

THE LONDON BOROUGH OF CAMDEN

At a meeting of the **PENSION COMMITTEE** held on **WEDNESDAY, 18TH MARCH, 2026** 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, Matthew Kirk and James Slater

MEMBERS OF THE COMMITTEE ABSENT

Councillors Jenny Mulholland

ALSO PRESENT

Kathy Anifowose (Camden Unison) (remote attendance)

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 Mulholland.

Apologies for lateness were received from Councillor Filer.

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

Councillor Rishi Madlani declared that in respect of his role as Chair of the Shareholder Committee he had been appointed as an advisor to the London CIV Board.

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 Business Plan (Item 15) after Items 16 and 17. The deputation would be heard first, followed by the Responsible Investment Policy and Conflict Zone Policy. The Chair also informed attendees that a polite exit would be permitted after the relevant agenda items, acknowledging the technical nature of much of the remaining business.

4. DEPUTATIONS (IF ANY)

The Chair informed members that he had received and accepted a deputation from Palestine Solidarity Campaign (PSC). A copy of the deputation statement was included in the supplementary agenda.

The deputation related to ethical Pension Fund Investments, Camden Pension Fund's Responsible Investment and Conflict Zone Exposure Policy and was from Sabby Sagall and Mahad Magan.

The following responses were given by the deputees to members questions:

- **Methodology for £104 million figure:** The deputees explained that the figure originated from research by the Palestine Solidarity Campaign, detailed on their website, which listed companies involved in gross breaches of international human rights law in relation to Israel and the occupied territories. They noted that Camden's audit methodology was unclear, making direct comparison difficult, and called for a clearer, more transparent audit.
- **Consistency and Fiduciary Duty:** The deputees stated that many pensioners were unhappy with their money funding what they considered a genocide and wanted full divestment. They clarified that the global call for divestment from companies breaching international human rights law was global, and their focus on Israel/Gaza/West Bank was due to their specific interest as Camden Friends of Palestine, but that the demands aligned with global principles against gross human rights breaches.
- **Microsoft Reference:** The deputees clarified that the reference to Microsoft as a company of concern came from the Committee's own engagement report, specifically page 9 of the LAPFF appendix.

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- Scope of Divestment: In response to a question about divesting from "anything involving Israel" versus "genocide," the deputies referred to a petition signed by over 4,000 residents over a year prior, which called for divestment from companies involved in the Israeli occupation and military assault on the West Bank and Gaza. They acknowledged that different individuals held different views on the matter.

Priya Nair (Treasury and Pensions Fund Manager) provided the following information in response to the deputations.

- The deputies were thanked for their continued engagement acknowledging the strength of feeling expressed. She commented that the fund had taken significant steps to strengthen its approach to Responsible Investment (RI) within a changing regulatory environment. Emphasising that the fund's primary duty remained fiduciary duty, acting in the best financial interests of its members.
- Regarding the characterisation of "delay," it was clarified that the period had involved the development of a robust, evidence-based framework, necessitated by complex regulatory changes and the need for legal, investment, and data assurance.
- On the audit point, she explained that differences arose from differing methodologies. The fund's audit used an independent, structured methodology based on verified data sources, defined human rights criteria, and clear attribution thresholds. External campaigns often applied broader or indirect definitions of involvement. The fund remained committed to transparency and would refine disclosures.
- Concerning the Responsible Investment and Conflict Zone Exposure Policy, the Treasury and Pensions Fund Manager stated it was designed to provide legal clarity, consistency, and defensibility under fiduciary duty, incorporating UK government guidance, sanctions regimes, and multilateral frameworks. While Non-Profit Organisation (NGO) and academic research informed engagement, it was not always appropriate to treat such sources as determinative, as differing approaches across LGPS funds had led to legal challenge risks.
- On the defence sector, she noted that the RI policy distinguished between controversial weapons (prohibited) and the broader defence sector, which operated within legal and governmental frameworks. A blanket exclusion of the entire defence sector would not be consistent with LGPS practise.
- Regarding the £2 million exposure mentioned by deputies, the Treasury and Pensions Fund Manager stated that the fund's approach was not based on absolute zero exposure, which was not feasible in a diversified global portfolio. Instead, the approach focused on identifying material risks, prioritising engagement, and taking action based on evidence.

- Finally, on engagement, she explained that expecting change within three months was unrealistic for long-term stewardship activity. The fund's approach involved structured engagement, monitoring progress, and escalation where appropriate, citing cases where sustained investor pressure over several years had led to measurable change.

In summary, the Treasury and Pensions Fund Manager stated that the fund had undertaken an independent audit using tools like RepRisk to remove human bias, developed a structured policy framework, and strengthened its approach to human rights and conflict exposure. Decisions would remain evidence-based, legally compliant, and consistent with fiduciary duty.

