Camden

LONDON BOROUGH OF CAMDEN
PENSION FUND ANNUAL REPORT

2024/25

CONTENTS

Section

Section 1: Forewords	3
Section 2: Overview	5
Section 3: Scheme Management	7
Section 4: Scheme Governance	15
Section 5: Investment Policy & Performance	23
Section 6: Actuarial Report	28
Section 7: Funding Strategy Statement	30
Section 8: Investment Strategy Statement	31
Section 9: Communications Policy Statement	32
Section 10: Further Information	33
Section 11: Glossary Of Pension Terms	35
Annex 1: Governance Compliance Statement	39
Annex 2: Funding Strategy Statement	51
Annex 3: Investment Strategy Statement	86
Annex 4: Communications Policy Statement	118
Annex 5: Risk Register	121
Annex 6: Statement of Accounts	165

SECTION 1: FOREWORDS

Joint Statement from the Chair of the Pension Committee and the Executive Director

We are pleased to present the 2024/25 Annual Report of the London Borough of Camden Pension Fund, which reflects a year of consolidation, disciplined governance, and continued progress on responsible investment in the face of ongoing market challenges.

The Fund closed the year to 31 March 2025 with assets of £2.15, compared with £2.09 billion the year before. Against a backdrop of stubborn inflation, elevated interest rates and geopolitical uncertainty, the Fund delivered an investment return of 3.4%, in line with the Local Authority Pension Fund Universe average. While performance across asset classes was tightly clustered, equities and infrastructure contributed positively, offsetting weaker results from property and certain private equity strategies. Over the longer term, the Fund continues to outperform actuarial assumptions, with a five-year annualised return of 9.0%, placing the Fund in the top quartile of peers.
The Fund remains in a robust funding position, with the 2022 valuation confirming a 113% funding level and a probability of 78% of meeting long-term objectives. These results are underpinned by a 31% return over the triennial period to March 2022, well ahead of assumptions, and supported by prudent contribution strategies.

During the year, the Committee continued implementing the July 2023 Investment Strategy Review, which reduced equity exposure and enhanced allocations to multi-asset credit, infrastructure, and affordable housing. The Fund's participation in the London CIV pool remained steady, and work is ongoing to further align with pooling objectives. No significant challenges are foreseen in meeting the Government's pooling agenda.

Responsible investment continues to be central to the Fund's approach. More than 30% of assets are now allocated to climate-aware or impact-focused strategies, including renewable infrastructure and Paris-aligned equity. Fossil fuel exposure has declined further to 0.62%, underscoring progress against our climate commitments. The Committee engaged actively with fund managers on themes such as climate transition, biodiversity, human rights, and governance, and contributed through the LAPFF to collective engagements on corporate accountability and climate stewardship.

The Committee also ensured its governance remains forward-looking, with new risks identified in areas such as cyber resilience and the evolving pooling framework. These are now incorporated into the Fund's risk management processes.

Membership of the Fund grew to 23,578, reinforcing our commitment to provide secure retirement benefits to public-sector employees and their families.

We extend our gratitude to the Pensions Committee members for their scrutiny and stewardship, to the Pension Board for its oversight, and to our advisers — Hymans Robertson, Isio, our independent adviser Karen Shackleton, and the Pensions Shared Service — for their continued expertise and support.

Looking ahead, the Fund remains mindful of global economic uncertainty, but its diversified strategy, strong funding base, and responsible investment approach provide a solid platform to meet the challenges ahead. We remain committed to delivering secure retirement outcomes for our members and employers while embedding sustainability and stewardship in all aspects of the Fund’s strategy.

Cllr Rishi Madlani

Chair of the Pension Committee

Jon Rowney

Executive Director Corporate Services

SECTION 2: OVERVIEW

The Pension Fund Annual Report

The Pension Fund Annual report pulls together many of the reports and statements which the Fund produces into a single, annual document. Scheme members and other interested parties should find the single publication a good source of information on key matters about the Fund.

The Report comprises a number of sections and annexes, in order to comply with the many regulatory requirements laid out in the Local Government Pension Scheme (Administration) Regulations 2008 and (subsequently) 2013 and 2016.

The body of the report contains sections on:

Scheme Management – Reports including the management of risks within the fund; the preparation of the accounts; responsibilities of the Executive Director Corporate Services; and report of scheme administration.

Scheme Governance – Reports on the governance structure and terms of reference of the Pension Committee, together with attendance and training.

Investment Policy & Performance – Investment market review with performance of the investment managers; detail of the Fund investments and asset allocation; and the corporate engagement undertaken on behalf of the Fund.

Actuarial Report – A summary report based on the most recent triennial valuation conducted by the fund actuary.

The sections thereafter introduce the main statements, which are included as annexes to the report, namely:

- Governance Compliance Statement
- Funding Strategy Statement
- Investment Strategy Statement
- Communications Policy Statement
- Risk Register

The Local Government Pension Scheme (LGPS)

The London Borough of Camden Pension Fund is a statutory funded scheme, governed by the Local Government Pension Scheme Regulations 2013 and subsequent amendments. It is a defined benefit scheme now based on career average revalued earnings (from 1 April 2014, previously final salary) which provides pension benefits to employees of the Council and other bodies which are set out in law. Employees have complete discretion on whether to be members of the scheme.

The Council is the administering authority and responsible for all aspects of the Fund's operations. The Executive Director Corporate Services is responsible for administration and preparation of the Fund's Statement of Accounts in accordance with the Pension Statement of Recommended Practice (SORP). The costs of administration and payment of pensions and benefits are chargeable to the Fund.

The Fund is required to be either fully funded or have a strategy to become so within a period defined by the Actuary. It is financed by contributions from employers and employees and investment income. Funds not immediately required to finance pensions, and other benefits are invested in a selection of financial assets. These assets must be sufficient to meet the future pension entitlements of both past and present employees. This is achieved by adjusting the level of employers' contributions every three years following an actuarial review by an actuary, currently Hymans Robertson.

Contributions & Benefits

Legislation requires actuarial valuations of local authority pension funds to be undertaken every three years to calculate the funding level and determine the annual contributions to be made by the employing bodies. The valuation on which the employers' contributions for 2024/25 were based was carried out as at 31 March 2022 and applies to the three financial years from 1 April 2022.

Under the scheme regulations, employees contribute to the scheme according to set tiered contribution rates, based on pensionable pay. From 1 April 2024– 31 March 2025 these rates were as follows:

Band	*Range*	*Contribution Rate*	*50/50*
1	Up to £17,600	5.50%	2.75%
2	£17,601 to £27,600	5.80%	2.90%
3	£27,601 to £44,900	6.50%	3.25%
4	£44,901 to £56,800	6.80%	3.40%
5	£56,801 to £79,700	8.50%	4.25%
6	£79,701 to £112,900	9.90%	4.95%
7	£112,901 to £133,100	10.50%	5.25%
8	£133,101 to £199,700	11.40%	5.70%
9	£199,701 or more	12.50%	6.25%

The LGPS is a defined benefit "career average" scheme. For each year of membership, a pension equal to a 49th of an employee's pensionable pay in that year will be accrued. Inflationary increases are added in subsequent years to ensure that the pension keeps up with the cost of living.

The administering authority is also required to make provision to enable employees to make additional voluntary contributions (AVCs) to purchase enhanced pension benefits. The AVC providers for the Camden Pension Fund are Phoenix Life and Prudential Assurance.

SECTION 3: SCHEME MANAGEMENT

Scheme Management and Advisers

The roles, names and addresses of officials responsible for the management and advice given to the Fund can be found in **Annex 3**, as part of the Investment Strategy Statement.

Risk Management

The Camden Pension Fund has a Funding Strategy Statement (FSS) which is a summary of the Fund's approach to funding its liabilities. The FSS is reviewed in detail at least every three years in line with the triennial valuations. The Fund last reviewed its Funding Strategy in 2022 and was agreed in December 2022 by the Pension Committee.

There are four common approaches to dealing with identified risk:

- **Avoidance of risk** – desist from participating in the activity that gives rise to the risk in future.
- **Reducing the risk** – take action to minimise the likelihood of the risk occurring or taking action to minimise impact if risk occurs.
- **Transferring risk** – total or part transfer of risk, mostly through insurance.
- **Accepting the risk** – acknowledge the cost of effectively dealing with risk is disproportionate to the potential benefit to be gained, or that any action taken may be limited in reducing the risk.

The Administering Authority has an active risk management programme in place and presents a Risk Register to the Pension Committee on an annual basis and was last reviewed in July 2025. The measures that the Administering Authority has in place to control key risks are summarised under the following headings:

- **Financial** - relate to investment risks which can include interest rate, currency, market – the nature of these risks and how the fund deals with them are detailed in the fund's Statement of Account.
- **Demographic** - relate to changes in demography that fall outside of the actuary's assumptions and therefore lead to increased fund liability
- **Regulatory** – that the national scheme will be changed by government or that new regulations brought in by government will result in increased fund liability
- **Governance** - the arrangement for overseeing the strategic investment of fund assets including ESG related issues and admissions/cessation of fund employers is inadequate; and
- **Administrative** – that the process and resources in place to manage the daily operation of the fund are inadequate.

More information on risk can be found in the FSS, and the ISS also outlines the Authority's approach to risk and the measurement and management of those risks. The risk register is appended at **Annex 5.**

Internal Audit

Internal Audit undertook a comprehensive audit of the pensions administration and investments functions in 2025. The scope of this audit extended to the following areas:

- Joiners
- Employee and Employer Contributions
- Benefits, Retirement Pensions and Grants
- Transfers and refunds
- Fund Management
- Pensions Data and Security
- Reconciliations
- Actuarial Valuations and Assumptions
- Performance monitoring

The most recent internal audit report in June 2025 gave substantial assurance indicating that there is a largely sound system of control and highlighting some minor weaknesses. The review identified no critical or high priority findings.

External Audit

Camden appointed Mazars who will be carrying out the external audit on the Statement of Accounts for Pension Fund in 2024/25. Officers continue to work to finalise these, and no major issues with the opinion on the Pension Fund accounts are anticipated.

Management of third-party risks

All of our fund managers and our custodian have external verification of their internal controls by their own external auditors. External auditors comment on whether the controls were suitably designed and operated effectively throughout the reporting period.

(a) Fund Managers

For fund managers, auditors typically issue a report of the Statement on Standards for Attestation Engagements (SSAE 16) in North America, or Audit & Assurance Faculty (AAF 01/06) in the UK. The International Auditing & Assurance Standards Board (IAASB) has also developed the International Standard on Assurance Engagements (ISAE 3402) as a global standard of reporting, for use from 2012. These reports describe internal controls in operation, and tests of operating effectiveness in the third party's control environment. The statement also provides information on third party controls that may be relevant to the internal controls of clients.

The Fund has obtained the following control reports, the most recent available for each fund manager. Some reports have been written to comply with more than one set of control standards, to cover a mixed client base.

Investment Company	Report Type	Reporting year to	Assurance Level	Auditor
Baillie Gifford & Co	ISAE 3402	31st Mar 2025	Reasonable Assurance	PwC
CBRE Global Investment Partners	ISAE 3402/ AAF 01/20	31st Dec 2024	Reasonable Assurance	Deloitte LLP
Harris Associates LP	SOC1	31st Aug 2024	Reasonable Assurance	Ernst & Young LLP
HarbourVest Partners LLC	SOC1	30th Sep 2024	Reasonable Assurance	Ernst & Young LLP
Legal & General Investment Management (Holdings) Ltd	ISAE 3402 / AAF 01/20	31st Dec 2024	Reasonable Assurance	KPMG LLP
Partners Group Holding AG	ISAE 3402	31st Dec 2024	Reasonable Assurance	PwC
CQS	ISAE 3402	31st Dec 2024	Reasonable Assurance	RSM LLP
PIMCO	ISAE 3402	30th Sep 2024	Reasonable Assurance	PwC
Stepstone	SOC1	30th June 2024	Reasonable Assurance	Ernst & Young LLP
Aviva Investors	ISAE 3402 / AAF 01/20	30th Sep 2024	Reasonable Assurance	PwC

(b) Custodian

JP Morgan is the Fund’s custodian. The control reports (custody, accounting and ITGC) for JP Morgan for the year to 31 March 2025 was prepared by PricewaterhouseCoopers in accordance with International Standard on Assurance Engagements (ISAE) 3402.

In each case the auditor assessed the internal control procedures as written in the report, and concluded that:

- The report description fairly presents the investment management activities that were designed and implemented throughout the period.
- The controls related to the control objectives were suitably designed to provide reasonable assurance that the control objectives would be achieved if those procedures were complied with; and
- The control procedures that were tested were operating with sufficient effectiveness to provide reasonable assurance that the control objectives were achieved in the period.

(c) Pool operator – London LGPS CIV Ltd

The London Collective Investment Vehicle have provided internal controls reports for each manager of each CIV sub-fund in which the Fund has investments, For the CIV itself and for the CIV's administrator, Northern Trust, third party controls oversight report has been provided for the year to April 2025.

Statement of Accounts for 2024/25

The Statement of Accounts for the financial year to 31 March 2025 are currently being audited by Mazars, and the final report will be published in due course.

Responsibilities of the Executive Director Corporate Services

The Executive Director Corporate Services is responsible for the preparation of the Fund's Statement of Accounts in accordance with proper practices set out in the CIPFA Code of Practice on Local Authority Accounting.

In preparing the Statement of Accounts, the Executive Director Corporate Services has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice on Local Authority Accounting.
- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Review of Administration

Arrangements for Fund Member & Pensioner Administration

The Local Government Pension Scheme regulations require employing and administering authorities to work together to ensure the effective running of the Fund. The administering authority is responsible for pension fund investments, the calculation and payment of benefits and for maintaining Fund member records and computerised administration systems. The employing authority is responsible for applications to join or leave the Fund, assigning employees to the correct contribution band, deciding when to pay retirement benefits and providing relevant employee data to the administering authority.

The London Borough of Camden is both an administering and employing authority. The pension administration function of the administering authority is carried out by the Pensions Shared Service (PSS), set up between Camden and Wandsworth, and now also including Merton, Richmond, Waltham Forest and Bromley. The employing authority role falls to Camden's Human Resources service although some employing authority functions (such as the calculation of final pay) are performed by the PSS.

There are a number of active Scheme employers within the Camden fund comprising of 19 admission bodies, 5 academies or free schools, and one other scheduled body not including Camden Council itself. For members in these arrangements, it is their employer that carries out the employing authority functions.

There is another group of members who work in Camden's schools who are employed by Camden but are not paid through Camden's payroll system. The PSS do not have direct access to contractual information relating to the Fund members and therefore has to rely on the schools, admitted bodies and scheduled bodies to provide information on starters, leavers and amendments. High levels of the PSS's resources are dedicated to this group of staff as they are more onerous to administer than staff on Camden's payroll system. The PSS works with these employers in an effort to improve the quality and timeliness of this data.

Administration of the pension payments is undertaken by the PSS and the payroll is run on the Council's ORACLE financial system. The Fund provides twelve monthly payments a year with a payslip posted to home addresses in March, April and May and also when the net pension differs by more than £1 from the previous month.

Internal Dispute Resolution Procedure (IDRP)

IDRP is a two-stage system with Stage 1 being considered by the Head of Pension Shared Service. A notification of the right to access IDRP is included with any notification of decisions made by the Fund such as benefit notices. The Stage 2 officer is the Council's Borough Solicitor. In 2024/25, there were no IDRP complaints received.

Key Uses of Technology

The staff of the PSS have direct access to the payroll records of the majority of the Fund's active members through the Payroll/HR module of the Council's main financial information system, ORACLE. There are monthly interfaces from Oracle to the pensions administration system, ALTAIR. The interfaces allow transfer of data for new starters, contractual changes such as changes in hours and personal changes such as home addresses.

There is also an annual interface for posting pension contributions. For members that are not paid through ORACLE, such as staff working in schools or for external bodies that have an admission agreement with the Council, the PSS relies on these outside bodies to provide the data. To improve the timeliness and accuracy of data from external bodies the PSS commenced the onboarding of the i-Connect system which facilitates the electronic transfer of data monthly.

The Council has now fully implemented i-Connect - and so all employers are on this system. This will improve the flow of data between PSS and payroll systems used by the different employers in the Fund, which minimises manual intervention in the process and ensures robust data integrity. The system directly pulls data from employers' payroll systems, automatically identifying new joiners, opt-outs and leavers and seamlessly generate an extract for submission to PSS in a single solution.

There is a range of pensions information available on the internet. Details of this information, and where it can be found, are contained within **Annex 4**: Camden Pension Fund Communications Policy Statement.

Martin Doyle

Head of Pensions Shared Service

Administration Performance

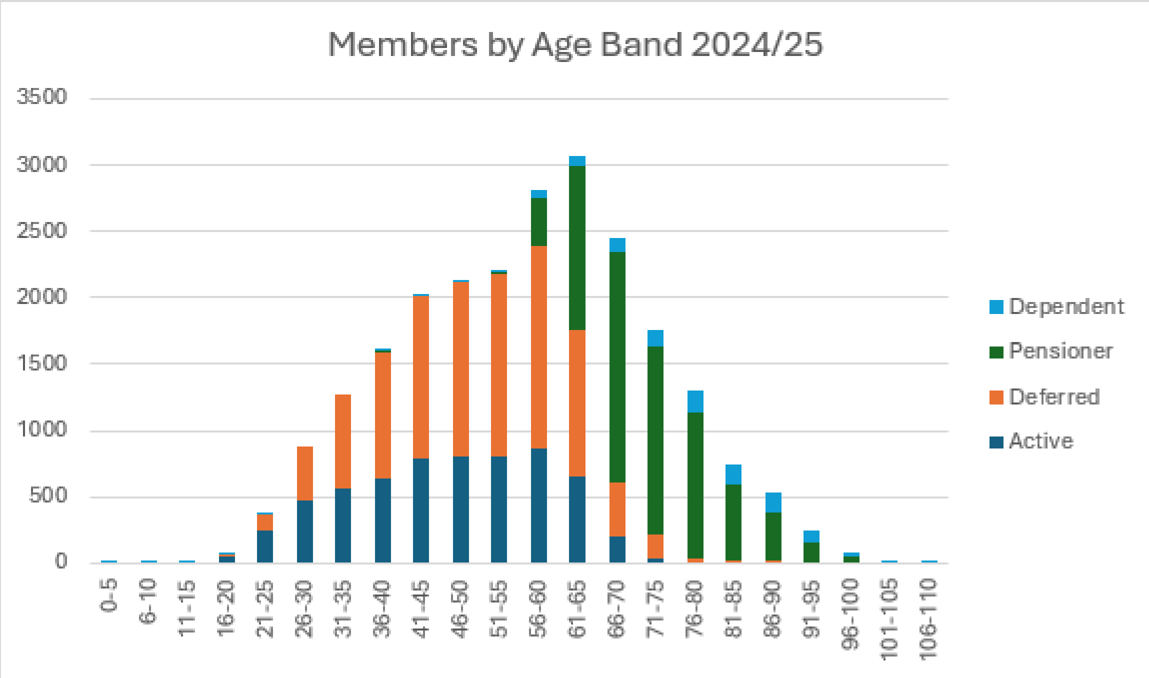
Camden constantly monitors the performance of the administration shared service, who pay out Pension Fund benefits, against targets using a computerised workflow management system. The results achieved in 2024/25 are set out in the table below.

Period April to March	**Charter Standard**		**Total**	**April to March**	**CIPFA KPI (Days)**	**Target**
Area of Work	**NO**	**YES**				
Death Acknowledgement	0	249	249	100.00%	5	95.00%
Retirement Estimate Letter - Active	0	275	275	100.00%	15	95.00%
Retirement Estimate Letter- Deferred	0	536	536	100.00%	15	95.00%
Retirement Actual Letter- Active	0	193	193	100.00%	15	95.00%
Retirement Actual Letter- Deferred	0	303	303	100.00%	15	98.00%
Retirement Pay Lump Sum - Active	0	127	127	100.00%	15	98.00%
Retirement Pay Lump Sum - Deferred	1	263	264	99.62%	15	98.00%
Deferred Benefit Notification	1	258	259	99.61%	30	98.00%
Transfer In Quote	10	84	94	89.36%	10	98.00%
Transfer Out Quote	4	253	257	98.44%	10	98.00%
Pay Refund	0	169	169	100.00%	10	98.00%
Divorce Quote	0	29	29	100.00%	45	98.00%
Divorce Settlement	0	1	1	100.00%	15	98.00%
Notification of Joining LGPS	0	586	586	100.00%	40	98.00%
Total	**16**	**3326**	**3342**	**99.52%**		**96.70%**

Cost of Service	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Cost per member	£24.47	£27.70	£25.69	£26.59	£35.85	£28.02	£25.83

The costs are those purely attributable to the cost of administration (staff costs, overheads and administration systems £544k, and Actuaries costs £65k). Investment costs are excluded from these figures.

Membership of the Fund	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Actives	5,698	5,699	5,437	5,561	5,820	6,126
Deferred	9,467	9,354	9,117	9,415	9,426	9,430
Pensioners	7,431	7,589	7,466	7,663	7,784	8,022
Total	22,596	22,642	22,020	22,639	23,032	23,578



Pensioners with Enhanced Benefits

Year Ending 31st March	Ill Health	Early Retirement / Voluntary Redundancy	Total
2025	689	465	1,154
2024	699	491	1,190
2023	725	512	1,237
2022	712	584	1,296
2021	755	616	1,371
2020	774	773	1,547
2019	825	857	1,682
2018	835	885	1,720
2017	971	874	1,845
2016	889	1,029	1,918
2015	905	1,090	1,995
2014	901	1,116	2,017
2013	914	1,184	2,098
2012	939	1,236	2,175

SECTION 4: SCHEME GOVERNANCE

Introduction

The Local Government Pension Scheme (Administration) Regulations 2013 require administering authorities to prepare and maintain a separate written statement on governance policy on pension fund matters. The Ministry of Housing, Communities and Local Government (MHCLG) has published draft regulations requiring pension funds to report on their governance arrangements against a set of best practice principles. Where a pension fund’s compliance does not meet the required standards there is a requirement to explain, within the governance compliance statement, the reasons for not complying.

The compliance principles are not mandatory but are considered best practice.

The London Borough of Camden Pension Fund’s Governance Compliance Statement is attached as **Annex 1** of this report. Additional compliance information is included in the Statement of Investment Principles in **Annex 3**.

Governance Structure

The London Borough of Camden, in its role as administering authority, has executive responsibility for the Fund. The Pension Committee consider all matters relating to the management and administration of the Fund. The revised terms of reference were agreed at full council on 2 March 2015 that the Audit and Corporate Governance (Pensions) Sub-Committee be established as a committee in its own right which has now been superseded by the Pension Committee. It became effective from the start of the 2015/16 municipal year. The terms were slightly amended just after the end of the financial year (regarding voting rights and delegation to the Chair outside of normal committee timescales where there is urgency). Council subsequently amended the terms of reference again on 17 May 2017 to take account of the requirement to formulate and maintain an Investment Strategy Statement, as introduced in the 2016 LGPS Regulations.

PENSION COMMITTEE TERMS OF REFERENCE

General

- To act as Trustees of the Councils Pension Fund within the terms of the Superannuation Act 1972 and to administer all matters concerning the Council's pension investments in accordance with any applicable law and policy
- To make arrangement for the appointment of and appoint suitably qualified investment managers and custodians and to periodically review those arrangements
- To ensure that appropriate and sufficient training has been undertaken by all members of the Committee in order to discharge their functions
- To take proper advice from officers, investment consultants, independent investment adviser, pension board and actuary
- In exercising all of its functions, to consider environmental, social and governance issues in order to seek to ensure that the Pension Fund is a responsible investor.

Investment

- Set and review Investment strategy for the Fund
- To formulate and publish a Investment Strategy Statement
- At least once every three months, to review the investments made by the investment managers and from time to time consider the desirability of continuing or terminating the appointment of the investment managers
- To determine the strategic asset allocation policy, the mandates to be given to the investment managers, the performance measures to be set for them and review investment management performance against targets
- To monitor the performance and effectiveness of the investment managers and their compliance with the Statement of Investment Principles
- Ensure the Fund's voting rights are exercised in line with the Fund's voting policy to ensure the best outcome for the Fund's investment purposes and ensure engagement supports the investment strategy and Fund's performance, except co-filing requests put forward by the LAPFF; and support for resolutions in respect of companies that the Fund does not have a direct shareholding in, which remains a matter for the Executive Director Corporate Services in consultation with the Chair of the Pension Committee unless time allows for the matter to be reported to the Committee for decision.
- To receive and approve an Annual Report on the activities of the Fund prior to publication.
- To keep members of the Pension Fund informed of performance and developments relating to the Pension Fund on an annual basis.

Liabilities

- To review the risks inherent in the management of the Pension Fund
- To review the strength of admitted bodies and ability to honour their liabilities
- To agree and keep under review a Contribution Strategy and agree the Triennial Valuation
- Admit new and exit ceasing employers as and when these arise
- To monitor liabilities and ensure progress towards full funded status of all employers
- To understand the maturity of the Fund and keep cash flow considerations under review

Membership and Voting Rights of the Committee

During 2024/25 the membership of the Committee consisted of:

- 8 members (currently 7 from the majority party and 1 from another party) – one of these members will chair the Committee
- Officers of the Council (non-voting)
- An Independent Investment Adviser (non-voting)
- Representatives of the unions (non-voting)
- A representative of the retired members (non-voting)

Decision Making Protocol

- The Committee should aim to reach consensus in decision-making. Where agreement cannot be reached a majority vote will apply. Voting rights are restricted to Members, with the Chair having the casting vote if required.
- For decisions to be valid at least three voting members of the Committee must be present.
- Committee members will receive training and guidance on all matters requiring a decision prior to meetings where these issues are on the agenda.

Members Code of Conduct

All members of the Pension Committee are bound by the members Code of Conduct set out in the Councils Constitution. Members are required to register disclosable pecuniary interests and, if any interest is not entered in the register, to disclose the existence and details of such interests to the meeting. Where such interests are relevant to matters being discussed at any meeting members are restricted in participating and voting at such meetings. In the interests of transparency, the Code of Conduct also requires the disclosure of non-pecuniary interests.

Pension Committee – 2024/25

The following table lists the membership of the Pension Committee during the year and their attendance at meetings.

Attendance at Pension Committee Meetings	10 Jul 2024	19 Sept 2024	2 Dec 2024	10 Mar 2025
Cllr Rishi Madlani (Chair)	YES	YES	YES	YES
Cllr Heather Johnson (Vice-chair)	YES	YES	YES	YES
Cllr Anna Burrage	YES	YES	YES	YES
Cllr Jenny Mulholland	NO	YES	NO	YES
Cllr Matthew Kirk	YES	NO	YES	YES
Cllr James Slater	NO	YES	YES	YES
Cllr Sylvia McNamara – resigned May 2025*	YES	YES	NO	YES
Cllr Shiva Tiwari – resigned March 2025*	NO	YES	YES	NO

*Councillors Sylvia McNamara and Shiva Tiwari have been replaced by Rebecca Filer and Edmund Frondigoun.

Training received by Pension Committee

The training needs of Members are covered at the quarterly Pension Committee meetings and semi-annual designated training sessions arranged by officers, with input from consultants and investment professionals, where the need arises. Members and officers may also be invited to attend conferences and seminars where appropriate by investment managers or other organisations.

All members of the Committee also have access to an online training portal. All training is recorded in an appendix to the quarterly business plan which is reported to Pension Committee.

Committee Meetings

The Pension Committee reviews a number of standing items at each quarterly meeting, including an update on the performance of the investment portfolio, a review of the engagement and voting activity undertaken since the last meeting, and an update on the progress made by the London Collective Investment Vehicle. Alongside these items, the Pension Committee discussed the following reports during 2024/25:

July 2024

The Committee meeting on 10 July 2024 reviewed the Pension Fund's performance for the quarter ending 31 March 2024, noting a 4.3% return against a benchmark of 4.8% and a closing valuation of just under £2.1 billion. Equity markets performed strongly, led by Baillie Gifford's 9.8% return, while Harris Associates underperformed due to stock selection. Multi-asset credit and infrastructure investments through the London CIV showed improving trends, though certain property and private equity funds remained under review.

The Committee also approved the cessation of Citizens Advice Camden as an employer following completion of actuarial and legal due diligence. Updates were received on the Risk Register—where inflation and employer covenant risks continued to be key areas of focus—and on LAPFF engagement activity. The meeting included deputations from Unison and the Camden Palestine Solidarity Campaign, with the Committee reaffirming its commitment to fiduciary duty, transparency, and responsible investment engagement through LAPFF rather than divestment.

September 2024

At the 19 September 2024 meeting, the Committee reviewed performance to 30 June 2024, with the Fund valued at £2.12 billion and delivering a 1.03% quarterly return. Equities benefited from positive global momentum, particularly in technology and AI sectors. Fossil-fuel exposure continued to decline to 1.99% of total assets, and exposure to the Carbon Underground 200 Index fell to 0.9%.

The Committee discussed active manager performance, noting continued underperformance by Harris Associates and monitoring of Baillie Gifford's recovery trajectory. Property and private equity funds remained mixed. Officers and advisers were tasked with reviewing benchmark comparators and reporting back on active/passive allocations ahead of the next strategy review.

The Committee also received updates on LAPFF's corporate engagement activities and the London CIV's fund launches, including the Global Equity Value Fund, Private Debt Fund, and Nature-Based Solutions Fund. Members discussed training needs and upcoming climate-risk sessions.

December 2024

The meeting on 2 December 2024 reviewed the quarter ending 30 September 2024. The Fund's estimated funding level improved to 151%, driven by higher discount rates and stable inflation assumptions. The Committee examined Baillie Gifford's diversified growth and Paris-aligned strategies, raising concerns over the firm's climate commitments and its withdrawal from the Net Zero Asset Managers Alliance. The Committee requested written confirmation from all managers of their climate and sustainability affiliations.

LAPFF engagement updates included Volkswagen's exit from Xinjiang following sustained shareholder pressure and progress on human-rights and corporate-governance engagements. LCIV presented its new Global Equity Value Fund (managed by Wellington), Private Debt Fund, and Nature-Based Solutions Fund, alongside a new Real Estate Pooling Service allowing partner funds to consolidate separate managed accounts such as Camden's CBRE portfolio.

The Committee also discussed the Government's LGPS "Fit for the Future" consultation and delegated authority for officers and the Chair to submit Camden's response.

