.

Councillor Sian Eiles
Chair – Pensions Investment Committee

3. INTRODUCTION

A. OVERVIEW OF THE SCHEME

- 3.1. The London Borough of Lewisham Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS). The Fund was established under the Superannuation Act 1972, which requires the Council to maintain a Pension Fund for its own employees and employees admitted to the Fund under an admission agreement. It is governed by the Public Service Pensions Act 2013, and administered in accordance with secondary legislation including the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pensions Scheme (Management and Investment of Funds) Regulations 2016 (referred to henceforth as 'the Regulations').
- 3.2. The Fund's objectives as per its Investment Strategy Statement are to invest its assets so as to meet the long-term pension liabilities (as prescribed by the Local Government Pension Scheme Regulations 2013) for its members. The Fund's approach to investing is to optimise return consistent with a prudent level of risk, to ensure there are sufficient resources to meet the liabilities whilst ensuring the suitability of the assets in relation to the needs of the Fund.

B. MANAGEMENT

- 3.3. The Council has delegated the investment arrangements of the scheme to the Pensions Investment Committee (PIC). This Committee decides on, and has ultimate responsibility for, the investment policy most suitable to meet the liabilities of the Fund. It comprises eight elected representatives of the Council, all of whom have voting rights. Members of scheduled and admitted bodies to the Fund, and representatives of the Local Pension Board, may attend Committee meetings as observers but have no voting rights.
- 3.4. The Committee reports to Full Council and has full delegated authority to make investment decisions. The Committee obtains and considers advice from the Executive Director of Corporate Resources and his officers, and the Fund's appointed actuary, investment adviser and fund managers.
- 3.5. The Committee has delegated the management of the Fund's investments to professional investment managers, appointed in accordance with the Regulations, whose activities are specified in detailed investment management agreements and monitored on a quarterly basis.

C. ASSET POOLING

- 3.6. The London Borough of Lewisham is one of thirty-two shareholders in the London Collective Investment Vehicle (LCIV), one of eight pooling vehicles established as part of the reform of investment management in the LGPS which began in 2015 with the publication of criteria and guidance on pooling of LGPS assets to deliver significantly reduced costs while maintaining overall investment performance and achieving benefits of scale.
- 3.7. The new pools have significantly changed the previous approach to investing, although the responsibility for determining asset allocations and the investment strategy remains with each individual Pension Fund.

3.8. As at 31 March 2024, the London Borough of Lewisham Pension Fund had £999.9m invested in pooled investments. Further information on asset pooling is provided in section 10 of this report.

4. SCHEME MANAGEMENT, RISK AND BUDGET

A. SCHEME MANAGEMENT AND ADMINISTRATION

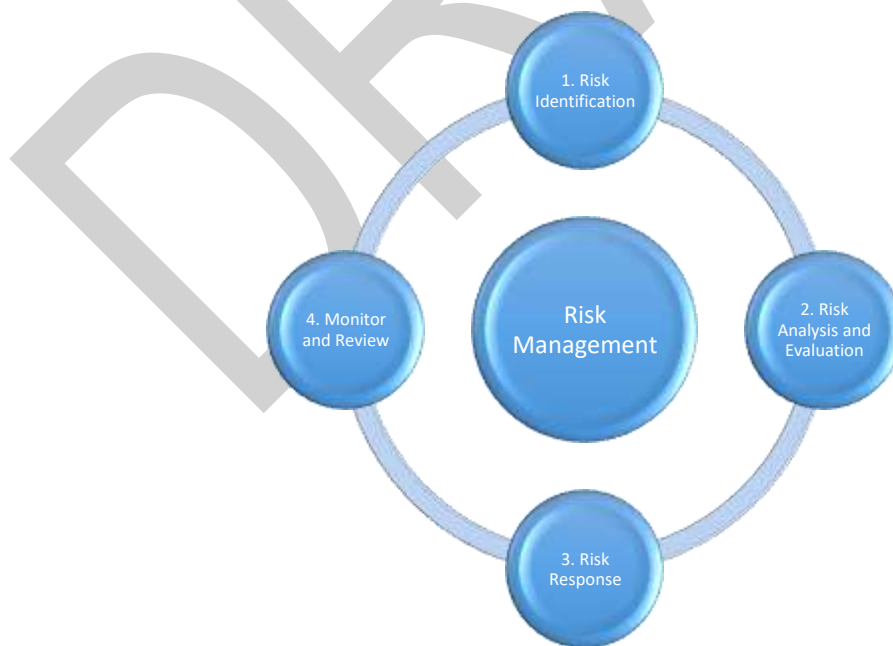
4.1. The individuals and organisations administering the Pension Fund are as set out below:

Pensions Investment Committee:	Cllr Sian Eiles - Chair
	Cllr. Mark Ingleby – Vice Chair
	Cllr Yemisi Anifowose
	Cllr. Chris Best
	Cllr Mark Jackson
	Cllr. Louise Krupski
	Cllr James Royston
	Cllr. John Muldoon
Local Pension Board:	Stephen Warren - Chair
	Sherene Russell-Alexander and Mark Booker - Employer Representatives
	Mark Adu-Brobbey and Gary Cummins - Scheme Representatives
Administrator:	David Austin – Executive Director of Corporate Resources
Responsible Officers:	Shida Ashrafi - Group Manager for Pensions & Payroll
	Katharine Nidd – Acting Director of Finance
Advisers:	Hymans Robertson LLP
Actuary:	Hymans Robertson LLP
Asset Pool:	The London Collective Investment Vehicle (LCIV)
Custodian:	Northern Trust
Legal Advisers:	LB Lewisham Legal Services
Bank:	Barclays Bank
Performance Measurement:	Northern Trust, Hymans Robertson, PIRC
AVC Providers:	Clerical Medical and Utmost
External Auditors:	KPMG UK LLP
Asset Managers:	BlackRock (Fixed Income Unit Trust)
	HarbourVest (Venture Capital)
	J.P. Morgan (Infrastructure – Hedge Funding)
	Legal & General Investment Management (LGIM) (Venture Capital)

	London Collective Investment Vehicle (LCIV) (Pooling)
	Partners Group (Venture Capital [private debt])
	Pemberton (Venture Capital [private debt])
	Schroders (Property)
	Storebrand Global and Emerging Markets (Equity Unit Trust)

B. RISK MANAGEMENT

- 4.2. The legal responsibility for the prudent and effective stewardship of the Fund’s assets rests with the PIC. This Committee has full delegated authority to make investment decisions, the terms of which are set out in its terms of reference in the Council’s constitution. It receives advice from the Chief Finance Officer and, as necessary, from the Fund’s appointed actuary, investment managers, custodian and investment adviser.
- 4.3. The Committee has regard to the Myners Principles which codify best practice in investment decision-making, as updated and consolidated post 2008 by the Government and set out in the Chartered Institute of Public Finance and Accountancy’s (CIPFA’s) Principles for Investment Decision Making and Disclosure in the LGPS (2012). The Committee manages the Pension Fund’s assets in accordance with the relevant Regulations.
- 4.4. The Fund maintains a Risk Management Policy which sets out the risk philosophy for the management of the Fund, the Fund’s attitudes to risk, and how risk management is implemented and monitored. The risk management process is consistent with the Regulations and guidance issued by CIPFA, Managing Risk in the Local Government Pension Scheme (2018), and is a continuous process as outlined in the table below.



Risk Management Stage	Description of Process
<p>1. Risk Identification</p>	<p>Assessing risks in the context of the objectives and targets of the Fund, which is both a proactive and reactive process. Risks are identified by a number of means, including:</p> <ul style="list-style-type: none"> i/ Formal risk assessment exercises managed by the Pensions Investment Committee; ii/ Regular performance measurement against agreed objectives or benchmarks; iii/ Findings of internal and external audit; iv/ Feedback from Local Pensions Board, employers and other stakeholders; v/ Liaison with regional and national associations, professional groups and other sector organisations. <p>Once identified, risks will be documented on the Fund's risk register, which is the primary control document for the analysis and classification, control and monitoring of those risks.</p>
<p>2. Risk Analysis and Evaluation</p>	<p>Once identified, the potential risks are assessed and scored according to their likelihood of occurring (from rare to almost certain) and the impact on the Fund should they occur (from insignificant to extreme).</p>
<p>3. Risk Response</p>	<p>These scores are then used to prioritise the risk from low risk to high risk according to the level of response required, as shown in the graphic below. Senior officers will review the extent to which the identified risks are mitigated by existing controls and whether any further action is required to address the risk. Before any such action can be taken, PIC approval may be required where appropriate officer delegations are not in place. Actions taken may result in risk elimination, risk reduction, or risk transfer.</p>
<p>4. Monitor and Review</p>	<p>The ultimate responsibility of PIC, in monitoring risk management activity the Committee will consider whether:</p> <ul style="list-style-type: none"> i/ The risk controls in place achieve the desired outcomes; ii/ The procedures in place for assessing risk are appropriate; iii/ Greater knowledge of the risk and potential outcomes would have improved the decision-making process in relation to that risk; iv/ There are any lessons to be learned for the future assessment and management of risks.