A Committee Member questioned the inclusion of Amazon in the Palestine Solidarity Campaign's £104 million figure, as it was not on blacklists, and the reference to Microsoft. The Treasury and Pensions Fund Manager responded that Microsoft and Amazon were not on the Office of the United Nations High Commissioner for Human Rights (OHCHR) list, which the fund used for its analysis to ensure transparency and base its RI policy on internationally recognised lists, thereby removing human bias. The RepRisk methodology had been presented to the Committee in December.

The Committee thanked the deputies for their submissions.

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

There was none.

6. MINUTES

Consideration was given to the Minutes of the previous meeting.

RESOLVED –

That the Minutes for the meeting that took place on 2nd December 2025 be agreed and signed as an accurate record.

7. RESPONSIBLE INVESTMENT POLICY

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

The Treasury and Pensions Fund Manager introduced the report, highlighting that the Responsible Investment (RI) Policy was an expansion of the Environmental, Social, and Governance (ESG) principles contained within the Investment Strategy Statement (ISS). It was emphasised that both policies should be considered together, with the ISS remaining the primary strategic document and the RI Policy providing detailed information on ESG and stewardship activities.

The Committee was informed of further developments since December 2025, including alignment with the evolving regulatory framework and the incorporation of external legal advice. It was stated that a formally structured and legally robust consultation process would commence, likely after the pre-election period, when further progress on the Pension Schemes Bill and additional regulatory guidance were expected.

Key enhancements to the RI Policy included:

- Clearer articulation of considerations for assessing exclusions, ensuring consistency with fiduciary duty and member views.
- A formal definition of controversial weapons, aligned with international treaty frameworks.
- Development of a structured and operational conflict zone framework, including clear identification, assessment processes, reliance on authoritative sources, and defined stewardship and escalation pathways.
- Updates to the ISS were described as more limited and technical, introducing tolerance ranges around asset allocations and formally including a local investment objective. Together, these documents formed a coherent framework.

A Committee Member thanked officers for the thorough work, noting that the policy provided a robust mechanism for investment decisions.

The following information was provided in response to Committee members comments and discussion.

- A Committee Member made observations on the local investment element from a conference they went to, noting that a local emphasis was not new, with proposals like Rachel Reeves' (Chancellor) £20 billion or 5% pension fund investment in local enterprises. It was also noted that while trade unions were not explicitly mentioned in the Fit for the Future bill, their views were implicit and it was important that the Pension Fund members were listened to. The Committee was seen to have delegated responsibility and therefore its views superseded those of individual members.

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- Local investment was encouraged but not mandated, though a policy was required. International examples from Canada and the Nordics were cited, as was the Greater Manchester Pension Fund's work. It was stressed that the Committee's fiduciary duty required it to make sure it could pay the pension of its members but this also allowed for proactive positive investment, not just maximisation of returns.
- Officers acknowledged the challenge of defining "local" but stated it was solvable. They confirmed that positive impact decisions would consider materiality, financial materiality, and member views.
- In relation to how the RepRisk-based assessment ensured consistency across different conflict-affected regions. Officers explained that RepRisk was chosen for its issue-based, globally consistent approach, drawing on a vast universe of sources filtered by human analysts. The same methodology was applied across all regions, and RepRisk was overlaid with Tier 1 and Tier 2 authoritative sources (e.g., UK sanctions, UN frameworks) to ensure evidence-based, repeatable decisions anchored in international standards.
- With regards to the accuracy of a Green Party leaflet claiming £630,000 invested in Israeli government bonds. Officers confirmed that, as of the latest data (end of December), the fund did not hold any Israeli government bonds and had not done so in the last year.
- In response to a question about how the policy would be benchmarked against other LGPS funds or London CIV. Officers stated that Camden's policy aimed to be a benchmark, but that it was an evolving area, particularly for human rights and conflict zones, with no standardised benchmarking framework yet. External legal reviewers had provided very complimentary feedback on the policy's sophistication.
- With regards to escalation triggers, tracking, and reporting. Officers explained that the RI policy would be reviewed annually, with a more formal review aligned with the triennial valuation. Escalations would be triggered by credible authoritative sources indicating worsening risk, inadequate engagement responses from managers, or issues deemed financially, legally, or reputationally material. Tracking would occur through regular stewardship reporting, with material cases brought to the Committee.
- In relation to how the policy would be communicated to London CIV and how monitoring would occur. Officers stated the policy would set the framework for London CIV, with regular engagement between officers. London CIV would need to offer holistic solutions for all 32 London boroughs, and developments were underway to manage differing expectations.

The Chair summarised four key points:

1. The Peace and Justice Sustainable Development Goal (SDG) was being adopted in the Investment Strategy Statement (ISS) for the interim.
2. Officers were requested to provide a plain English explanation of the policy.
3. A commitment was made to an annual RI conflict review, similar to climate and fossil fuel exposures, with a more fundamental review during the triennial valuation.
4. The policy would serve as an interim policy, subject to formal consultation under new guidance by the new authority after the May elections.