March 2025

The Committee meeting on 10 March 2025 addressed two deputations concerning ethical investment and a petition submitted to Full Council on holdings in conflict-affected regions. The Committee agreed to review its investment beliefs and undertake an independent fund-level review of responsible investment and human-rights considerations, aligning this with the 2025 Triennial Valuation cycle.

The Committee noted a quarter-end review showing stable performance across most mandates, continued monitoring of Harris Associates, and follow-up actions with managers. LAPFF and PIRC representatives presented to the Committee, outlining engagement outcomes on climate, biodiversity, and conflict-zone due diligence. Key themes included corporate accountability, supply-chain transparency, and increased pass-through voting coverage across pooled funds.

The Committee approved an updated Voting Policy, received the Voting and Corporate Governance Annual Review, and noted the Fund's improved cash-flow position, moving to a £6.76m surplus compared to a £15m deficit in the prior year.

Investment Manager Meetings

There is also a rolling programme of routine review meetings with the Pension Fund's appointed investment managers. During 2024/25, Members of the Pension Committee met with CQS, PIMCO, Stepstone, Harbourvest, LGIM, Harris and Baillie Gifford.

Investment Seminars and Conferences attended by Members

London CIV Annual General Meeting
LAPFF Business Meetings (quarterly) and AGM
LAPFF Annual Conference

Pension Board

The following table lists the membership of the Pension Board during the year and their attendance at meetings.

Attendance at Pension Board Meetings	16 April 2024	29 January 2025
Cllr Richard Olszewski (Chair) – Council representative – resigned July 2024	YES	N/a
Cllr Camron Aref-Adib (Chair)	N/a	YES
Vinothan Sangarapillai – Employee representative	YES	NO
Ashleigh Calf – Employee representative	YES	YES
Steve Worrall – Employer representative – resigned 29 January	YES	YES

Training received by Pension Board

Members of the Board are generally invited to attend the same training sessions as those attended by the Members of the Committee where appropriate.

Board Meetings

April 2024

The Camden Pension Board met on 16 April 2024 to review governance and compliance matters, focusing on how the Fund was implementing decisions from the Pension Committee. Reports covered the Fund's performance to 31 December 2023, the new affordable housing and infrastructure allocations, and participation in the class action against BHP following the 2015 Samarco dam collapse. The Board discussed the role of litigation in promoting corporate accountability and noted that, despite some underperforming mandates, the overall Fund continued to exceed long-term expectations. Members reviewed the 2022/23 Annual Report and acknowledged national audit delays affecting local authority accounts. The Board also examined the affordable housing and infrastructure propositions, noting no direct implications for local housing in Camden, and endorsed the Fund's balanced, ESG-aligned investment approach.

January 2025

The Pension Board met on 29 January 2025, appointing Councillor Camron Aref-Adib as Chair following Councillor Olszewski's departure. The meeting marked Steve Worrall's final session after five years of service, with thanks recorded for his contribution. Members received an update on the petition debated at Full Council concerning ethical investments, noting that the matter had been referred to the Pension Committee for detailed consideration. The Board reviewed reports on the September and December 2024 Pension Committee meetings, including Camden's response to the Government's LGPS Fit for the Future consultation and updates on fund-manager performance—particularly the ongoing monitoring of Harris Associates. Members were also given early sight of the draft 2023/24 Pension Fund Annual Report ahead of its March 2025 Committee presentation and noted the continued focus on good governance and transparency in the Fund's management.

SECTION 5: INVESTMENT POLICY & PERFORMANCE

The following commentary is based on analysis provided by the Fund's performance measurer, PIRC.

Investment Review to 31 March 2025

In the 2024/25 financial year, the average Local Government Pension Scheme (LGPS) fund in PIRC's performance measurement universe delivered an investment return of 3.4%. The Camden Pension Fund achieved a return of 3.4%, ranking in the 52nd percentile among its peers and broadly in line with the LGPS average.

Although market returns were more tightly grouped than in previous years, asset class performance varied across funds. Camden's portfolio benefitted from steady contributions from equities, bonds, and infrastructure, while property continued to weigh on results. Active equity managers across the LGPS universe again found it challenging to outperform benchmarks, a trend reflected in Camden's relative performance.

Performance by Asset Class:

- **Equities**: Delivered positive returns of around 4.0%, supported by strong global markets. The Fund's equity holdings were a key contributor to total performance.
- **Bonds**: Achieved returns of 1.9%, outperforming the LGPS universe average of 1.4%, aided by diversified fixed income strategies.
- **Infrastructure**: Produced a robust return of 9.6%, significantly above the LGPS universe average of 3.7%, highlighting the benefits of real-asset exposure in an inflationary environment.
- **Private Equity**: Returned 1.2%, slightly below the universe average of 2.8%, reflecting valuation timing differences.
- **Property**: Recorded a modest -0.1% return, below the LGPS average of 3.4%, with continued weakness in UK real estate markets.
- **Other Alternatives**: Underperformed, reflecting a challenging year for hedge funds and other diversified strategies.

Relative and Long-Term Performance

Over the longer term, Camden continues to deliver strong and consistent returns.

The Fund's five-year annualised return was 9.0%, ranking in the 23rd percentile of LGPS funds and comfortably ahead of actuarial assumptions.

Returns over ten and twenty years remain ahead of inflation and funding targets, confirming the effectiveness of the Fund's diversified long-term strategy.

Over the past five years, the Fund has experienced slightly higher volatility than average but achieved better-than-average risk-adjusted returns, indicating that additional market exposure has been rewarded over time.

While all LGPS funds underperformed their strategic benchmarks in 2024/25, Camden's long-term performance continues to demonstrate resilience. The Fund's equity bias has supported results through multiple market cycles, while infrastructure and other real assets are expected to play an increasing role in stabilising returns and managing inflation risk going forward.

Asset Allocation Strategy

The Fund's assets are invested in various different investment vehicles with the objective of both generating returns to improve the funding level and diversifying investments to reduce risk. Specialist fund managers have been appointed to invest in the different asset classes within investment parameters set by the Council in conjunction with the Fund's investment advisers. The following table details the fund managers, the mandate they operate, the value of their portfolio at 31 March 2025 and their holdings expressed as a percentage of total Fund investments.

Fund Manager	Mandate	Value at 31 March 2025 (£m)	% of Fund
Baillie Gifford (LCIV)	Global equity	156	8%
Harris	Global equity	105	5%
L&G	Global equity	509	24%
L&G	Future World global equity	358	17%
CQS (LCIV)	Multi asset credit	338	15%
L&G	Index linked gilts	134	6%
Stepstone	Infrastructure	124	6%
Partners	Global property	55	3%
CBRE	UK property	95	4%
Aviva (LCIV)	UK property	69	3%
Affordable Housing (LCIV)	UK Property	42	1%
HarbourVest	Private equity	42	2%
Baillie Gifford (LCIV)	Diversified growth	97	4%
Cash & other		28	2%
TOTAL		**2,152**	**100%**

The sum of £28m classed as 'Cash & other' includes cash held at the Custodian of £27.85m and £150k of London CIV shares.

Corporate Engagement and Socially Responsible Investment

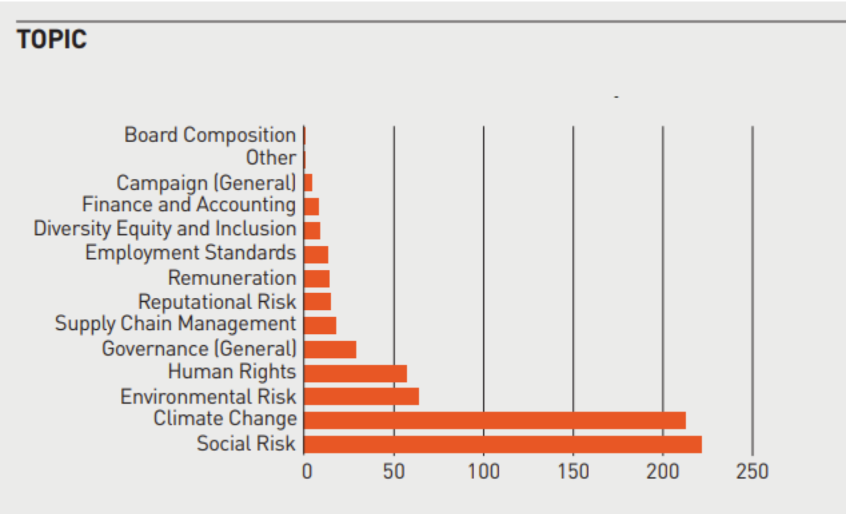
The Pension Fund is bound by law in respect of Socially Responsible Investment (SRI) policy. As stated in the Investment Strategy Statement, the Fund should, in all circumstances, act in the best financial interests of the members of the Fund. Where this primary consideration is not prejudiced, Investment Managers are expected to have active regard to the impact that SRI issues might have on the returns of companies in which they invest on the Fund's behalf.

The Fund believes that 'robust' engagement with companies is a better approach than placing restrictions on particular types of investment. It also believes that companies conforming to high ethical and social standards might be expected to produce shareholder returns that are at least comparable to those produced by other companies.

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF). LAPFF was formed in 1990 and is a voluntary association of local authority pension funds based in the UK. It exists to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders to promote corporate social responsibility and high standards of corporate governance amongst the companies in which its members invest. The Forum's members currently have combined assets of more than £300 billion.

LAPFF has campaigned on a number of issues, and the split of issues can be seen below. The graph is based on corporate engagement over the year to March 2025, via letters, conference calls, filed resolutions or meetings.

LAPFF ENGAGEMENT TOPICS



The 2024 LAPFF Annual Report, summarising activity and highlighting the organisation's achievements can be found via the following link:

[LAPFF ANNUAL REPORT 2024]

Voting Rights

The Fund believes in the role of proactive engagement as the most effective way of influencing companies in relation to social, environmental and business policies whilst at the same time achieving financial returns compatible with the Fund's longer term financial objectives. The fund therefore places great importance on the exercise of voting rights attached to the Fund's investments.

Camden has appointed PIRC to provide the services of Corporate Governance Advisor and proxy voting agent to the Fund. The aim of the advisors has been to research companies with which the Fund has voting rights, and to ensure that those voting rights are used in the most advantageous way. The Fund has agreed a bespoke voting policy and PIRC ensure that votes are cast in line with the Camden policy for all segregated company shares, as well as the proportion of shares held in pooled UK equity fund held by the Camden.

In the year 2024-25, voting took place as follows:

Resolution Type		
Vote	**Occurrences**	**Proportion**
For	12,127	58%
Against	8,058	39%
Withhold	259	1%
Abstain	69	0%
Non-Voting / Withdrawn	291	1%
US Frequency Vote on Pay	20	0%
Total	20,824	**100%**

Further Information

There are more details on how the Fund engages in responsible investment in Section 7 of the Investment Strategy Statement attached as **Annex 3** of this report.

SECTION 6: ACTUARIAL REPORT

Introduction

The Scheme regulations require that a full actuarial valuation is carried out every three years. The purpose of this is to establish that the Fund can meet its liabilities to past and present contributors and to assess the adequacy of employer contribution rates. The last full actuarial valuation into the financial position of the Fund was carried out as at 31 March 2022, in accordance with regulation 62 of the Local Government Pension Scheme Regulations 2013. The results of the 2022 triennial valuation which sets out the contribution rates for the financial years 2023/24 – 2025/26 were published in 2022. The triennial valuation was reported to Pensions Committee in September 2022.

Actuarial Position

1. Rates of contribution paid by the participating Employers during 2024/25 and 2025/26 corresponded to those stipulated in the actuarial valuation carried out as at 31 March 2022. The next valuation is at 31 March 2025 and is currently underway.

2. The valuation as at 31 March 2022 indicated a funding ratio of 113%, with the value of the Fund's assets (£1,973 million) representing 113% of the assessed liabilities (£1,741 million). The increase in the funding ratio is primarily a result of strong investment performance over the inter-valuation period. The liabilities also decreased due to a change in actuarial assumptions (demographic, longevity, salary increases, a discount rate equal to the forecast higher investment return) all serving to reduce the value placed on future liabilities.

3. The valuation also calculated that the required level of contributions to be paid by the Fund by participating Employers (in aggregate) with effect from 1 April 2022 was as set out below:

- 20.0% of pensionable pay to meet the liabilities arising from service accruing after the valuation date by current employees.

- the following monetary amounts to the fund deficit over a period of 20 years from 1 April 2022.

Financial Year	2023/24	2024/25	2025/26
Monetary Amount	£20,568,000	£18,585,000	£17,101,000

4. The majority of Employers participating in the Fund pay different rates of contributions depending on their past experience, their current staff profile and the recovery period agreed with the Administering Authority.

The rates of contributions payable by each participating Employer over the period 1 April 2022 to 31 March 2026, with comparison to the rates of 2019/20, are set out in the rates and adjustments certificate, which is appended to the actuary's final valuation report, which can be found through the following link:

[Camden Pension Fund Actuarial Valuation Report 2022]

5. The contribution rates were calculated using the projected unit actuarial method and taking account of the Fund's funding strategy as described in the Funding Strategy Statement.

6. The main actuarial assumptions were as follows:

Financial Assumptions	**31 March 2019 (% p.a.)**	**31 March 2022 (% p.a.)**
Discount rate	4.5%	4.4%
Price inflation	2.3%	2.7%
Pay increases	2.7%	3.2%
Benefit increases and CARE revaluation (CPI)	2.3%	2.7%

7. This report has been prepared using information from the Actuarial Valuation as at 31 March 2022 supplied by the Fund's actuaries Hymans Robertson LLP.

SECTION 7: FUNDING STRATEGY STATEMENT

Introduction

All LGPS funds are required to prepare and maintain a Funding Strategy Statement (FSS) in accordance with Regulation 35 of the Local Government Pension Scheme (Administration Regulations 2008).

The Funding Strategy Statement from December 2022 is attached as **Annex 2** of this report.

Implementation and Review

The FSS is reviewed formally at least every 3 years as part of the triennial actuarial valuation of the Fund. The valuation exercise establishes contributions for all employers contributing to the Fund for the following 3 years within the framework provided by the strategy.

The Authority will monitor the progress of the funding strategy between full actuarial valuations. If considered appropriate, the funding strategy will be reviewed (other than part of the triennial valuation process), for example:

- if there has been a significant change in market conditions, and/or deviation in the progress of the funding strategy.
- if there have been significant changes to the Fund membership, or LGPS benefits.
- if there have been changes to the circumstances of any of the employers to such an extent that they impact on or warrant a change in the funding strategy.
- if there have been any significant special contributions into the Fund.
- If there have been any amendments to administration regulations.

The authority carries out detailed monitoring of investment performance on a quarterly basis via its Pension Committee. This includes monitoring of investment performance relative to the growth in the liabilities by means of quarterly funding updates provided by the actuary.

Discussions take place at regular intervals with the Actuary as to whether any significant changes have arisen which require immediate action.

SECTION 8: INVESTMENT STRATEGY STATEMENT

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 came into force on 1 November 2016 requiring funds to formulate an Investment Strategy Statement (ISS) after taking proper advice.

The ISS must include the following:

a) A requirement to invest money in a wide variety of investments;
b) The authority's assessment of the suitability of particular investments and types of investments;
c) The authority's approach to risk, including the ways in which risks are to be measured and managed;
d) The authority's approach to pooling investments, including the use of collective investment vehicles and shared services;
e) 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
f) The authority's policy on the exercise of rights (including voting rights) attaching to investments.

The Investment Strategy Statement must also set out the maximum percentage of the total value of all investments of fund money that it will invest in particular investments or classes of investment. This is known as the prudential framework and means funds now have control over limits placed on specific types of investment.

The Fund must review and revise this statement regularly and at least once every three years. The Fund also has a duty to consult relevant parties and for this Fund we will be consulting all employers who participate in the Fund.

The Investment Strategy Statement for the London Borough of Camden Pension Fund is attached at **Annex 3** of this report.

SECTION 9: COMMUNICATIONS POLICY STATEMENT

Since December 2010 pension fund information has been made available on the Camden website.

Some of the features of the website are:-

- Navigation – the pension pages can now be easily accessed by using the address www.camden.gov.uk/pensions in a web browser or by entering ‘pensions’ or ‘pension fund’ into the search facility from the Camden website homepage

- Finding information – we have adopted the principles of having a separate gateway from the pensions homepage to information

- Updating the pages – members of the Pension team have been trained in web publishing and given responsibility to ensure the pages are maintained and regularly updated

- Raising the profile of the pension pages – whenever a scheme member requests information or form (e.g. a death grant nomination form/change of bank form/details for paying additional contributions) they are encouraged to self-serve using the web pages. Reference to the web pages will be made in all communication from the Pensions Administration Shared Service and all newsletters are available in the first instance online, unless a member does not have internet access in which case they will be provided with a hard copy.

- General information for scheme members will be available via links to external websites (DWP/HMRC etc.) to help set LGPS benefits in the wider context of state benefits and general taxation

The Camden Pension Fund Communications Policy Statement is attached at **Annex 4.**

SECTION 10: FURTHER INFORMATION

Sources of help

The Pension Tracing Service

The Pension Tracing Service online holds details of pension schemes, including the LGPS, together with relevant contact addresses. It provides a tracing service for ex-members (and their dependents) with pension entitlements, who may have lost touch with earlier employers.

www.gov.uk/find-lost-pension

The Money and Pensions Service (MaPS)

The Money and Pensions Service (MaPS) is an arm's-length body sponsored by the Department for Work and Pensions, established at the beginning of 2019, and also engages with HM Treasury on policy matters relating to financial capability and debt advice. It replaces the Pensions Advisory Service. Enquiries should be addressed to:

The Money and Pensions Service

120 Holborn,

London, EC1N 2TD

Tel: 01159 659570

The Money and Pensions Service**The Pensions Regulator**

The Pensions Regulator regulates pension schemes such as the LGPS and is able to intervene in the running of the scheme where managers, employers or professional advisers have failed in their statutory duties. The Regulator can be contacted at:

Napier House,

Trafalgar Place,

Brighton BN1 4DW

Tel: 0345 600 1011

www.thepensionsregulator.gov.uk

The Pensions Ombudsman

If a complaint or dispute cannot be resolved, it can be passed to the Pensions Ombudsman for adjudication. The Ombudsman can investigate and determine any dispute of fact, law or maladministration involving occupational pension schemes.

This service is available to members and beneficiaries.

The Pensions Ombudsman can be contacted at the following address:

10 South Colonnade,

Canary Wharf,

London E144PU

Tel: 020 7630 2200

www.pensions-ombudsman.org.uk

Ministry of Housing, Communities & Local Government

The LGPS is a statutory pension scheme with regulations laid down by Parliament by the Secretary of State for Housing, Communities & Local Government.

The Secretary of State can be contacted by writing to:

Secretary of State for Housing, Communities & Local Government

2 Marsham Street

London SW1P 4DF

Tel: 0303 444 0000

Department for Housing, Communities & Local Government - GOV.UK (www.gov.uk)

SECTION 11: GLOSSARY OF PENSION TERMS

Accrual

The recognition of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

Active Mandate

A portfolio management strategy where the manager actively builds and repositions portfolios to take advantage of apparently favourable market opportunities. It results in portfolios which differ in terms of holdings or weightings from the structure of the manager's benchmark.

Actuary

An independent consultant who advises the Fund and reviews the financial position of the Fund every three years. The actuary then produces a report, known as the actuarial valuation report, which compares the Fund's assets with its liabilities and prescribes the rates at which the employing bodies must contribute.

Added years

Additional service that a member of the Fund can buy by paying extra contributions to the Fund providing that HM Revenue & Customs limits on pension and contributions are not exceeded.

Additional Voluntary Contributions (AVC's)

An option available to individual members to secure additional pension benefits by making regular payments to the Pension Fund's AVC provider.

Asset Allocation

The apportionment of a fund's assets between asset classes and/or world markets. The long-term strategic asset allocation of a fund will reflect the fund's investment objectives. In the short term, the fund manager can aim to add value through tactical asset allocation decisions.

Asset Class

A collective term for investments of a similar type. The main asset classes are equities (shares), bonds, cash and property.

Benchmark

A yardstick against which the investment policy of performance of a fund manager can be compared. Asset allocation benchmarks vary from peer group (e.g. the average fund as measured by one of the performance companies) to customized benchmarks tailored to a particular fund's requirements.

Career Average Revalued Earnings (CARE) Scheme

A pension scheme that provides a pension/lump sum or pension calculated as a proportion of a member's average pay throughout their membership, and dependent on the length of membership in the scheme.

Cash Transfer Values

The capital value of a benefit entitlement paid into or withdrawn from the Fund when an employee joins or leaves the scheme with a pension transfer.

Corporate Bond

Strictly speaking, corporate bonds are those issued by companies. Generally, however, the term is used to cover all bonds other than those issued by Governments in their own currencies. Therefore the credit sector, as it is often known, includes issues by companies, supranational organizations and Government agencies.

Custody

Administering of securities by a financial institution. The custodian keeps a record of a client's investments and may also collect income, process tax claims and provide other services, according to client instructions.

Deferred Pension

The pension benefit payable from Normal Retirement Age to a member of the Fund who has ceased to contribute as a result of leaving employment or opting out of the pension scheme before retirement age.

Defined Benefit Scheme

A type of pension scheme where the pension that will ultimately be paid to the employee is fixed, usually as a percentage of final salary. It is the responsibility of the sponsoring organisation to ensure that sufficient assets are set aside to meet the pension promise.

Diversification

The spreading of investment funds among different types of assets, markets and geographical areas in order to reduce risk.

Emerging Markets

Stock Markets in developing countries (as defined by the World Bank).

Equities

Ordinary shares in UK and Overseas companies traded on a recognised stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholder meetings.

Final Pensionable Pay

Pensionable Pay earned in the last 12 months before retirement (or any one of the previous two years if annual earnings in either of these years are higher).

Final Salary Scheme

A pension scheme that provides a pension/lump sum or pension calculated as a proportion of a member's pay in their last year of membership depending on the length of membership in the scheme.

Fixed Interest

An income stream which remains constant during the life of the asset, such as income derived from bonds, annuities and preference shares.

Fixed Interest Securities

Investments, mainly in Government stocks, which guarantee a fixed rate of interest. Investments in Government stocks represent loans to Government which are repayable on a stated future date.

Index

A calculation of the average price of shares, bonds, or other assets in a specified market to provide an indication of the average performance and general trends in the market

Mandate

The agreement between a client and investment manager outlining how the fund is to be managed. May include performance targets by reference to a benchmark.

Passive Management

A portfolio management strategy where a portfolio is designed on a long-term basis to meet specific return parameters (e.g. achieving a target rate of return, matching a set of future liabilities, matching a benchmark return). A passive index fund, where most or all of a specified market index's constituent securities are owned in the same proportion as the index in order to match its return, is a common form of management.

Pensionable Pay

Basic pay excluding non-contractual overtime, bonus and shift payments.

Pooled Funds

Pooled Funds are funds which manage the investments of more than one investor on a collective basis. Each investor is allocated units which are revalued at regular intervals. Income from these investments is normally returned to the pooled fund and increases the value of the units.

Return

The value received (Income plus capital) annually from an investment, usually expressed as a percentage.

Unlisted Securities

Holdings in companies which do not form part of the main stock market. They may be developing companies or smaller companies whose shares are not frequently traded. Unlisted securities are usually less liquid than those traded in the main markets.

Valuation

A summary of an investment portfolio showing the holdings and their value as at a certain date.

Abbreviations

CIPFA Chartered Institute of Public Finance and Accountancy

MHCLG Ministry, of Housing Communities, and Local Government until September 2021, when it was renamed to the Department for Levelling Up, Housing and Communities (DLUHC). It was renamed back to the Ministry of Housing, Communities and Local Government (MHCLG) on 9 July 2024.

LGPS Local Government Pension Scheme

SORP Statement of Recommended Practice

ANNEX 1: GOVERNANCE COMPLIANCE STATEMENT

GOVERNANCE COMPLIANCE STATEMENT

Principle A – Structure

	Not Compliant *				**Fully Compliant**
(a)					The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.
(b)					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.
(c)					Where a secondary committee or panel has been established, the structure ensures effective communication across both levels.
(d)					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

The Council does not comply with Principle A – Structure (b) in so far as there are no representatives of the participating admitted bodies on the Pension Committee. However, admitted bodies are advised of meeting agendas and reports, and encouraged to attend each committee meeting.

The majority of our admitted bodies have very small scheme membership and their individual circumstances vary very significantly with the result that it is difficult to identify a representative body from amongst them. Neither would the level of employer contributions for these bodies be significantly affected by the investment activity of the Fund as a whole.

There is representation for both active and retired members through the attendance of Trade Unions who have non-voting observer status. However there is no representation for deferred members.

Principle B – Representation

	Not Compliant *				**Fully Compliant**
(a)	All key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:				
(i)					employing authorities (including non-scheme employers, e.g. admitted bodies)
(ii)					scheme members (including pensioner scheme members)
(iii)				where appropriate independent professional observers,	
(iv)				expert advisors (on an ad-hoc basis)	

(b)				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	

The Council does not comply with Principle B – Representation (a)(iii)

The Council partially complies with Principle B – Representation (b) on this aspect in so far as lay-members have equal access to all non-confidential papers and meetings. The observer status granted enables them to contribute to the decision making process. Equally such lay-members have access to training items included within Committee agendas although they are not automatically entitled to attend external training events where payment is required.

C – Selection and role of lay members

	Not Compliant *				**Fully Compliant**
(a)					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
(b)					That at the start of any meeting, committee members are invited to declare any financial or interest related to specific matters on the agenda

Information is given via the Council's Constitution, Committee Terms of Reference, and advice from suitably qualified officers.

D – Voting

	Not Compliant *				**Fully Compliant**
(a)					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.

All elected members sitting on LGPS Committees have voting rights as a matter of course. It is a policy of the Pension Committee that voting rights are not to be conferred on others attending the Pension Committee meetings as they are not members of the administering authority which has the responsibility in law to administer the Scheme.

E – Training/Facility time/Expenses

	Not Compliant *				**Fully Compliant**
(a)				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	
(b)			Where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum		
(c)				The administering authority considers the adoption of annual training plans for committee members and maintains a log of such training.	

The Council partially complies with Principle E – Training/Facility time/Expenses (a)

The relevant rules regarding training, facility time and reimbursement of expenses are those applied generally to Members as part of the Council's Constitution. The policy of the Pension Committee is that when members attend Pension Fund Seminars, meetings and functions etc. the expenses are to be fully paid by the Pension Fund.

The Council partially complies with Principle E (b)

No relevant policy exists and so the principle is not applicable

The Council partially complies with principle E(c) as members are encouraged to utilise training opportunities that are shown in the Business Plan for each meeting and a log is kept of all training undertaken. Training sessions are usually run in May and November.

F – Meetings (frequency/quorum)

	Not Compliant *				**Fully Compliant**
(a)					An administering authority's main committee or committees meet at least quarterly
(b)					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

(c)					That an administering authority who does not include lay members in their formal governance arrangements provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.
The Council complies with Principle F – Meetings (c) - As Admitted Bodies are consulted on matters relating to valuation and contributions via an employer forum mechanism.					

G – Access

	Not Compliant *				Fully Compliant
(a)					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
Union Observers (who are not full members of the main committee) now have access to confidential papers considered by the main committee and have signed confidentiality agreements not to disclose sensitive information they are privy to. The Council operates on a clear principle of keeping such confidential items to a minimum. The Council has no secondary committees or panels.					

H – Scope

	Not Compliant *				Fully Compliant
(a)				.	Administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements
The Committee's Terms of Reference include consideration of matters other than those related to investment and these include for example discussions relating to issues concerned with future changes to the LGPS Scheme.					

I – Publicity

	Not Compliant *				**Fully Compliant**
(a)					Administering authorities have published details of their governance arrangement 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.

The Council has published summary details of the governance arrangements via a general governance statement. The Council's website contains further details of the democratic arrangements applying to the Pension Committee and a summary of the Pension Fund's voting policy is also included amongst those webpages.

London Borough of Camden Pension Fund Funding Strategy Statement

December 2022

London Borough of Camden Pension Fund

Contents

London Borough of Camden Pension Fund – Funding Strategy Statement Page

1 Welcome to London Borough of Camden Pension Fund's funding strategy statement 1

2 How does the fund calculate employer contributions? 3

3 What additional contributions may be payable? 6

4 How does the fund calculate assets and liabilities? 7

5 What happens when an employer joins the fund? 8

6 What happens if an employer has a bulk transfer of staff? 10

7 What happens when an employer leaves the fund? 11

8 What are the statutory reporting requirements? 13

Annexes

- Annex A – The regulatory framework
- Annex B – Roles and responsibilities
- Annex C – Risks and controls
- Annex D – Actuarial assumptions

London Borough of Camden Pension Fund

1 Welcome to London Borough of Camden Pension Fund's funding strategy statement

This document sets out the funding strategy statement (FSS) for London Borough of Camden Pension Fund.

The London Borough of Camden Pension Fund is administered by the London Borough of Camden, known as the administering authority. The London Borough of Camden worked with the fund's actuary, Hymans Robertson, to prepare this FSS which is effective from 6 December 2022.

There's a regulatory requirement for the London Borough of Camden to prepare an FSS. You can find out more about the regulatory framework in Annex A. If you have any queries about the FSS, contact james.gilliland@camen.gov.uk.

1.1 What is the London Borough of Camden Pension Fund?

The London Borough of Camden Pension Fund is part of the Local Government Pension Scheme (LGPS). You can find more information about the LGPS at www.lgpsmember.org. The administering authority runs the fund on behalf of participating employers, their employees and current and future pensioners. You can find out more about roles and responsibilities in Annex B.

1.2 What are the funding strategy objectives?

The funding strategy objectives are to:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency

- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

1.3 Who is the FSS for?

The FSS is mainly for employers participating in the fund, because it sets out how money will be collected from them to meet the fund's obligations to pay members' benefits.

Different types of employers participate in the fund:

Scheduled bodies

Employers who are specified in a schedule to the LGPS regulations, including councils and employers like academies and some further education establishments. Scheduled bodies must give employees access to the LGPS if they can't accrue benefits in another pension scheme, such as another public service pension scheme.

Designating employers

Certain classes of employer can join the LGPS through a resolution. If a resolution is passed, the fund can't refuse entry. The employer then decides which employees can join the scheme.