4.5. The risk register is incorporated within the annual business plan which is approved by Pension Investment Committee and reviewed periodically to ensure that risks are updated and the relevant mitigations are put in place to manage them. The Local Pension Board (PB) reviews the authority risk management adequately mitigates against risk and that the direction of travel shows movement towards target scores. Senior officers and those named as responsible officers on the register 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.

4.6. The Fund's Investment Strategy Statement also outlines a number of risks taken to meet the funding objectives and the approaches taken to managing those risks, and include the following:

1. Funding Risks – broken down into:

- a. Insufficient asset growth** – the risk that the Fund assets fail to grow in line with the developing costs of meeting the liabilities. This is mitigated by the PIC setting a strategic asset allocation benchmark for the Fund which takes into account probability of success and downside risk, and monitoring allocation and returns relative to the benchmark. The PIC also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.
- b. Changing demographics** – the risk that longevity improves and other demographic factors change, increasing the cost of Fund benefits. This is mitigated by the PIC seeking to understand the assumptions used in any analysis and modelling so they can be compared to their own views, and the level of risks associated with these assumptions can be assessed.
- c. Systemic risk** – the possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting the Fund's liabilities. The PIC seeks to mitigate this as much as it can through a diversified portfolio.

2. Asset Risks – specifically:

- a. Concentration** – the risk that a significant allocation to any single asset class and its underperformance relative to expectation would result in difficulties achieving funding objectives. The PIC strategic asset allocation invests in a diversified range of asset classes and has in place rebalancing arrangements to ensure actual allocation does not deviate substantially from the target. The Fund invests in a range of mandates, each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, help to reduce the Fund's concentration risk.
- b. Illiquidity** – the risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets. By investing in liquid asset classes such as listed quoted equities and bonds, as well as property, the PIC has recognised the need for access to liquidity in the short term.
- c. Currency risk** – the risk that the currency of the Fund's assets underperforms relative to Sterling (i.e. the currency of the liabilities). The Fund invests in a range of overseas markets which provides a diversified approach to currency markets. The Fund has also considered, and will continue to consider at periodic intervals, the potential need for any currency hedging to reduce currency risk.
- d. Environmental, Social and Governance (ESG)** – the risk of embedding ESG factors to the extent that the ability of the Fund to meet its long-term funding obligations is significantly reduced. The PIC expects all investment managers to undertake appropriate monitoring of investments with regards to their policies and practices on all issues which could present a material financial risk to the long-term performance of the Fund, including corporate governance and environmental factors. It expects managers to integrate material ESG factors within its investment analysis and decision making, and to use their influence as major institutional investors to promote good practice in the investee companies and markets to which the Fund is exposed.

e. Manager underperformance – the failure of managers to achieve the returns as set out in their mandates. The PIC has attempted to reduce this risk by appointing more than one manager and having a large proportion of the Fund managed on a passive basis. The PIC assesses manager performance on a quarterly basis and will take steps if underperformance persists.

3. Other Provider Risk – comprising:

a. Transition risk – the risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the PIC seeks suitable professional advice.

b. Custody risk – the risk of losing economic rights to Fund assets, when held in custody or being traded.

c. Credit default – the possibility of default of a counterparty in meeting its obligations.

d. Stock-lending – the possibility of default and loss of economic rights to Fund assets.

The PIC monitors and manages risks in these areas through a process of regular scrutiny of its providers, or has delegated such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds). The PIC has the power to replace a provider should serious concerns exist.

4.7. The Pension Fund Statement of Accounts sets out additional financial risk management in place for the Fund and provides some sensitivity analysis of market price risk and currency risk, and the potential impact on the Fund's market value.

4.8. The Fund also gains assurance from the work of internal audit, which undertakes a periodic audit to provide an opinion on the effectiveness of controls in place and to make recommendations to management on how to improve those controls. The findings of the 2020/21 internal audit were reported to the Pension Investment Committee in March 2022. The Fund achieving a limited assurance level and the recommendations from the audit included the need to regularly review accuracy of payments to pensioners along with the contribution rates of both the employee and employer to ensure no under/over payments. Reconciliation reviews and actions to resolve any variances have been undertaken to ensure that the procedure notes for calculating member pension benefits are kept up to date and regularly reviewed.

4.9. Internal Audit did not carry out an inspection in 2023/24 but will be reviewing the practices and procedures in 2023/24.

C. FINANCIAL PERFORMANCE

4.10. The administration expenses and investment expenses are set out below:

	2023/24 Actuals	2022/23 Actuals	Year on Year Variance	
	£'000	£'000	£'000	%
Administration Expenses	1,111	862	430	49.9%
Oversight and Governance Expenses	446	525	(79)	-15.0%
	1,557	1,387	351	25.3%
Investment Management Expenses:				
Transaction Costs	505	535	(30)	-5.6%
Management Fees	1,392	2,055	(663)	-32.3%
Custody Fees	60	140	(103)	-73.6%
	1,957	2,730	(796)	-29.2%
Total Expenses	3,514	4,117	(445)	-10.8%

- 4.11. Administration expenses consist of all expenses the administering authority must incur in performing its duties to administer entitlements and provide benefit information. This includes staff costs, IT costs, general costs such as stationery and postage, membership fees, and costs associated with the provision of additional voluntary contributions. The increase in administration costs in 2023/24 was the result of the general increase in staff costs but it also includes about £150k professional fees that should have been paid in the previous year.
- 4.12. Oversight and governance expenses can include the cost of selection, appointment and performance monitoring of fund managers, investment advisory services, legal and actuarial services, and audit fees.
- 4.13. The investment management fees are paid to fund manager who manage the individual investment. The investment management fees are lower in 2023/24 because the funds has not moved or subscribed to many new investments and therefore have not incurred the additional fees.

5. INVESTMENT STRATEGY AND PERFORMANCE

A. INVESTMENT STRATEGY

- 5.1. The Council's Investment Strategy Statement (ISS) was reviewed and updated in June 2023 and it sets out its approach to funding its liabilities in the Funding Strategy Statement (FSS). The FSS sets out the strategy for prudently meeting the Fund's future pension liabilities over the longer term. The ISS sets out the Fund's policies in respect of asset allocation, rebalancing, and the approach to risk including environmental, social and governance considerations. The ISS and the FSS can be found at <http://www.lewishampensions.org/>
- 5.2. The administration of the investment side of the Fund is managed internally by officers within the Council's Strategic Finance team. The Fund's custodian is the main depository for investment assets and provides performance reporting and accounting support for all

transactional activity in relation to the Fund’s investments which is used to update the Fund’s ledger and compile the annual accounts. The Fund also maintains its own bank account for day to day cash flow requirements.

B. UK STEWARDSHIP CODE

- 5.3. The Financial Reporting Council revised the UK Stewardship Code in 2020 and the code sets the expectations for investor’s stewardship policy and practice.
- 5.4. The Code defines stewardship as the “responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society”, and consists of twelve Principles for asset managers and owners, and six for service providers, to which signatories to the Code are expected to evidence compliance through the publication of an annual Stewardship Report. Managers, owners and service providers are tiered based on the quality of their Code statements, distinguishing between those who report well and demonstrate their commitment to stewardship, and those where reporting improvements are required.
- 5.5. Although not currently a direct signatory to the new Code, the Fund will consider its impact and align its expectations of asset managers and service providers accordingly. The Fund will use the revised Code as a basis for reviewing and strengthening its approach to responsible investment, and fully endorses the principles embedded within the Code. It expects its external fund managers to be signatories to the 2020 Code. The Pensions Committee believes that investor stewardship is a key component of the CIPFA Good Governance Framework and is committed to exercising this responsibility.
- 5.6. The twelve principles of the UK Stewardship Code 2020 are set out below with brief examples of how the Fund works to meet each one in line with the expectations set out in the Code, although this does not constitute a statement of compliance and is by no means exhaustive.

