

THE LONDON BOROUGH OF CAMDEN

At a meeting of the **PENSION COMMITTEE** held on **TUESDAY, 2ND DECEMBER, 2025** at 6.30 pm in Council Chamber, Town Hall, Judd Street, London WC1H 9JE

MEMBERS OF THE COMMITTEE PRESENT

Councillors Rishi Madlani (Chair), Heather Johnson (Vice-Chair), Anna Burrage, Rebecca Filer, Edmund Frondigoun, Jenny Mulholland and James Slater

MEMBERS OF THE COMMITTEE ABSENT

Councillors Matthew Kirk

The minutes should be read in conjunction with the agenda for the meeting. They are subject to approval and signature at the next meeting of the Pension Committee and any corrections approved at that meeting will be recorded in those minutes.

MINUTES

1. APOLOGIES

Apologies for absence were received from Councillor Kirk.

Apologies for lateness were received from Councillor Mulholland.

2. DECLARATIONS BY MEMBERS OF STATUTORY DISCLOSABLE PECUNIARY INTERESTS, COMPULSORY REGISTERABLE NON-PECUNIARY INTERESTS AND VOLUNTARY REGISTERABLE NON-PECUNIARY INTERESTS IN MATTERS ON THIS AGENDA

There were none.

3. ANNOUNCEMENTS (IF ANY)

Webcasting

The Chair announced that the meeting was being broadcast live to the internet and would be capable of repeated viewing and copies of the recording could be made available to those that requested them. Those seated in the Chamber were deemed to be consenting to being filmed. Anyone wishing to avoid appearing on the webcast should move to one of the galleries.

Variation of order of business

In accordance with paragraph 10 of the Constitution, Committee Procedure rules, the Chair proposed and the Committee agreed to vary the order of business on the agenda and take item 15 the Draft Responsible Investment Policy late item under (Any Other Business) after item 9 (London Collective Investment Vehicle Progress Report).

4. DEPUTATIONS (IF ANY)

There were none.

5. NOTIFICATION OF ANY ITEMS OF BUSINESS THE CHAIR DECIDES TO TAKE AS URGENT

The Committee was informed that the Responsible Investment Policy was included as urgent and would be considered under item 15.

6. MINUTES

RESOLVED –

THAT the minutes of the meeting of the Pension Committee held on 22nd October 2025 be approved and signed as a correct record.

7. INVESTMENT STRATEGY REVIEW

Consideration was given to the report of the Executive Director Corporate Services.

The Head of Finance, Treasury and Pensions Fund introduced the report explaining that the strategy was produced every three years following the triennial evaluation, and that it should be read in conjunction with the Funding Strategy Statement and set the long-term plan for how the pension fund invested over the next three years including how it approached risk.

The strategy encapsulated responsible investment and how environmental, social and governance (ESG) issues were integrated.

He informed members that the strategy had been prepared with the help of the investment consultants and the independent adviser.

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Andrew Singh and Bob Young ISIO Consultants advised that main aims of the strategy were to:

- Reduce the risk because the fund was now in a strong position, while still aiming for good returns.
- Increase investments that had a positive environmental and social impact.
- Keep returns high enough to pay pensions.

The main proposed changes were to:

- Reduce equities from 45% to 33% of the fund which would lower the risk of large losses if markets fell.
- Increase index-linked gilts from 8% to 18%. These moved in line with inflation, helping protect the fund from inflation increases. Current market prices made gilts good value to buy.
- Remove Diversified Growth Fund (DGF). The fund no longer offered enough benefit and its manager had experienced changes.
- Increase investments with environmental or social impact, such as natural capital (new 5% allocation), renewable energy (increase to 2.5%), Affordable housing (kept at 5%)
- Small adjustments to property and infrastructure allocations.

The expected results of the strategy were that

- Returns would be slightly lower (from 8.8% to 8.5% per year).
- Risk reduced by nearly 20%.
- More assets protected against inflation.
- More of the fund invested in areas aligned with Camden's Responsible Investment aims.

Responding to Committee members questions the following information was provided:

On equity risk and what would cause the fund to lose its surplus, it would require a very severe economic downturn, such as a sharp fall in global markets (especially big tech companies in the US). A spike in inflation or a large drop in long-term interest rates. It was noted that even in a "1 in 20" bad scenario, the fund was still expected to remain in surplus.

On index-linked gilts and why gilt allocation had not been increased sooner. Earlier prices were poor, but prices had now improved sharply, making it a good time. Gilts also helped match the way pensions rose with inflation.

On ESG and stewardship and how reducing equities would affect Camden's voting power. The fund would still vote through its managers; only the size of holdings would change slightly.

In terms of how the proposed assets supported Camden's chosen United Nations Sustainable Development Goals; it was explained that each new asset class was checked for alignment.