Admission bodies

Other employers can join through an admission agreement. The fund can set participation criteria for them and can refuse entry if the requirements aren't met. This type of employer includes:

- contractors providing outsourced services (like cleaning or catering to a scheduled body), who are sometimes referred to as **transferee admission bodies** (TABs) and
- employers with a community of interest with another scheme employer, such as charities and housing associations, who may be referred to as **community admission bodies** (CABs).

"TABs" and "CABs" are terms which aren't defined under current regulations but remain in common use from previous regulations.

1.4 How does the funding strategy link to the investment strategy?

The funding strategy sets out how money will be collected from employers to meet the fund's obligations. Contributions, assets and other income are then invested according to an investment strategy set by the administering authority. You can find the investment strategy at [Investment Strategy Statement (Section 8 and Annex 4)].

The funding and investment strategies are closely linked. The fund must be able to pay benefits when they are due – those payments are met from a combination of contributions (through the funding strategy) and asset returns and income (through the investment strategy). If investment returns or income fall short the fund won't be able to pay benefits, so higher contributions would be required from employers.

1.5 Does the funding strategy reflect the investment strategy?

The funding policy is consistent with the investment strategy. Future investment return expectations are set with reference to the investment strategy, including a margin for prudence which is consistent with the regulatory requirement that funds take a 'prudent longer-term view' of funding liabilities (see Annex A)

1.6 How is the funding strategy specific to the London Borough of Camden Pension Fund?

The funding strategy reflects the specific characteristics of the fund employers and its own investment strategy.

2 How does the fund calculate employer contributions?

2.1 Calculating contribution rates

Employee contribution rates are set by the LGPS

regulations. Employer contributions are made up of two

elements:

- **the primary contribution rate** – contributions payable towards future benefits

- **the secondary contribution rate** – the difference between the primary rate and the total employer contribution

The primary rate also includes an allowance for the fund's expenses.

The fund actuary uses a model to project each employer's asset share over a range of future economic scenarios. Further details can be found in Annex D. The contribution rate takes each employer's assets into account as well as the projected benefits due to their members. The value of the projected benefits is worked out using employer membership data and the assumptions in Annex D.

The total contribution rate for each employer is then based on:

- **the funding target** – how much money the fund aims to hold for each employer
- **the time horizon** – the time over which the employer aims to achieve the funding target
- **the likelihood of success** – the proportion of modelled scenarios where the funding target is met.

This approach takes into account the maturing profile of the membership when setting employer contribution rates.

The fund permits the prepayment of employer contributions in specific circumstances. If you would like further information please contact the fund.

2.2 The contribution rate calculation

Table 2: contribution rate calculation for individual or pooled employers

Type of employer	Scheduled bodies		CABs and designating employers		TABs*
Sub-type	**Local authority**	**Academies (including Free Schools)**	**Open to new entrants**	**Closed to new entrants**	**(all)**
Funding target	Ongoing	Ongoing	Ongoing, but may move to low-risk exit basis		Contractor exit basis, assuming fixed-term contract in the fund
Likelihood of success	The fund has carried out an employer risk profiling exercise and an appropriate level of probability for achieving target has been attributed to each employer according to that profile. The probability levels				

applied are 55%, 70%, 75%, or 80%.

Maximum time horizon	20 years	17 years	15 years	Expected average future working lifetime of active members	Outstanding contract term

Type of employer	**Scheduled bodies**		**CABs and designating employers**		**TABs***
Sub-type	**Local authority**	**Academies (including Free Schools)**	**Open to new entrants**	**Closed to new entrants**	**(all)**
Primary rate approach	The contributions must be sufficient to meet the cost of benefits earned in the future with the required likelihood of success at the end of the time horizon				
Secondary rate	Monetary amount	% of payroll	% of payroll	Monetary amount	% of payroll
Stabilised contribution rate?	Yes	No	No	No	No
Treatment of surplus	Covered by stabilisation arrangement	Preferred approach: contributions kept at primary rate. Reductions may be permitted by the administering authority	Preferred approach: contributions kept at primary rate. Reductions may be permitted by the administering authority		Reduce contributions by spreading the surplus over the remaining contract term
Phasing of contribution changes	Covered by stabilisation arrangement	3 years	3 years	3 years	None

** Where the Administering Authority recognises a fixed contribution rate agreement between a letting authority and a contractor, the certified employer contribution rate will be derived in line with the methodology specified in the risk sharing agreement. Additionally, in these cases, upon cessation the contractor's assets and liabilities will transfer back to the letting employer with no crystallisation of any deficit or surplus*

See Annex D for further information on funding targets.

2.3 Making contribution rates stable

Making employer contribution rates reasonably stable is an important funding objective. Where appropriate, contributions are set with this objective in mind. The fund adopts a stabilised approach to setting contributions for the council, as noted in the table above, which keeps contribution variations within a pre-determined range from year-to-year. The council is a large, secure, long-term employer which can better absorb the short term funding level volatility over the longer term.

After taking advice from the fund actuary, the administering authority believes a stabilised approach is a prudent longer-term strategy for the council. For other employers, contribution increases or decreases may be phased.

On the basis of extensive modelling carried out for the 2022 valuation exercise, the stabilised council contributions will reduce by the equivalent of approximately 1% of payroll for each of the three years from 1 April 2023 ending 31 March 2026.

Stabilisation criteria and limits are reviewed during the valuation process. The administering authority may review them between valuations to respond to membership or employer changes.

2.4 Reviewing contributions between valuations

The fund may amend contribution rates between formal valuations, in line with its policy on contribution reviews. The fund's policy is available from the administering authority upon request. The purpose of any review is to establish the most appropriate contributions. A review may lead to an increase or decrease in contributions.

2.5 What is pooling?

The administering authority may operate a contribution rate pool for certain types of employers. Contribution rates can be volatile for smaller employers that are more sensitive to individual membership changes – pooling across a group of employers minimises this. In a contribution rate pool, contributions are set to target full funding for the pool as a whole, rather than for individual employers.

Employers in a pool maintain their individual funding positions, tracked by the fund actuary. That means some employers may be better funded or more poorly funded than the pool average. If pooled employers used stand- alone funding rather than pooling, their contribution rates could be higher or lower than the pool rate. Setting contributions in this way means that while the fund receives the contributions required, the risk that employers develop a surplus or deficit increases.

Pooled employers are identified in the rates and adjustments certificate and only have their pooled contributions certified. Individual contribution rates aren't disclosed to pooled employers, unless agreed by the administering authority.

CABs that are closed to new entrants aren't usually allowed to enter a pool.

If an employer leaves the fund, the required contributions are based on their own funding position rather than the pool average. Cessation terms also apply, which means higher contributions may be required at that point.

2.6 What are the current contribution pools?

- **Schools** – generally pool with the council, although there may be exceptions for specialist or independent schools.
- **Smaller TABs** – may be pooled with the letting employer.

2.7 Administering authority discretion

Individual employers may be affected by circumstances not easily managed within the FSS rules and policies. If this happens, the administering authority may adopt alternative funding approaches on a case-by-case basis.

Additionally, the administering authority may allow greater flexibility to the employer's contributions if added security is provided. Flexibility could include things like a reduced contribution rate, extended time horizon, or permission to join a pool. Added security may include a suitable bond, a legally binding guarantee from an appropriate third party, or security over an asset.

The fund permits the prepayment of employer contributions in specific circumstances. Further details can be obtained from the fund.

3 What additional contributions may be payable?

3.1 Pension costs – awarding additional pension and early retirement on non ill-health grounds

If an employer awards additional pension as an annual benefit amount, they pay an additional contribution to the fund as a single lump sum. The amount is set by guidance issued by the Government Actuary's Department and updated from time to time.

If an employee retires before their normal retirement age on unreduced benefits, employers may be asked to pay additional contributions called strain payments.

Employers typically make strain payments as a single lump sum, though strain payments may be spread if the administering authority agrees:

Council	- up to 5 years
CABs and designating employers	- up to 3 years
Academies	- up to 3 years
TABs	- payable immediately

3.2 Pension costs – early retirement on ill-health grounds

If a member retires early because of ill-health, their employer must pay a funding strain, which may be a large sum.

To mitigate this, employers may choose to use external insurance made available by the fund.

4 How does the fund calculate assets and liabilities?

4.1 How are employer asset shares calculated?

The fund adopts a cashflow approach to track individual employer assets.

Each fund employer has a notional share of the fund's assets, which is assessed yearly by the actuary. The actuary starts with assets from the previous year-end, adding cashflows paid in/out and investment returns to give a new year-end asset value. The fund actuary makes a simplifying assumption, that all cashflow and investment returns have been paid uniformly over the year. This assumption means that the sum of all employers' asset values is slightly different from the whole fund asset total over time. This minimal difference is split between employers in proportion to their asset shares at each valuation.

If an employee moves from one employer to another within the fund, assets equal to the cash equivalent transfer value (CETV) will move from the original employer to the receiving employer's asset share.

Alternatively, if employees move when a new academy is formed or an outsourced contract begins, the fund actuary will calculate assets linked to the value of the liabilities transferring (see section 4.2).

4.2 How are employer liabilities calculated?

The fund holds membership data for all active, deferred and pensioner members. Based on this data and the assumptions in Annex D, the fund actuary projects the expected benefits for all members into the future. This is expressed as a single value – the liabilities – by allowing for expected future investment returns.

Each employer's liabilities reflect the experience of their own employees and ex-employees.

4.3 What is a funding level?

An employer's funding level is the ratio of the market value of asset share against liabilities. If this is less than 100%, the employer has a shortfall: the employer's deficit. If it is more than 100%, the employer is in surplus. The amount of deficit or surplus is the difference between the asset value and the liabilities value.

Funding levels and deficit/surplus values measure a particular point in time, based on a particular set of future assumptions. While this measure is of interest, for most employers the main issue is the level of contributions payable. The funding level does not directly drive contribution rates. See section 2 for further information on rates.

5 What happens when an employer joins the fund?

5.1 When can an employer join the fund

Employers can join the fund if they are a new scheduled body or a new admission body. New designated employers may also join the fund if they pass a designation to do so.

On joining, the fund will determine the assets and liabilities for that employer within the Fund. The calculation will depend on the type of employer and the circumstances of joining.

A contribution rate will also be set. This will be set in accordance with the calculation set out in Section 2, unless alternative arrangements apply (for example, the employer has agreed a pass-through arrangement). More details on this are in Section 5.4 below.

5.2 New academies/free schools

New academies (including free schools) join the fund as separate scheduled employers. Only active members of former council schools transfer to new academies. Free schools do not transfer active members from a converting school but must allow new active members to transfer in any eligible service.

Liabilities for transferring active members will be calculated (on the ongoing basis) by the fund actuary on the day before conversion to an academy. Liabilities relating to the converting school's former employees (ie members with deferred or pensioner status) remain with the ceding council.

New academies will be allocated an asset share based on the estimated funding level of the ceding council's active members, having first allocated the council's assets to fully fund their deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share, capped at a maximum of 100%.

The council's estimated funding level will be based on market conditions on the day before conversion. The fund treats new academies as separate employers in their own right, who are responsible for their allocated assets and liabilities. They won't be pooled with other employers unless the academy is part of a multi-academy trust (MAT). If they are part of a MAT, the new academy may be combined with the other MAT academies to set contribution rates. The new academy's contribution rate is based on the current funding strategy (set out in section 2) and the transferring membership.If an academy leaves one MAT and joins another, all active, deferred and pensioner members transfer to the new MAT.

The fund's policies on academies may change based on updates to guidance from the Department for Levelling Up, Housing and Communities or the Department for Education. Any changes will be communicated and reflected in future funding strategy statements.

5.3 New admission bodies as a result of outsourcing services

New admission bodies usually join the fund because an existing employer (usually a scheduled body such as the council or an academy) outsources a service to another organisation (a contractor). This involves TUPE transfers of staff from the letting employer to the contractor. The contractor becomes a new participating fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership. At the end of the contract, employees typically revert to the letting employer or a replacement contractor.

Liabilities for transferring active members will be calculated by the fund actuary on the day before the outsourcing occurs.

New contractors will be allocated an asset share equal to the value of the transferring liabilities. The admission agreement may set a different initial asset allocation, depending on contract-specific circumstances.

There is flexibility for outsourcing employers when it comes to pension risk potentially taken on by the contractor. You can find more details on outsourcing options from the administering authority or in the contract admission agreement.

5.4 Other new employers

There may be other circumstances that lead to a new admission body entering the fund, eg set up of a wholly owned subsidiary company by the Council. Calculation of assets and liabilities on joining and a contribution rate will be carried out allowing for the circumstances of the new employer.

New designated employers may also join the fund. Contribution rates will be set using the same approach as other designated employers in the fund.

5.5 Risk assessment for new admission bodies

Under the LGPS regulations, a new admission body must assess the risks it poses to the fund if the admission agreement ends early, for example if the admission body becomes insolvent or goes out of business. In practice, the fund actuary assesses this because the assessment must be carried out to the administering authority's satisfaction.

After considering the assessment, the administering authority may decide the admission body must provide security, such as a guarantee from the letting employer, an indemnity or a bond.

This must cover some or all of the:

- strain costs of any early retirements, if employees are made redundant when a contract ends prematurely
- allowance for the risk of assets performing less well than expected
- allowance for the risk of liabilities being greater than expected
- allowance for the possible non-payment of employer and member contributions

- admission body’s existing deficit.

6 What happens if an employer has a bulk transfer of staff?

Bulk transfer cases will be looked at individually, but generally:

- the fund won't pay bulk transfers greater in value than either the asset share of the transferring employer in the fund, or the value of the liabilities of the transferring members, whichever is lower
- the fund won't grant added benefits to members bringing in entitlements from another fund, unless the asset transfer is enough to meet the added liabilities
- the fund may permit shortfalls on bulk transfers if the employer has a suitable covenant and commits to meeting the shortfall in an appropriate period, which may require increased contributions between valuations.

7 What happens when an employer leaves the fund?

7.1 What is a cessation event?

Triggers for considering cessation from the fund are:

- the last active member stops participation in the fund. The administering authority, at their discretion, can defer acting for up to three years by issuing a suspension notice. That means cessation won't be triggered if the employer takes on one or more active members during the agreed time
- insolvency, winding up or liquidation of the admission body
- a breach of the agreement obligations that isn't remedied to the fund's satisfaction
- failure to pay any sums due within the period required
- failure to renew or adjust the level of a bond or indemnity, or to confirm an appropriate alternative guarantor
- termination of a deferred debt arrangement (DDA).

If no DDA exists, the administering authority will instruct the fund actuary to carry out a cessation valuation to calculate if there is a surplus or a deficit when the fund leaves the scheme.

7.2 What happens on cessation?

The administering authority must protect the interests of the remaining fund employers when an employer leaves the scheme. The actuary aims to protect remaining employers from the risk of future loss. The funding target adopted for the cessation calculation is below. These are defined in Annex D.

(a) Where there is no guarantor, cessation liabilities and a final surplus/deficit will usually be calculated using a low-risk basis, which is more prudent than the ongoing participation basis. The low-risk exit basis is defined in Annex D.

(b) Where there is a guarantor, the guarantee will be considered before the cessation valuation. Where the guarantor is a guarantor of last resort, this will have no effect on the cessation valuation. If instead the guarantor is taking on future responsibility for the exiting employer's fund obligations, cessation may be calculated using the same basis that was used to calculate liabilities (and the corresponding asset share) on joining the fund.

(c) Depending on the guarantee, it may be possible to transfer the employer's liabilities and assets to the guarantor without crystallising deficits or surplus. This may happen if an employer can't pay the contributions due and the approach is within guarantee terms.

If the fund can't recover the required payment in full, unpaid amounts will be paid by the related letting authority (in the case of a ceased admission body) or shared between the other fund employers. This may require an immediate revision to the rates and adjustments certificate or be reflected in the contribution rates set at the next formal valuation.

The fund actuary charges a fee for cessation valuations. Fees and expenses are at the employer’s expense and are recharged by the fund via invoice.

The cessation policy is currently being reviewed but will be available from the fund once finalised.

7.3 What happens if there is a surplus?

If the cessation valuation shows the exiting employer has more assets than liabilities, an exit credit **may** be payable to the exiting employer. The administering authority can decide how much will be paid back to the employer (which could be £nil) based on:

- the surplus amount
- the proportion of the surplus due to the employer's contributions
- any representations (like risk sharing agreements or guarantees) made by the exiting employer and any employer providing a guarantee or some other form of employer assistance/support
- any other relevant factors.

The exit credit policy is available from the administering authority upon request.

7.4 How do employers repay cessation debts?

If there is a deficit, full payment will usually be expected in a single lump sum or:

- spread over an agreed period, if the employer enters into a debt spreading agreement (DSA)
- if an exiting employer enters into a deferred debt agreement, it stays in the fund and pays contributions until the cessation debt is repaid. Payments are reassessed at each formal valuation.

The employer flexibility on exit policy will be available in the fund's cessation policy, which is currently under review.

7.5 What if an employer has no active members?

When employers leave the fund because their last active member has left, they may be required to pay a cessation debt, be eligible to receive an exit credit, or be able to enter a DDA/DSA. Beyond this they have no further obligation to the fund and either:

a) their asset share runs out before all ex-employees' benefits have been paid. The other fund employers will be required to contribute to the remaining benefits. The fund actuary will portion the liabilities on a pro-rata basis at formal valuations

b) the last ex-employee or dependant dies before the employer's asset share is fully run down. The fund actuary will apportion the remaining assets to the other fund employers

8 What are the statutory reporting requirements?

8.1 Reporting regulations

The Public Service Pensions Act 2013 requires the Government Actuary's Department to report on LGPS funds in England and Wales after every three-year valuation, in what's usually called a section 13 report. The report should include confirmation that employer contributions are set at the right level to ensure the fund's solvency and long-term cost efficiency.

8.2 Solvency

Employer contributions are set at an appropriate solvency level if the rate of contribution targets a funding level of 100% over an appropriate time, using appropriate assumptions compared to other funds. Either:

(a) employers collectively can increase their contributions, or the fund can realise contingencies to target a 100% funding level

or

(b) there is an appropriate plan in place if there is, or is expected to be, a reduction in employers' ability to increase contributions as needed.

8.3 Long-term cost efficiency

Employer contributions are set at an appropriate long-term cost efficiency level if the contribution rate makes provision for the cost of current benefit accrual, with an appropriate adjustment for any surplus or deficit.

To assess this, the administering authority may consider absolute and relative factors.

Relative factors include:

1. comparing LGPS funds with each other
2. the implied deficit recovery period
3. the investment return required to achieve full funding after 20 years.

Absolute factors include:

1. comparing funds with an objective benchmark
2. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit

3. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy

4. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate

5. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the fund's actuarial bases don't offer straightforward comparisons.

Annexes

Annex A – The regulatory framework

A1 Why do funds need a funding strategy statement?

The Local Government Pension Scheme (LGPS) regulations require funds to maintain and publish a funding strategy statement (FSS). According to the Ministry of Housing, Communities and Local Government (MHCLG) the purpose of the FSS is to document the processes the administering authority uses to:

- *establish a **clear and transparent fund-specific strategy** identifying how employers' pension liabilities are best met going forward*
- *support the regulatory framework to maintain **as nearly constant employer contribution rates as possible***
- *ensure the fund meets its **solvency and long-term cost efficiency** objectives*
- *take a **prudent longer-term view** of funding those liabilities.*

To prepare this FSS, the administering authority has used guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA).

A2 Consultation

Both the LGPS regulations and most recent CIPFA guidance state the FSS should be prepared in consultation with "*persons the authority considers appropriate*". This should include '*meaningful dialogue… with council tax raising authorities and representatives of other participating employers*'.

In practice, for the fund, the consultation process for this FSS was as follows:

- There was an Employers Forum on 14 November 2022 at which questions regarding the fund's funding strategy could be raised and answered;
- A revised version of the FSS was issued to all participating employers in November 2022 for comment;
- Comments were requested by 5 December 2022;
- A draft version of the FSS was presented to the Pensions Committee on 5 December 2022, with Admitted Bodies' attention being drawn to the Meeting papers at that time;
- Following the end of the consultation period and Pension Committee the FSS was updated where required and then published, in December 2022.

A3 How is the FSS published?

The FSS is made available through the following routes:

- Published on the website, at https://www.camden.gov.uk/pensions#yqyo
- A copy sent by e-mail to each participating employer in the fund;
- A full copy included in the annual report of the fund;
- Copies sent to independent advisers;
- Copies made available on request.

A4 How often is the FSS reviewed?

The FSS is reviewed in detail at least every three years as part of the valuation. Amendments may be made before then if there are regulatory or operational changes. Any amendments will be consulted on, agreed by the Pensions Committee and included in the Committee meeting minutes.

A5 How does the FSS fit into the overall fund documentation?

The FSS is a summary of the fund's approach to funding liabilities. It isn't exhaustive – the fund publishes other statements such as its investment strategy statement, governance strategy and communications strategy. The fund's annual report and accounts also includes up-to-date fund information.

You can see all fund documentation at https://www.camden.gov.uk/pensions#yqyo

Annex B – Roles and responsibilities

B1 The administering authority:

1 operates the fund and follows all Local Government Pension Scheme (LGPS) regulations

2 manages any conflicts of interest from its dual role as administering authority and a fund employer

3 collects employer and employee contributions, investment income and other amounts due

4 ensures cash is available to meet benefit payments when due

5 pays all benefits and entitlements

6 invests surplus money like contributions and income which isn't needed to pay immediate benefits, in line with regulation and the investment strategy

7 communicates with employers so they understand their obligations

8 safeguards the fund against employer default

9 works with the fund actuary to manage the valuation process

10 provides information to the Government Actuary's Department so they can carry out their statutory obligations

11 consults on, prepares and maintains the funding and investment strategy statements

12 tells the actuary about changes which could affect funding

13 monitors the fund's performance and funding, amending the strategy statements as necessary

14 enables the local pension board to review the valuation process.

B2 Individual employers:

1 deduct the correct contributions from employees' pay

2 pay all contributions by the due date

3 have appropriate policies in place to work within the regulatory framework

4 make additional contributions as agreed, for example to augment scheme benefits or early retirement strain

5 tell the administering authority promptly about any changes to circumstances, prospects or membership which could affect future funding.

6 make any required exit payments when leaving the fund.

B3 The fund actuary:

1 prepares valuations, including setting employers' contribution rates, agreeing assumptions, working within FSS and LGPS regulations and appropriately targeting fund solvency and long-term cost efficiency

2 provides information to the Government Actuary Department so they can carry out their statutory obligations

3 advises on fund employers, including giving advice about and monitoring bonds or other security

4 prepares advice and calculations around bulk transfers and individual benefits

5 assists the administering authority to consider changes to employer contributions between formal valuations

6 advises on terminating employers' participation in the fund

7 fully reflects actuarial professional guidance and requirements in all advice.

B4 Other parties:

1 internal and external investment advisers ensure the investment strategy statement (ISS) is consistent with the funding strategy statement

2 investment managers, custodians and bankers play their part in the effective investment and dis-investment of fund assets in line with the ISS

3 auditors comply with standards, ensure fund compliance with requirements, monitor and advise on fraud detection, and sign-off annual reports and financial statements

4 governance advisers may be asked to advise the administering authority on processes and working methods

5 internal and external legal advisers ensure the fund complies with all regulations and broader local government requirements, including the administering authority's own procedures

6 the Department for Levelling Up, Housing and Communities, assisted by the Government Actuary's Department and the Scheme Advisory Board, work with LGPS funds to meet Section 13 requirements.

Annex C – Risks and controls

C1 Managing risks

The administering authority has a risk management programme to identify and control financial, demographic, regulatory and governance risks.

The role of the local pension board is set out in the board terms of reference available here: Item 11 - LGPS Governance consultation (camden.gov.uk)

Details of the key fund-specific risks and controls are set out in the risk register: . https://democracy.camden.gov.uk/documents/s105408/Item%2012%20-%20Risk%20Register%20-

%20appendix%201.pdf

C2 Financial risks

Set out in the risk register linked above.

C3 Demographic risks

Set out in the risk register linked above.

C4 Regulatory risks

Set out in the risk register linked above.

C5 Governance risks

Set out in the risk register linked above.

C6 Employer covenant assessment and monitoring

Many of the employers participating in the fund, such as admitted bodies (including TABs and CABs), have no local tax-raising powers. The fund assesses and monitors the long-term financial health of these employers, where appropriate, to assess an appropriate level of risk for each employer's funding strategy.

C7 Climate risk and TCFD reporting

The fund has considered climate-related risks when setting the funding strategy. To consider the resilience of the strategy the fund has included climate scenario stress testing in the contribution modelling exercise for the council at the 2022 valuation. The modelling results under the stress tests were slightly worse than the core results but were still within risk tolerance levels, particularly given the severity of the stresses applied. The results provide assurance that the modelling approach does not significantly underestimate the potential impact of climate change and that the funding strategy is resilient to climate risks. The results of these stress tests may be used in future to assist with disclosures prepared in line with Task Force on Climate-Related Financial Disclosures (TCFD) principles.

The same stress tests were not applied to the funding strategy modelling for smaller employers. However, given that the same underlying model is used for all employers and that the council makes up the vast majority of the fund’s assets and liabilities, applying the stress tests to all employers was not deemed proportionate at this stage and would not be expected to result in any changes to the agreed contribution plans.

The Fund has an Investment Belief Statement which was agreed by Pensions Committee on 26 September 2019.

Annex D – Actuarial assumptions

The fund's actuary uses a set of assumptions to determine the strategy, and so assumptions are a fundamental part of the funding strategy statement.

D1 What are assumptions?

Assumptions are used to estimate the benefits due to be paid to members. Financial assumptions determine the amount of benefit to be paid to each member, and the expected investment return on the assets held to meet those benefits. Demographic assumptions are used to work out when benefit payments are made and for how long.

The funding target is the money the fund aims to hold to meet the benefits earned to date.

Any change in the assumptions will affect the funding target and contribution rate, but different assumptions don't affect the actual benefits the fund will pay in future.

D2 What assumptions are used to set the contribution rate?

The fund doesn't rely on a single set of assumptions when setting contribution rates, instead using Hymans Robertson's Economic Scenario Service (ESS) to project each employer's assets, benefits and cashflows to the end of the funding time horizon.

ESS projects future benefit payments, contributions and investment returns under 5,000 possible economic scenarios, using variables for future inflation and investment returns for each asset class, rather than a single fixed value.

For any projection, the fund actuary can assess if the funding target is satisfied at the end of the time horizon.

Table: Summary of assumptions underlying the ESS, 31 March 2022

		Annualised total returns								
		Cash	Index Linked Gilts (long)	Private Equity	Property	Listed Infrastructure Equity	Diversified Growth Fund (low equity beta)	Multi Asset Credit (sub inv grade)	All World Equity GBP Hedged	Inflation (CPI)
10 years	16th %'ile	0.8%	-3.1%	-1.2%	-0.6%	-1.1%	1.4%	1.7%	-0.3%	1.6%
	50th %'ile	1.8%	-0.7%	9.4%	4.4%	4.9%	3.2%	3.5%	5.9%	3.3%
	84th %'ile	2.9%	2.0%	20.1%	9.5%	10.9%	5.1%	5.2%	11.9%	4.9%
20 years	16th %'ile	1.0%	-2.6%	2.4%	1.4%	1.2%	2.1%	2.8%	1.9%	1.2%
	50th %'ile	2.4%	-0.9%	10.0%	5.0%	5.6%	3.8%	4.4%	6.4%	2.7%
	84th %'ile	4.0%	0.8%	17.6%	8.9%	10.1%	5.7%	6.0%	11.0%	4.3%
40 years	16th %'ile	1.2%	-1.1%	4.7%	2.6%	2.6%	2.5%	3.6%	3.5%	0.9%
	50th %'ile	2.9%	0.3%	10.3%	5.5%	6.1%	4.4%	5.3%	6.8%	2.2%
	84th %'ile	4.9%	1.9%	16.1%	8.8%	9.8%	6.5%	7.1%	10.4%	3.7%
	Volatility (Disp) (5 yr)	2%	9%	30%	15%	18%	5%	6%	18%	3%

D3 What financial assumptions were used? Future investment returns and discount rate

The fund uses a risk-based approach to generate assumptions about future investment returns over the funding time horizon, based on the investment strategy.

The discount rate is the annual rate of future investment return assumed to be earned on assets after the end of the funding time horizon. The discount rate assumption is set as a margin above the risk-free rate. UK Government Bond yields are used in funding as an objective measure of the risk-free rate of return.

Assumptions for future investment returns depend on the funding objective.

	Employer type	Margin above risk-free rate
Ongoing basis	All employers except transferee admission bodies and closed community admission bodies	2.1%
Low-risk exit basis	Community admission bodies closed to new entrants	0%
Contractor exit basis	Transferee admission bodies	A margin consistent with the approach used to allocate assets to the employer on joining the fund

Discount rate (for funding level calculation as at 31 March 2022 only)

For the purpose of calculating a whole fund funding level at the 2022 valuation, a discount rate of 4.4% applies.

This is based on a prudent estimate of investment returns, specifically, that there is an 70% likelihood that the

fund’s assets will achieve future investment returns of 4.4% over the 20 years following the 2022 valuation date.

For certain employers that will cease based on a different discount rate from above, the funding levels have been calculated with reference to the relevant discount rate approach.

Pension increases and CARE revaluation

Deferment and payment increases to pensions and revaluation of CARE benefits are in line with the Consumer Price Index (CPI) and determined by the regulations.

The CPI assumption is based on Hymans Robertson's ESS model. The median value of CPI inflation projected over 20 years from the ESS was 2.7% pa on 31 March 2022.

Salary growth

The salary increase assumption at the latest valuation has been set to 0.5% above CPI pa plus a promotional salary scale.

D4 What demographic assumptions were used?

Demographic assumptions are best estimates of future experience. The fund uses advice from Club Vita to set demographic assumptions, as well as analysis and judgement based on the fund's experience.

Demographic assumptions vary by type of member, so each employer's own membership profile is reflected in their results.

Life expectancy

The longevity assumptions are a bespoke set of VitaCurves produced by detailed analysis and tailored to fit the fund's membership profile.

Allowance has been made for future improvements to mortality, in line with the 2021 version of the continuous mortality investigation (CMI) published by the actuarial profession. The starting point has been adjusted by

+0.25% to reflect the difference between the population-wide data used in the CMI and LGPS membership. A long-term rate of mortality improvements of 1.5% pa applies.