Category	Code Principle	Examples of Compliance
Purpose and Governance	<ol style="list-style-type: none"> 1. Signatories’ purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. 2. Signatories’ governance, resources and incentives support stewardship. 3. Signatories manage conflicts of interest to put the best interests of 	<p>PIC Members have contributed to a Statement of Investment beliefs that when considered with the Funding Strategy Statement translate Fund objectives into a well-defined Investment Strategy. Taken in conjunction with PIC’s Climate Objectives, the Fund seeks to make ESG focussed investments to achieve the overriding purpose of preserving the resources necessary to secure the long-term payment of members’ benefits.</p> <p>The Fund’s Pension Board assists the Council, as administering authority, to monitor adherence to legislation and best practice relating to the administration and governance of the Fund. PIC members declare any conflicts of interest before meetings begin. This is recorded in the minutes and published on the Council website. A decision is made by the Chair on the necessary</p>

Category	Code Principle	Examples of Compliance
	<p>clients and beneficiaries first.</p> <p>4. Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.</p> <p>5. Signatories review their policies, assure their processes and assess the effectiveness of their activities.</p>	<p>steps to be taken to ensure the interests of the Fund and its beneficiaries are put first.</p> <p>The Fund's stewardship responsibilities are set out in the ISS, including its approach to systemic risks which includes maintaining a diversified portfolio to reduce the impact of any market or business group failure.</p> <p>The fund is audited, both externally and internally. The Pension Board in April 2019 commissioned an external review to measure the Fund's compliance to the Pension Regulator's Code of Practice and the Local Government Pension Scheme Advisory Board's guidance.</p>
Investment Approach	<p>6. Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.</p> <p>7. Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.</p> <p>8. Signatories monitor and hold to account managers and/or service providers.</p>	<p>The Fund publishes its Statement of Accounts and Annual Report every year which details the breakdown of the Fund and its investments, the membership of the Fund and how officers deal with member queries, and how decisions are taken to meet the Fund's liabilities and continue to pay member benefits. The FSS and ISS set out in greater detail the stewardship of the Fund, the former being consulted on with Fund employers prior to publication.</p> <p>The Fund has integrated stewardship and ESG factors into its new Investment Strategy, which has seen the Fund transition its equity holdings into low carbon ESG passive equities and pursue investments in other low carbon assets including renewable energy infrastructure, to continue to provide benefits for its members whilst addressing wider ESG issues such as climate change and decarbonisation.</p> <p>The Fund's custodian produces monthly performance reports, whilst the Fund's advisor prepares quarterly performance reports which are reported at PIC. Fund managers also prepare monthly and quarterly reports for officers' attention, and attend PIC at least annually to update Members on fund performance.</p>
Engagement, Exercising Rights and Responsibilities	<p>9. Signatories engage with issuers to maintain or enhance the value of assets.</p> <p>10. Signatories, where necessary, participate in collaborative</p>	<p>The Fund has established a set of Investment Consultant Objectives which includes objectives on strategic advice, effective implementation and research, all of which require the Fund's advisers to use its more extensive resources and engage with asset managers and other stakeholders on the Fund's behalf.</p>

Category	Code Principle	Examples of Compliance
	<p>engagement to influence issuers.</p> <p>11. Signatories, where necessary, escalate stewardship activities to influence issuers.</p> <p>12. Signatories actively exercise their rights and responsibilities.</p>	<p>Officers regularly engage with asset managers on all issues of asset administration and performance. The Fund participates in collective engagement and is actively committed to the LCIV for the pooling of its assets into centrally managed Funds, whilst liaising and working with other shareholders of the LCIV to achieve shared objectives, outside of the larger pool if necessary but always in the spirit of collaboration to achieve shared goals. PIC has delegated the exercise of voting rights to its investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value.</p>

- 5.7. The Fund is also a member/subscriber of the following bodies:
- a. Pensions and Lifetime Savings Association (PLSA);
 - b. Local Authority Pension Fund Forum (LAPFF);
 - c. Local Government Pension Committee (LGPC).

C. APPLICATION OF CIPFA PRINCIPLES FOR INVESTMENT DECISION MAKING

- 5.8. The Fund is required to demonstrate compliance with CIPFA's Principles for Investment Decision Making and Disclosure, which reflect principles of good investment practice issued by government in response to the Myners review. Actions taken to comply with the principles are set out in the Investment Strategy Statement.
- 5.9. The Pension Fund has a paramount fiduciary duty to obtain the best possible financial return on Fund investments without exposing assets to unnecessary risk. Following good practice in terms of social, environmental and ethical issues is likely to have a favourable effect on the long-term financial performance and improve investment returns to shareholders.

D. INVESTMENT PERFORMANCE

- 5.10. The overriding investment objective is to ensure that the Fund's investments increase the likelihood that benefits will be paid to members as they fall due, by maximising investment returns over the long term within acceptable risk tolerances. It is in the interest of both employees and the public that the Fund is well managed and continues to provide high returns and excellent value for money.
- 5.11. The investment strategy has previously allocated a significant proportion of the Fund for investment into growth assets. After the 2016 valuation, the strategy was adapted to seek a more diversified portfolio and reduce the heavy exposure to the volatility of equities by investing in income assets such as infrastructure and private debt. As at 31 March 2023 approximately 60% of the Fund was invested in growth assets, 25% in income assets and 15% in protection assets including passive bonds and cash.

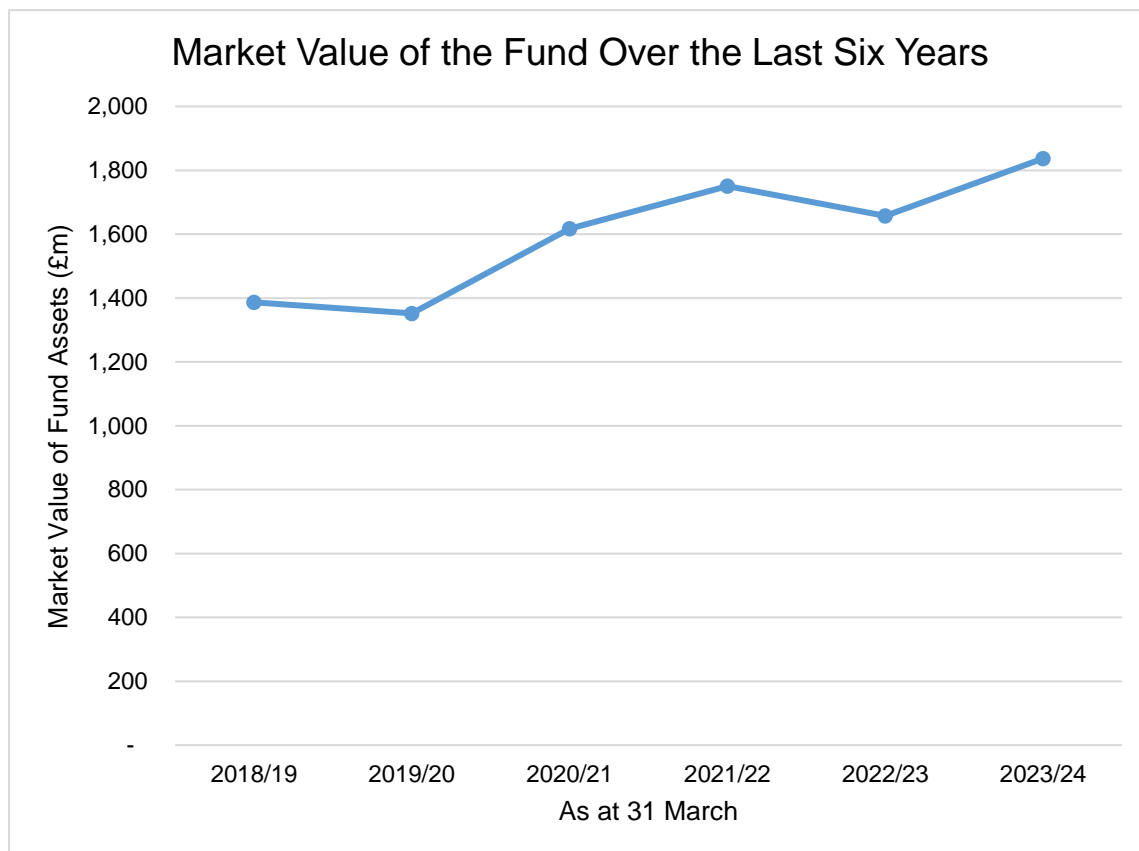
5.12. The Fund's asset allocation as at 31 March 2023 has nine active managers with six mandates, as below.

D1. STRATEGIC ASSET ALLOCATION AT 31 MARCH 2023:

Fund	2023/24		2022/23	
	Asset Value £'000	Target Allocation %	Actual Allocation %	Actual Allocation %
Growth				
Equity Unit Trust	1,132,123	53.0	61.6	57.5
Income				
Property	174,985	10.0	9.5	10.5
Infrastructure	127,151	11.0	6.9	7.1
Private Equity/Debt	112,534	7.0	6.1	7.1
Protection				
Fixed Income Unity Trust	246,072	19.0	13.4	15.1
Cash and Net Current Assets	44,103	0.0	2.4	2.7
Total	1,836,968	100%	100%	100%

5.13. The differing short term performances of asset classes and fund managers inevitably results in the actual asset allocations deviating from their strategic targets over time. Periodically the Fund undertakes a re-balancing exercise to return to the agreed strategic allocation, whilst separate re-balancing arrangements are in place within the passive mandates as outlined within the ISS.

5.14. The graph below depicts the changing value of the Fund's assets as at 31 March over the last six years. The Fund has steadily increased in value over the period, from £1,387bn at 31 March 2018 to a high of £1,837bn at 31 March 2024. The Fund increased by approximately £180m in 2023/24.



5.15. The annualised return of the Fund's investments over the last 12 months was 12.41%, which was 0.56% less than the benchmark return (a composite of the benchmarks employed by each mandate). Over the last five years, the Fund's absolute return on its investments is 6.45%, which is approximately 0.41% above the benchmark return of 6.04% as depicted in the below table.