Invited to comment on whether her views on the strategy were aligned with ISIO consultants and officers, the Independent adviser noted that she had queried the size of the reduction of equities advising members that this would generate a fairly modest return for the fund compared to what it would have had with the higher allocation. On renewable infrastructure, the infrastructure fund already had high renewable content. Members were also advised to be aware of possible overlap but commented that diversification remained acceptable.

The Chair thanked the ISIO consultants for all their hard work on the Investment Strategy Review.

The Committee noted that

- The fund was now strongly funded, so reducing risk was sensible.
- The strategy increased inflation protection and aligned with the Council's responsible investment goals.
- Expected returns remained healthy.

RESOLVED –

To agree:

1. The revised Investment Beliefs as set out in Table 2 of the report for inclusion in the draft Investment Strategy Statement.
2. To adopt the "Lower Risk & Higher Impact" investment strategy proposed by the Fund's Investment Consultant, Isio (within Appendix A), and to approve the corresponding changes to the Fund's strategic asset allocation for inclusion in the draft Investment Strategy Statement, as summarised below (all percentages are proportions of overall Fund assets):
 - a. Reducing the public equity allocation by 12% (from 45% to 33%) to lower portfolio volatility.
 - b. Increasing the strategic asset allocation to index-linked gilts by 10% (to 18%) to strengthen inflation protection.
 - c. Introducing a new renewable infrastructure allocation of 2.5% and a natural capital allocation of 5% to enhance sustainability impact.
 - d. Increasing investment in long-lease property by 4% (to 9%) to provide stable, inflation-linked income.
 - e. Maintaining investment in affordable housing at 5% to support place-based impact.
 - f. Reducing exposure to UK and global commercial property by 2%.
 - g. Retaining the existing multi-asset credit allocation at 15% to preserve diversified income.

3. To note that the revised strategy is expected to deliver an 8.5% expected return per annum, improve inflation linkage to 44% of total assets, and reduce Value at Risk by approximately 19% relative to the current strategic target.
4. To approve the Draft Investment Strategy Statement attached as Appendix B.
5. To delegate authority to the Director of Finance (S151 Officer), after consultation with the Chair of the Pension Committee to take all steps to finalise the draft Investment Strategy Statement after having considered the results of the consultation (including making any amendments required to the Strategy as a result of the consultation).

8. PERFORMANCE REPORT

Consideration was given to the report of the Executive Director Corporate Services.

The Head of Finance Treasury and Pensions introduced the report which outlined the performance of the Camden Pension Fund investment portfolio and the individual investment managers for the quarter ended 30 September 2025. He highlighted that:

- The fund grew by £148m in the quarter (6.67%).
- Outperformed benchmark for the quarter but underperformed over 1, 3, and 5 years due to private equity.
- Public markets performed well.

Karen Shackleton, Independent Investment Advisor, provided the Committee with an overview of her comments on the financial markets and provided detail on the performance of the individual Investment Managers, as set out in Appendix A to the report.

It was highlighted that:

- Baillie Gifford: had an Amber rating; as performance was behind targets. Concerns were raised about weaker messaging on ESG and climate and governance changes noting that they were more focused on Artificial Intelligence issues.
- Harris: had a Red rating; with continued underperformance. The decision had already been made to exit.
- Legal & General: had a Green rating; sustainable equity fund outperformed market cap index.

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- Partners Group: had an Amber rating; Significant concerns over performance of newer funds. Meeting planned to discuss issues and possible fee rebate. Independent Adviser to meet with manager.
- HarbourVest: Green rating. Overall Performance mixed but mostly acceptable. Some concerns in direct investments.
- Affordable Housing Fund: had an Amber rating; low drawdown (39%) and lack of diversification flagged; manager meeting to be arranged.
- CBRE Property Funds: Some valuation issues in retail and office sectors. Had an Amber rating.
- London CIV Multi-Asset Credit: Improved performance; had a green rating.

Responding to Committee members questions the following information was provided:

The criteria used for the rag ratings included performance, which was a key driver, as well as staff departures, changes in the investment process and changes in the organisational structure.

In terms of the performance and low drawn down of the Affordable Housing Fund, the LCIV Head of Partner Fund Solutions informed the Committee that a lot of partner funds were interested in investing in the Affordable Housing Fund particularly in this period and there was a lot of engagement around this. However, he advised that the LCIV Investment team would be the best people to comment on the performance and low draw down of the Affordable Housing Fund and a future meeting could be arranged for the team and manager to provide a comprehensive update.

Action by: LCIV Head of Partner Solutions

Officers agreed to include the forward plan of meetings with Fund Managers in future Committee agendas.