The smoothing parameter used in the CMI model is 7.0. There is little evidence currently available on the long- term effect of Covid-19 on life expectancies. To avoid an undue impact from recently mortality experience on long-term assumptions, no weighting has been placed on data from 2020 and 2021 in the CMI.

Other demographic assumptions

Retirement in normal health	Members are assumed to retire at the earliest age possible with no pension reduction.
Promotional salary increases	Sample increases below
Death in service	Sample rates below
Withdrawals	Sample rates below
Retirement in ill health	Sample rates below
Family details	A varying proportion of members are assumed to have a dependant partner at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. Beyond retirement the proportion is adjusted for assumed dependant mortality. Males are assumed to be 3 years older than females, and partner dependants are assumed to be opposite sex to members.
Commutation	50% of maximum tax-free cash
50:50 option	1.0% of members will choose the 50:50 option.

Males

Incidence per 1000 active members per year								
Age	Salary scale	Death before retirement	Withdrawals		Ill-health tier 1		Ill-health tier 2	
		FT &PT	FT	PT	FT	PT	FT	PT
20	105	0.17	404.31	894.31	0.00	0.00	0.00	0.00
25	117	0.17	267.06	590.73	0.00	0.00	0.00	0.00
30	131	0.20	189.49	419.07	0.00	0.00	0.00	0.00
35	144	0.24	148.05	327.39	0.10	0.07	0.02	0.01

40	150	0.41	119.20	263.50	0.16	0.12	0.03	0.02
45	157	0.68	111.96	247.46	0.35	0.27	0.07	0.05
50	162	1.09	92.29	203.75	0.90	0.68	0.23	0.17
55	162	1.70	72.68	160.53	3.54	2.65	0.51	0.38
60	162	3.06	64.78	143.02	6.23	4.67	0.44	0.33

Females

Incidence per 1000 active members per year								
Age	Salary scale	Death before retirement	Withdrawals		Ill-health tier 1		Ill-health tier 2	
		FT &PT	FT	PT	FT	PT	FT	PT
20	105	0.10	352.42	514.11	0.00	0.00	0.00	0.00
25	117	0.10	237.14	345.88	0.10	0.07	0.02	0.01
30	131	0.14	198.78	289.90	0.13	0.10	0.03	0.02
35	144	0.24	171.57	250.12	0.26	0.19	0.05	0.04
40	150	0.38	142.79	208.09	0.39	0.29	0.08	0.06
45	157	0.62	133.25	194.16	0.52	0.39	0.10	0.08
50	162	0.90	112.34	163.52	0.97	0.73	0.24	0.18
55	162	1.19	83.83	122.13	3.59	2.69	0.52	0.39
60	162	1.52	67.55	98.31	5.71	4.28	0.54	0.40

D5 What assumptions apply in a cessation valuation following an employer's exit from the fund? Low-risk exit basis

Where there is no guarantor, the low-risk exit basis will apply.

The financial and demographic assumptions underlying the low-risk exit basis are explained below:

1. The discount rate is set equal to the annualised yield on long dated government bonds at the cessation date, with a 0% margin. This was 1.7% pa on 31 March 2022.

2. The CPI assumption is based on Hymans Robertson's ESS model. The median value of CPI inflation from the ESS was 2.7% pa on 31 March 2022.

3. Life expectancy assumptions are those used to set contribution rates, with one adjustment. A higher long-term rate of mortality improvements of 1.75% pa is assumed.

Contractor exit basis

Where there is a guarantor (eg in the case of contractors where the local authority guarantees the contractor's admission in the fund), the contractor exit basis will apply.

The financial and demographic assumptions underlying the contractor exit basis are equal to those set for calculating contributions rates. Specifically, the discount rate is set based on a margin above the risk-free rate consistent with the approach used to allocate assets to the employer on joining the fund.

LONDON BOROUGH OF CAMDEN PENSION FUND

ANNEX 3: INVESTMENT STRATEGY STATEMENT

1. INTRODUCTION

1.1 All Local Government Pension Scheme (LGPS) funds are required to have an Investment Strategy Statement (ISS). Regulation 7 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 governs the requirements of this statement. This Fund has complied fully with these requirements.

1.2 The ISS deals with the Investment Strategy and includes how a Fund diversifies its assets, the choice of various investment classes and their suitability for the Fund, the authority's approach to risk and risk management, how the Fund will pool its investments in-line with the Government's pooling agenda, the Fund's approach to social, environmental and corporate governance considerations and how the Fund approaches its voting rights attached to holdings (normally stocks and shares).

1.3 The ISS also sets out the maximum percentage of investments that it will invest in particular investments or investment classes. This so called prudential framework replaces the requirements in schedule 1 of the LGPS (management and investment of funds) regulations 2009.

1.4 The Fund must have its initial ISS in place by 1 April 2017 and then must ensure it is regularly reviewed at intervals no longer than every three years.

2. BACKGROUND

2.1 The London Borough of Camden Pension Fund, (the Fund) is a Career Average Revalued Earnings (CARE) defined benefit pension scheme established by statute, operating under the Public Sector Pensions Act 2013. It provides retirement and death benefits for eligible members and their dependants. The benefits are defined in law and increased each year in-line with movements in inflation (Consumer price inflation).

2.2 The Council has delegated responsibility for the management of the Fund to the Pension Committee. The Pensions Committee has responsibility for establishing investment policy and ongoing implementation.

2.3 The Pension Committee receives advice from the Executive Director Corporate Services, the Actuary, the Investment Consultant and Independent Investment Advisor. Day to day management of the Fund is delegated to appointed professional investment managers each of which is regulated by the Financial Conduct Authority and Prudential

Regulation Authority, or an equivalent overseas regulator. Each investment manager operates under a specific Investment Management Agreement with investment guidelines, which governs the scope of its investment activities for the Fund. The Fund also invests in a number of investment vehicles which are governed by own their prospectus and associated agreements.

2.4 The Pension Board first met in July 2015 and has been constituted with terms of reference agreed by Council on 20 May 2015. The Board's terms of reference require it to ensure the Fund complies with the regulations and other legislation relating to the governance and administration of the scheme and requirement of the Pensions Regulator. It must also ensure the effective and efficient governance and administration of the scheme.

2.5 Professional advice was sought from the Investment Consultant and Independent Investment Adviser in the preparation of this document.

2.6 The main responsibilities of key stakeholders and participants involved in the Pension Fund are set out in Annex I.

3. DIVERSIFICATION

3.1 It is important to have a properly diversified portfolio of assets in order to reduce overall portfolio risk and volatility. This should ensure that if a single investment class is not performing well, performance should be balanced by other investment which are doing better at that time. The Fund believes that diversification of assets is in the best long-term interests of the scheme beneficiaries.

3.2 The key benefit of the Fund's preferred strategy is the reduced volatility it offers relative to the Fund's liabilities. This can be seen most clearly in the improved return/risk ratio.

3.3 For each unit of risk taken, the preferred strategy generates a higher level of return. The main reason for this is the diversification benefits derived from taking a broader range of investment risks.

3.4 Increased diversification means the likelihood of very poor outcomes is materially reduced.

3.5 The Fund last reviewed its investment strategy in July 2020. These reports are very detailed and comprehensive reviews considering important themes such as diversification, risk versus return for various investment strategies and next steps for the Fund's strategic asset allocation.

3.6 Traditionally pension funds had a defensive allocation to bonds and a risk seeking allocation to stocks and shares (equities). Over time Funds have seen the benefits of diversification away from these core traditional asset classes. This Fund is highly diversified and has asset allocations to equities, bonds, property, diversified growth funds and private equity. The last three asset classes belong to the alternative asset class and are important tools used to diversify away from traditional asset classes.

3.7 Within its equity asset allocation, the fund also further diversifies into active and passive equity. Within the passive equity allocation, it further has allocations to both UK and overseas equity.

3.8 The Fund is diversified in other asset classes with separate UK and global allocations to property. Private equity has diversification over geography, vintage and investment stage (primary, secondary and co-investment).

4. SUITABILITY OF INVESTMENTS

4.1 Employees' benefits are guaranteed by the LGPS Regulations, and do not change with market values or employer contributions. Investment returns will help pay for some of the benefits, but probably not all, and certainly with no guarantee. Employees' contributions are fixed in those regulations at a level which covers only part of the cost of the benefits.

4.2 Therefore, employers need to pay the balance of the cost of delivering the benefits to members and their dependants.

4.3 The Funding Strategy Statement is another important policy which together with the ISS governs how the Fund approaches its responsibilities. The FSS focuses on how employer liabilities are measured, the pace at which these liabilities are funded, and how employers or pools of employers pay for their own liabilities. The FSS sets out how the Administering Authority has balanced the conflicting aims of:

- affordability of employer contributions,
- transparency of processes,
- stability of employers' contributions, and
- prudence in the funding basis

4.4 The FSS was last reviewed in 2021 and sets out the following objectives:

- to ensure the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (NB this will also minimise the costs to be borne by Council Tax payers);

- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

4.5 In ensuring that the Fund's assets are suitable to meet the liabilities as they fall due the Fund also periodically reviews Fund maturity. This was last reviewed following the triennial valuation in December 2019.

4.6 Cash flows in the maturity analysis do not consider investment income which is available to fund the smaller cash out flows. Investment income was £10.3m in 2020/21. Therefore, in the shorter-term income from investments will cover net cash out flows.

4.7 Fund Maturity is important as when a Fund becomes cash flow neutral it then must rely on its assets to fund benefits. In this scenario the investment strategy must factor in reducing assets and mandates must be structured so that assets can be withdrawn to fund benefits as and when required. The Fund has two mandates where illiquidity is an issue.

4.8 The first is the global property mandate with Partners which is structured as a commitment for capital calls and must be adhered to. The second is the private equity allocation with HarbourVest. These two mandates amount to 10% of the total assets under management and therefore their illiquidity is not considered an issue in the medium term.

Types of Investment held

4.9 Investments of suitable liquidity will be acquired and held to generate income and capital growth. Diversification of the portfolio of assets is achieved through different types of investment which are spread geographically. The major kinds of investment held and their characteristics are set out in the following paragraphs:

4.10 **UK Equities** which provide an equitable share in the assets and profits of UK companies. Income is provided through share dividends which have historically, over the longer term, risen above inflation. Equities produce capital gains/losses as share prices reflect investors` expectations of the prospects of a specific company, sector or market.

4.11 **Global Equities** are similar to UK equities but with exposure to the currency of the market where the share is listed. The investment return will be enhanced or reduced by the local market currency movement against sterling (unless the currency risk is hedged).

4.12 **Bonds** (Fixed Interest) are debt instruments issued by Governments and other borrowers. Bonds provide a fixed rate of interest and are generally redeemed at par by the issuer at a known future date. The price reflects the fixed level of interest, the term to redemption and the overall return (the yield) demanded by investors. Bond prices tend to fluctuate less than the price of equities.

4.13 **Index-linked bonds** are debt instruments mainly issued by Governments. The interest and redemption value are directly linked to a reference price inflation measure.

4.14 **Property** is investment in land or buildings such as offices, retail or industrial units. The income return comes from the rent payable. Property values primarily reflect rent levels and investor sentiment.

4.15 **Hedge Funds** are pooled funds which use a variety of strategies and instruments including derivatives to target absolute returns in all market conditions.

4.16 **Diversified Growth Funds** (DGFs) are pooled funds that invest in a variety of investment classes, and use active asset allocation between investment classes as a driver for performance.

4.17 **Cash** is mainly deposited with institutions for short periods and attracts interest at market rates.

4.18 The table below gives a summary of the main features of the various available asset classes, including an estimate of the long term real (in excess of price inflation) returns considered to be reasonably available.

Investment	Inflation linking	Real returns (% pa)	Liquidity
UK Equities	Reasonable/good	6-8	Good
Global Equities	Reasonable	5-7	Good
Property	Reasonable/good	5-7	Poor
Bonds	Poor	1-3	Good
Index linked bonds	Good	-0.5-2	Good
Hedge Funds	Reasonable	3-5	Reasonable
DGFs	Reasonable	3-5	Good
Cash	Variable	0-1	Good

4.19 The estimated real returns shown in the table (based on information provided by the Investment Consultant) are indicative, and the volatility of the asset class returns could result in investment returns being above or below those shown in the table.

Balance Between Different Kinds of Investment

4.20 The allocation of assets between the various different available types for the medium to long term is determined by the Strategic Asset Allocation **(Appendix II)**, which has been set with advice from the Actuary and the

Investment Consultant. The Strategic Asset Allocation reflects both the investment risk tolerances and funding level.

4.21 It is recognised that the Strategic Asset Allocation is possibly the most important factor affecting the long term investment objective. It will be reviewed periodically to maintain a reasonable expectation of achieving the investment objective, consistent with an appropriate level of diversification.

5. RISK

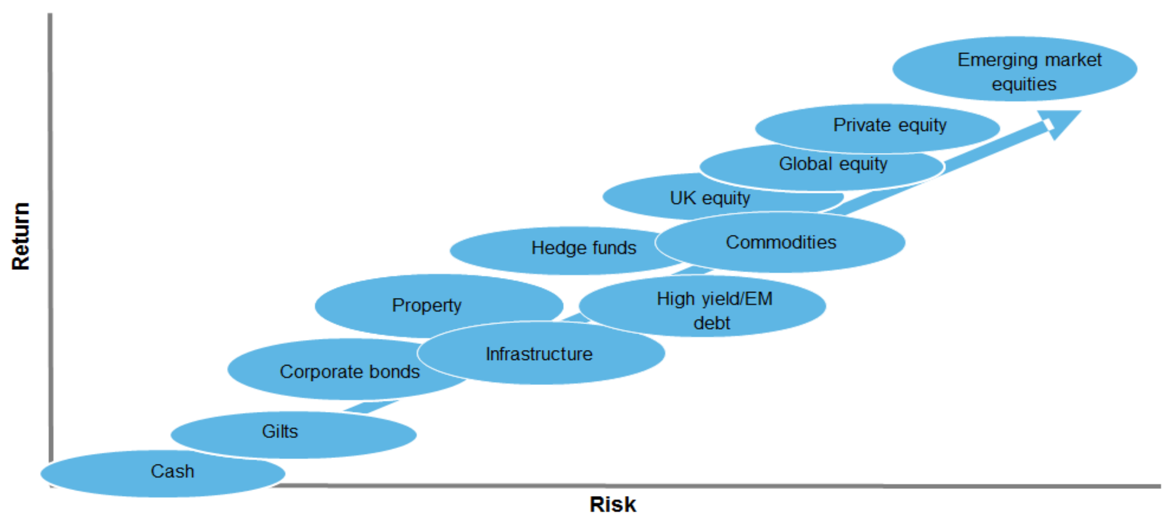
5.1 In order to ensure the long term solvency of the Pension Fund and ensure the Fund meets its objective to be 100% funded the Fund will hold risk seeking assets. However, the Fund also has diversified from pure equity risk and holds several other asset classes in order to ensure returns are uncorrelated.

5.2 The Fund is exposed to several investment risks. Some of these risks can be mitigated but the Fund should seek to be rewarded for taking on others.

5.3 The Fund currently takes the following risks which the Fund expects to be rewarded for within the overall investment strategy:

- Equity risk – Harris, Baillie Gifford, Barings, Legal & General, Standard Life and Ruffer
- Credit risk – Insight, Barings, Ruffer and Standard Life, and
- Illiquidity risk – CBRE, Partners Group and HarbourVest.

5.4 In itself, investment risk is not necessarily a bad thing, provided the Fund expects to be rewarded for taking it and can take a long-term view in order to look through short and medium term downturns in investment markets. The expected risk return characteristics of different asset classes are highlighted in the following chart.



5.5 The chart shows the expected risk return characteristics of different asset classes in ordinal format. We note that in order to achieve higher expected returns we are typically required to take on additional investment risk (usually in terms of price volatility, credit risk or illiquidity).

5.6 However, there are benefits in terms of investing in a diversified asset portfolio, as different investment markets do not typically behave in the same way at the same time (except potentially in times of significant economic crises, where high quality government bonds can be the only major asset class to perform well).

5.7 The relationship between the price movements of different asset classes relative to each other over time is often referred to as correlation. The Fund needs to ensure that asset classes are not highly correlated as would expose it to undue risk in the event of a significant drop in asset values and would mean all asset classes fall affecting Fund value and the ultimate objective of Fund assets supporting 100% of the Fund’s liabilities.

5.8 There are also investment market, economic and demographic factors that also affect the value of the Fund's liabilities. How our assets and liabilities move in value relative to each other is also an important consideration.

5.9 There is no perfect matching asset for an LGPS fund's liabilities, although it is often stated that a long-dated index-linked gilt comes closest (see also our previous comments on the construction of a liability proxy for modelling purposes). This is because an LGPS fund's liabilities are bond like in nature (essentially a series of benefit payment cash outflows) and that are also real in nature (i.e. increase in-line with inflation).

5.10 However, index-linked gilts are commonly held to be very expensive at present and holding them in substantial quantities would inevitably increase the contributions to unaffordable levels and have a detrimental impact on the deficit (i.e. reduce the funding level).

5.11 The Funding Strategy Statement sets out the keys risk and groups these into Financial, demographic and regulatory and governance risks. These are included in **Appendix IV**.

5.12 The main risks taken into consideration to establish the Strategic Asset Allocation and set the investment objectives for the Fund are:

Solvency and mismatching risks

5.13 The expected change in the liabilities and funding level relative to the current investment policy, managed by assessing the progress of the actual change in liabilities relative to the current investment strategy.

Manager risk

5.14 The extent to which risk and returns deviate from those anticipated, managed by monitoring the outturn relative to the objective set. Manager risk has been reduced through the appointment of a number of different managers following different investment strategies.

Political and Currency Risks

5.15 The concentration of assets in a market leading to the risk of an adverse impact on investment values due to political intervention, managed by regular reviews of the levels of diversification of the actual investments relative to the policy position.

Liquidity risk

5.16 The level of cash flow needed to meet the regular commitments of the Fund, managed by assessing the level of cash held and monitoring the anticipated liquidity levels of the assets held in order to limit the impact of cash flow requirements on the investment policy.

Custodial risk

5.17 The continuing ability of the custodian to settle trades in a timely manner and provide secure custody of the assets, managed by regular review and reporting from the custodian compared with agreed service standards, and the continued monitoring of the custodians credit rating.

Risk Register

5.18 The other risks that are taken into account when assessing the total risk of the Fund are shown in a Risk Register, which is reviewed annually by Pension Committee and was last considered in September 2021.

6. POOLING AND SHARED SERVICES

6.1 This Fund is part of the London Collective Investment Vehicle (LCIV) which has been set up for London pension funds. This pool has the support of all 33 London Borough pension funds with **£11.2bn** of assets already under management with another £12.6bn under passive management.

6.2 The Fund formally agreed to join the London CIV as part of the Government's pooling agenda. The London CIV was constituted in late 2015 and has since opened a range of sub-funds covering liquid asset classes, with the bulk of less liquid asset classes to follow.

6.3 The London CIV is fully authorised by the Financial Conduct Authority (FCA) as an Alternative Investment Fund Manager (AIFM) with permission to operate a UK based Authorised Contractual Scheme fund.

6.4 The Board of Directors are responsible for decision making within the CIV. This includes decisions to appoint and remove investment managers. The share structure of London CIV provides for equal voting rights for each authority on a one share one vote basis.

6.5 As an AIFM the London CIV must comply with the Alternative Investment Manager Directive ("AIFMD") and falls under the regulatory scrutiny and the reporting regime of the FCA. This includes the requirement for robust systems and processes and for these to be documented appropriately in policies and manuals. Risk management is a particular focus for the FCA and the London CIV has developed a risk framework and risk register covering all areas of its operations, including fund management.

6.6 The Pensions Sectoral Joint Committee ("PSJC") has been established under the governing arrangements of London Councils. The PSJC effectively fulfils two roles, one is as a mechanism for convening elected Member representation from each borough (generally the borough's Pension Committee Chair), and the other is as the route to convening the Authorities as shareholders in the London CIV. This Committee will provide scrutiny and oversight of the CIV for the Authorities, with each Borough represented on the Committee with voting rights.

6.7 Each Fund in the London CIV has a nomination to the Pensions Sectoral Joint Committee and our Chair, Cllr Madlani, participates in these meetings. The Head of Treasury and Financial Transactions is also part of an officer group known as the Investment Advisory Committee.

6.8 Deloitte have been appointed to undertake external audit of both the company (London CIV) and the ACS Fund and will provide an annual governance statement which will be publicly available on the CIV website.

6.9 The formal structures that the London CIV has put in place, including FCA registration and the appointment of a Depositary (Northern Trust), help to provide additional scrutiny of the CIV in providing monitoring and regulatory oversight of the company and a range of services including:

- Safe custody of assets
- Oversight of key systems and processes
- Due-diligence review of the Operator (London CIV), and the Custodian, Fund Accountant, and Transfer Agent (Northern Trust)

6.10 The Shareholders Agreement has been signed by all 33 London Borough Pension Funds and sets out the terms and conditions of the joint venture and regulates the relationship with Funds and certain aspects of the affairs of and dealings with the Company.

6.11 The Minister has confirmed that the London CIV meets the investment reform and criteria published in November 2015.

6.12 The Fund has already transitioned assets into the London CIV with, (Baillie Gifford sub-fund) and will look to transition further liquid assets as and when there are suitable investment strategies available on the platform that meet the needs of the Fund.

6.13 The Fund holds 31% or £655m of its assets in life funds (Legal and General) and intends to retain these outside of the London CIV in accordance with government guidance on the retention of life funds outside pools for the time being. The Fund agrees for the London CIV to monitor the passive funds as part of the broader pool.

6.14 The Camden Fund was instrumental in constituting the Pensions Shared Service. This service deals with the administration functions of the Camden and Wandsworth pension funds including dealing with member requests, employers and administering benefits and pension payroll functions. The shared service has now expanded to include Merton, Richmond and Waltham Forest pension funds.

7. ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) POLICY

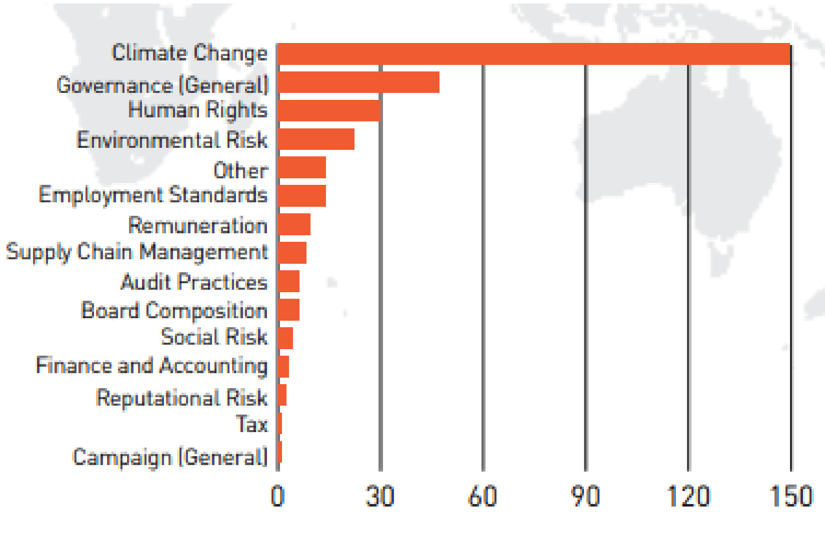
The Pension Fund is bound by law in respect of Socially Responsible Investment (SRI) policy. As stated in the Investment Strategy Statement, the Fund should, in all circumstances, act in the best financial interests of the members of the Fund. Where this primary consideration is not prejudiced, Investment Managers are expected to have active regard to the impact that SRI issues might have on the returns of companies in which they invest on the Fund’s behalf.

The Fund believes that ‘robust’ engagement with companies is a better approach than placing restrictions on particular types of investment. It also believes that companies conforming to high ethical and social standards might be expected to produce shareholder returns that are at least comparable to those produced by other companies.

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF). LAPFF was formed in 1990 and is a voluntary association of local authority pension funds based in the UK. It exists to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders to promote corporate social responsibility and high standards of corporate governance amongst the companies in which its members invest. The Forum’s members currently have combined assets of nearly £300 billion.

LAPFF has campaigned on a number of issues and the split of issues can be seen below. The graph is based on corporate engagement over the year to December 2020 via letters, conference calls, filed resolutions or meetings.

LAPFF ENGAGEMENT TOPICS



8. The 2020 LAPFF Annual Report, summarising activity and highlighting the organisation's achievements can be found via the following link: https://lapfforum.org/wp-content/uploads/2020/12/LAPFF_annual-report-2020_final2.pdf

8.1 Climate Change was the most frequent engagement area for the year for LAPFF, with engagement on Governance the next most common.

8.2 LAPFF has long campaigned for reform of the UK's system financial regulation and in particular the Financial Reporting Council (FRC) as the setter of standards and regulator for the accounting industry.

8.3 Governance-related engagements covered a wide range of topics, including board composition, executive pay, tax transparency, and climate change, plastics, reliable accounts, agribusiness, human rights, corruption, workforce issues, technology, micro-insurance, housebuilding and shareholder resolutions.

8.4 Those responsible for making investment decisions must comply with general legal principles governing the administration of scheme investments. They must also act in accordance with ordinary public law principles, in particular, the ordinary public law of reasonableness. They risk challenge if a decision they make is so unreasonable that no person acting reasonably could have made it.

8.5 The Fund is committed to being a long-term steward of the assets in which it invests and expects this approach to protect and enhance the value of the Fund in the long term. In making investment decisions, the Fund seeks and receives proper advice from internal and external advisers with the requisite knowledge and skills. In addition, the Pensions Committee undertakes training on a regular basis and this will include on training and information sessions on matters of social, environmental and corporate governance.

8.6 The Fund requires its investment managers to integrate all material financial factors, including corporate governance, environmental, social, and ethical considerations, into the decision-making process for all fund investments. It expects its managers to follow good practice and use their influence as major institutional investors and long-term stewards of capital to promote good practice in the investee companies and markets to which the Fund is exposed.

8.7 The Fund expects its external investment managers (and specifically the London Collective Investment Vehicle through which the Fund will increasingly invest) to undertake appropriate monitoring of current investments with regard to their policies and practices on all issues which could present a material financial risk to the long-term performance of the fund such as corporate governance and environmental factors.

8.8 Effective monitoring and identification of these issues can enable engagement with boards and management of investee companies to seek resolution of potential problems at an early stage. Where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed, the Fund expects its investment managers to participate in joint action with other institutional investors as permitted by relevant legal and regulatory codes.

8.9 The Fund monitors this activity on an ongoing basis with the aim of maximising its impact and effectiveness.

8.10 The Fund in preparing and reviewing its Investment Strategy Statement will consult with interested stakeholders including, but not limited to Fund employers, investment managers, Local Pension Board, advisers to the Fund and other appropriate relevant parties.

Voting Rights

The Fund believes in the role of proactive engagement as the most effective way of influencing companies in relation to social, environmental and business policies whilst at the same time achieving financial returns compatible with the Fund’s longer term financial objectives. The fund therefore places great importance on the exercise of voting rights attached to the Fund’s investments.

Camden has appointed PIRC to provide the services of Corporate Governance Advisor and proxy voting agent to the Fund. The aim of the advisors has been to research companies with which the Fund has voting rights, and to ensure that those voting rights are used in the most advantageous way. The Fund has agreed a bespoke voting policy and PIRC ensure that votes are cast in line with the Camden policy for all segregated company shares, as well as the proportion of shares held in pooled UK equity fund held by the Camden.

In the calendar year 2020, voting took place as follows:

Resolution Type

Vote	**Occurrences**	**Proportion**
For	8,076	69.66%
Against	3,431	29.59%
Withhold	11	0.09%
Abstain	0	0.00%
Non-Voting / Withdrawn	72	0.62%
US Frequency Vote on Pay	4	0.03%
Total	**11,594**	**100%**

The Camden Pension Fund voted shares at 803 separate company meetings during the year.

PENSION FUND RESPONSIBILITIES

This appendix sets out the key individuals, consultants, investment professionals and investment managers involved in the Fund.

Pension Committee

Members	Cllr Rishi Madlani (Chair) Cllr Heather Johnson (Vice Chair) Cllr Anna Burrage Cllr Jenny Mulholland Cllr Matthew Kirk Cllr James Slater Cllr Sylvia McNamara Cllr Shiva Tiwari
Substitute Members	Cllr Kemi Atolagbe Cllr Matt Cooper Cllr Nina De Ayala Parker Cllr Edmund Frondigoun Cllr Tom Simon

The following officers are based across Council offices at 5 Pancras Square and Dennis Geffen Annexe.

Executive Director Corporate Services	**Director of Finance**
Jon Rowney	Daniel Omisore
Head of Finance, Treasury & Pensions	**Treasury & Pension Fund Manager**
Saul Omuco	Priya Nair

Scheme Administrator

Martin Doyle
Pensions Shared Service
Wandsworth Council
Room 70
The Town Hall
Wandsworth High Street
London. SW18 2PU

Legal Advisor

Andrew Maughan, Borough Solicitor

Investment Managers

Baillie Gifford (CIV Sub-Fund)
70 Great Bridgewater Street,
Manchester,
M1 5ES

Legal & General Investment Management
One Coleman Street,
London,
EC2R 5AA

Harris Associates LP
111 South Wacker Drive, Suite 4600
Chicago,
Illinois 60606

Partners Group (UK) Ltd
14th Floor, Heron Tower
110 Bishopsgate
London, EC2N 4AY

CBRE Global Investment Partners Ltd
Third Floor
One New Change
London, EC4M 9AF

HarbourVest Partners (Europe) Ltd

33 Jermyn Street
London, SW1Y 6DN

CQS (UK) LLP
4th Floor
One Strand
London, WC2N 5HR

Stepstone
2 St James's Market
London, SW1Y 4AH

Performance Measurement

Pensions & Investment Research Consultants (PIRC) Ltd
2 Harbour Exchange Square

Custodian

J.P. Morgan Limited

25 Bank Street
Canary Wharf
London, E14 5JP

Investment Consultant

Andrew Singh
Isio Group Limited
10 Norwich Street
London EC4A 1BD

Independent Investment Advisor

Karen Shackleton
MJ Hudson Ltd
1 Frederick's Place
London, EC2R 8AE

Actuary

Mark Picken
Hymans Robertson LLP
20 Waterloo Street,
Glasgow, G2 6DB

Auditors

Forvis Mazars

30 Old Bailey
London, EC4M 7AU

Corporate Governance Adviser

Pensions & Investment Research Consultants (PIRC) Ltd
2 Harbour Exchange Square
London, E1 8AZ

AVC Providers

Phoenix Life Limited

PO Box 2570
St James' House
27-43 Eastern Road
Romford, RM1 3YW

Prudential Assurance Company Limited
5 Laurence Pountney Hill,
London, EC4R 0HH

Bodies of which the Pension Fund is a Member or Subscriber
Club Vita
Local Authority Pension Fund Forum (LAPFF)
London Pension Fund Forum (LPFF)
London Collective Investment Vehicle (LCIV)

Pension Committee (PC)

The PC has delegated authority from the Council to make decisions for the Fund, acting with advice from the Actuary, Investment Consultant, Independent Advisor and the Executive Director of Corporate Services.