D2. AGGREGATE FUND – COMPARATIVE PERFORMANCE:

As at 31 March 2024	One Year %	Three Year %	Five Years %
Fund Performance	12.41	5.47	6.45
Benchmark	12.97	4.66	6.04
Relative performance	-0.56	0.81	0.41

5.16. Individual fund manager performance is assessed against customised benchmarks. The performance of each manager against their composite benchmark over a one year period, three year period and their inception is as set out in the table below.

D3. INDIVIDUAL MANAGER PERFORMANCE:

		Blackrock	LCIV	Schroders	J.P. Morgan	LCIV	HarbourVest	Partners Group	Pemberton	LGIM	Storebrand Global Mkt	Storebrand Emerging Mkt	LCIV
		(Fixed Income Unit Trust)	(Private Debt)	(Property)	(Infrastructure)	(Passive Equity)	(Private Equity)	(Venture Capital)	(Venture Capital)	(Property)	(Equity Unit Trust)	(Equity Unit Trust)	(Renewable Infrastructure)
		%	%	%	%	%	%	%	%	%	%	%	%
1 year	Absolute	(5.0)	3.6	0.4	9.1	26.0	1.2	6.2	6.9	(2.4)	20.4	5.0	2.8
	Benchmark	(5.3)	6.0	0.4	7.0	25.7	23.8	10.2	11.2	7.0	22.4	5.2	6.0
	Relative	0.3	(2.4)	0.0	2.1	0.3	(22.6)	(4.0)	(4.3)	(9.4)	(2.0)	(0.2)	(3.2)
3 years	Absolute	(29.7)	N/A	2.1	9.5	N/A	15.9	5.2	6.0	3.6	N/A	N/A	N/A
	Benchmark	(30.0)	N/A	2.1	7.0	N/A	13.2	7.4	9.3	7.0	N/A	N/A	N/A
	Relative	0.3	N/A	0.0	2.5	N/A	2.7	(2.2)	(3.3)	(3.4)	N/A	N/A	N/A
Since Inception*	Absolute	(37.8)	3.6	4.2	6.8	8.3	11.1	4.6	6.2	1.1	5.0	1.7	2.8
	Benchmark	(38.1)	6.0	4.2	7.0	8.0	10.6	6.1	8.6	7.0	7.3	0.2	6.0
	Relative	0.3	(2.4)	0.0	(0.2)	0.3	0.5	(1.5)	(2.4)	(5.9)	(2.3)	1.5	(3.2)

*Blackrock Nov 2012; LCIV Private Debt Jul 2022; Schroders Oct 2004; J.P. Morgan Jan 2019; LCIV Passive Equity Dec 2021; HarbourVest Dec 2006; Partners Group Apr 2018; Pemberton Jan 2018; LGIM Mar 2022; Storebrand Global May 2022; Storebrand Emerging Aug 2022; LCIV Renewable Oct 2021.

5.17. The table above shows that there has been a varied performance over time. It is to be noted that Blackrock and LCIV are all passive funds which track their composite benchmarks instead of actively trying to outperform them, and account for approximately 72% of the Fund. No other managers, apart from Schroders and Storebrand, accounts for more than 6% of the Fund, in line with their target allocations. Pemberton was a new fund in 2017/18, Partners Group and J.P. Morgan were new funds in 2018/19, LCIV and LGIM were new funds in 2021/22 and Storebrand was a new fund in 2022/23, hence the lack of historical performance data. The PIC continues to monitor the performance of all fund managers on a quarterly basis via the reports it receives from the Fund's advisors.

5.18. A description of the benchmark for each fund manager is set out below.

Manager	Mandate	Benchmark / Performance Target
BlackRock	Fixed Income Unit Trust	iBoxx Sterling Non-Gilts Index; FTSE Actuaries UK Conventional Gilts over 5 or 15;
Schroders	Property	MSCI Pooled Property Fund Index
J.P. Morgan	Infrastructure	Hurdle rate of 7% p.a. The fund targets a return of 8-12% per annum net of fees.
LCIV	Equity Unit trust	The objective of the Fund is to track the performance of the S&P Developed Ex-Korea Large Mid-Cap Net-Zero 2050 Paris-Aligned ESG Index
LCIV	Renewable Infrastructure	Hurdle rate of 7% p.a.
HarbourVest	Private Equity	To outperform the Morgan Stanley Capital International (MSCI) World Index by 5% over a five year rolling period, net of fees.
Partners Group	Venture Capital	The fund targets a return of SONIA +4-6% net of fees, with a 5% cash yield
Pemberton	Venture Capital	Venture Capital The fund targets a return of SONIA +4-6% net of fees
LGIM	Property	UK Build To Rent Fund. Total return of 7-9% p.a. (net of fees)
Storebrand	Equity Unit Trust	MSCI AC World Development Index and MSCI EM Index
LCIV	Private Debt	6-8% net IRR

5.19. The value of assets under management (AUM) by asset class and fund manager is shown in the Pension Fund Accounts in Appendix A.

5.20. The Pension Fund's top equity and unit trust holdings are also shown in the Pension Fund Accounts in Appendix A, under Section 5 - Investment Analysis.

6. ASSET POOLING

A. FINANCIAL YEAR 2023/24

6.1 The London Collective Investment Vehicle (LCIV) is the investment vehicle established for the pooling of London Local Authority (LLA) Pension Fund assets, created to deliver broader investment opportunities and more enhanced cost efficiencies than LLAs can achieve individually. It is authorised and regulated by the Financial Conduct Authority (FCA) as an Alternative Investment Fund Manager (AIFM) with permission to manage authorised and unauthorised Alternative Investment Funds (AIFs) via an Authorised Contractual Scheme (ACS) pooling structure and as an Exempt Unauthorised Unit Trust (EUUT).

6.2 Each LLA is a shareholder in the LCIV, and the Fund has £150,000 of non-voting redeemable shares as a subscriber to the pool. It and contributes to the financial operation of the vehicle

via an annual service charge and Development Funding Charge (DFC). The annual service charge is akin to a membership fee, providing access to LCIV services. The DFC is designed to cover the cash flow imbalance between the LCIV's annual revenues and annual costs until LCIV generates sufficient management fee income to cover annual operating costs.

- 6.3 As at 31 March 2024 the Fund has invested in three funds with LCIV plus the passive pooled arrangement in Blackrock it brings the pooled funds to £999m (54% pooled). £637m invested into Passive Equity Progressive Paris Aligned Fund (PEPPA), £52m invested into the LCIV Renewable Infrastructure Fund, £66m invested into LCIV Private Debt Fund and £246m invested in Blackrock.
- 6.4 The Fund is committed to the principles of pooling and to the transitioning of assets to the LCIV or another LGPS pool. However, the nature of the LCIV's setup in its first few years meant the funds it had created and established had been of little interest to Lewisham, or incompatible with our strategy. The establishment of PEPPA and the Renewable Infrastructure Fund and the new Private Debt Fund has increased the levels of funds pooled in 2023/24 and Fund officers and Members maintain a close relationship with the LCIV, and the PIC considers pooling obligations in all investment decisions.
- 6.5 Members and officers will continue to work with LCIV to develop mandates in line with the Fund's strategy.

B. AT TIME OF WRITING ANNUAL REPORT

- 6.6 In respect of asset pooling, it is noted that at the time of writing the annual report (September 2024) the Fund had increased its investment to £52m into the LCIV Renewable Infrastructure Fund of the commitment of £90m and an investment of £66m, of the commitment of £85m into the LCIV Private Debt Fund.

7 SCHEME ADMINISTRATION

A. SCHEME ADMINISTRATION / PENSIONS ADMINISTRATION AND ASSURANCE

- 7.1 As at 31 March 2024 there were 27,771 members of the Fund; an increase of 908 members. 6,888 of the members were active, 12,130 deferred (undecided, deferred and frozen) and 8,753 retired. Besides the administering authority, the Fund also comprised 8 active scheduled bodies and 24 active admitted bodies.
- 7.2 Scheme member administration and pensioner administration is undertaken by a small in-house Pensions team which is also responsible for other areas of pension work including providing data to the LPFA, TPA and the NHS pension schemes. The team also carries out non-Pension Fund work such as providing estimates and calculating and paying redundancy and compensation payments. Further information about the administration of the scheme including forms and publications, information on complaints and disputes, and details on how members are kept informed, including relevant contact details, can be found on the Fund's website at www.lewishampensions.org. Internal audit reviews the scheme's administration periodically as described in sections 4.8 and 4.9 of this report.

7.3 Pension transactions are completed monthly as they fall due, the in-house team also work through queries and respond to members and bodies as appropriate. Membership is updated regularly to ensure it is accurate.

7.4 The number of key administrative activities carried out in 2023/24 and across the previous four years are shown in the table below.