Action By: Head of Finance Treasury and Pensions / Treasury and Pension Fund Manager

With regards to weaker ESG messaging coming from Baillie Gifford and whether this had been picked up by LCIV partners, the LCIV Chief Sustainability Officer advised that this would be taken back to the LCIV Stewardship team to provide a detailed response.

Action by: LCIV Chief Sustainability Officer

The LCIV Chief Sustainability Officer informed the Committee that some of the things they were looking to develop as part of the Responsible Investment Policy was to rank Fund Managers on an ESG basis and include this in an annual report for the Committee.

RESOLVED –

THAT the contents of the report be noted.

9. LONDON COLLECTIVE INVESTMENT VEHICLE PROGRESS REPORT

Consideration was given to a report of the Executive Director Corporate Services.

The Head of Finance, Treasury and Pensions introduced the report informing the Committee that the LCIV progress report was focussed on one item for this meeting which related to the admission of Buckinghamshire Pension Fund into LCIV as a partner fund.

He highlighted that:

- The Government required Buckinghamshire to leave its previous pool.
- Buckinghamshire had requested to join the London CIV.
- Their fund stood at £4.1bn; joining increased LCIV scale and should reduce costs for all other funds.
- Governance remained “one fund, one vote,” so Camden’s influence was unchanged.

Tim Mpofu Head of Partner Solutions (LCIV) informed the Committee the statutory deadline to accept Buckinghamshire Pension Fund into the LCIV was 22nd December 2025.

While there had been unanimous support from the LCIV Board and LCIV senior Leadership team across London it was up to shareholders to accept a new shareholder.

In response to Committee members’ questions the following information was provided by LCIV officers:

The membership and structure of Buckinghamshire was different from London Boroughs which were unitary authorities while theirs was a County, bigger in size and geographical area and presented options in terms of local investments.

The Committee raised no objections to Buckinghamshire joining the LCIV.

RESOLVED:

That the report be noted.

10. FUNDING STRATEGY STATEMENT

Consideration was given to the report of the Executive Director Corporate Services.

The Head of Finance Treasury and Pensions introduced the report informing the Committee that:

- The FSS explained how the Pension Fund planned to meet pension promises over the long term.
- It worked in conjunction with the Investment Strategy.
- New government guidance had made FSS documents more structured and easier to follow.

Tom Hoare (Actuary) Hymans Robertson provided the Committee with an overview of his report on pages 132 – 162 of the main agenda. He highlighted that:

- Camden's draft FSS already followed much of the new guidance.
- The key table on page 137 of the agenda explained how employer contribution rates were set.
- Fund remained in a strong position.
- The document will go to employer consultation; with the final version to return in March 2026.

Responding to Committee members questions the following information was provided:

- All the Actuarial assumptions were on page 159 of the agenda, the Club Vita Analytics on demographic assumptions were used which reflected the latest Camden membership profile.
- The recent changes to the salary sacrifice scheme would not be a material impact in the context of the valuation or any individual employer's valuation. It would only be relevant for certain members of the Pension Fund.

The Committee:

RESOLVED –

To agree the revised draft Funding Strategy Statement set out in Appendix A and to note the engagement plan for consultation set out in paragraph 2.10.

11. ADMISSIONS POLICY

Consideration was given to the report of the Executive Director Corporate Services.

Members were informed that this Policy explained the rules for admitting new employers (e.g., contractors) to the pension fund.

It was highlighted that:

- New contractors would pay the same contribution rate as the Council.
- Confirmed the use of “pass-through” approach to reduce risk for contractors and fund.
- Pension risks remained with the letting authorities, not the contractor.
- These avoided contractors overcharging because of pension uncertainties.

Responding to Committee members questions the following information was provided:

All the Policies were mandatory as part of the fit for the future government agenda.

The Committee approved the draft for employer consultation and,

RESOLVED –

To

(a) Approve the Admissions Policy attached as Appendix A,

(b) Delegate authority to the Director of Finance (S151 Officer), after consultation with the Fund Actuary, to make minor updates to the policy as required to reflect future regulatory or guidance changes, and to delegate authority to the Director of Finance to make minor amendments following any feedback from the Employers Forum.

12. CONTRIBUTIONS REVIEW POLICY

Consideration was given to the report of the Executive Director Corporate Services.

Members were informed that this Policy set out when an employer could ask for their contribution rate to be reviewed between formal valuations.

Tom Hoare (Actuary) Hymans Robertson highlighted that:

- Contribution reviews were rare and only allowed in strict cases, e.g.: big change in an employer’s membership (e.g., two academies merging).
- Change in employer covenant (financial strength), but not because markets moved.

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- It was necessary because government regulations required a policy before any contribution review could take place.

Responding to Committee members questions the following information was provided:

If there was ever a contribution review triggered it would usually come through to the Committee for consideration.

The Committee agreed to approve the policy, with ability for officers to make small changes following employer consultation.