The investment powers of the Pension Committee are set out in regulations. The Committee has approved and adopted this ISS in relation to the investment of the Fund's assets, and the ISS is consistent with the investment policies established and implemented by the Committee for the Fund.

The Committee meets at least quarterly and comprises eight voting members, seven from the Labour Group and one from the Liberal Democrats Group. There is a quorum of two members to ensure meetings can function and there are eight substitute members.

There are four observer (non-voting) posts to the Committee representing trade unions and two representing retired members.

The responsibilities of the Committee are to:

General

- To act as Trustees of the Council's Pension Fund within the terms of the Superannuation Act 1972 and to administer all matters concerning the Council's pension investments in accordance with any applicable law and policy.
- To make arrangement for the appointment of and appoint suitably qualified investment managers and custodians and to periodically review those arrangements.
- To ensure that appropriate and sufficient training has been undertaken by all members of the Committee in order to discharge their functions.
- To take proper advice from officers, investment consultants, independent investment adviser, pension board and actuary

Investment

- Set and review Investment strategy for the Fund
- To formulate and publish a Statement of Investment Principles
- At least once every three months, to review the investments made by the investment managers and from time to time consider the desirability of continuing or terminating the appointment of the investment managers.
- To determine the strategic asset allocation policy, the mandates to be given to the investment managers, the performance measures to be set for them and review investment management performance against targets.
- To monitor the performance and effectiveness of the investment managers and their compliance with the Statement of Investment Principles.
- Ensure the Fund's voting rights are exercised in line with the Fund's voting policy to ensure the best outcome for the Fund's investment purposes and ensure engagement supports the investment strategy and Fund's performance, except co-filing requests put forward by the LAPFF; and support for resolutions in respect of companies that the Fund does not have a direct shareholding in, which remains a matter for the Executive Director Corporate Services in consultation with the Chair of the Pension Committee unless time allows for the matter to be reported to the Committee for decision.
- To receive and approve an Annual Report on the activities of the Fund prior to publication.
- To keep members of the Pension Fund informed of performance and developments relating to the Pension Fund on an annual basis.

Liabilities

- To review the risks inherent in the management of the Pension Fund
- To review the strength of admitted bodies and ability to honour their liabilities.
- To agree and keep under review a Contribution Strategy and agree the Triennial Valuation.
- Admit new and exit ceasing employers as and when these arise.
- To monitor liabilities and ensure progress towards full funded status of all employers.
- To understand the maturity of the Fund and keep cash flow considerations under review

The Committee operates under procedural rules as set out in the Camden Constitution, which can be accessed via the Council's website: https://www.camden.gov.uk/documents/20142/7661411/Constitution+of+LB+Camden.pdf/1df46c62-8de2-ccd7-d7bb-63d8071b9188?t=1602240903447

Investment Managers

Thirteen appointed investment managers have responsibility for managing passive index-tracking and active portfolios of equity, bonds, infrastructure, diversified growth funds, property investments and private equity funds.

The responsibilities of the investment managers are to:

- Invest the assets of the Fund in compliance with prevailing legislation, the policies set out in this SIP and their Investment Management Agreements.
- Submit quarterly reports on valuation, activity and investment performance.
- Attend meetings with the Director of Finance and/or Committee.
- Assist the Director of Finance in the preparation of the SIP.

Custodian

The investments of the Fund are held and recorded independently by a custodian bank, JP Morgan, responsible for safe custody of share certificates and other evidence of title.

The responsibilities of the custodian are to:

- Hold assets in compliance with prevailing market legislation.
- Provide periodic valuations and reports on activity and investments held in custody.
- Settle investment transactions in the market.
- Account for and collect dividends and income and make tax reclaims.
- Hold uninvested cash in a liquidity account.
- Process corporate actions and vote shares held to the Fund’s order where appropriate.

Actuary

The responsibilities of the Actuary (Hymans Robertson) are to:

- Prepare the triennial valuation of the Fund.
- Provide advice to the Committee on the funding level to assist in formulating investment objectives and policies for the Fund.
- Provide intra valuation advice on the estimated funding level and pension costs.

Investment Consultant and Independent Investment Advisor

The responsibilities of the Investment Consultant (Aon Hewitt) and Independent Investment Advisor (Karen Shackleton) are to advise the Executive Director of Corporate Services and the Committee on:

- Investment strategy and the risks and anticipated returns associated with different investment strategies and asset classes.

- Assist with the selection, ongoing monitoring and review of investment managers and custodian.
- Advise the Director of Finance on the preparation of the SIP.

Executive Director Corporate Services

The Executive Director Corporate Services and officers reporting to him are responsible for:

- The execution of policy decisions and operational running of the Fund
- Administrative arrangements with investment managers, custodian and advisers
- Preparation of reports for the Committee
- Preparing the Fund annual report and accounts
- Regular interim briefing meetings with investment managers
- Ensuring that the ISS and other relevant Fund documentation is reviewed and updated periodically, and ensuring compliance by investment managers with the ISS and Investment Management Agreements

Pension Board

The Pension Board is defined by the Public Service Pensions Act 2013, will be responsible for:

Assisting the Administering Authority as Scheme Manager to:

- Secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
- Secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
- Carry out such other matters as the LGPS regulations may specify

Securing the effective and efficient governance and administration of the LGPS for the Camden Pension Fund.

The role is one of providing oversight of assurance in and governance of the scheme administration and not decision making.

The Pension Board will ensure that the Pension Fund is managed and administered effectively and efficiently and complies with any code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board shall have the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

The first core function of the Board is to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme. Within the extent of this core function the Board may determine the areas it wishes to consider including but not restricted to:

- Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.
- Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.
- Review the implementation of revised policies and procedures following changes to the Scheme.
- Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
- Review the outcome of external audit reports.
- Review draft accounts and Fund annual report.

The second core function of the Board is to ensure the effective and efficient governance and administration of the Scheme. Within this extent of this core function the Board may determine the areas it wishes to consider including but not restricted to:

- Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.
- Monitor investment costs including custodian and transaction costs.
- Review the risk register as it relates to the scheme manager function of the authority.
- Review the outcome of actuarial reporting and valuations.
- Monitor in the development of asset voting and engagement processes and compliance with the UK Stewardship Code.

Key risks and controls

C1 Types of risk

The Administering Authority has an active risk management programme in place. The measures that it has in place to control key risks are summarised below under the following headings:

- financial;
- demographic;
- regulatory; and
- governance.

C2 Financial risks

Risk	Summary of Control Mechanisms
Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities over the long-term.	Only anticipate long-term returns on a relatively prudent basis to reduce risk of under-performing. Assets invested on the basis of specialist advice, in a suitably diversified manner across asset classes, geographies, managers, etc. Analyse progress at three yearly valuations for all employers. Inter-valuation roll-forward of liabilities between valuations at whole Fund level.
Inappropriate long-term investment strategy.	Overall investment strategy options considered as an integral part of the funding strategy. Used asset liability modelling to measure 4 key outcomes. Chosen option considered to provide the best balance.
Fall in risk-free returns on Government bonds, leading to rise in value placed on liabilities.	Stabilisation modelling at whole Fund level allows for the probability of this within a longer term context. Inter-valuation monitoring, as above. Some investment in bonds helps to mitigate this risk.
Active investment manager under-performance relative to benchmark.	Quarterly investment monitoring analyses market performance and active managers relative to their index benchmark.
Pay and price inflation significantly more than anticipated.	The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases. Inter-valuation monitoring, as above, gives early warning.

Risk	Summary of Control Mechanisms
	Some investment in bonds also helps to mitigate this risk. Employers pay for their own salary awards and should be mindful of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.
Effect of possible increase in employer's contribution rate on service delivery and admission/scheduled bodies	An explicit stabilisation mechanism has been agreed as part of the funding strategy. Other measures are also in place to limit sudden increases in contributions.
Orphaned employers give rise to added costs for the Fund	The Fund seeks a cessation debt (or security/guarantor) to minimise the risk of this happening in the future. If it occurs, the Actuary calculates the added cost spread pro-rata among all employers – (see 3.9).

C3 Demographic risks

Risk	Summary of Control Mechanisms
Pensioners living longer, thus increasing cost to Fund.	Set mortality assumptions with some allowance for future increases in life expectancy. The Fund Actuary has direct access to the experience of over 50 LGPS funds which allows early identification of changes in life expectancy that might in turn affect the assumptions underpinning the valuation.
Maturing Fund – i.e. proportion of actively contributing employees declines relative to retired employees.	Continue to monitor at each valuation, consider seeking monetary amounts rather than % of pay and consider alternative investment strategies.
Deteriorating patterns of early retirements	Employers are charged the extra cost of non ill-health retirements following each individual decision. Employer ill health retirement experience is monitored, and insurance is an option.
Reductions in payroll causing insufficient deficit recovery payments	In many cases this may not be sufficient cause for concern, and will in effect be caught at the next formal valuation. However, there are protections where there is concern, as follows:

Risk	Summary of Control Mechanisms
	Employers in the stabilisation mechanism may be brought out of that mechanism to permit appropriate contribution increases (see Note (b) to 3.3). For other employers, review of contributions is permitted in general between valuations (see Note (f)) and may require a move in deficit contributions from a percentage of payroll to fixed monetary amounts.

C4 Regulatory risks

Risk	Summary of Control Mechanisms
Changes to national pension requirements and/or HMRC rules e.g. changes arising from public sector pensions reform.	The Administering Authority considers all consultation papers issued by the Government and comments where appropriate. The results of the most recent reforms were built into the 2013 valuation. Any changes to member contribution rates or benefit levels will be carefully communicated with members to minimise possible opt-outs or adverse actions.
Time, cost and/or reputational risks associated with any DCLG intervention triggered by the Section 13 analysis (see section 5)	Take advice from Fund Actuary on position of Fund as at prior valuation, and consideration of proposed valuation approach relative to anticipated Section 13 analysis.
Changes by Government to particular employer participation in LGPS Funds, leading to impacts on funding and/or investment strategies.	The Administering Authority considers all consultation papers issued by the Government and comments where appropriate. Take advice from Fund Actuary on impact of changes on the Fund and amend strategy as appropriate.

C5 Governance risks

Risk	Summary of Control Mechanisms
Administering Authority unaware of structural changes in an employer's membership (e.g. large fall in employee members, large number of retirements) or not advised of an employer closing to new entrants.	The Administering Authority has a close relationship with employing bodies and communicates required standards e.g. for submission of data. The Actuary may revise the rates and Adjustments certificate to increase an employer's contributions between triennial valuations Deficit contributions may be expressed as monetary amounts.
Actuarial or investment advice is not sought, or is not heeded, or proves to be insufficient in some way	The Administering Authority maintains close contact with its specialist advisers. Advice is delivered via formal meetings involving Elected Members, and recorded appropriately. Actuarial advice is subject to professional requirements such as peer review.
Administering Authority failing to commission the Fund Actuary to carry out a termination valuation for a departing Admission Body.	The Administering Authority requires employers with Best Value contractors to inform it of forthcoming changes. Community Admission Bodies' memberships are monitored and, if active membership decreases, steps will be taken.
An employer ceasing to exist with insufficient funding or adequacy of a bond.	The Administering Authority believes that it would normally be too late to address the position if it was left to the time of departure. The risk is mitigated by: Seeking a funding guarantee from another scheme employer, or external body, where-ever possible (see 3.3). Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice. Vetting prospective employers before admission. Where permitted under the regulations requiring a bond to protect the Fund from various risks. Requiring new Community Admission Bodies to have a guarantor.

Risk	Summary of Control Mechanisms
	Reviewing bond or guarantor arrangements at regular intervals (see 3.3). Reviewing contributions well ahead of cessation if thought appropriate (see 3.3).

APPENDIX E: COMPLIANCE STATEMENT

Camden's compliance with the six Principles of Investment Decision Making, as established by the CIPFA Pensions Panel, and required by the LGPS Regulations 2009.

Date Reviewed: August 2015

Principle 1: Effective decision making

Administering authorities should ensure that:

- decisions are taken by persons or organisations with the skills, knowledge, advice and resources to make them effectively and monitor their implementation;
- those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest.

Fully Compliant

Camden Council operates a Pension Committee within a formal framework of financial controls and decision making; Consideration is given to strategic asset allocation and particularly during reviews of fund management arrangements.

Dedicated training sessions are scheduled twice annually for all members of the Committee.

Expert advice is received from external consultants including the investment consultant, independent investment advisor, fund actuary, and corporate governance advisor, as well as the individual investment managers.

A business plan is presented to every meeting of the Pension Committee, which includes training carried out by officers and Committee Members in the last 12 months, and future opportunities for training, which are offered to all the members of the Committee.

Principle 2: Clear objectives

An overall investment objective should be set out for the fund that takes account of the scheme's liabilities, the potential impact on local taxpayers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be clearly communicated to advisors and investment managers.

Fully Compliant

The Fund's investment objectives are set out in the Statement of Investment Principles. The benchmark and risk parameters are clearly stated in the Investment Management Agreements with each investment manager.

The same investment strategy is currently followed for all employers. The actuary has not advised the authority to operate different investment strategies for different employers.

The strength of the covenant for non-local authority employers is assessed by the Fund's Actuary (Hymans Robertson), and the results will be available in time for the next triennial valuation.

The Pension Committee considers a register of all non-local authority employers on an annual basis, to monitor their funding positions and scheme status.

Principle 3: Risk and liabilities

In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities.

These include the implications for local taxpayers, the strength of the covenant for participating employers, the risk of their default and longevity risk.

Fully Compliant

The asset allocation strategy is reviewed at least every 3 years. The Investment Consultant is periodically commissioned to carry out an asset liability study which models the risk/reward characteristics of different investment strategies.

The study follows the triennial actuarial valuation, and the form and structure of the liabilities are fully taken into account.

The liabilities are reviewed by Hymans Robertson on an annual basis between full valuations.

Additional investigation is made into the Fund’s longevity risk by being a member of Club Vita. This has been set up by Hymans Robertson to specifically measure the effect of longevity using the data which is scheme specific.

The cash flow and scheme membership of the Fund is reported to the Pension Committee on an annual basis.

Principle 4: Performance assessment

Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisors.

Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision-making body and report on this to the scheme members.

Fully Compliant

Performance measurement of the investments and investment managers are provided by the Performance Measurer, Custodian, Independent Investment Advisor and Investment Consultant.

The decisions reached by the Pension Committee are reviewed on both a quarterly and yearly basis.

The Investment Consultant and Independent Investment Advisor advise the Fund on any major developments or changes that may affect the performance of the investment managers.

The effectiveness of the investment decisions is measured by means of the adherence to the asset allocation and the expected improvement in performance of the investments.

The investment managers are asked to attend officer-led quarterly meetings outside the formal Committee meeting schedule and on an ad hoc basis when it is deemed necessary; Committee members are invited to attend. Managers are also seen regularly by the Independent Investment Advisor separately from these meetings.

Principle 5: Responsible ownership

Administering authorities should:

- adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents.
- include a statement of their policy on responsible ownership in the statement of investment principles.
- report periodically to scheme members on the discharge of such responsibilities.

Fully Compliant

All of the equity managers have adopted the Institutional Shareholders' Committee Statement of Principles.

The Fund has agreed a bespoke voting policy which is reviewed and updated annually by the Pension Committee. The votes are cast on behalf of the Fund by PIRC in accordance with this policy. A summary of the fund's voting policy can be found via the following webpage: http://www.camden.gov.uk/ccm/content/council-and-democracy/publications-and-finances/pensions/pension-fund-investment.en

PIRC records the votes cast by the Fund, and issues a quarterly statistical report, which is incorporated into the quarterly Engagement Report received by the Committee. PIRC also present a report of activity annually to the Committee.

The Fund's policy on responsible ownership is set out in its Statement of Investment Principles.

The Fund is a participating member of the Local Authority Pension Fund Forum (LAPFF) and receives information on environmental, social and governance issues.

Principle 6: Transparency and reporting

Administering authorities should:

- act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives.
- Provide regular communication to scheme members in the form they consider most appropriate.

Fully Compliant

The Fund has produced a Statement of Investment Principles, a Governance Compliance Statement, a Communications Policy Statement and a Funding Strategy Statement which all form part of the Pension Fund Annual Report.

The Pension Fund Annual Report is posted on Camden's Pension Fund section of the Camden website.

Members can also request information directly from the Council. General queries are answered by telephone, with detailed questions regarding individual cases being received by letter, fax or email.

Consultation is carried out with non-local authority employers on all Fund business including the triennial valuation and Funding Strategy Statement. Furthermore, all agendas of the Committee meetings are circulated to admitted bodies, and employer representatives are encouraged to attend.

The Council has brought its website into line with best practice in other authorities in order to assist members of the Fund to get information they require with ease.

ANNEX 4: COMMUNICATIONS POLICY STATEMENT

Introduction

This Communications Policy Statement has been drawn up in compliance with the Local Government Pension Scheme Regulations to ensure that the Camden Pension Fund offers clear communication to stakeholders of the LGPS. Who we communicate with:

- Scheme Members (active, deferred, pensioner)
- Prospective Scheme Members
- Representatives of Scheme Members
- Employing Authorities

The Camden Pension Fund is fully committed to providing all groups with as much information as possible concerning the operation of the Local Government Pension Scheme and the way in which any changes to the Scheme will affect members' benefits.

SCHEME MEMBERS

The methods by which the Fund communicates with scheme members are as follows:

Newsletters

All active, deferred, and pensioner members receive an annual newsletter.

Scheme literature

A range of useful information, forms and links are currently available on the Pensions Shared Service website (https://pensionssharedservice.org.uk/) and on the national website: www.lgpsmember.org/

Annual Report

The Fund's Annual Report can be viewed on the Camden website.

Annual Benefit Statements

Annual Benefit Statements are posted to the home addresses of the Fund’s active and deferred members in August.

Website

Camden’s Pension Investments and Governance section of the Camden website is updated to include new information and currently includes:

- Governance Compliance Statement
- Investment Strategy Statement
- Funding Strategy Statement
- Annual Fund report

- Communications Policy Statement
- Statement of Account

Pay advice slips/P60s

Pay advice slips are sent to pensioner members' home addresses each March, April and May. P60s are also sent out in May. A short communication can be included on the pay advice notice. If a member has a change of more than £1 in their monthly net pension payment, a pay advice slip will be sent to them in that month.

PROSPECTIVE SCHEME MEMBERS

All employees are automatically enrolled into the scheme but can elect to opt out. Information about the Local Government Pension Scheme (LGPS) is sent out with all job offers. Prospective scheme members are directed to additional information available on the national LGPS website www.lgpsmember.org

REPRESENTATIVES OF SCHEME MEMBERS

Scheme members' interests in the Fund are represented by the Pensions Committee which acts in a trustee capacity. The Committee currently comprises eight voting members who are Camden Councillors. The Committee meets at least four times a year with special meetings and workshops arranged as necessary.

Member representatives from the trades unions attend the Committee meetings as non-voting members. Their role is to represent the interests of their respective stakeholder bodies and to communicate with them on pension fund issues. The Camden website has a section on Committees and Governance.

The Pension Board operates independently of the Pension Committee and exists both to assist the Council in securing compliance with LGPS regulations, relevant legislation and requirements imposed by the Pensions Regulator and to secure the effective and efficient governance and administration of the LGPS for the Pension Fund.

EMPLOYING AUTHORITIES

Each employer receives a guide setting out their administrative responsibilities in relation to their employees who are members of the LGPS. Employer information is also available online at https://pensionssharedservice.org.uk/employers/

Employers Conference

A conference for employers is held once draft triennial valuation results are published. The conference provides a platform for employers to put questions directly to the actuaries in relation to their own results.

Accessibility

We recognise that individuals may have specific needs in relation to the format of our information or the language in which it is provided. Demand for alternative formats/languages is not high enough to allow us to prepare alternative format/language material automatically. However, we will provide the communication in large print, Braille, or in another language on request.

ANNEX 5 – RISK REGISTER

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
1. FINANCIAL RISKS										
1. **Fund assets fail to deliver** returns (in-line with the anticipated returns underpinning valuation of liabilities over the long-term)	• • Long-term return assumptions are reviewed prudently in each triennial valuation to reduce reliance on high market returns. • Regular performance reporting to Committee allows dynamic monitoring of strategy outcomes. • Strategic asset allocation is aligned with updated liability profiles using Asset Liability Modelling (ALM) every three years. • Fund restructured in 2023 to reduce equity exposure and increase allocations to ILGs, infrastructure, affordable housing, and Multi-Asset Credit — enhancing diversification and inflation resilience.	2	3	6	• • Conduct an Investment Strategy Review following the March 2025 actuarial valuation, incorporating updated liability data, revised employer contribution capacity, and latest capital market assumptions. • Continue close monitoring of underperforming active mandates, with particular focus on Harris and Baillie Gifford. Engage with LCIV regarding alternative strategies (e.g. Wellington Value Fund). • Strengthen internal cashflow forecasting,	1	3	3	Annually/ Quarterly	Pension Committee (PC)

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	• Underperforming active managers (Harris, Baillie Gifford) are under close review, with potential reallocation being considered in collaboration with LCIV. • Fund maturity and cashflow profile are regularly monitored, and income-generating assets are favoured to manage future benefit payments. • Investment strategy remains under continuous review and will be revisited following the 2025 actuarial valuation.				ensuring strategic alignment between investment income and benefit outflows. • Maintain quarterly reporting to Pension Committee on absolute and relative fund performance, manager-specific returns. • Engage with LCIV and investment consultant to explore opportunities in income-generating and inflation-linked assets, balancing return and liquidity needs. • Enhance scenario stress testing and downside risk analysis using updated market data and actuarial input to support Committee decision-making. • Document and review progress against strategic objectives annually, with mid-cycle reviews between triennial valuation points, if market conditions shift materially.					

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
3. **Inappropriate long-term investment strategy**	• • The Fund's investment strategy is reviewed at least every three years, with the most recent comprehensive Asset-Liability Modelling and Strategy Review completed in July 2023. This led to a reduction in equity exposure and increased allocations to inflation-sensitive and income-generating assets. • Alignment between investment and funding strategies is maintained through collaboration with the Fund actuary during each valuation cycle. • The Fund receives quarterly performance, Value-at-Risk (VaR), and funding level updates, enabling timely monitoring of strategy effectiveness. • Independent Investment Adviser and Consultant provide strategic insight and help Committee interpret market developments and risks. • Diversification across asset classes, including private markets and infrastructure,	2	5	10	• Revisit the investment strategy in detail following the March 2025 actuarial valuation, incorporating updated liability duration, demographic trends, and contribution capacity. • Enhance integration of cashflow planning and income-generation into strategic asset allocation — assessing how long-term income assets can meet maturing liabilities. • Model alternative strategies based on varied market return and inflation scenarios to assess resilience and potential adjustment pathways. • Continue to assess appropriateness of LCIV sub-funds as vehicles for implementation, ensuring that pool alignment does not compromise strategic intent. • Provide Committee training on scenario planning, climate stress-testing, and illiquid asset implications to	1	5	5	Quarterly	PC

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	helps mitigate reliance on any single return driver. • Fund maturity, cashflow position, and liquidity risk are reviewed regularly to ensure the investment strategy remains suitable as the Fund evolves.				support informed strategic oversight. • Embed a mid-cycle “light-touch” review mechanism to allow recalibration between formal triennial reviews in case of material economic changes.					
5. Pay and price **inflation risk**	• • The Fund sets assumptions based on real (net of inflation) expected returns, rather than nominal returns, reducing exposure to inflation variability. • Index-linked gilts, infrastructure, long-lease property and affordable housing allocations (enhanced in the July 2023 Strategy Review) provide natural inflation protection. • The Fund monitors CPI and pension increase trends through quarterly reporting, and cashflow analysis highlights inflationary impacts on benefits. • April 2024 pension increase was 6.7% (CPI-based), but long-term inflation is expected to normalise towards 2% (Bank of England forecasts).	3	4	12	• • Set inflation and pay growth assumptions for the 2025 valuation that balance short-term cost volatility with long-term prudence and funding stability. • Review inflation-linked allocations (e.g. ILGs, affordable housing) post-valuation to assess whether they provide adequate hedging in real terms. • Stress-test funding position and contributions under alternative inflation pathways, especially if wage settlements outpace CPI.	2	4	8	Quarterly	PC

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	• The 2022 valuation used a long-term CPI assumption of 2.7%; the 2025 valuation will reflect updated short-term and long-term inflation pressures. • Employer-specific inflation impacts (especially payroll-driven) are assessed in actuarial modelling and employer consultations. • Fund actuary models prudence buffers for high short-term inflation when setting long-term contribution rates (e.g. for Camden Council).				• Continue to monitor RPI–CPIH transition (due 2030) and its effect on long-dated instruments and real yield pricing. • Review employer pay policies, especially where there may be a skew in pay increases towards older active members (which increases liabilities). • Consider future use of inflation derivatives or dynamic hedging strategies, as permitted by CIPFA/LGPS guidance, particularly if inflation volatility returns.					
2. **Unacceptable level of investment risk** (in asset allocation, use of financial instruments and leverage)	• • Strategic risk levels are set in collaboration with the Investment Consultant and Fund Actuary, using asset–liability modelling to align asset allocation with funding goals.	2	3	6	• • Following the 2025 valuation, review the Fund's total investment risk capacity using updated asset-liability modelling and funding ratio sensitivity testing.	1	3	3	Annually	PC

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	• The most recent Investment Strategy Review (July 2023) restructured the portfolio to reduce equity concentration (from ~65% to 45%) and increase diversification through infrastructure, MAC, and inflation-linked assets. • Quarterly Value-at-Risk (VaR) analysis is reported to Pension Committee to assess and monitor the Fund's total risk budget. • The Independent Investment Adviser conducts due diligence and challenges all manager and strategy-level risks, including leverage, derivatives, and asset-level exposures. • Officers and the adviser hold quarterly review meetings with all managers, with a focus on mandate risk levels, investment instruments used, and compliance with stated strategies. • Illiquid asset exposure is carefully staged to align with the Fund's cashflow profile and avoid over-concentration.				• Enhance risk reporting dashboards to capture active risk contributions by mandate, leverage exposure (where relevant), and illiquid asset pacing plans. • Conduct updated training for the Committee and Board on emerging risks, including climate-adjusted VaR, illiquidity premiums, and manager-specific strategy drift. • Engage with LCIV on risk transparency for pooled funds, particularly in multi-asset and private markets mandates. • Re-assess risk tolerances given the Fund's improving funding level and increasing maturity — consider whether risk can be reduced without compromising returns.					

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	• Member training (e.g. June 2022) has improved Committee awareness of asset-level risk factors including credit risk, liquidity risk, and counterparty risk.				• Implement more formalised mid-cycle 'light-touch' risk reviews in between major strategy reviews, especially during volatile macroeconomic periods.					
7. **Market failure risk** (e.g. in the Eurozone)	• • The Fund's asset allocation is globally diversified across geographies, currencies and asset classes, reducing overexposure to any single market or systemic risk (e.g. Eurozone crisis, US fiscal disruption, China slowdown). • Equity and bond mandates are fully global, with no UK or regional home bias. This ensures greater flexibility and geographic balance. • Fund has increased exposure to real assets and private markets, which are less correlated with public equity markets (e.g. infrastructure, affordable housing, long-income property). • Regular monitoring of macroeconomic and geopolitical risk by officers,	3	3	9	• Implicitly assessed within Fund Actuary's modelling work as part of 2025 valuation • Undertake scenario-based stress testing of the investment strategy at least annually to model potential impacts of systemic market failure, geopolitical shocks, and regional crises (e.g. US fiscal policy disruption, eurozone fragmentation, or China property stress). • Rely on the Fund Actuary's modelling of downside risk and systemic market events as part of the triennial valuation	3	2	6	Ongoing	PC / Head of Treasury

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	consultant and independent adviser; escalation of material issues to Committee. • Quarterly Investment Manager meetings include stress testing discussions and review of managers' exposure to market fragilities (e.g. Russia, China, Middle East, US debt ceiling debates). • Committee receives quarterly market intelligence and outlook reports through the independent adviser and LCIV, including geopolitical risk assessments.				process (next due 2025), including stochastic scenario analysis covering economic and geopolitical risks. • In non-valuation years, review this risk annually alongside the Risk Register, incorporating input from officers, the Investment Consultant, and the Independent Adviser as needed. • Continue to monitor geopolitical developments and macroeconomic disruptions through quarterly performance reports, escalating any material issues to Pension Committee as appropriate. • Ensure that investment strategy reviews and rebalancing exercises incorporate lessons from past systemic market failures and reflect current global risk outlooks.					