A1. KEY ADMINISTRATIVE ACTIVITIES:

	2023/24	2022/23	2021/22	2020/21	2019/20
New scheme members	1,517	1,054	279	638	1,072
Estimate of benefits	596	840	901	794	1,393
Responding to correspondence	3,718	3,380	1,143	1,714	1,472
Deferred benefits	141	131	296	290	298
Calculation of quotations and actuals relating to transfers into the Local Government Pension scheme	323	575	390	335	420
Retirements	440	425	381	322	410
Death cases (with dependants)	69	90	368	376	292
Calculation of quotations and actuals relating to transfers out of the Local Government Pension scheme	538	344	418	335	262
Additional contributions	33	29	23	25	50
Refunds of contributions	219	172	266	170	434
Overall Performance	7,594	7,040	4,465	4,999	6,103

7.5 The role of the pensions section in the administering authority during 2023/24 was carried out by 6.5 Full Time Equivalent (FTE) staff serving some 26,800 members. Relevant data and staffing ratios are as set out below, and indicate an increasing number of transactions over time being undertaken by the same number of FTE staff.

A2. KEY STAFF INDICATORS:

FTE Staff:	2023/24	2022/23	2021/22	2020/21	2019/20
Lewisham	10.7	8.5	7.5	7.5	7.5
Made up of:					
Work for other schemes	0	0	(0.5)	(0.5)	(0.5)
Other work	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Administration of LGPS	8.7	6.5	5.0	5.0	5.0

Scheme Membership:	2023/24	2022/23	2021/22	2020/21	2019/20
Number of contributors	6,888	6,846	6,617	6,928	6,754
Number of deferred members	12,130	11,493	11,139	11,865	11,860
Number of pensioners	8,753	8,524	8,339	8,089	8,024
Total	27,771	26,863	26,095	26,882	26,638

Staff Performance:	2023/24	2022/23	2021/22	2020/21	2019/20
Ratio of members to 1 FTE staff	3,192	4,133	5,228	5,376	5,328
Transactions per member of staff	873	1,083	893	1,000	1,221

7.6 The age profile of the membership calculated as at 31 March 2024 is show in the table below.

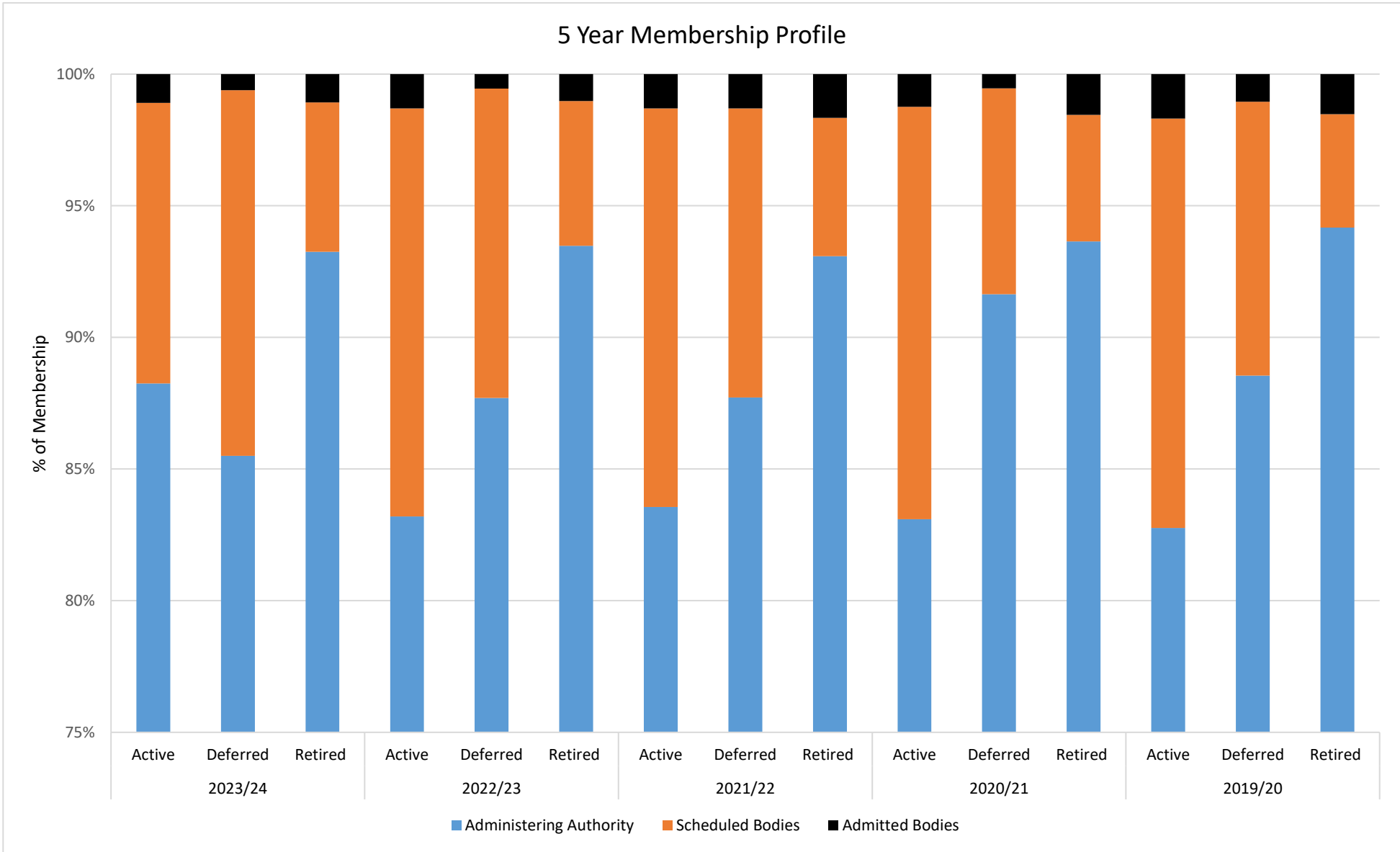
A3. AGE PROFILE OF MEMBERSHIP:

A	Contributing	Deferred	Pensioners/ Dependents
0-4	0	0	2
5-9	0	0	5
10-14	0	0	10
15-19	25	0	26
20-24	198	6	9
25-29	516	99	3
30-34	574	361	1
35-39	719	668	5
40-44	779	893	5
45-49	853	960	18
50-54	987	1207	37
55-59	1223	1772	340
60-64	952	1154	1331
65-69	282	264	2019
70-74	54	60	1735
75-79	0	18	1444
80-84	0	5	915
85-89	0	0	585
90-94	0	0	247
95-99	0	0	62
100-104	0	0	7
Total	7162	7467	8806

*Does not include undecided leavers or frozen accounts shown in the deferred membership numbers above.

7.7 A five year analysis of the Fund's membership (active, deferred, and retired) is shown in the next graph and table. The table also provides the unit costs per active, deferred and retired member in terms of both administrative and investment management expenses. Administrative expenses in this context include oversight and governance expenses as outlined in section 4.11, whilst management expenses relate to fund manager fees, transaction costs and custody fees.

A4. 5 YEAR MEMBERSHIP PROFILE:



A5. FIVE YEAR ANALYSIS: MEMBERSHIP AND ADMINISTRATIVE UNIT COSTS:

	2023/24			2022/23			2021/22			2020/21			2019/20		
Membership	Active	Deferred	Retired	Active	Deferred	Retired	Active	Deferred	Retired	Active	Deferred	Retired	Active	Deferred	Retired
Administering Authority	6,079	10,371	8,162	5,696	10,079	7,968	5,648	9,645	7,804	5,757	10,873	7,575	5,590	10,502	7,556
Scheduled Bodies	734	1,685	497	1,061	1,351	469	1,023	1,208	441	1,085	928	389	1,050	1,234	346
Admitted Bodies	75	74	94	89	63	87	88	143	139	86	64	125	114	124	122
Total	6,888	12,130	8,753	6,846	11,493	8,524	6,759	10,996	8,384	6,928	11,865	8,089	6,754	11,860	8,024
Unit Costs	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Administrative Unit Cost (£)	158	26	18	142	24	16	164	29	19	121	20	15	114	19	14
Investment Management Unit Cost (£)	199	32	22	279	48	32	237	42	27	241	40	29	258	42	31
Total Unit Cost (£)	357	58	40	421	72	48	401	70	46	362	60	44	372	61	45

7.8 A list of contributing employers and the amounts contributed by the employers in 2023/24 is shown below:

A6. EMPLOYER CONTRIBUTIONS:

Employer	Contributions Paid £'000	Comments
Administering Authority		
Lewisham Council	36,512	
Scheduled Bodies		
Lewisham Homes	2,117	Ceased 30/09/2023
Haberdashers' Aske's Knights Academy	1,448	
Christ The King Sixth Form College	496	
St Matthew's Academy	231	
Tidemill Academy	186	
Prendergast Leathersllers Federation	153	Joined 01/01/2024
Sedgehill Academy	178	
Childeric	133	
St George's	78	
Admitted Bodies		
Youth First Ltd	84	
Phoenix	151	
Phoenix Agency Services	69	Ceased 29/02/2024. Members TUPED to Phoenix Community Housing from 01/03/2024
KGB Cleaning	16	
CGL	12	
D B Services	38	
Lewisham Music	0	
Change Grow Live	7	
NSL	0	
3 C's Support	0	Ceased 31/03/2024
Braybourne FS Ltd (Hatcham)	8	Ceased 31/07/2023. Members TUPED to RCCN Ltd Hatcham from 01/08/2023
Housing 21	6	
Zing	3	
Pre-School Learning Alliance	0	
Tower Services	2	
City West Services	1	
Harrison Catering Crayford	0	
Harrison Catering Hatcham	23	Include Braybourne
Harrison Catering Knights	10	
M Group	26	
Greenwich Leisure Ltd (GLL)	7	
CK Bless	1	Joined 01/01/2024
Compass GRP (St Matthews)	103	Ceased 31/07/2023. Members TUPED to

		Olive Dining Ltd from 01/08/2023
Kier	19	
Olive Dining Catering (St Matthews)	11	Joined 01/08/2023 include Compass
RCCN Ltd Hatcham	0	Joined 01/08/2023
RCCN Ltd Knights	0	Joined 01/08/2023
Super Kids	6	
Super Kids Lucas Vale	1	Joined 01/07/2023. Member ceased 28/03/2024

7.9 The Statement of Accounts summarises the contributions received from employees and employers by type of body; the total contributions received per establishment are shown in the table further below.