RESOLVED –

To

(a) Approve the Contributions Review Policy attached as Appendix A,

(b) Delegate authority to the Director of Finance (S151 Officer), after consultation with the Fund Actuary, to make minor updates to the policy as required to reflect future regulatory or guidance changes, and to delegate authority to the Director of Finance to make minor amendments following any feedback from the Employers Forum.

13. CESSATION POLICY

Consideration was given to the report of the Executive Director Corporate Services.

Members were informed that this Policy set out what happened when an employer left the Pension Fund.

Tom Hoare (Actuary) Hymans Robertson highlighted that:

A “cessation valuation” was carried out to check whether the employer owed money (a deficit) or should receive money (a surplus).

It included rules on:

- Deferred spreading (paying off deficits over time)
- Deferred debt arrangements
- Exit credits (who received surplus funds)
- Camden had a few cessations in past years.

Responding to Committee members questions the following information was provided:

If an organisation were dissolved or went into bankruptcy and were unable to pay its debts, the Pension Fund would become one of the creditors and would be ranked amongst other creditors. The risk would be carried by the rest of the fund which was why prudent assumptions were set.

The Committee agreed to approve the policy, with ability for officers to make small changes following employer consultation.

RESOLVED –

To

(a) Approve the Cessation Policy attached as Appendix A,

(b) Delegate authority to the Director of Finance (S151 Officer), after consultation with the Fund Actuary, to make minor updates to the policy as required to reflect future regulatory or guidance changes, and to delegate authority to the Director of Finance to make minor amendments following any feedback from the Employers Forum.

14. ENGAGEMENT REPORT

Consideration was given to a report of the Executive Director Corporate Services.

The Head of Finance, Treasury and Pensions informed the Committee that this was a regular report presented to Committee Members updating them with engagement activity undertaken by the Fund and on its behalf by the Local Authority Pension Fund Forum (LAPFF) to promote good governance and behaviour in environmental and social issues over the last quarter.

He also highlighted that LAPFF had engaged on climate change, human rights and conflict affected high risk areas, clean water and pollution issues, environmental risk and remuneration. They had engaged predominantly in the USA, UK and Germany.

The Vice Chair in her role as a member of the LAPFF Executive Board invited to comment on LAPFF engagement activities, reported that there had been a lot of activities going on with considerable discussion about US companies pulling back on issues such as climate change although that had not prevented LAPFF from continued engagement. She encouraged Members to read the reports as it contained a lot of information regarding the recent engagement activities.

The Committee discussed linking LAPFF reporting more closely to Camden's new RI policy and LCIV engagement.

RESOLVED -

THAT the contents of the report be noted.

15. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT

Draft Responsible Investment Policy

Consideration was given to the report of the Executive Director Corporate Services.

It was highlighted that this was taken as an urgent item for the reasons outlined in the Supplementary Agenda report.

The Head of Finance, Treasury and Pensions introduced the report informing the Committee that:

- The Responsible Investment Policy responded to earlier Committee instructions, including concerns about exposure to conflict-affected areas.
- The policy was developed with the LCIV partners and used RepRisk, an independent monitoring tool.
- Legal review was still required.
- The Policy would be brought back to the Committee in March 2026 for formal approval.

LCIV partners advised that it:

- Reflected Camden's Environmental Social Governance (ESG) priorities (including selected Sustainable Development Goals (SDGs)).
- Was intended to be practical and workable under pooling arrangements.
- Policy was designed to be flexible and future-proof.
- It would be reviewed annually and formally every three years with updates if any issues were to arrive sooner.
- Set clear expectations for stewardship, escalation, and—only as a last resort—divestment.

Members welcomed the policy, noting the large amount of work involved and asked for clarity on the escalation process and relationship with LCIV if priorities differed.

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LCIV officers explained that the policy represented Camden's own position; and what Camden's Pension Fund beneficiaries and members would be satisfied with. They advised that it needed to be practical and realistic in terms of the powers the Pension Fund had but it needed to reflect its views. The stewardship discussions would enable Camden to influence LCIV priorities.

One of the tools used to influence this would be the Sustainable Working Group which had evolved over the last year and where an annual review of stewardship priority areas would take place.

Members asked for a strong link to its investment beliefs. The Committee noted that legal review of the Policy was still required and asked for early sight of trade union comments before it came to the Committee in March for final approval.

Action By: Head of Finance, Treasury and Pensions / Treasury and Pension Fund Manager

The Committee

Resolved:

To note:

- The ongoing use of RepRisk ESG incident-monitoring platform (Appendix 1) by the Fund
- That it was subject to final legal clearance
- That the final Responsible Investment Policy would be brought back to Committee in March 2026 for formal approval.

The meeting ended at 9.20 pm.

CHAIR

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MINUTES END