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
6. **Investment vehicle is not understood**	• Investment Consultant and Independent Advisor feed into decisions on new asset classes • Member training (especially for the newer asset class of private equity, infrastructure and affordable housing) • **Fund officers attend quarterly manager meetings and receive regular updates from LCIV on the design and risk characteristics of sub-funds.** • Legal and operational due diligence is conducted by external advisers (where appropriate) before any new commitment. Pension Committee receives regular briefings on performance, structure, and developments in all investment vehicles — including summary notes on LCIV pooled fund governance and mandates. • Training for Members and officers is provided through Hymans Robertson's LGPS Online Learning Academy, as well as bespoke sessions during strategy reviews and product approvals	2	3	6	• Ensure that any new investment vehicle considered in or after 2025 (e.g. LCIV Value Fund, private debt) is accompanied by plain-language briefing notes for Members, covering structure, risk profile, and exit terms. • Continue officer and Member training, with priority placed on understanding illiquid strategies, cashflow implications, and ESG integration within pooled structures. • Maintain and periodically refresh the internal summary register of all investment mandates, including their legal structure, vehicle type, liquidity terms, and underlying exposure strategy. • Schedule manager presentations for complex or new asset classes, especially if strategy drift or	1	3	3	Ongoing	PC / Head of Treasury

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
					mandate changes occur post-appointment. • Leverage Camden's Independent Adviser to challenge and verify the appropriateness and transparency of fund structures under consideration. • Prior to any major allocation shift, include a section in the Committee paper on how the vehicle aligns with the Fund's strategic objectives and liquidity needs.					
13. **Employer contribution rate increases** (effect on service delivery including admitted /scheduled bodies)	• Stability mechanism for Council contribution rate, limiting increases from one year to the next. Based on Fund Actuary's modelling and in place for several valuations now • Seek feedback from employers on scope to absorb short-term contribution rises • Mitigate impact through measurement of added risk to the Fund of permitting reduced contributions and	3	2	6	• • As part of the 2025 valuation, continue to engage early with all employers to discuss contribution outcomes, especially those with small active memberships or weak covenants. • Use the actuarial modelling toolkit to explore options for phasing, contribution caps, or surplus	2	2	4	Annually by PSC / Ongoing by officers	PC / Head of Treasury

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	possible phasing in of contribution rises • Consult employers on possibility of paying more (extra administration and higher regular contributions) to enable employer-specific investment strategies to give greater certainty of cost • Employer register considered annually by Pension Committee • Continued dialogue between officers, actuary and employers to determine risk • All employers to be visited in the next triennial valuation cycle • 2022 triennial valuation approach allowed measurement of risks/probabilities associated with different contribution levels per employer and this approach is expected to continue in 2025. • See also item 30				management (where applicable) for individual employers. • Reassess the Council's stability mechanism to confirm its adequacy under current funding levels and inflation outlook. • Maintain close monitoring of employer payment performance and contribution receipts to flag any signs of affordability strain. • Ensure the updated FSS (2025) incorporates flexibility to reflect employer-specific risks, including the ability to adjust contributions post-valuation where needed. • Continue active use of the employer register and liaise with Pension Shared Services to flag staffing or financial trends that could lead to future funding risk.					

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility

12. Investment **manager under-performance** (relative to target)	• Short term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark.
	•
	• Quarterly monitoring of all managers is conducted by officers, the Independent Adviser, and the Investment Consultant, with reports to the Pension Committee.
	• Performance is assessed against benchmark and target over appropriate timeframes, with attribution analysis and commentary provided.
	• The Fund has a track record of acting decisively:
	  ○ Exits from Brevan Howard, Aberdeen, Insight, and Fidelity in prior years.
	  ○ Recent de-risking: Harris and Baillie Gifford equity allocations trimmed (to 5% and 8%, respectively) in the 2023 Strategy Review.
	• Manager meetings held quarterly, open to Members,
		3	2	6	• The Committee has had Harris' performance under close scrutiny and is actively discussing CIV alternatives with participation in the CIV Seed Investor Group
					• Continue close monitoring of underperforming mandates, especially Harris and Baillie Gifford. Where conviction falls further, prepare recommendations for reallocation.
					• As part of the 2025 post-valuation strategy refresh, review whether active mandates still deliver sufficient risk-adjusted return to justify costs.
					• Consider transition options for reallocating away from underperforming managers (e.g. LCIV Wellington Value Fund as alternative to Harris).
						2	2	4	Quarterly	PC

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	and key issues are escalated for Committee scrutiny. • The Independent Adviser conducts due diligence and challenges both structural and cyclical underperformance. • The Fund actively engages with LCIV on sub-fund performance — particularly for BG Global Alpha and MAC funds (both under enhanced monitoring).				• Ensure manager presentations focus on both performance and organisational stability (e.g. team turnover, philosophy drift). • Maintain pressure on LCIV to address underperformance transparently, particularly where Camden is a significant investor in sub-funds. • Document clear triggers for underperformance escalation and exit, aligned with updated strategic benchmarks and the Investment Strategy Statement. •					

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
9. **Actuarial Risk** (miscalculation of liabilities or inappropriate assumptions)	• The Fund maintains close contact with its actuary • Advice is delivered via formal meetings involving elected members, and recorded properly • Advice is subject to professional requirements such as peer review • Technical Actuarial Standards in place, which in effect impose best practice requirements on actuarial advice • The Fund now has two experienced actuaries with Camden-specific knowledge (Barry Dodds and Mark Picken) advising its officers and Committee • Assumptions are reviewed formally during each triennial valuation and benchmarked against LGPS-wide data and best estimate economic forecasts. • Committee reviews and signs off key valuation assumptions, including salary growth, longevity, inflation, and investment return.Fund actuary is accredited under	2	5	10	• As part of the 2025 triennial valuation, review all demographic and financial assumptions in light of updated market conditions and fund experience. • Stress test funding outcomes under a range of prudence levels and economic scenarios (e.g. lower returns, higher inflation, longer life expectancy). • Ensure all actuarial assumptions are clearly explained to Committee members, with training provided where required. • Monitor any updates from Club Vita, ONS, and the LGPS Scheme Advisory Board that could materially affect future longevity or salary trend assumptions. • Maintain integration between funding strategy, investment strategy and employer	1	5	5	Ongoing	PC / Officers

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	the Institute and Faculty of Actuaries (IFoA) Quality Assurance Scheme, which requires external assessment and annual submissions to IfoA				contribution policy, avoiding mismatches between assumptions. • Ensure the actuarial valuation report clearly articulates sensitivities and justifies the proposed discount rate and inflation assumptions, particularly in light of the Fund's strong funding level. •					
51. **Sub-funds of London CIV fail to perform**	• The London CIV is well resourced and has skilled and experienced staff who can exercise appropriate due diligence. The multi asset funds at the CIV are all under-performing and so close attention needs to be paid to	2	2	4	• Continue to engage with LCIV on sub-funds under enhanced monitoring, including performance, governance, and any changes in underlying	1	2	4		

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	how the CIV navigate these performance issues. There is also a risk that the last investor remaining has wind-up costs to deal with. • The CIV addressed concerns over the Multi-asset credit fund by adding a second manager to the mandate and this has helped to balance performance. • Pension Committee reviews investments with the CIV and progress at the CIV quarterly • As the Fund moves more into CIV sub-funds this will become a bigger issue. The Fund should ensure that there is appropriate monitoring rigour at the CIV •				manager teams or investment philosophy. • Ensure clear documentation and Committee visibility of any sub-fund governance or performance concerns — and ensure officers escalate issues where Camden holds a material stake. • Monitor whether Camden's exposure to any sub-fund becomes disproportionately high (e.g. due to other investors exiting), potentially increasing risk of forced redemption costs. • Review and record the rationale for remaining invested or disinvesting, especially for funds under sustained underperformance or strategic misalignment. •					

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
10. **Geographical/ Currency risk** in investments	• Limit concentration of investment in any one specific market through manager agreements • Regular review of compliance with manager agreements • Monitor markets constantly, and seek advice of managers, consultants and independent advisor • The Fund considered the use of a strategic currency hedge to limit risk, agreeing to delegate to individual managers (March 15) • Diversification of UK passive holding into Global passive holding (Sept and Nov 15)	2	2	4	As part of the 2025 post-valuation Investment Strategy Review, reassess whether current levels of currency hedging (if any) remain appropriate, especially for private markets and income-generating assets with foreign currency exposure. Request from investment managers a summary of currency exposure and hedging policy in their portfolios, particularly in illiquid strategies (e.g. infrastructure, private debt) where currency risk is less transparent. Where feasible, include currency sensitivity in the Fund's risk reports, particularly for mandates with material non-GBP exposure. If making new allocations to non-GBP denominated assets (e.g. global property, infrastructure), ensure currency risk is considered explicitly in due	2	2	4	Ongoing	PC / Head of Treasury

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
					diligence papers and presented to Committee.					
15. **Excessive fees paid** to investment managers	• Manager fees keenly negotiated at time of appointment to achieve best result for the Fund • All Fund fees and expenses are reviewed regularly by officers • Participation in London CIV to achieve economies of scale and ensure optimal fee structures. The CIV have recently introduced Assessment of Value methodology and are looking at a property offer for common underlying property holdings. • Regularly benchmark fees (CEM) • The Fund has exited Hedge Fund investments which have higher fees. It has also recently invested in CQS, a fixed income manager, in the CIV with lower fee structures.	2	2	4	• Ensure Fund Managers sign up to the Scheme Advisory Board's Code of Transparency. Baillie Gifford have already done so. • Move to passive mandates where outperformance on active portfolio does not justify higher fees charged.	2	2	4	Ongoing	PC / Officers

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
16. **Asset manager** or bank **failure**	• Detailed due diligence is carried out when new manager or custodian is appointed (financially and legally) • In future this due diligence will be the responsibility of the London CIV with a wider resource base • Financial stability of managers and custodian monitored by officers and Independent Advisor • Investment Consultant has coverage of all investment managers • Assets under management with all managers are monitored as dramatic falls are likely to place pressure on manager business models (PC Mar 16)	1	4	4	Continue to monitor financial stability and AUM trends of all appointed investment managers and custodians, with alerts triggered if assets fall significantly or there are adverse credit developments. Ensure that the Fund's assets are held in ring-fenced, segregated accounts or pooled vehicles with appropriate legal protections, and confirm that custodial arrangements remain compliant with regulatory standards.	1	4	4	Ongoing	Officers
53. **Fossil Fuel linked investments suffer losses** due to stranded assets and reputational damage.	• Equity managers review ESG issues as part of investment decision, and report issues and company engagement as part of quarterly reports • The Government's legislation to reduce carbon to net zero emissions has increased the pace of change	3	2	6	• Continue to engage with fund managers (directly and via LCIV) to ensure that fossil fuel exposure is being actively monitored, with clear transition plans, climate risk modelling, and	3	2	6	Ongoing	PC/ Head of Treasury

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	• The Fund has reduced its proportion of the Fund invested in fossil fuels over 7 years from 7.2% of the Fund in 2012 to 1.99% (December 2024). • Membership of LAPFF and appointment of corporate governance advisor providing research on companies invested • participation with LAPFF to engage with fossil fuel companies and boards and continue work in this area including ‘aiming for A’, strategic resilience resolutions, and managed decline of fossil fuel extraction • continued engagement with Fund managers to ensure climate change and stranded asset issues are acknowledged and dealt with by boards. • Continued use of Voting policy to support strategic resilience resolutions (with LAPFF voting alerts) and appropriate measures with respect to climate change • The Fund conducts a carbon footprint to better understand				alignment to Paris targets. • Commission updated carbon footprint analysis of the Fund’s listed equity and credit holdings using LCIV Climate Analytics, and use this to inform future investment decisions and Committee reporting. • Review and update the Fund’s Investor Belief Statement and Responsible Investment Policy by 2026 to reflect current Net Zero targets, divestment pressures, and the need for credible climate transition pathways.					

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	its exposure to fossil fuels and will look to enhance this in future. This uses the CIV's Climate analytics which gives a detailed overview of carbon exposure. • The Fund has developed an Investor Belief Statement in November 2019 revised in July 2023 • The Fund monitors progress of companies within the portfolio to the Task Force on Climate-related Financial Disclosures (TCFD) • The Fund has invested in an infrastructure manager with a minimum of 25% renewable energy investments (this was increased from 20% after discussions with London Pension Funds) • Investment in Legal and General Future World Fund which has a lower carbon footprint • Agreement to move funds in the Baillie Gifford Fund to a variant which is Paris aligned and has a 43% lower carbon intensity than the current fund.									

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	• The vice chair of this Committee is now on the LAPFF executive									
8. **Forced selling of assets** in falling market due to cash flow requirements	• Monitoring of cash flows and Fund maturity, and taking appropriate strategic action (as above) • Dividends can be used to fund benefit payments. • Additionally redeemable structures with most managers mean assets can be sold or units redeemed to fund benefits. • July 2020 Investment Strategy review used an Asset Liability modelling approach which will ensure assets are appropriate for liabilities (and hence cash flow)	1	3	3	• Maintain and regularly update the Fund's cashflow forecast, incorporating benefit payments, income distributions, and expected capital calls to ensure liquidity planning remains robust. • Prioritise investments in income-generating and liquid assets (e.g. infrastructure debt, long lease property, listed credit) to support cashflow needs and reduce reliance on asset sales during adverse market conditions. • Incorporate detailed cashflow and liquidity analysis into the 2025 Investment Strategy Review, ensuring that the revised asset allocation supports the Fund's ability to meet benefit payments	1	2	2	Ongoing	PC / Officers

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
					without needing to sell assets in stressed market conditions. •					
17. **Investment manager style drift**	• Managers are monitored closely by officers and advisors, with quarterly investment reports and regular review meetings held and minuted • Reasoning behind any proposed changes to investment approach are explained by the investment manager • Committee has Investment Manager summaries which set out mandate key principles and provide triggers for review • Minutes from Investment Manager meetings considered at the following Pension Committee meeting •	3	1	3	Continue quarterly manager review meetings to monitor for any deviations from agreed mandate style, investment philosophy, or portfolio construction, and escalate concerns to Committee where appropriate. Require advance notification from managers (via LCIV where applicable) of any material changes to key personnel, investment process, or risk limits that could lead to style drift or performance divergence.	3	1	3	Ongoing	Officers / Advisers
18. Fraud risk	• All investment managers required to submit audits on internal controls and summarised as part of the annual report to members • Detailed due diligence is carried out when new	1	3	3	• Explore cyber-security risks with fund managers and the Pension Shared Service to ensure good safekeeping employer and systems are robust and protected from	2	3	6	Ongoing	PC / Head of Treasury

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	managers are appointed (financially and legally) • Audit of the fund is carried out by competent auditors • Internal audit is carried out by competent auditors to review benefit fraud and operational risks • Custodian has strong internal controls including reconciliation of asset values and performance • Managers able to give complete look through into underlying assets • Assets held in segregated accounts where possible • Investment Consultant has coverage of all investment managers				hacking especially those with a more quantitative nature.					
19. **Custodian Risk** - creditworthiness, ability to settle trades, provide secure safekeeping and accurate and timely reporting	• Service Level Agreement in contract • Review of custodian Key Performance Indicators • Regular officer meetings with custodian •	1	3	3	• Assets managed directly by our custodian have reduced over the years (only with Harris and CBRE) with most other funds being pooled funds	1	3	3	Ongoing	Officers
14. **Investment counterparty risk** (related to stock	• Practice of stock lending and use of derivatives monitored	1	2	2		1	2	2	Ongoing	PC / Officers

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
lending and use of derivatives)	by officers and Independent Advisor • Investment Consultant has coverage of all investment managers • Regular review of managers' due diligence processes at officer meetings									
11. **Illiquidity of assets** - benefits cannot be paid and strategy changes become difficult	• The Fund's asset allocation and liquidity profile are reviewed every three years as part of the Investment Strategy Review, with a focus on matching liquid assets to projected benefit payments and capital calls. • Cashflow projections and funding maturity are reviewed regularly by officers and the actuary and were most recently refreshed during the 2022 valuation. •	1	2	2	• Cashflow maturity of whole Fund will be reassessed by the Fund Actuary, in light of the 2025 actuarial valuation results • Review any new illiquid investment proposals (e.g. private debt, long-lease property) for liquidity compatibility before commitment, ensuring that aggregate illiquidity stays within acceptable risk tolerance levels.	1	2	2	Ongoing	PC / Head of Treasury

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
20. **Environmental, Social & Governance issues** not addressed (and leading to loss on investments)	• Equity managers review ESG issues as part of investment decision, and report issues and company engagement as part of quarterly reports • Membership of LAPFF and appointment of corporate governance advisor providing research on companies invested • Our Investment Consultant understands the importance of Responsible Investment in order to support Pension Committee in this work. This has been further embedded in the subsequent Investment Strategy Reviews (July 2020, 2021 and 2023) • Investor Belief Statement agreed (November 2019) and revisited in October 2022 • Officers, committee members and independent adviser proactively challenge managers on ESG issues at the quarterly fund manager meetings. • Signatories of the Stewardship Code	1	2	2	Incorporate ESG risk summaries in all future investment manager review meetings, with focus on climate transition plans, human rights risks, and Net Zero strategy alignment. Commission an updated ESG/climate metrics report using the LCIV Climate Analytics tool or a third-party provider, assessing the Fund's current exposure to carbon, social, and governance risk factors across asset classes. Review and refresh the Fund's Responsible Investment Policy and Investor Belief Statement ahead of the 2026 strategy cycle, including clearer guidance on divestment thresholds, engagement escalation, and ESG integration across mandates. Engage with LCIV to strengthen stewardship	1	2	2	Ongoing	PC / Officers

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
					reporting, ensuring that pooled funds used by Camden demonstrate tangible outcomes on ESG engagement priorities.					
2. **DEMOGRAPHIC RISKS**										
21. **Deteriorating active membership** (due to employer savings programmes)	• • The Fund monitors active membership trends via annual administration and valuation reports and considers maturity and cashflow implications as part of the triennial valuation. • The 2022 valuation used scenario modelling to understand the funding impact of continued active member decline. • Deficit recovery contributions are often expressed as fixed cash payments, which de-links them from payroll declines. • Officers engage with employers during employer forums and	2	3	6	• • As part of the 2025 valuation, continue to model the impact of declining active membership on Fund maturity, employer contributions, and cashflow stability. • Maintain dialogue with employers to understand workforce planning and outsourcing intentions that could accelerate active member reductions. • Consider including maturity metrics in quarterly monitoring (e.g.	1	3	3	Quarterly	PC / Officers

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	through one-on-one meetings to understand restructuring plans or outsourcing activity. • Regular liaison with the actuary ensures that risks associated with declining participation are identified early.				active-to-pensioner ratio, net cashflow position) to support early visibility of trend shifts.					
23. **Longevity risk** (pensioners living longer)	• The Fund actuary sets base mortality based on research carried out by Club Vita. The longevity assumptions are a bespoke set of 'VitaCurves' specifically tailored to fit the membership profile of the Fund and this has been reported as part of the triennial valuation • Fund actuary sets mortality assumptions with some allowance for future increases in life expectancy • Fund actuary monitors combined experience of around 55 LGPS funds to look for early warnings of lower pension amounts ceasing than assumed in funding • The 2022 valuation considered the long-term effects of COVID-19 and	2	5	10	• Continue dialogue with employers • Pension Committee to receive a report on mortality triennially • Training for members by Club Vita (July 2020) on longevity issues • • Reassess longevity assumptions during the 2025 valuation, using the latest Club Vita curves and any emerging post-COVID demographic trends. • Continue dialogue with the actuary and Club Vita to	1	5	5	Triennial	PC

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	updated its improvement models accordingly. • Fund officers and the Committee receive longevity trend briefings during valuation discussions, with training provided where needed. • The Fund encourages later retirement ages, where appropriate, as a cost-mitigation measure (each year of delay reduces pension costs by ~5%).				monitor signs of unexpected changes in longevity — especially in older pensioner cohorts. • Provide briefing or refresher training to the Committee on how longevity assumptions impact funding outcomes ahead of the valuation sign-off.					
24. **Substantial early retirements**	• Employers are charged the extra capital cost (strain cost) of non-ill-health retirements following each individual decision. The cash flow report shows that Strain costs have reduced over recent years. • Strain cost factors were revisited following the 2019 valuation to ensure appropriate	3	1	3	• • Review and, if necessary, update strain cost factors as part of the 2025 valuation, reflecting current discount rates and mortality assumptions. • Continue to monitor retirement patterns across employers, and raise any concerns about high early retirement volumes with the relevant employer and actuary.	2	1	2	Annually	PC

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
22.**Substantial Ill-health retirements**	• Monitoring of each employer's ill-health experience on an ongoing basis. The employer may be charged additional contributions if this exceeds the ill-health assumptions built-in. • Employers informed of ill health insurance option at Employer Forums •	1	2	2	• • Review actual ill-health experience against assumptions as part of the 2025 valuation and flag any employers whose experience materially exceeds expected levels. • Continue to promote ill-health insurance to smaller and high-risk employers, especially those with limited capacity to absorb volatile pension strain costs. • Ensure the Funding Strategy Statement provides flexibility to adjust contributions for employers where ill-health retirement strain is consistently above expected.	1	2	2	Annually	PC
3. **REGULATORY RISKS**										
26. **Changes to regulations and legislation**, (e.g. more favourable benefits package, potential new entrants to scheme, part-time employees)	• Changes due imminently as a result of the McCloud and Goodwin cases: LGPS benefits to be improved (and backdated to 2014), with associated administrative and funding issues	2	5	10	An allowance for the impact of the McCloud case has been made at the 2022 triennial valuation. The impact of the Goodwin case is expected to be minimal.	2	5	10	Ongoing	PC

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
25. **National pension scheme changes** (e.g. benefits, regulation from The Pensions Regulator, and/or HM Revenue & Customs rules)	• The Fund is alert to the potential creation of additional liabilities and administrative difficulties for employers and itself • Any changes to the regulations, scheme design and benefits package should be reported to Pension Committee • Scheme changes and benefits are communicated to members • Opt outs are monitored as part of the Cash Flow & Administration report • The result of the most recent reforms (2014 scheme) are built into each triennial valuation • Published new Investment Strategy Statement from 1 April and new regulation issued • New 2018 and 2020 regulations permit exiting employers to recover surpluses built up with the fund (previously known as trapped surpluses) and the Fund now has an Exit credit policy (July 2021)	3	2	6	• The most recent national Cost Management results were released recently and confirmed that no changes will be made to the benefit or employee contribution structure of the LGPS	3	2	6	Ongoing	PC / Pensions Manager

4. GOVERNANCE RISKS

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
50. Pool implementation – **strategy deferral**	• Delay in implementing strategy due to inception of pools, on-boarding asset classes and availability of sub-funds. This Fund has demonstrated that this is not an obstacle with the award of the Private Equity mandate and removal of Aberdeen. We also conducted an Investment Strategy Review in 2021. • Continued advice from Investment Consultant and Independent investment advisor • continued Membership (through the Sectoral Joint Committee), Shareholders' Committee (our Chair also chairs this forum) and officer engagement with London CIV to ensure they adhere to implementation schedule • Investment strategy review in 2020	3	4	12	• The CIV are looking at how they might offer a property fund but legacy assets may not be transferable.	2	4	8	Quarterly	Chair/ Officers

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
27. **Forced merger** of LGPS funds	• Participation in MHCLG consultations • On-going debate with advice from Pensions experts on a national basis • Increased risk of Pool mergers after recent Government announcements	2	5	10	• Ensure that Camden participate in any future consultation and raise concerns to the appropriate authority • All 8 pools have been approved and officers nationwide are working towards inception • Phase III of the Good Governance project will see the SAB consider how statutory guidance can be used to put the LGPS governance framework in place, and what KPIs can be used to measure governance effectiveness. • The Fund continues to allocate to CIV funds where the investment objective can be met – i.e. the CIV inflation plus fund - £95m and the Baillie Gifford DGF £95m also.	2	5	10	TBC	PC / Officers
34. Maintaining **adequate level of experience** at officer level	• Continued staff appraisal and development plan • Effective personnel management and succession planning	2	4	8	• Ensure officers continue to undergo relevant training • utilise membership of the Hymans LGPS	2	4	8	Ongoing	Officers

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	• Independent investment advisor has run training sessions for staff new to the Pension Fund area				Online Learning Academy					
52. Risk of **high transition costs** of assets in pool	• Discussion about Transition management with the London CIV	3	2	6	• For the Multi Asset Credit mandate these transition costs were mitigated by having a phased investment profile.	3	2	6		
38. Undetected **structural changes in an employer's membership** (e.g. large fall in employee members, large number of retirements).	• The Actuary may be instructed to consider revising the Rates and Adjustments certificate to increase an employer's contributions (under Regulation 78) between triennial valuations • Deficit contributions are expressed as monetary amounts	3	2	6	• Considered by Actuary at triennial valuation and also as a result of officer liaison with employers •	3	2	6	Ongoing	Officers

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
28. **Knowledge and Understanding** deficiency (Members and officers)	• Ensure training opportunities are shared, attended and reported on (part of the quarterly Business Plan) • introductory training for all new members to PC to attend – delivered in June 2022 post municipal elections • Set up semi-annual member training for all Pension Committee • Ensure officers go on relevant training • Make sure independent is involved in training requirements	2	3	6	• Complete CIPFA Knowledge & Skills framework for Members and officers, to assess any knowledge gaps • Under MiFID II Investment managers could take away our opted up status if new members are not adequately trained. A structured programme of training has been put in place for new members and the semi-annual training for members will continue. • Introduction of Hymans Robertson LGPS Online Learning Academy facility	2	3	6	Ongoing	PC / Head of Treasury
30. **Employer risk** (bankruptcy)	• Seeking a funding guarantee from another scheme employer, or external body, where ever possible • Work done as part of the 2019 valuation results in alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice	3	2	6	• Additional forward looking measures put in place in employer register received each November • Seek potential security from employers where restrictions on contribution affordability and/or	3	1	3	Annually	PC

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	• Vetting prospective employers before admission • requiring a bond to protect the scheme from the extra cost of early retirements on redundancy if the employer fails • regular bond reviews • Annual review of the employer register (March 2020) • Dialogue with (potential) employers during the tender process and subsequently to ensure risks are understood and managed, such as at Employers Forum and meetings with employers to ensure they understand their obligations , liabilities and funding position • Engage with employers during the triennial valuation (Employer Forum run in October 2019)				higher perceived business risk • (see also item 13) • Make use of deferred debt agreements agreed as part of the revised Funding Strategy Statement and Exit Credit Policy (July 2021) • monitor employer contribution receipts on a more detailed monthly basis to help flag such cases					
32. **Actuarial or investment advice** is not sought, or is not heeded, or proves to be deficient in some way	• The Administering Authority maintains close contact with its advisers and takes decisions in public – Part II agenda items are kept to an absolute minimum • Advice is delivered via formal meetings involving elected	1	5	5		1	5	5	Ongoing	PC / Officers

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	members, and recorded properly • Advice is subject to professional requirements such as peer review • Members and officers with suitable skills, knowledge and understanding to discharge their roles									
29. **Forced disinvestment** (from active managers and Fund of Fund vehicles)	• MHCLG is not currently considering this possibility • On-going debate with advice from Pensions experts on a national basis.	2	2	4	• Participate in consultations and raise concerns to the appropriate authority	2	2	4	TBC	PC / Officers
31. **Reputational risk** from unaddressed **ESG** (Environmental, Social & Governance) issues	• Membership of LAPFF providing active corporate engagement and championing of ESG issues • Corporate Governance advisor, PIRC, provides company research and ensures Camden voting policy executed on shareholdings is best in class • Members and officers aware of fiduciary responsibilities, acting in the long-term interest of the Fund and taxpayers	2	2	4	• engage with Divest Camden and other interested parties on the transition to the low carbon economy • The independent advisor led training on the spectrum of capital in preparation for an item at Committee on agreeing an Investor belief statement (November 2019)	2	2	4	Ongoing	PC / Officers

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	• become a signatory to the Stewardship code – awarded tier one status									
33. **Employer cessation** not identified (due to closing to new entrants)	• Employer Register is maintained and reviewed annually by Committee (each November)	2	2	4	• Continued dialogue with employers to ensure risks are understood and managed especially in 2022 as part of the valuation and individual employer results • monitor employer contribution receipts on a more detailed monthly basis to help flag such cases	2	2	4	Ongoing	PC / Pensions Manager
35. **Legislative risk** - failure to comply with legislation, statutory regulation and formal guidance	• Officers seek guidance and advice from independent sources as appropriate • Advisers proactively raise issues and keep Officers aware of relevant issues • Officers receive regular training and attend appropriate LGPS events	1	4	4		1	4	4	Ongoing	Officers
36. **Conflict of interests** (elected members, officers and advisers)	• Officers/ Committee seeks guidance and advice from independent sources as appropriate • Officers and members receive regular training and attend LGPS events, at which	1	3	3	• The Pensions Regulator's role in the LGPS include governance and conflict issues, and guidance and training will be forthcoming on these topics	1	3	3	Ongoing	PC / Officers

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	conflict issues will be raised as appropriate • Members are required to declare conflicts of interest at the start of meetings and at the point in a meeting when a conflict arises • Pension Board have their own conflicts of interest policy • Conflicts management plan in place with Hymans				• Requirements and/or best practice may change as a result of the Good Governance initiative in the LGPS					
37. **Mandate burden** - number of investment mandates inhibits Committee in its governance of investments	• Performance and relevant information of investment mandates reported to Committee as part of quarterly Performance Report • Committee provides clear delegation to Executive Director Corporate Services as and when required • Officers and Members meet regularly with investment managers outside of Committee time and feed back minutes of meetings • Independent investment advisor conducts separate monitoring meetings with managers as appropriate • Investment managers to be brought to Committee or London CIV (where their sub-	2	1	2		2	1	2	Ongoing	PC / Officers

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	fund is used) for targeted discussion where appropriate • Increased use of CIV sub-funds increases governance oversight and reduces burden on Fund governance									
39. **Termination valuation** not undertaken – missed opportunity to call in a debt.	• Admission Bodies are required to notify the Administering authority of termination and it requires employers with Best Value contractors to inform it of forthcoming changes.	2	1	2	• Regulations permit retrospective cessation valuation • monitor employer contribution receipts on a more detailed monthly basis to help flag such cases	2	1	2	Ongoing	Officers
40. **Lack of delegation arrangements**	• Detailed scheme of delegation adopted for Council officers, and reviewed annually • Decisions to delegate specific activities from Committee to Executive Director Corporate Services agreed and documented at Committee meetings	1	2	2		1	2	2	Ongoing / As Necessary	Officers / PC