7.10 The Fund has a number of bodies which participate in the Fund either as scheduled or admitted bodies. Scheduled bodies are organisations which have a statutory entitlement to be members of the scheme. Admitted bodies are those which have applied to join the scheme and the Council has formally approved their admission.

A7. TOTAL CONTRIBUTIONS RECEIVED FROM EMPLOYEES AND EMPLOYERS:

Employer	Total Contributions Received £'000	% Returns Received by Due Date
Administering Authority		
Lewisham Council	46,368	100%
Scheduled Bodies		
Lewisham Homes	2,197	100%
Haberdashers' Aske's Knights Academy	1,912	100%
Christ The King Sixth Form College	645	100%
St Matthew's Academy	312	100%
Tidemill Academy	261	100%
Prendergast Leathersllers Federation	219	100%
Sedgehill Academy	211	100%
Childeric	164	100%
St George's	97	100%
Admitted Bodies		
Youth First Ltd	108	100%
Phoenix	233	0%
Phoenix Agency Services	93	25%
KGB Cleaning	20	100%
CGL	15	92%
Lewisham Music	1	17%
Change Grow Live	10	92%
NSL	1	17%
3 C's Support	2	8%
Braybourne FS Ltd (Hatcham)	10	100%
Housing 21	8	100%

Zing	3	50%
Pre-School Learning Alliance	1	100%
Tower Services	3	100%
Greenwich Leisure Ltd (GLL)	9	100%
Harrison Catering Hatcham	28	100%
Harrison Catering Knights	12	100%
M Group	32	100%
City West Services	1	25%
CK Bless	1	100%
Compass GRP (St Matthews)	122	100%
Kier	23	83%
Olive Dining Catering (St Matthews)	13	25%
RCCN Ltd Hatcham	0	N/A
RCCN Ltd Knights	0	N/A
Super Kids	8	92%
Super Kids Lucas Vale	1	100%

- 7.11 Although the LGPS is a national scheme, it is administered locally. Lewisham Council has a statutory responsibility to administer the pension benefits payable from the Pension Fund on behalf of the participating employers and the past and present members and their dependents. The following table outlines benefits payable in 2023/24.

Benefits Payable	Employer	Amount Payable
		£'000
Pensions	Administering Authority	48,080
	Scheduled Bodies	3,166
	Admitted Bodies	3,554
Lump Sums: Retirement Allowances	Administering Authority	7,703
	Scheduled Bodies	238
	Admitted Bodies	1,056
Lump Sums: Death Grant	Administering Authority	730
	Scheduled Bodies	47
	Admitted Bodies	235

B. INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP)

- 7.12 The Local Government Pensions Scheme Regulations 2013 set out a two-stage 'Internal Dispute Resolution Procedure' (IDRP). The Fund's internal dispute resolution procedure is shown below:
- 7.13 Stage one: the member's complaint is referred to the Acting Executive Director of Corporate Resources, who is nominated by the London Borough of Lewisham to act as an independent adjudicator. Any decision made must be given in writing.

- 7.14 If the member is dissatisfied with the stage one decision, they can take the matter to stage two of the IDRPs.
- 7.15 Stage two: the stage one decision is reviewed by the Director of Law and Corporate Governance who is nominated by the London Borough of Lewisham to act as an independent referee.
- 7.16 There are time limits associated with each stage of the procedure, both for the applicant and the adjudicator. Appeals must normally be made within six months of the date of the decision that is being challenged and the adjudicator must normally give written notice of their decision within two months of the receipt of the appeal.
- 7.17 At any stage of the process, or before the process begins, the member can seek help and advice from The Pensions Advisory Service (TPAS). The Pensions Advisory Service is an independent non-profit organisation that provides free information and guidance to members of the public on pension matters generally. They can also help to resolve disputes and complaints about private pension arrangements (workplace pensions, personal pensions and stakeholder pensions).
- 7.18 The member has the right to refer the complaint to the The Pensions Ombudsman (TPO) free of charge. Before the complaint is put to the TPO the member should first have tried to resolve the complaint through the IDRPs and consulted with TPAS. The TPO is completely independent and acts as an impartial adjudicator. Its 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.
- 7.19 Lewisham Pension Fund had one IDRPs case in 2023/24, this represents 0.0002% of complaints against caseload in the financial year.

8 ACTUARIAL REPORT ON FUND

- 8.1 The Regulations require that every three years all Local Government Pension Schemes be subject to actuarial review. The actuarial review sets assumptions about the level of investment returns, life expectancy and other relevant factors to determine the assets and liabilities of the Fund and the corresponding funding level.
- 8.2 The last revaluation was undertaken as at 31 March 2022, and the final valuation report is available on the Lewisham Pensions website at www.lewishampensions.org. The actuarial review assessed the Fund as being 97% funded; this represents an increase of 7% in the funding level since the last valuation in 2019, from 90% funded.
- 8.3 The 2022 valuation resulted in the actuary assessing Lewisham's employers' contribution rate to provide for future pensions entitlements to be a minimum of 17.6% for financial years 2022/23 through to 2023/24, plus a lump sum component increasing year on year. The equivalent rate remains unchanged from the previous valuation at 22.5%.
- 8.4 Lewisham, as the administering authority for the Fund, set an employer contribution rate of 22.0% for 2023/24, which will be reviewed each year.

8.5 The next triennial valuation will take place as at March 2025 but the final results are not expected before December 2025.

9. FUND GOVERNANCE

A. GOVERNANCE STRUCTURE

9.1 Lewisham's Annual Governance Statement has been adopted by the PIC on behalf of the Fund.

9.2 Article 9 of the Council's Constitution sets out the composition and terms of reference of the Pensions Investment Committee, to exercise all functions of the Council in relation to local government pensions under Section 7, 12 or 24 of the Superannuation Act 1972 and all other relevant pension legislation. This includes:

- To review with fund managers the investment performance of the Fund's assets 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 fund managers of the Council's policy regarding investment of its 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 fund managers;
- To determine the overall investment strategy and policies of the Fund, taking account of professional advice; and
- Responsibility for compliance with the six Myners principles set out in CIPFA's "Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom (2012)" and all other relevant guidance in relation to the Local Government Pension Scheme in force and issued by CIPFA from time to time.

9.3 Responsibility for day-to-day administration and preparation of the Pension Fund accounts and annual report has been delegated to the Executive Director for Corporate Resources.

9.4 Details of the Council's Code of Corporate Governance is set out in Part V of the Council's Constitution which is available at:
www.lewisham.gov.uk/mayorandcouncil/aboutthecouncil/how-council-is-run/our-constitution

9.5 The Council's latest Annual Governance Statement is available with the main Council Statement of Accounts at the following link:
www.lewisham.gov.uk/mayorandcouncil/aboutthecouncil/finances/statement-of-accounts

B. MEMBERSHIP – PENSIONS INVESTMENT COMMITTEE

9.6 The Pensions Investment Committee comprises eight Members of the Council who have voting rights, and meets at least quarterly. 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 (Hymans Robertson) and permits attendance from non-voting observers comprised of pensioners, admitted and scheduled bodies, union officials, and members of the Local Pension Board.

9.7 The following table sets out attendance by the eight Councillors who were Members of the Pensions Investment Committee for the scheduled meetings in 2023/24. Note four meetings are scheduled in each financial year and each Councillor has one vote with the Chair having the casting vote. The February 2024 meeting was cancelled due to the Mayoral election.