5. ADMINISTRATION RISKS

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
44. Adequate level of **administration officer knowledge and skills** (Pension shared service)	• Effective personnel management and succession planning • Induction and knowledge sharing on local issues and requirements for new officers	2	3	6	• Ensure audit takes place post current restructure • Ensure the Hymans LGPS online learning academy is used	2	3	6	Ongoing	Pensions Manager
42. **Changes to scheme members** (starters, leavers, retirements etc.) are not processed properly	• Scheme regulations are followed • Pensions team are well trained • Induction of new pensions administrators • Shared Service performance statistics are reviewed regularly by officers	2	2	4	• Actuary reviews changes in membership as part of each triennial funding valuation and will flag any issues • monitor employer contribution receipts & benefit payments on a more detailed monthly basis to help flag such cases	2	2	4	Ongoing	Pensions Manager
46. **Data** and records are **not accurate** or accessible during lockdown	• Records have correct supporting documentation • Input and output checks are performed • Data matching exercises identify discrepancies (National Fraud Initiative) • Reliance provided by internal audit • The shared service have been fully operational during the COVID 19 pandemic and available to members and employers.	2	2	4	• Reconciliations are performed between payroll and pensions systems • Data quality is of the highest order at the Pension Shared Service to ensure valuation results are as accurate as possible. • Actuary reviews and reports as part of formal valuation • Additional scrutiny from Government Actuary's	2	2	4	Ongoing	Pensions Manager

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
					Department, MHCLG, Scheme Advisory Board, and the Pension Regulator					
47. **Employer Contributions not received** or recorded properly	• Pensions team dedicates appropriate time and resource to managing contributions • Reconciliations are carried out monthly	2	2	4	Monitor employer contribution receipts on a more detailed monthly basis to help avoid such cases	2	2	4	Monthly	Pensions Manager
41. Added **complexity of scheme benefits** (following introduction of LGPS 2014 impacting officer time and risk of miscalculation)	• Scheme regulations are followed • Pensions teams are well trained	1	3	3	• Audit to be carried out to review compliance with new regulations • Impending McCloud retrospective changes will make administration of the benefits more complex	1	3	3	Ongoing	Pensions Manager
45. **Systems are not secure** and well maintained	• Internal audit of system setup and security • Systems administrator well trained • Data is backed up daily • System is protected from viruses and hacking • System is up to date and latest features of the software are used • Council clients the software provider and ensures issues	1	3	3	Monitor employer contribution receipts & benefit payments on a more detailed monthly basis to help independently verify up to date maintenance	1	3	3	Ongoing	Pensions Manager

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
	are raised and addressed in latest releases									
43. **Employers' data inaccurate**	• Liaison with schools, Supporting People directorate and out-sourced payroll providers to ensure accurate and timely data is received	3	1	3	• Audit exercise planned to review outsourced school payroll data • Introduction of i-connect employer module with Pension administration software at Pension Shared Service has improved data accuracy. All employers in the Camden Fund have gone live or engaging with the Shared Service to move to I Connect. • High level checks carried out by the Fund actuary as part of the 2022 valuation	3	1	3	Ongoing	Pensions Manager

Risk	Current controls	Likelihood	Impact	Risk factor	Action Plan to Improve and/or additional control measures	Likelihood	Impact	Risk factor	Timescale/ Review Frequency	Responsibility
					• Monitor employer contribution receipts & benefit payments on a more detailed monthly basis to help flag such cases					
48. Incorrect benefits paid	• Pensions team are well trained • Payments have correct supporting documentation • Management check performed on benefit payments before processing	1	2	2	Monitor employer benefit payments on a more detailed monthly basis to help flag such cases	1	2	2	Ongoing	Pensions Manager
49. Audit fail to undertake proper checks	• Audit plan work to get reasonable expectation of detecting control weaknesses	2	1	2		2	1	2	Annually	Pensions Manager

Pension Funds Accounts

Pension Fund Explanatory Forward
Page 167

Pension Fund Account
Page 172

Pension Fund Net Assets Statement
Page 173

Note 1 Description of the Fund
Page 174

Note 2 Basis of preparation of Financial Statements
Page 178

Note 3 Summary of significant accounting policies
Page 179

Note 4 Critical judgements in applying accounting policies
Page 182

Note 5 Assumptions made about the future and other major sources of uncertainty
Page 182

Note 6 Contributions receivable
Page 183

Note 7 Benefits payable
Page 184

Note 8 Payments to and on account of leavers
Page 184

Note 9a Management expenses
Page 185

Note 9b Investment management expenses
Page 186

Note 10 Investment Income
Page 187

Note 11 Investments
Page 188

Note 12 Fund manager valuations
Page 189

Note 13 Reconciliation of movements in investments
Page 190

Note 14 Analysis of derivatives
Page 191

Note 15a Fair value – basis of valuation
Page 192

Note 15b Reconciliation of Movements in Level 3 Hierarchy Assets
Page 197

Note 15c Transfers between the Levels
Page 197

Note 15d Classification of financial instruments
Page 198

Note 16 Net gains and losses on financial instruments
Page 199

Note 17 Nature & extent of risks arising from financial
Page 200

Note 18 Funding arrangements
Page 207

Note 19 Actuarial present value of promised retirement benefits
Page 208

Note 20 Current assets
Page 210

Note 21 Current liabilities
Page 210

Note 22 Additional voluntary contributions
Page 211

Note 23 Related party transactions
Page 212

Note 24 Contractual capital
Page 213

Note 25 Events after the reporting period
Page 213

Pension Fund Explanatory Forward

Introduction

Camden Council is the Administering Authority for the London Borough of Camden Pension Fund. The Fund, which is part of the Local Government Pension Scheme (LGPS), provides retirement pensions and other benefits for former employees of the Council and other admitted organisations.

The overall investment strategy of the Fund is delegated by the Council to its Pension Committee which is comprised of eight councillors supported by the Executive Director Corporate Services.
Pension Committee meetings are held quarterly and the details of the meetings, including agendas, minutes and regular reports on the Fund's performance can be found through the Pension Committee website: http://democracy.camden.gov.uk/ieListMeetings.aspx?CommitteeId=652

Investment management arrangements

The day-to-day management of the Fund's investments is carried out by professional fund managers appointed by the Council. As at 31 March 2025 there were 10 managers investing on behalf of the Fund:

- Aviva plc (via London LGPS CIV Ltd)
- Baillie Gifford & Co (via London LGPS CIV Ltd)
- CB Richard Ellis Global Investment Partners Ltd
- CQS (UK) LLP (via London LGPS CIV Ltd)
- HarbourVest Partners LLP
- Harris Associates LP
- Legal & General Investment Management Ltd
- Partners Group Management II S.A.R.L.
- PIMCO Europe Limited (via London LGPS CIV Ltd)
- Stepstone Group LP (via London LGPS CIV Ltd)

The Council has placed some of the Pension Fund assets under management with London LGPS CIV Ltd (LCIV), the organisation set up in 2015 by London Local Authorities to run pooled LGPS investments in London.
The London LGPS CIV Ltd is authorised and regulated by the Financial Conduct Authority and represents the pooled investments of 32 Local Authority Pension Funds. The London Borough of Camden Pension Fund holds investments in the LCIV Multi Asset Credit Fund (underlying managers CQS (UK) LLP and PIMCO Europe Limited), the LCIV Diversified Growth Fund (underlying manager Baillie Gifford & Co), the LCIV Real Estate Long Income Fund (underlying manager Aviva plc), the LCIV Infrastructure Fund (underlying manager Stepstone Group LP), the LCIV Global Alpha Growth Paris-Aligned Fund (underlying manager Baillie Gifford) and, since April 2024, the LCIV UK Housing Fund.

Each fund manager operates within mandated investment management agreements and targets determined by the Council's Pension Committee.

In 2024/25, the Pension Committee received advice from the Council's Executive Director Corporate Services, the Borough Solicitor and other Camden officers as well as the fund managers and the following professional consultants:

- Hymans Robertson LLP (Actuarial & Benefit Services)
- Isio Group Limited (Investment Consultants)
- Karen Shackleton (Independent Investment Advisor)
- Pensions & Investment Research Consultants Limited (PIRC) (Corporate Governance Services)

LGPS Regulations require that the members of the Pension Committee and appointed fund managers should pay regard to the need to diversify investments and also to the suitability of particular investments. The Fund's Investment Strategy Statement and Funding Strategy Statement are contained in the Annual Report on the Pension Fund website.

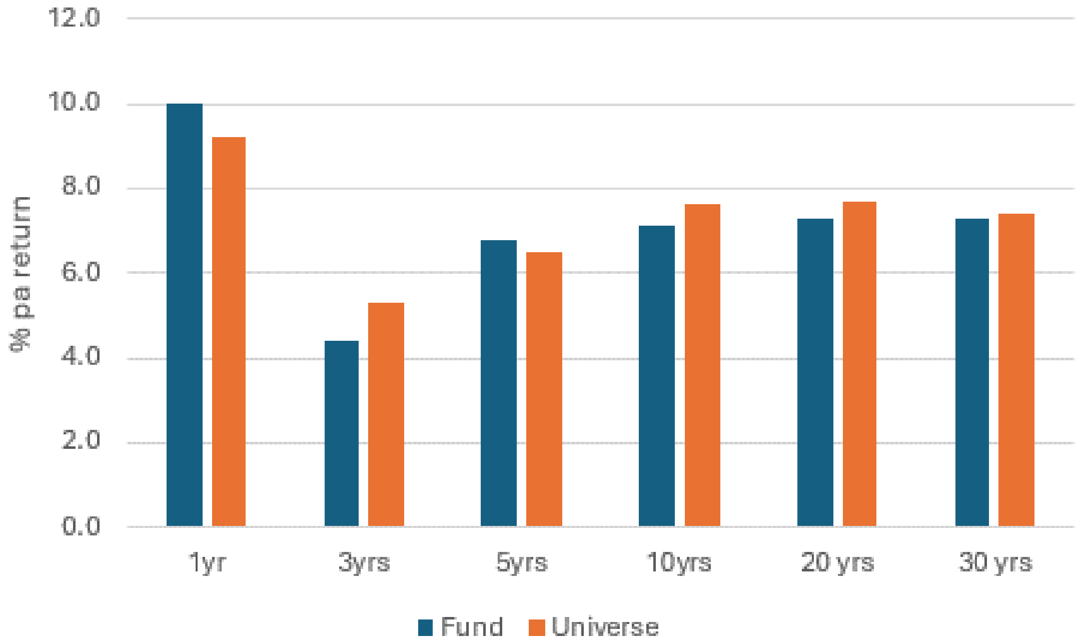
The market value of the assets (including cash & income receivable) held by the fund managers, the custodian and the Council as at 31 March 2025 is as follows:

	2023/24	2024/25
	£'000	**£'000**
CB Richard Ellis Collective Investors Ltd		
- Property	84,084	94,589
- Cash	9,530	4,324
- Amounts payable for purchases	0	0
- Income receivable	93	74
	93,707	**98,987**
HarbourVest		
- Private equity	47,645	41,800
	47,645	**41,800**
Harris Associates L.P.		
- UK equities	6,984	7,260
- Overseas equities	93,087	95,317
- Derivative contracts: forward FX assets	0	0
- Income receivable	2,503	2,533
- Cash	3,001	3,815
- Amounts receivable from sales	86	
- Derivative contracts: forward FX liabilities	0	0
- Amounts payable for purchases	0	0
	105,661	**108,925**
Legal & General Assurance Ltd		
- Pooled investment vehicles - index linked securities	149,709	134,067
- Pooled investment vehicles - global equities	824,862	866,461
	974,571	**1,000,528**

	2023/24	2024/25
	£'000	**£'000**
London CIV Ltd (Baillie Gifford)		
- Pooled investment vehicles - Diversified growth	88,136	97,378
- Pooled investment vehicles - Global equities	222,872	155,984
	311,008	**253,362**
London CIV Ltd (UK Housing Fund)		
- Pooled investment vehicles - Property	0	42,233
	0	**42,233**
London CIV Ltd (CQS & PIMCO)		
-Pooled investment vehicles - Fixed Income	224,543	337,958
	224,543	**337,958**
London CIV Ltd (Stepstone)		
- Pooled investment vehicles - Infrastructure	78,084	123,894
	78,084	**123,894**
London CIV Ltd (Aviva)		
- Pooled investment vehicles - Property	75,191	68,525
	75,191	**68,525**
Partners Group (UK) Ltd		
- Property	87,508	55,002
	87,508	**55,002**
JPM Custodian		
- Cash and cash equivalents	65,741	17,183
- Income receivable	1,346	1,195
	67,087	**18,378**
London Borough of Camden Council		
- UK unquoted equity	150	150
	150	**150**
Total Market Value	**1,925,670**	**2,149,742**

Investment returns
The diagram below provides a comparison between the performance of the Camden fund and that of the average of other funds participating in benchmarking exercised for each year over this period. It shows the time-weighted return on investments for each period relative to the average. The comparative information is provided by Pensions and Investment Research Consultants Ltd (PIRC).

In the latest year the investments of the Camden Pension Fund have delivered a return of 3.4% which performed in the 52nd percentile (100th means worst performing, and 1st the best). The Fund has delivered a net return of 6.5% per annum over the last 10 years. It is well ahead of its peers over the last 5 years but continues to trail over the longest term.



Pension Fund Account

	Notes	2023/24	2024/25
		£'000	**£'000**
Dealings with members, employers and others directly involved in the Fund			
Contributions	6	(79,923)	(83,929)
Individual transfers in from other pension funds		(4,296)	(8,403)
		(84,219)	**(92,332)**
Benefits	7	70,084	76,830
Payments in respect of tax		54	100
Payments to and on account of leavers	8	12,064	6,147
		82,202	**83,077**
Net (additions)/withdrawals from dealings with members		**(2,017)**	**(9,255)**
Management expenses	9	17,658	15,551
Net (additions)/withdrawals including fund management expenses		**15,641**	**6,296**
Returns on investments			
Investment income	10	(34,669)	(40,533)
Tax deducted from investment income		316	144
		(34,353)	**(40,389)**
Profit and loss on disposal of investments and changes in the market value of investments	13	(172,134)	(43,164)
Net returns on investments		**(206,487)**	**(83,553)**
Net (increase)/decrease in the net assets available for benefits during the year		**(190,846)**	**(77,257)**
Opening net assets of the Fund		**(1,903,008)**	**(2,093,854)**
Closing net assets of the Fund		**(2,093,854)**	**(2,171,111)**

Pension Fund Net Assets Statement

		31-Mar-24	31-Mar-25
	Notes	**£'000**	**£'000**
Investment Assets	**11,12**	**2,097,849**	**2,149,742**
Current assets	20	2,682	23,501
Current liabilities	21	(6,677)	(2,132)
Net assets of the fund available to fund benefits at the reporting period		**2,093,854**	**2,171,111**

Note 1 Description of the Fund

The London Borough of Camden Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by Camden Council.
The following description of the Fund is a summary only. Further detail will be available in the London Borough of Camden Pension Fund Annual Report for 2024/25, which will be published in due course. The Annual Report will include comprehensive information of the Fund's activities, performance and governance, and will be made on the Pension Fund website once finalised.

General

The scheme is governed by the Public Pensions Benefit Service Pensions Act 2013 and is administered in accordance with the following

secondary legislation:

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

The London Borough of Camden Pension Fund operates as a contributory defined benefit scheme and provides retirement pensions and other benefits for former employees of the Council and other admitted organisations.

The overall investment strategy is the responsibility of the Council as the administering authority of the Fund. This responsibility is delegated to the Council's Pension Committee, taking account of the advice of the Executive Director Corporate Services. The Pension Committee meets quarterly. In line with the provisions of the Public Services Pensions Act 2013, the Council has also set up a Local Pension Board to assist the Council in its role as scheme manager of the Pension Fund. The Board meets on a quarterly basis and has its own terms of reference. Board members are independent of the Pension Committee.
The Executive Director Corporate Services is responsible for the preparation of the Pension Fund Statement of Accounts.

Membership

All employees automatically become members of the Fund on appointment with London Borough of Camden or a participating scheduled or admitted body. Membership of the LGPS is however voluntary and employees can choose whether to remain in the scheme or make their own personal arrangements outside the scheme.

Total membership of the Fund at 31 March 2025 was 23,580 (31 March 2024: 23,032):

	31-Mar-24	31-Mar-25
Active employees	5,822	6,128
Members with deferred benefits	6,814	7,002
Pensioners & dependents pensions	7,784	8,022
Leavers with benefit calculation pending	697	443
Frozen refunds	1,915	1,985
Total	**23,032**	**23,580**

Organisations participating in the Fund include:

- Scheduled bodies, local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, 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 Admitted and Scheduled bodies which made contributions to the Fund in 2024/25 were as follows:

Admitted bodies	Scheduled bodies
Abbey Road Housing Co-operative	Abacus Belsize School
Agar Grove Housing Co-operative	Children’s Hospital School
Age UK Camden	King’s Cross Academy
Camden Citizens Advice Bureau	St Luke's School
Caterlink Limited	UCL Academy
CleanTEC Services Limited	The ArtsXchange
Coram Family and Childcare	
Greenwich Leisure Limited	
Home Connections Limited	
LGIU	
MiHomecare Limited	
MITIE PFI	
National Association for Local Councils	
NSL Limited	
Pendergate (Ridgecrest) Cleaning	
Veolia	
Voluntary Action Camden	
Westminster Society - Central	
Westminster Society - North	

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the year ended 31 March 2025. Employers’ contributions are set based on triennial actuarial funding valuations. The latest completed actuarial valuation of the Fund was carried out by Hymans Robertson LLP as at 31 March 2022. For the 2024/25 financial year, primary employer contribution rates ranged from 19.4% to 45.1% of pensionable pay and there were additional deficit recovery contributions where appropriate.

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme and benefits payable are based on career average revalued pay and the number of years of eligible service. Pensions are increased annually in line with the Consumer Prices Index.

Pension benefits under the LGPS based on pensionable pay and length of service up until 31 March 2025 are summarised below:

	Pension	Lump Sum
Service Pre-1 April 2008	Each year worked is worth 1/80 x final pensionable salary.	Automatic lump sum of 3 x salary. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment (known as a commutation). A lump sum of £12 is paid for each £1 of pension given up.
Service Post 31 March 2008 – 31 March 2014	Each year worked is worth 1/60 x final pensionable salary.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment (known as a commutation). A lump sum of £12 is paid for each £1 of pension given up.
Service Post 31 March 2014	Each year worked is worth 1/49 x pensionable earnings of that year (career average). Benefits are held in a pension account and revalued each year in-line with inflation.	Members of the LGPS before April 2008 have built up benefits which will include an automatic lump sum. In the new scheme eligible members are still entitled to the aforementioned benefit but can also exchange some pension for a tax-free cash lump sum (known as a commutation). Every £1 of pension sacrificed is equivalent to £12 of tax-free lump sum (subject to HM Revenue & Customs limits).

There are a range of other benefits provided under the scheme including early retirement, disability pension and death benefits. For more details, please refer to https://www.lgpsmember.org/

Note 2 Basis of preparation of financial statements

The Statement of Accounts summarises the Fund's transactions for the 2024/25 financial year and its financial position at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (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 Assets Statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Fund has opted to disclose this information in note 19.

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

Accounting Standards issued but not adopted

Under the Code, we must disclose new standards that are issued but not yet adopted. As at 31 March 2025, the following have been published but not yet applied and are not expected to have a material impact on the Fund's 2024/25 accounts:

a) Lack of Exchangeability (Amendment to IAS 21)

Note 3 Summary of significant accounting policies

Fund Account – Revenue Recognition

a) Contribution Income

Employer contributions are accounted for on an accruals basis in the payroll month to which they relate, using the rates specified in the actuarial valuation rates and adjustments certificate. Employee contributions are similarly accounted for on an accruals basis at centrally set rates in accordance with the LGPS Regulations.

Employer deficit recovery contributions are recognised on the due dates set in the actuary's schedule or earlier if received.

Pension strain and augmentation contributions are accounted for in the period in which the liability arises. Contributions due but unpaid at year-end are treated as current financial assets in the Net Assets Statement.

b) Transfers To and From Other Schemes

Transfer values for individual members are recognised when received or paid, as this reflects the point when liabilities are accepted or discharged. Bulk transfers are accounted for on an accruals basis in line with the terms of the transfer agreement.

c) Investment Income

Dividend income is recognised on the date stocks are quoted ex-dividend. Pooled fund distributions are recognised at the date of issue. Any amounts due but not received by year-end are reported as current financial assets.

Interest income is accrued using the effective interest rate method. Changes in market value of investments — both realised and unrealised — are recognised in the Fund Account as income or expenditure.

Fund Account – Expense Items

d) Benefits Payable

Benefits are accounted for on an accruals basis. Lump sum retirement grants are recognised on the retirement date. Where members opt to commute pension to a lump sum, this is also recognised from the date the option is exercised. Unpaid benefits are shown as current liabilities in the Net Assets Statement.

e) Taxation

The Fund is a registered public service scheme under the Finance Act 2004 and is exempt from UK income and capital gains tax. Withholding tax on overseas income is accounted for as it arises. VAT incurred on Fund activities is recoverable.

Where the Fund pays tax liabilities (e.g., annual or lifetime allowance charges) on behalf of members, these are accounted for as expenses in the Fund Account when paid.

f) Management Expenses

Management expenses are accounted for on an accruals basis. Fund manager and custodian fees are generally calculated as a percentage of the market value of investments. Where investment fees are deducted at source (e.g. within pooled vehicles), this is reflected in the change in market value of investments.

Expenses are disclosed in accordance with CIPFA's 2016 guidance Accounting for LGPS Management Expenses. Administration costs are charged to the Fund by both the administering authority (London Borough of Camden) and the Pensions Shared Service.

Net Assets Statement

g) Financial Assets

Financial assets are recognised on the date the Fund becomes party to the contractual provisions and are measured at fair value or amortised cost. Fair value is determined in accordance with IFRS 13. The Fund uses PRAG/IA 2016 guidelines for fair value hierarchy classification.

Valuations are sourced from the custodian (JP Morgan) at bid prices. Unquoted assets are valued using latest available manager reports adjusted for any material post-reporting date cash flows.

The Fund's equity holding in London CIV is measured at cost, which is used as a proxy for fair value, as there is no active market and the asset is not capable of reliable fair value measurement. This approach is in line with CIPFA guidance.

h) Foreign Currency Transactions

All transactions are recorded at spot exchange rates at transaction dates. Foreign currency balances at year-end are translated using closing rates. Exchange gains and losses are included in the change in market value.

i) Derivatives

Forward foreign exchange contracts used for currency risk management are valued by comparing contract rates with current forward prices to determine gain/loss. The Fund does not hold speculative derivatives.

j) Cash and Cash Equivalents

Cash includes demand deposits and manager-held cash. Equivalents are short-term, highly liquid investments subject to minimal risk of value changes.

k) Financial Liabilities

Financial liabilities are recognised when the Fund is obligated to settle and measured at fair value or amortised cost. Liabilities in foreign currencies are retranslated at year-end rates.

l) Actuarial Present Value of Promised Retirement Benefits

Assessed annually in accordance with IAS 19 by the Fund’s actuary. The Fund discloses this value as a note (Note 19), not in the Net Assets Statement.

m) Additional Voluntary Contributions (AVCs)

AVCs are invested separately with Prudential and Phoenix Life. They are not included in the Fund accounts but are disclosed in Note 22, per Regulation 4(1)(b) of the LGPS (Management and Investment of Funds) Regulations 2016.

Note 4 Critical judgements in applying accounting policies

It has not been necessary to make any critical judgements in applying the accounting policies in 2024/25.

Note 5 Assumptions made about the future and other major sources of uncertainty

The preparation of the Statement of Accounts involves making judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date, as well as the income and expenditure during the year. These estimates are based on historical experience, current trends and other relevant factors, but actual outcomes may differ from these assumptions.

One area where a significant degree of estimation uncertainty exists is the valuation of Level 3 investments, which include private equity, property and infrastructure holdings. These assets are valued using techniques that rely on inputs that are not always directly observable in the market — such as projected cash flows, discount rates, long-term inflation assumptions, or assumptions about future market conditions. These valuations are usually based on net asset values (NAVs) provided by fund managers and are updated quarterly, often on an unaudited basis. At 31 March 2025, Level 3 assets totalled approximately £368 million, representing a material portion of the Fund’s investment portfolio. While these valuations are considered reasonable and are reviewed for consistency, they remain inherently uncertain and may differ from actual realisable values, particularly during periods of market volatility.

There are no other items in the net asset statement for which there is a significant risk of material adjustment in the forthcoming financial year.

Note 6 Contributions receivable

Employee contributions are calculated on a sliding scale based on a percentage of their pensionable pay. The Council and Scheduled and Admitted bodies are required to make contributions determined by the Fund's actuary to maintain the solvency of the Fund.

	2023/24	2024/25
	£'000	£'000
By category		
Employer contributions:		
Normal	(43,653)	(48,311)
Deficit recovery	(20,548)	(17,995)
Augmentation	(536)	(997)
	(64,737)	**(67,303)**
Employee contributions	(15,186)	(16,626)
Total	**(79,923)**	**(83,929)**

	2023/24	2024/25
	£'000	£'000
By type of employer		
Administering authority	(77,725)	(79,577)
Scheduled bodies	(652)	(3,400)
Admitted bodies	(1,546)	(952)
Total	**(79,923)**	**(83,929)**

Augmentations are pension strain contributions from employers to make up for funding shortfall following early retirement or ill health retirement.

Note 7 Benefits Payable

	2023/24	2024/25
	£'000	**£'000**
By category		
Pensions	60,086	65,018
Commutation of pensions and lump sum retirement benefits	8,634	10,630
Lump sum death benefits	1,364	1,182
Total	**70,084**	**76,830**

	2023/24	2024/25
	£'000	**£'000**
By type of employer		
Administering authority	62,281	71,325
Scheduled bodies	376	638
Admitted bodies	7,427	4,840
Total	**70,084**	**76,830**

Note 8 Payments to and on account of leavers

	2023/24	2024/25
	£'000	**£'000**
Refunds to members leaving service	194	225
Group transfers	0	0
Individual transfers	11,870	5,922
Total	**12,064**	**6,147**

Note 9a Management Expenses

	2023/24	2024/25
	£'000	**£'000**
Administrative costs	900	922
Oversight and governance costs	295	287
Investment management expenses	16,463	14,342
Total	**17,658**	**15,551**

Investment management expenses have been grossed up to include fees of £13m deducted from fund assets at source in line with the CIPFA guidance *Accounting for LGPS Management Expenses (2016)*. This adjustment has an equal impact on investment management expenses and the change in market value of investments. There is no impact on the overall net assets of the Fund.
Administrative and oversight and governance costs can be further broken down as follows:

Administrative Costs

	2023/24	2024/25
	£'000	**£'000**
Pensions administration fees	533	544
Systems management	208	-
Council officers’ salaries recharge	159	378
Total	**900**	**922**

Oversight and Governance Costs

	2023/24	2024/25
	£’000	**£’000**
Actuarial advice	66	65
Investment consultancy	92	61
External audit fees	70	84
External audit fees – prior year	19	-
Corporate governance	49	68
Other	- 6	3
Performance measurement	6	6
Total	**295**	**287**

Camden

Regulations permit the Council to charge administrative costs to the scheme. A proportion of relevant Council officers' salaries, including on-costs, have been charged to the Fund on the basis of time estimated to have been spent on scheme administration and investment related business.

Included in oversight and governance costs is the external audit fee for 2024/25 of £83,937 (2023/24: £69,572).

Note 9b Investment Management Expenses

	2023/24	2024/25
	£'000	**£'000**
Management fees	6,749	5,841
Performance related fees	1,123	1,015
Investment administration fees	3,493	3,009
Transaction costs	2,816	2,208
Property expenses	966	966
Other costs	1,284	1,277
Custody fees	32	26
Total	**16,463**	**14,342**

Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment financial asset or liability. An incremental cost is one that would not have been incurred if the Fund had not acquired or disposed of the financial instrument. Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, anti-dilution levies, levies by regulatory agencies and securities exchanges and transfer taxes and duties.

Note 10 Investment income

	2023/24	2024/25
	£'000	**£'000**
Dividends from directly held UK equities	(309)	(256)
Dividends from directly held overseas equities	(3,969)	(1,896)
Income from directly held property investments	(2,581)	(2,985)
Income from pooled property investments	-	(3,524)
Income from other pooled investment vehicles	(25,497)	(29,905)
Income from cash deposits	(2,313)	(1,967)
Total income before taxes	**(34,669)**	**(40,533)**

Note 11 Investments

	31/03/2024	31/03/2025
	£'000	**£'000**
Pooled investment vehicles		
Public sector index linked	149,709	134,067
Fixed income	313,396	337,958
Diversified growth funds	90,996	97,378
Property	68,572	110,758
Infrastructure	95,816	123,894
Equities	982,458	1,022,445
	1,700,947	**1,826,500**
Directly Owned		
UK Equities Quoted	4,919	7,260
UK Equities Unquoted	150	150
Overseas Equities Quoted	95,153	95,316
Property	151,377	149,592
Private equity	47,644	41,801
	299,243	**294,119**
	2,000,190	**2,120,619**

	31/03/2024	31/03/2025
	£'000	**£'000**
Other assets		
Forward currency contracts	-	-
Cash and cash equivalents	93,824	25,322
Investment income due	3,749	3,801
Amounts receivable from sales	86	-
	7,659	**29,123**
Total investment assets	**2,097,849**	**2,149,742**
Other liabilities		
Forward currency contracts	-	**-**
Amounts payable for purchases	-	-
Total investment liabilities	-	-
Net investment assets	**2,097,849**	**2,149,742**

The 2023/24 comparative figures have been reclassified between pooled investment vehicles and directly owned investments to reflect the nature of the underlying holdings more accurately. This reclassification does not affect the total value of investments reported for the prior year but improves consistency and comparability with the current year presentation.

Note 12 Fund Manager Valuations

Fund manager/custodian	31-Mar-24		31-Mar-25	
	£'000	%	£'000	%
Managed within LCIV regional asset pool:				
Baillie Gifford & Co (London CIV)	248,592	11.90%	253,362	11.79%
CQS & PIMCO (London CIV)	313,396	14.90%	337,958	15.72%
Stepstone (London CIV)	95,816	4.60%	123,894	5.76%
Aviva (London CIV)	68,105	3.20%	68,525	3.19%
London CIV (UK Housing Fund)	467	0.50%	42,233	1.96%
Legal & General	974,571	46.50%	1,000,528	46.54%
	1,700,947	81.08%	1,826,500	84.96%
Managed outside regional asset pool:				
Harris Associates	105,661	5.00%	108,925	5.07%
CBRE	93,707	4.50%	98,987	4.60%
Partners Group	67,293	3.20%	55,002	2.56%
HarbourVest	47,645	2.30%	41,800	1.94%
LCIV Shares	150	0.00%	150	0.01%
JP Morgan custodian cash account	71,764	3.40%	18,378	0.85%
	386,220	18.41%	323,242	15.04%
	2,097,849	**100%**	**2,149,742**	**100%**

In the 2023/24 Statement of Accounts, Legal & General (L&G) investments were presented as non-pooled investments. For 2024/25, these holdings have been reclassified as pooled investment vehicles to reflect their inclusion under the London Collective Investment Vehicle (LCIV) arrangements. This change in classification has no impact on the total value of investments reported for 2023/24 but provides a more accurate reflection of the Fund's investment structure.

Note 13 Reconciliation of Movements in Investments

	31-Mar-24	Purchases and derivative payments	Sales and derivative receipts	Realised gains and (losses)	Unrealised gains and (losses)	Change in Market Value	31-Mar-25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pooled investment vehicles:							
- Public sector index linked	149,709				(15,642)	(15,642)	134,067
- Fixed income	313,396	23,369			1,193	1,193	337,958
- Diversified growth funds	90,996	2,551			3,831	3,831	97,378
- Property	68,572	42,674	(867)	0	379	379	110,758
- Infrastructure	95,816	21,042			7,035	7,035	123,893
- Equities	982,541	682	0	0	39,222	39,222	1,022,445
	1,701,030	**90,318**	**(867)**	**0**	**36,018**	**36,018**	**1,826,499**
Directly owned assets:							
- UK equities	7,134	4,294	(825	47	(3,240)	(3,193)	7,410
- Overseas equities	93,087	52,327	(54,415)	11,597	(7,280)	4,317	95,316
- Property	151,377	9,946	(4,446)	(622)	(6,662)	(7,284)	149,593
- Private equity	47,645	1337	(7,649)	6,312	(5,844)	468	41,801
	299,243	**67,904**	**(67,335)**	**17,334**	**(23,026)**	**(5,692)**	**294,120**
Derivatives – forward currency contracts	0	6	0	(6)	0	(6)	0
Total	**2,000,273**	**158,228**	**(68,202)**	**17,328**	**12,992**	**30,320**	**2,120,619**
Cash and cash equivalents	93,824					(167)	25,322
Amounts receivable for sales of investments	3					21	0
Investment income due	3,749						3,801
Amounts payable for investment purchases	0					(13)	0
Gross up of fees deducted at source						13,003	
Net investment assets	**2,097,849**					**43,164**	**2,149,742**

Camden

	31-Mar-23	Purchases and derivative payments	Sales and derivative receipts	Realised gains and (losses)	Unrealised gains and (losses)	Change in Market Value	31-Mar-24
Pooled investment vehicles:							
- Public sector index linked	69,786	84,000	0	0	(4,077	(4,077	149,709
- Fixed income	224,543	78,936	0	0	9,917	9,917	313,396
- Diversified growth funds	88,136	1,641	0	0	1,219	1,219	90,996
- Property	75,191	529	(61)	0	(7,087	(7,087	68,572
- Infrastructure	78,084	14,930	0	0	2,802	2,802	95,816
- Equities	903,582	6,243	(98,941)	(14,227	185,801	171,574	982,458
	1,439,322	**186,279**	**(99,002)**	**(14,227**	**188,575**	**174,348**	**1,700,947**
Directly owned assets:							
- UK equities	11,309	5,421	(6,868)	(1,142	(1,586	(2,728	7,134
- Overseas equities	166,883	56,502	(141,367)	19,210	(8,141	11,069	93,087
- Property	173,277	10,231	(6,228)	1,934	(27,838	(25,903	151,377
- Private equity	50,276	0	(3,517)	3,474	(2,588	886	47,645
	401,745	**72,154**	**(157,980)**	**23,476**	**(40,153**	**(16,676**	**299,243**
Derivatives – forward currency contracts	(1	434	(352	(82	1	(81	0
Total	**1,841,066**	**258,867**	**(257,334**	**9,167**	**148,423**	**157,591**	**2,000,190**
Cash and cash equivalents	80,820					(440	93,824
Amounts receivable for sales of investments	303					151	86
Investment income due	3,703						3,749
Amounts payable for investment purchases	(222						0
Gross up of fees deducted at source						14,832	
Net investment assets	**1,925,670**					**172,134**	**2,097,849**

The 2023/24 comparatives have been restated to reflect a more accurate classification between pooled investment vehicles and directly owned assets. The reclassification has no impact on the total net investment assets reported for 2023/24.

Note 14a Fair Value – Basis of Valuation

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

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

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available, for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value, and these techniques use inputs that are based significantly on observable market data. This includes NAV based pricing for units held in unquoted pooled funds.

Level 3

Financial instruments at Level 3 are those 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 unquoted equity investments and hedge fund of funds which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The valuation basis for each category of investment asset is set out below:

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments- equities and bonds	Level 1	Published bid market price at end of the accounting period	Not required	Not required
Cash	Level 1	Carrying value is deemed to be fair value	Not required	Not required
Investment receivables and payables	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Cash equivalents	Level 1	Carrying value is deemed to be fair value	Not required	Not required
Pooled funds – alternative assets and passive equities	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 pricing basis.	Not required
Pooled funds - private equity	Level 3	Most recent independent valuation, or based on financial models such as discounted cash flow (DCF) or internal rate of return (IRR), as applicable	Observable: NAV from fund managers (if available), comparable transactions in the market. Unobservable: Discount rates, projected cash flows, assumptions on exit multiples, fund-specific adjustments.	Changes in discount rates, exit assumptions, or projected cash flows can significantly affect valuation. Valuations are particularly sensitive to market volatility and timing of expected exits.
Pooled funds - property and infrastructure	Level 3	Valued based on independent third-party appraisals using income capitalisation, discounted cash flow models, or recent market transactions, adjusted for fund-level considerations	Observable: Market rental yields, transaction prices for similar properties/assets. Unobservable: Future cash flow projections, discount rates, asset-specific risk adjustments, long-term inflation assumptions.	Valuations are sensitive to changes in discount rates, rental income assumptions, occupancy levels, and future inflation expectations. Market conditions and asset-specific risks also materially influence fair value.

The following tables provide an analysis of the financial assets and liabilities of the Pension Fund as held at the custodian, grouped into Levels 1 to 3 based on the Level at which the fair value is observable.

The Pension Fund is a shareholder in London LGPS CIV Limited (the organisation set up to run pooled LGPS investments in London). This unquoted equity holding is carried in the net assets statement at cost of £150,000 and classified as Level 3 in the tables below.

Values at 31 March 2025	**Quoted market price Level 1 £'000**	**Using observable inputs Level 2 £'000**	**With significant unobservable inputs Level 3 £'000**	**Total £'000**
Assets:				
Pooled funds	188,763	1,403,085	234,652	1,826,500
Equities	102,576		150	102,726
Property		58,658	90,934	149,592
Private Equity			41,801	41,801
Cash & currencies	11,3438	-		11,343
Cash equivalents	13,979	-	-	13,979
Receivables	3,801			3,801
Current Assets	23,501	-	-	23,501
Total financial assets	**343,963**	**1,461,743**	**367,537**	**2,173,243**
Liabilities:				
Payables				
Current Liabilities	(2,132)	-	-	(2,132)
Total financial liabilities	**(2,132)**	**-**	**-**	**(2,132)**
Grand total	**341,831**	**1,461,743**	**367,537**	**2,171,111**

Values at 31 March 2024	**Quoted market price**	**Using observable inputs**	**With significant unobservable inputs**	
	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Assets:				
Pooled funds	160,842	1,375,716	164,389	1,700,947
Equities	100,072		150	100,222
Property		50,957	100,420	151,377
Private Equity			47,644	47,644
Cash & currencies	28,584	3,000		31,584
Cash equivalents	62,240	-		62,240
Receivables	3,835			3,835
Current Assets	2,682			2,682
Total financial assets	**358,255**	**1,429,673**	**312,603**	**2,100,531**
Liabilities:				
Payables	-			0
Current Liabilities	(6,677)			(6,677)
Total financial liabilities	**(6,677)**	**-**	**-**	**(6,677)**
Grand total	**351,578**	**1,429,673**	**312,603**	**2,093,854**

The 2023/24 comparatives have been restated to reflect a more accurate classification between pooled investment vehicles and directly owned assets. The reclassification has no impact on the total net investment assets reported for 2023/24.

Level 3 Assets Sensitivity Analysis	Potential Variation in Fair Value (%)	Value as at 31 March 2025 £'000	Potential Value on increase £'000	Potential Value on decrease £'000
Pooled investment vehicles:				
- LCIV UK Housing Fund	13	42,233	47,723	36,743
- LCIV Inflation Plus Fund	8	68,525	74,007	63,043
- LCIV Infrastructure Fund	15	123,894	142,478	105,310
- Equities	20	150	180	120
Directly Owned:				
- Private Equity	26	41,800	52,668	30,932
- Property	21.5	90,935	110,486	71,384
Net Investment Assets at Level 3		**367,537**	**427,542**	**307,532**

Level 3 Assets Sensitivity Analysis	Potential Variation in Fair Value (%)	Value as at 31 March 2024 £'000	Potential Value on increase £'000	Potential Value on decrease £'000
Pooled investment vehicles:				
- LCIV UK Housing Fund	13	467	528	406
- LCIV Inflation Plus Fund	8	68,105	73,553	62,657
- LCIV Infrastructure Fund	15	95,817	110,190	81,444
- Equities	20	150	180	120
Directly Owned:				
- Private Equity	26	47,645	60,033	35,257
- Property	21.5	100,419	122,009	78,829
Net Investment Assets at Level 3		**312,603**	**366,492**	**258,714**

Note 14b Reconciliation of Movements in Level 3 Hierarchy Assets

Level 3 Hierarchy Assets as at March 2024	**31-Mar-24**	**Purchases and derivative payments**	**Sales and derivative receipts**	**Realised gains and (losses)**	**Unrealised gains and (losses)**	**Change in Market Value**	**31-Mar-25**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Pooled investment vehicles:							
- LCIV UK Housing Fund	467	42,674	- 867	-	- 41	41,766	42,233
- LCIV Inflation Plus Fund	68,105				420	420	68,525
- LCIV Infrastructure Fund	95,817	21,042			7,035	28,077	123,894
- Equities	150						150
Directly Owned:							
- Private Equity	47,645	1,337	- 7,649	6,312	- 5,844	- 5,844	41,801
- Property	100,414	3,540	- 4,440	679	- 9,259	- 9,480	90,934
Net investment assets at Level 3	**312,598**						**367,537**

Note 14b Reconciliation of Movements in Level 3 Hierarchy Assets (23-24)

Level 3 Hierarchy Assets as at March 2024	**31-Mar-23**	**Purchases and derivative payments**	**Sales and derivative receipts**	**Realised gains and (losses)**	**Unrealised gains and (losses)**	**Change in Market Value**	**31-Mar-24**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Pooled investment vehicles:							
- LCIV UK Housing Fund	0	528	-61	0	0	0	467
- LCIV Inflation Plus Fund	75,191	0	0	0	-7,086	-7,086	68,105
- LCIV Infrastructure Fund	78,084	14,931	0	0	2,802	2,802	95,817
- Equities	150						150
Directly Owned:							
- Private Equity	50,276	0	-3,519	3,475	-2,588	887	47,644
- Property*	125,922	4,373	-6,209	1,976	-25,642	-23,666	100,420
Net investment assets at Level 3	**329,623**						**312,603**

*The Level 3 hierarchy disclosures for the year ended 31 March 2024 have been restated to reflect the inclusion of the CBRE property mandate, which was held at year-end but not previously classified as Level 3. This change is a reclassification for presentation purposes only and does not affect the Fund's Net Asset Statement.

Note 14c Transfers between the Levels

There were no transfers between the Levels during the year.

Note 14d Classification of Financial Instruments

	31-Mar-24			31-Mar-25		
	Fair value through profit & loss	**Assets at amortised cost**	**Liabilities at amortised cost**	**Fair value through profit & loss**	**Assets at amortised cost**	**Liabilities at amortised cost**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Financial assets						
Equities and equity funds	1,082,679			1,125,172		
Fixed income funds	313,396			337,957		
Index linked funds	149,709			134,067		
Diversified growth funds	90,996			97,378		
Property funds	219,949			260,350		
Private equity	47,645			41,801		
Infrastructure funds	95,816			123,894		
Forward currency contracts	0			0		
Cash deposits - investments		93,824			25,322	
Investment income due		3,749			3,801	
Amounts receivable from sales		86				
Debtors		237			21,824	
Cash at bank		2,445			1,677	
	2,000,190	**100,341**	**0**	**2,120,619**	**52,624**	**0**
Financial liabilities						
Forward currency contracts	0			0		
Amounts payable for purchases			0			0
Creditors			(6,677)			(2,132)
Total	**2,000,190**	**100,341***	**(6,677)**	**2,120,619**	**52,624***	**(2,132)**

Note 15 Net Gains and Losses on Financial Instruments

All realised (gains) and losses arise from the sale or disposal of financial assets that have been derecognised in the financial statements.

	2023/24	**2024/25**
	£'000	**£'000**
Financial assets		
Fair value through profit and loss	(172,423)	(43,323)
Assets at amortised cost	289	159
Financial liabilities		
Fair value through profit and loss	0	0
Total	**(172,134)**	**(43,164)**

Note 16 Nature & Extent of Risks arising from Financial Instruments

Risk and risk management

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

The Fund manages these investment risks as part of its overall Fund risk management programme. Responsibility for the Fund's risk management strategy rests with the Pension Committee. Risk management policies are established to identify and analyse the risks faced by the Fund and these are regularly reviewed to reflect changes in Fund activities and market conditions.

Market risk

Market risk is the risk of a loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities particularly through any equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and asset mix. In general, excessive volatility in market risk is managed through diversification of the portfolio in terms of asset class, geographical and industry sectors and individual securities. Regular monitoring of market conditions and analysis is undertaken by the Pension Committee to mitigate market risk whilst optimising return.

Price risk

Price risk is the risk that the value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to individual investments or those affecting all securities in the market. The Fund is exposed to price risk through its holdings in equities and pooled investment vehicles. The Fund aims to manage this risk by diversifying investments across asset classes and markets.

The table below shows the estimated change in the net assets available to pay benefits if market prices were to increase or decrease by 10%. The analysis excludes cash and working capital the valuations of which are not directly subject to market risk.

	Value	Value on 10% price increase	Value on 10% price decrease
	£'000	£'000	£'000
As at 31 March 2025	2,120,618	2,332,680	1,908,556
As at 31 March 2024	2,000,190	2,200,209	1,800,171

Price Risk Assumption and Its Basis

i. **Strategic Risk Tolerance and Volatility Benchmarking:**
The Fund has applied a 10% price risk sensitivity assumption to relevant financial instruments to assess the impact of potential market volatility on the Fund's net asset value. This assumption reflects a refined and evidence-based methodology developed in 2024/25 and supersedes the uniform approach used in previous years.

The 10% assumption is based on the Fund's long-term risk tolerance, which aligns with a 3-year average of the "Total Fund Composite Target" volatility (9.65%) as reported by the Fund's custodian, JP Morgan. This target represents the expected range of fluctuations under normal market conditions, allowing the Fund to present a more risk-aware and conservative view than recent historical volatility figures alone (which averaged 6.07%).

ii. **Governance-Backed Internal Assessment:**
This year's assumption is supported by a formal internal review shared with key officers and aligned with CIPFA Code requirements. It has been reviewed as part of a documented risk sensitivity analysis and adopted to ensure transparency and audit compliance.

iii. **Conservative Approach to Avoid Understatement of Risk:**
While a lower assumption could have been justified by observed trailing volatility data, the 10% sensitivity provides headroom to reflect potential market stress scenarios. This reflects Camden's prudent approach to financial risk disclosure, particularly important given the Fund's long-term liabilities.

iv. **Whole-Fund Perspective Maintained:**
Although the assumption is now grounded in explicit volatility data, the Fund continues to apply the stress at the aggregate portfolio level rather than on an asset-class basis. This approach is consistent with the Fund's strategic investment philosophy and its delegation of detailed asset-class risk management to investment managers and the London CIV.

Currency risk

Currency risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than Sterling (the functional currency). A strengthening/weakening of Sterling against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits. To estimate the potential impacts of currency risk, the currency exchange rate volatility (i.e. % change relative to Sterling) of individual currencies is used as provided by ratesfx.com. For holdings in pooled investment vehicles, the effects of a 10% increase or 10% decrease in the value of Sterling are calculated as a proxy.

The following table summarises the Fund's currency exposure based on its holdings of overseas equities and property as at 31 March 2025:

Currency	Value at 31 March 2025 £'000	Potential change %	Value on increase £'000	Value on decrease £'000
Euro	27,727	4.47%	28,966	26,488
Japanese Yen	1	10.89%	1	1
South Korean Won	2,344	7.64%	2,523	2,165
Swiss Franc	5,533	7.28%	5,936	5,130
US Dollar	62,700	6.49%	66,771	58,628
Danish Krone	1,611	4.42%	1,682	1,539
Hong Kong Dollar	1,727	6.23%	1,835	1,620
Global basket	1,022,445	10.00%	1,124,690	920,201
Total Overseas Equity	**1,124,088**		**1,232,403**	**1,015,773**
Overseas private equity (US$)	41,801	6.49%	44,515	39,086
Overseas Property (€)	7,194	4.47%	7,515	6,872
Overseas Property (US$)	47,809	6.49%	50,913	44,704
Total Currency	**96,803**		**102,943**	**90,663**

The % change for Total Currency includes the impact of correlation across the underlying currencies

For comparison, the following table summarises the Fund's currency exposure as at 31 March 2024:

Currency	Value at 31 March 2024 £'000	Potential change %	Value on increase £'000	Value on decrease £'000
Euro	33,827	3.50%	35,011	32,643
Japanese Yen	20	8.21%	21	18
South Korean Won	3,269	5.31%	3,443	3,095
Swiss Franc	6,346	6.00%	6,726	5,966
US Dollar	54,901	5.76%	58,064	51,739
Danish Krone	1,022	3.50%	1,057	986
Hong Kong Dollar	1,357	5.70%	1,435	1,280
Global basket	982,458	10.00%	1,080,704	884,212
Total Overseas Equity	**1,083,200**		**1,186,461**	**979,939**
Overseas private equity (US$)	47,645	5.76%	50,389	44,900
Overseas Property (€)	7,114	3.50%	7,363	6,865
Overseas Property (US$)	60,179	5.76%	63,645	56,712
Total Currency	**1,198,138**		**1,307,858**	**1,088,416**

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. The fixed income securities 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.

The following analysis shows the Fund's exposure to interest rate risk by estimating the potential impacts a 1% change in interest rates would have on the net assets available to pay benefits:

Assets exposed to interest rate risk	Value at 31 March 2025 £'000	Potential movement on 1% change in interest rates £'000	Value on increase £'000	Value on decrease £'000
Cash deposits	93,824	0	93,824	93,824
Fixed income *	361,007	9,275	351,733	370,282
Index linked securities	134,067	22,925	111,141	156,992
Total	**588,897**	**32,200**	**556,697**	**621,097**

* Includes fixed income proportion held within diversified growth funds.

Assets exposed to interest rate risk	Value at 31 March 2024 £'000	Potential movement on 1% change in interest rates £'000	Value on increase £'000	Value on decrease £'000
Cash deposits	93,824	0	93,824	93,824
Fixed income *	346,127	7,746	338,381	353,873
Index linked securities	149,709	28,295	121,414	178,004
Total	**589,660**	**36,041**	**553,619**	**625,701**

Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk however, the selection of high-quality counterparties and financial institutions and legal due diligence carried out on all fund managers and the custodian, minimises the credit risk that may occur through the failure to settle a transaction.

The Fund's on-call sterling and dollar deposits with the custodian are swept into JP Morgan Money Market funds which have an AAA credit rating from Fitch and Standard & Poor agencies.

Credit rating of bank holding cash balance

Bank Account	Rating	Value as at 31 March 2024	Value as at 31 March 2025
		£'000	**£'000**
NatWest	A+	2,460	1,677
Total		**2,460**	**1,677**

the table below shows the maximum exposure to credit risk as at 31 March 2025, before taking account of any collateral or credit enhancements.

Financial Instrument Class	Exposure as at 31 Mar 2024 (£'000)	Exposure as at 31 Mar 2025 (£'000)
Cash and cash equivalents	93,824	25,322
Investment income receivable	3,749	3,801
LCIV MAC Fund (multi-asset credit)	313,396	337,958
Index-linked gilts (L&G)	149,709	134,067
Infrastructure debt (LCIV Infrastructure Fund – income units)	95,816	123,894
Total maximum exposure to credit risk	**656,494**	**625,042**

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund actively monitors cash flow and maintains an adequate level of liquidity to meet its commitments. Liquidity is managed by:

- regular daily monitoring of cash balances to ensure sufficient funds are available
- annual reviews of the projected cash flows taking into consideration contributions receipts, benefits payments and fees and expenses
- maintaining access to short-term funding options in the event of any unexpected cash flow requirements.

Single investment risk

The following singular investments represent more than 5% of the net assets of the Fund. Each of the investments below is a pooled investment vehicle constituted from a large number of underlying assets. None of the underlying assets represents more than 5% of the Fund.

Investment	Value at 31 March 2024	% of Total Fund	Value at 31 March 2025	% of Total Fund
	£'000		£'000	
Legal & General Future World Global Equity Index	339,614	14.50%	357,531	16.63%
LCIV Multi Asset Credit Fund	313,396	11.70%	337,958	15.72%
Legal & General North America Equity Index Fund	313,237	12.90%	332,798	15.48%
LCIV Global Alpha Paris-Aligned Fund	157,596	11.60%	155,984	7.26%
Legal & General Over 5y Index-Linked Gilts Fund	149,709	3.60%	134,067	6.24%

The Fund has policies in place to ensure that exposure to any one investment is monitored and remains within acceptable limits to prevent excessive concentration of risk.

Note 17 Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013, the Fund is subject to actuarial valuation every three years at which time, its actuary is required to specify the employers' contribution rates to the Fund necessary to ensure that present and future commitments can be met. The latest completed actuarial valuation of the Fund was carried out by Hymans Robertson LLP as at 31 March 2022 and the revised contribution rates were effective from 1 April 2023. The next formal actuarial valuation is due as at 31 March 2025 with new contribution rates for employers then taking effect from 1 April 2026. The full 2022 valuation report can be accessed here.

The market value of the Fund's assets at the 31 March 2022 valuation date was £1.973bn and the actuarial value of the Fund's accrued liabilities, allowing for future pay increases, was £1.741bn. There was, therefore, a surplus of assets over liabilities of £232m and the Fund was said to be 113% funded.

Liabilities were calculated using the projected unit actuarial method and the main actuarial assumptions were as follows:

Financial assumptions

Year ended	31-Mar-19	31-Mar-22
Pension increase rate (CPI)	2.30% p.a.	2.70% p.a.
Salary increase rate	2.70% p.a.	3.20% p.a.
Discount rate	4.50% p.a.	4.40% p.a.

In the 31 March 2019 actuarial valuation, assets were valued using a discount rate derived from a 70% likelihood that the Fund's investments will return at least 4.5% over the next 20 years (based on stochastic asset projection). For 31 March 2022, the discount rate was derived from a 70% likelihood that the Fund's investments will return at least 4.4% over the next 20 years based on similar stochastic asset projection.

At 31 March 2019, the assets were sufficient to meet 103% of the liabilities and at 31 March 2022, the actuary estimated, assuming reasonable future investment returns, the Fund was 113% funded. The average employee contributions rate is 7% of pensionable pay (2022: 7%) and the total contributions expected to be received over the current triennial cycle, years 2023/24, 2024/25 and 2025/26, will be similar to the 2019-2022 cycle. After consultation with the actuary, the Fund has agreed a contribution strategy with a cap of 1% on increases (and decreases) to main employer contribution rates. In 2024/25, the expected overall contribution rate (primary plus secondary) for the Administering Authority was 28.27% (2023/24: 29.6%%).

Note 18 Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial valuation, the Fund's Actuary, Hymans Robertson LLP, also undertakes a valuation of the pension fund liabilities every year using assumptions in line with IAS 19 to provide an estimate of the actuarial present value of promised retirement benefits. As an actuarial valuation has not been prepared at the date of these financial statements, the promised retirement benefits at 31 March 2025 have been projected using a roll forward approximation from the latest formal funding valuation at 31 March 2022.

The Actuary estimated the defined benefit obligation to be £1,621m as at 31 March 2025.

Present value of promised retirement benefits

Year ended	**31-Mar-24**	**31-Mar-25**
Active members (£m)	(633)	(562)
Deferred members (£m)	(417)	(345)
Pensioners (£m)	(823)	(714)
Total (£m)	**(1,873)**	**(1,621)**
Fair value of Fund assets (bid value)	2,098	2,150
Net asset/(liability) (£m)	**225**	**529**

The key assumptions used are:

Financial assumptions

Year ended	**31-Mar-24**	**31-Mar-25**
Pension increase rate (CPI)	2.80% p.a.	2.80% p.a.
Salary increase rate	3.30% p.a.	3.30% p.a.
Discount rate	4.80% p.a.	5.80% p.a.

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% 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:

Demographic assumptions

	Males	Females
Current pensioners	21.2 years	24.0 years.
Future pensioners (assumed to be aged 45 at the latest valuation date)	22.5 years	25.6 years

All other demographic assumptions are unchanged from 2024 and are as per the latest funding valuation of the Fund.

Note 19 Current Assets

	31-Mar-24	31-Mar-25
	£'000	£'000
Pension Fund bank account	2,445	1,677
Contributions receivable – employers	105	-
Contributions receivable - employees	32	-
Debtors	100	528
Net amount due from London Borough of Camden		21,296
Total	**2,682**	**23,501**

Note 20 Current Liabilities

	31-Mar-24	31-Mar-25
	£'000	£'000
Creditors	(1,040)	(2,132)
Benefits payable	(643)	0
Net amount due to London Borough of Camden	(4,994)	0
Total	**(6,677)**	**(2,132)**

Note 22 Additional Voluntary Contributions

Additional voluntary contributions (AVCs) are not included in the Pension Fund Accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The Council has appointed Phoenix Life Limited and Prudential Assurance Company Limited as its AVC providers.

Phoenix Life operates two funds, the deposit fund and the managed fund and employees can contribute to either. Prudential Assurance offers a choice of funds catering for risk appetites ranging from minimal to higher risk. Members have the option to choose a combination of these funds or to invest in the default fund (with profits) or a lifestyle option. The lifestyle option commences with higher risk investments and is gradually switched to lower risk investments as the member moves closer to retirement.

The values and transaction summaries of the AVC funds are shown below. Note, the Phoenix Life accounts are produced on a calendar year basis so their numbers below are for the years ended 31 December 2023 and 31 December 2024.

	Prudential		**Prudential**
	£'000		**£'000**
Value at 1 April 2023	**2,919**	**Value at 1 April 2024**	**4,461**
Contributions & transfers received	1,861	Contributions & transfers received	2,479
Investment return	248	Investment return	160
Paid out	-567	Paid out	-872
Value at 31 March 2024	**4,461**	**Value at 31 March 2025**	**6,228**

	Phoenix Life Ltd		**Phoenix Life Ltd**
	£'000		**£'000**
Value at 1 January 2023	**668**	**Value at 1 January 2024**	**597**
Contributions & transfers received	5	Contributions & transfers received	4
Investment return	44	Investment return	43
Paid out	-120	Paid out	-41
Value at 31 December 2023	**597**	**Value at 31 December 2024**	**603**

Note 22 Related party transactions

The London Borough of Camden Pension Fund is administered by the London Borough of Camden Council and consequently, there is a strong relationship between the Council and the Pension Fund. The Council is the single largest employer of members of the Pension Fund and contributed £60.91m to the Fund in 2024/25 (£61.7m in 23/24)

In 2024/25 £378k was paid to the Council for finance and accountancy services (£159k in 2023/24), and £544k was paid to the Pensions Shared Service located at Wandsworth Council for providing the pensions administration service (£533k in 2023/24).

At 31 March 2025, there was a net amount of £21.31m due from the Council to the Pension Fund (31 March 2024: £4.9m due from Pension Fund to Council).

The Council, via the Pension Fund, is a shareholder in London LGPS CIV Limited and the net assets statement includes unquoted shares at cost £150k (31 March 2024: £150k). Fees invoiced to the Fund by LCIV for the year were £366k (2023/24: £417k).

Governance

Councillors are no longer permitted to participate in LGPS schemes but may be deferred or pensioner members. Each member of the Pension Fund Committee is required to declare their interests at each meeting.

Key Management Personnel

The Executive Director of Corporate Services held a key position in the management of the Pension Fund for the year to 31 March 2025. The charge payable from the Pension Fund was £14k (31 March 2024: £13k).

No other material transactions with related parties of the Fund during 2024/25 were identified.

Note 23 Contractual capital

Property

The Fund has undrawn contractual capital in relation to three unquoted limited partnership funds in global property; one Euro denominated Luxembourg ‘SICAR’ and two US Dollar denominated Guernsey Limited Partnerships. These are drawn down in tranches over time as and when the manager needs the cash to invest in underlying investments. The Euro fund had undrawn contractual capital outstanding as at 31 March 2025 of £2.119 (£2.166m as at 31 March 2024). The US Dollar funds also had a undrawn contractual capital outstanding as at 31 March 2025 £36.035 (£44.980m as at March 2024). These amounts are not required to be included in the Pension Fund accounts.

Private equity

The Fund has a further commitment in relation to its private equity mandate via the HarbourVest 2016 Global AIF Limited Partnership. This commitment is drawn down in tranches over time as and when the manager requests cash to fund underlying investments. The fund is denominated in US Dollars. The commitments outstanding as at 31 March 2025 is £14.484m (£10.930m as at 31 March 2024). This amount is not required to be included in the Pension Fund accounts.

Infrastructure

The Fund made an initial commitment of £106m to the London Collective Investment Vehicle’s Infrastructure Fund on 31 October 2019 with an additional commitment of £76m being agreed during 2023/24. At 31 March 2025, the commitment outstanding was £77m (£98m outstanding at 31 March 2024).

UK Housing Fund

The Fund made an initial commitment of £97m to the London Collective Investment Vehicle’s UK Housing Fund in April 2024. At 31 March 2025, the commitment outstanding was £54.73m.

Note 24 Events after the reporting period

The Fund has carried out a review and can confirm there were no significant events occurring after the reporting period that require disclosure in these accounts.