Member	9 June 2023	7 Sept 2023	16 Nov 2023	22 Feb 2024
Cllr. Eiles – Chair	✓	✓	✓	Cancelled
Cllr. Ingleby – Vice Chair	✓	✓	✓	Cancelled
Cllr. Anifowose	✓	✓	✓	Cancelled
Cllr. Best	✓	✓	✓	Cancelled
Cllr. Royston	✓	✓	✓	Cancelled
Cllr. Jackson	✓	✓	Apologies	Cancelled
Cllr. Krupski	✓	✓	✓	Cancelled
Cllr. Muldoon	✓	✓	Apologies	Cancelled

C. MEMBER TRAINING

9.8 Members attend training events and conferences to develop and maintain the relevant skills required as set out in the CIPFA Knowledge and Skills framework. The framework covers six key areas:

- 1) Legislative and governance framework
- 2) Accounting and auditing standards
- 3) Procurement of financial services and relationship management
- 4) Investment performance and risk management
- 5) Financial markets and investment products knowledge
- 6) Actuarial methods, standards and practices

9.9 Member of the Board are encouraged to complete the Pension Regulator’s Toolkit. This is an online modular training facility which breaks the LGPS pension requirements into various pension’s subject areas.

9.10 During 2023/24 Members notified officers of their attendance at the following training sessions and events:

Members Training and events from 1 April 2023 to 31 March 2024			
Date	Description	Provider	
19/4/2023	ESG & Sustainable Asset Strategies	SPS	Cllr Mark Ingleby (Vice-Chair)
06/05/2023	Economic review 22/23 and forecast 23/24, Omaha NE	Warren Buffett	Cllr John Muldoon
10/5/2023	Impact Investing/ Pensions for Purpose	London CIV	Cllr Mark Ingleby (Vice-Chair)
11/05/2023	Climate Transition and setting a Net Zero Policy	Hymans Robertson	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr John Muldoon Cllr James Royston Cllr Liam Shrivastava Cllr Tauseef Anwar
08/06/2023	Review of the Quarterly Investment Report	Hymans Robertson	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr John Muldoon Cllr James Royston Cllr Liam Shrivastava Cllr Tauseef Anwar
08/06/2023	Climate Metrics Analysis and setting a Net Zero Pathway	Hymans Robertson	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr John Muldoon Cllr James Royston Cllr Liam Shrivastava Cllr Tauseef Anwar
08/06/2023	Presentation from JP Morgan Investment Fund Manager and questions	JP Morgan	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr John Muldoon Cllr James Royston Cllr Liam Shrivastava Cllr Tauseef Anwar
08/06/2023	Presentation from London CIV Renewable Infrastructure Fund Investment Fund Manager and questions.	London CIV	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr John Muldoon Cllr James Royston Cllr Liam Shrivastava Cllr Tauseef Anwar
22/6/2023	Natural Capital & Net Zero Targets	LGIM Webinar	Cllr Mark Ingleby (Vice-Chair)

Members Training and events from 1 April 2023 to 31 March 2024			
Date	Description	Provider	
11/7/2023	Natural Capital Investment Focus	Mallow Street	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr John Muldoon Cllr James Royston Cllr Tauseef Anwar
07/08/2023	Climate Transition and setting a Net Zero Policy	Hymans Robertson	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr John Muldoon Cllr James Royston Cllr Tauseef Anwar
25/8/2023	Nature Based Capital	London CIV	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr John Muldoon Cllr James Royston Cllr Tauseef Anwar
28/9/2023	LCIV Business Update	London CIV	Cllr Mark Ingleby (Vice-Chair)
20/9/2023	Net Zero, Impact & Sustainable Development	SPS	Cllr Mark Ingleby (Vice-Chair)
05/09/2023	Governance issues for NEDs and pension fund trustees	Financial Times NED Club	Cllr John Muldoon
07/09/2023	Review of the Quarterly Investment Report	Hymans Robertson	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr John Muldoon Cllr James Royston Cllr Liam Shrivastava Cllr Tauseef Anwar
07/09/2023	Setting a Net Zero Policy for Lewisham Pension Fund	Hymans Robertson	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr John Muldoon Cllr James Royston Cllr Liam Shrivastava Cllr Tauseef Anwar

Members Training and events from 1 April 2023 to 31 March 2024			
Date	Description	Provider	
07/09/2023	Presentation from Blackrock Investment Fund Manager and questions	Blackrock	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr John Muldoon Cllr James Royston Cllr Liam Shrivastava Cllr Tauseef Anwar
21/09/2023	Economic Review for Property and Built Environment Group	Institute of Directors	Cllr John Muldoon
19/10/2023	LGPS Sustainable Development & Other Topical Issues	SPS	Cllr Mark Ingleby (Vice-Chair)
16/11/2023	Review of the Quarterly Investment Report	Hymans Robertson	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr James Royston Cllr Tauseef Anwar
16/11/2023	Presentation from Storebrand Investment Fund Manager and questions	Storebrand	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr James Royston Cllr Tauseef Anwar
04/12/2023	Presentation by Nuveen on Natural Capital	Nuveen Fund Manager	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr John Muldoon Cllr James Royston Cllr Tauseef Anwar
Ongoing	At least one hour per week unstructured CPD reading publications on market conditions, investment reports or pensions news.	Various	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr John Muldoon Cllr James Royston Cllr Liam Shrivastava Cllr Tauseef Anwar
6-8/12/2023	LAPFF Annual Conference, Bournemouth	LAPFF	Cllr Mark Ingleby (Vice-Chair)
30/1/2024	Timber & Forestry Webinar	JP Morgan	Cllr Mark Ingleby (Vice-Chair)

Members Training and events from 1 April 2023 to 31 March 2024			
Date	Description	Provider	
05/02/2024	Natural Capital Webinar with presentations from Nuveen and the London CIV	Hymans Robertson	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr John Muldoon Cllr James Royston Cllr Liam Shrivastava Cllr Tauseef Anwar
7/2/2024	Forestry, Net Zero Natural Capital & Carbon	Gresham House	Cllr Mark Ingleby (Vice-Chair)
8/2/2024	Natural Capital Training	LCIV	Cllr Sian Eiles (Chair) Cllr Mark Ingleby (Vice-Chair) Cllr Chris Best Cllr Louise Krupski Cllr John Muldoon Cllr James Royston Cllr Liam Shrivastava Cllr Tauseef Anwar
15/02/2024	Economic Review for Property and Built Environment Group	Institute of Directors	Cllr John Muldoon
21/2/2024	Real Assets Impact Forum 2024	Nuveen	Cllr Mark Ingleby (Vice-Chair)

- 9.11 Members are also aware of their obligations under the Markets in Financial Instruments Directive (MiFID) II, under which the Fund has opted up to professional status with its fund managers and relevant service providers, committing to develop and maintain their knowledge of the LGPS in order to preserve the Fund's professional client status.
- 9.12 Members are provided with a schedule of suggested training events and conferences throughout the year, provided at each quarterly meeting of PIC. The events are intended to cover a range of skillsets and provide insight as appropriate to the needs of Members and the broader strategic direction of the Fund.
- 9.13 In addition, the Fund's advisors present training on relevant topics both within PIC meetings and as separate events; these cover a wide range of subjects, from the impact of legislative changes to asset specific training, which is also supported by presentations from fund managers on their respective asset classes.

REPORT FROM THE LOCAL PENSION BOARD

A. INTRODUCTION

- 10.1 The Pension Board is not decision-making body but does have a specific remit under The Public Service Pensions Act 2013 to ensure that pension funds meet all relevant legal requirements.
- 10.2 The Pension Board has an important role of assisting the administering authority with the efficient management of the Fund and ensuring its compliance with legislation and best practice.
- 10.3 The Pension Board met four times in 2023/24 and has planned quarterly meetings in 2024/25. The Board's focus has been on:
- Enhancing its understanding of the arrangements put in place by the administering authority, including through consideration of minutes and agendas of the Pensions Investment Committee and receipt of documentation by management;
 - Reviewing the strategies and other reporting requirements to meet the administering authority's compliance with legislation and best practice. Preparing for The Pension Regulator's General Code of Practice. The Board agreed its own work programme and plans to review this at each meeting; and
 - Ensuring that appropriate arrangements are put in place for developing and maintaining the knowledge and understanding of members of the Board.

Further information about the Board and its operation, including its terms of reference, is available on the Council's website at:

<https://councilmeetings.lewisham.gov.uk/ieListMeetings.aspx?CId=353&Year=0> and on the Fund's website at the following link:

<https://www.lewishampensions.org/resources/>

B. MEMBERSHIP OF THE BOARD

- 10.4 The Board consists of five members: two employer representatives, two scheme (member) representatives and an Independent Chair. Since 1 April 2023 one new member has been appointed to the board.

Name	Capacity	Role	Meetings attended in 2023/24
Stephen Warren	Independent Chair (Non-Voting)		4/4
Sherene Russell-Alexander	Employer Representative	Director of People and Organisational Development Lewisham Council	4/4
Mark Booker (from 01/11/2023)	Employer Representative	Pension Administration Manager Change Live Grow	1/2

Name	Capacity	Role	Meetings attended in 2023/24
Rowann Limond (to 31/08/2023)	Employer Representative	Director of Finance and Technology, Lewisham Homes	1/1
Mark Adu-Brobbey	Scheme Representative	Programme Manager - Together Lewisham Lewisham Council	3/4
Gary Cummins	Scheme Representative	Housing Partnership and Contract Manager Union Representative Lewisham Council	2/4

C. KNOWLEDGE AND UNDERSTANDING

10.5 Member of the Board are encouraged to complete the Pension Regulator's Toolkit (completed by 4 members). This is an online modular training facility which breaks the Pension Regulator requirements into various pension's subject areas. Relevant training via attendance at external events is made available to members of the Board. Officers also schedule relevant training sessions and a record of training for each member is maintained.

D. WORK PROGRAMME FOR THE FUTURE

10.6 The Board has agreed that:

- It will schedule four meetings a year;
- It will structure its workplan to ensure that there are regular reviews of all relevant Pension Fund policies and procedures in place such that these continue to comply with relevant legislation and Codes of Practice issued by the Pensions Regulator;
- It will monitor the implementation of the action plan prepared in response external review commissioned to measure the Fund's compliance to the Pension Regulator's General Code of Practice and the Local Government Pension Scheme Advisory Board's guidance;
- It will receive and review the administering authority's risk register and risk management policy for the Fund; and,
- It will evaluate the robustness of the administering authority's arrangements for obtaining assurance about the operation of pooled funds, specifically the London CIV, the collective investment vehicle for London Local Authorities' Pension Funds, as the Fund's levels of pooled investments has increased in recent years.

11. FUND ACCOUNT, NET ASSETS STATEMENT AND NOTES

11.1 The Pension Fund accounts, prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, were approved by Council on 22/11/2023 and have been audited by the Council's external auditors Grant Thornton. The Accounts are set out in Appendix A.

12 FUNDING STRATEGY STATEMENT

- 12.1 The Fund has a Funding Strategy Statement (FSS) which details the Fund's approach to funding its liabilities. The FSS is reviewed in detail at least every three years in line with the triennial valuation, and was last updated in June 2023 and it can be found on the Fund's website at the following link: www.lewishampensions.org/resources The Funding Strategy is updated after each Triennial Valuation so the new funding strategy it will be effective from April 2023.
- 12.2 The FSS is developed by the Council in conjunction with the Fund's actuary, Hymans Robertson, and after consultation with employers. The FSS sets out any changes in the Fund's liabilities and obligations to pay pensions in the coming years, and how those liabilities are funded by investments and contributions. The FSS has links to the Investment Strategy Statement.
- 12.3 The purpose of the FSS is to:
- Establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
 - Support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
 - Take a prudent longer-term view of funding those liabilities.
- 12.4 The statement sets out how the administering authority has balanced the conflicting aims of affordability of contributions, transparency of processes, stability of employers' contributions, and prudence in the funding basis.
- 12.5 The administering authority normally targets the recovery of any deficit over a period not exceeding 20 years. The funding basis adopts an asset outperformance assumption of 2.0% per annum over and above long-term government bond yields at the time of the 2022 valuation.
- 12.6 The Fund has an active risk management programme in place. The measures that the administering authority has in place to mitigate key risks are summarised in the FSS under the following headings:
- Financial;
 - Demographic
 - Regulatory; and
 - Governance
- 12.7 The 2022 valuation specified the minimum employer contributions, expressed as a percentage of pensionable pay and shown in the Rates and Adjustment certificate, as follows:

Employer/Pool Name	Total Contribution Rate (%/£)		
	2023/24	2024/25	2025/26
LB Lewisham	17.6% plus up to £5.750m	17.6% plus up to £5.750m	17.6% plus up to £5.750m
Haberdashers' Aske's Knights Academy	20.1%	19.8%	19.8%
Christ The King Sixth Form College	21.4%	21.4%	21.4%

Employer/Pool Name	Total Contribution Rate (%/£)		
	2023/24	2024/25	2025/26
Lewisham Homes	19.0%	19.0%	19.0%
St Matthew's Academy	17.6%	17.6%	17.6%
Tidemill Academy	22.0%	22.0%	22.0%
Childeric	24.6%	25.6%	26.4%
St George's	23.7%	23.7%	23.7%
Sedgehill Academy	33.4%	33.4%	33.4%
NSL	0.0%	0.0%	0.0%
Phoenix	16.2%	15.9%	15.5%
3 C's Support	0.0%	0.0%	0.0%
Pre-School Learning Alliance	0.0%	0.0%	0.0%
Change Grow Live Ltd (2014)	18.0%	18.0%	18.0%
Inspace (Phoenix 2 formerly Wilmott)	16.2%	15.9%	15.5%
Lewisham Music	0.0%	0.0%	0.0%
City West	33.7%	32.7%	31.7%
Change Grow Live Ltd (2017)	31.2%	30.2%	29.2%
Greenwich Leisure Limited	29.2%	28.8%	28.8%
Kier Housing	29.8%	29.8%	29.8%
M Group	25.6%	25.6%	25.6%
KGB Cleaning South West Ltd	25.0%	25.0%	25.0%
Youth First	23.2%	23.2%	23.2%
Harrison Catering Knights	30.4%	30.4%	30.4%
Harrison Catering Crayford	30.4%	30.4%	30.4%
Harrison Catering Hatchams	30.4%	30.4%	30.4%

13. INVESTMENT STRATEGY STATEMENT

13.1. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require that administering authorities prepare, maintain and publish an Investment Strategy Statement (ISS) which must be in accordance with guidance issued by the Secretary of State. The Statement must include the following:

- A requirement to invest money in a wide variety of investments;

- The authority’s assessment of the suitability of particular investments and types of investments;
- The authority’s approach to risk, including the ways in which risks are to be measured and managed;
- The authority’s approach to pooling investments, including the use of collective investment vehicles and shared services;
- The authority’s policy on how social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and
- The authority’s policy on the exercise of rights (including voting rights) attaching to investments.

13.2 The latest ISS for the Fund as at June 2023, which as well as the considerations above includes the Fund asset allocation, rebalancing policy, and compliance with CIPFA’s Principles for Investment Decision Making. At the time of writing the annual report, our advisors have confirmed that the ISS will be updated to reflect the triennial valuation due in 2022 and the new strategy will be adopted by the Fund once it has been approved. Once complete, it will be available on the Fund’s website at the following link:

www.lewishampensions.org/resources

14. COMMUNICATIONS POLICY STATEMENT

14.1 Pension Funds are required to prepare, maintain and publish a written statement of their policy concerning communication with members, representatives of members and employing authorities. Lewisham’s most recently published Communications Statement is available on the Fund’s website at the following link: www.lewishampensions.org/resources

14.2 The statement has been prepared to meet the provisions of Regulation 61 of The Local Government Pension Scheme Regulations (2013), as well as the Public Service Pensions Act (2013) and the Pensions Regulator’s Code of Practice No.14, in particular by setting out the following:

- How scheme information is provided to members, their representatives, prospective members, employers (including admitted and schedules bodies), the Pension Investment Committee, the Pension Board and to other bodies.
- In what format it is presented, how frequently it is presented, and the method of distributing information, and;
- The steps the Fund has taken to promote scheme membership to prospective members and their employers.

15. ADDITIONAL DATA

15.2 To assist in the production of the scheme annual report compiled by the LGPS Scheme Advisory Board, Funds are required to include the following:

15.3 A summary of the number of employers in the Fund analysed by scheduled bodies and admitted bodies which are active (with active members) and ceased (no active members).

	Active	Ceased
Scheduled Bodies	8	1
Admitted Bodies	22	40
Total	30	41

15.4 An analysis of Fund assets as at the reporting date, analysed as follows:

Asset Class	UK £m	Non-UK £m	Total £m
Equity Unit Trust	637	420	1057
Fixed Income Unit Trust	167	80	247
Property	133	0	133
Private Equity	205	74	279
Multi-Asset Credit	0	77	77
Cash	44	0	44
Net Current Assets	0	0	0
Total	1186	651	1,837

15.5 An analysis of investment income accrued during the reporting year, analysed as follows:

Asset Class	UK £000	Non-UK £000	Total £000
Equity Unit Trust	0	17	17
Fixed Income Unit Trusts	0	7,059	7,059
Property	4,249	0	4,249
Alternatives	4,813	5,621	10,440
Cash	1,525	588	2,113
Total	10,593	13,285	23,878

16. INDEPENDENT AUDITOR'S CONSISTENCY REPORT

- 16.1 The Pension Fund annual report currently does not include an external auditor's consistency report with opinion which refers to that given on the statement of accounts, as they are yet to be signed off.
- 16.2 The report will be republished once the external auditor have issued an opinion on the main council's statement of accounts.

17. GOVERNANCE COMPLIANCE STATEMENT

- 17.1 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 Department of Levelling Up, Housing and Communities (DLUHC) and review that statement on an ongoing basis.

- 17.2 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 and can be found on the Lewisham Pension fund's website.
- 17.3 The Fund fully complies with the best practice guidelines on governance, issued by (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.	✓
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 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 once 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.	✓