RESOLVED –

THAT:

1. The Responsible Investment Policy attached at Appendix 1a be approved.
2. Note that the Policy will be subject to formal consultation, expected to be as part of completing consultation on the new Investment Strategy Statement ("ISS") (Appendix 1b).
3. Agree that, pending a further decision on the Policy following consultation, the stewardship and engagement approach set out in the Policy shall be treated as an additional explanation of how section 7 of the existing ISS is intended to be applied, and that it be supplied to London Collective Investment Vehicle (CIV), the Fund's investment advisers and relevant Council officers accordingly.
4. Delegate authority to the Director of Finance, following consultation with the Chair of the Pensions Committee, to take all necessary steps to implement the above including finalising the policy following consultation.

8. CORPORATE GOVERNANCE ANNUAL REVIEW

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

The Head of Finance Treasury and Pensions introduced the report, which reviewed the fund's voting activity for the year ending 31st March, covering the calendar year to 31st December.

It was noted that Pensions and Investments Research Consultants (PIRC) carried out voting on behalf of the fund due to the global nature of investments.

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The report covered over 24,000 resolutions across more than 1,720 meetings, with the fund voting on half of these as direct decisions. Overall, the fund supported 59% of decisions and voted against 7%. Regional voting support varied, with the UK at 71%, Asia 62%, Europe 60%, and the US and Canada at 43%. In the UK, remuneration-related resolutions were low, with the fund supporting approximately 35% of those votes.

In the ensuing discussion:

- The Chair highlighted that Appendix A, detailing the fund's voting policy on gender, showed the impact of the 40% minimum target for women on boards, leading to more votes against boards than previously. He requested that a tracked changes version of the policy would be circulated and suggested that PIRC be invited to present at future meetings.

Action By: Treasury and Pensions Fund Manager

- A Committee Member observed that despite setting a higher threshold for women on boards, the UK still achieved 71% support, considerably higher than other regions, suggesting the potential to push for even higher standards.
- A Committee Member commented that the report demonstrated the significant stewardship work undertaken by the fund, countering accusations of inaction, and acknowledged the enormous effort involved despite slow improvements.
- The Chair noted the fund's participation in ShareAction's campaign against online-only AGMs. The Chair also discussed the challenges in corporate governance engagement and voting, particularly in the US, and the importance of maintaining a leading-edge voting policy.

RESOLVED –

1. That Appendix A of the report which presents the Review of Proxy Voting in 2025 be noted.
2. That the proposed voting policy on which Camden will vote its shares, as set out in Appendix B of the report, be approved.

9. ENGAGEMENT REPORT

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

The Head of Finance, Treasury and Pensions introduced the report, which updated members on engagement activity undertaken by LAPFF (Local Authority Pension Fund Forum) on behalf of its member funds, including Camden.

It was clarified that the mention of Microsoft in the LAPFF report did not necessarily mean it was in Camden's portfolio.

Recurring themes in engagement included:

- Strengthening shareholder oversight of climate transition plans globally.
- Testing the credibility and commercial viability of decarbonisation in hard-to-abate sectors (e.g., heavy industry, shipping).
- Addressing systemic water and pollution risks.
- Escalating concerns on conflict-affected human rights.
- Preparing companies for major UK company law changes.
- Improving supply chain transparency and human rights due diligence.
- Reinforcing governance and remuneration alignment.

In the ensuing discussion:

- A Committee Member highlighted the pervasive nature of human rights due diligence across all investment areas, from mining to luxury goods, underscoring the wide scope of work required and the slow pace of improvements.
- The Chair suggested that for the next municipal year, the report should be supplemented with stewardship and engagement activity from London CIV, particularly from Hermes EOS, who conduct engagement on behalf of the pool.

RESOLVED –

THAT The Engagement Report be noted.

10. PERFORMANCE REPORT

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

The Treasury and Pensions Fund Manager introduced the report, providing key headlines on fund performance, highlighting that markets were broadly positive, supported by easing inflation and expectations of interest rate cuts in 2026, with stronger contributions from non-US markets and value sectors.

The fund value increased to £2.42 billion, up £55 million over the quarter. The fund remained overweight equities and slightly underweight bonds and real assets, which supported returns but increased sensitivity to equity markets.

The fund returned 2.5% over the quarter and 9.6% over the year, slightly behind the PIRC universe in the short term but ahead over three years. Main contributors included LNG passive mandates (Future World ESG Equities, E

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LCIV MAC Fund). Ongoing areas of underperformance included Harris (from which the fund had disinvested), Bailey Gifford Paris aligned fund, and Partners Group private markets exposure.

Karen Shackleton (Independent Advisor) provided a detailed insight into manager performance: Informing members that:

- Bailey Gifford Equity Portfolio: was rated Amber and described as frustrating, having struggled after a decade of strong performance. Underperformed benchmarks and growth style. Stock-specific issues were key drivers. The fund remained exposed to information technology, with heavy betting on AI, which the advisor expressed caution about. The transition to a three co-manager structure was noted with reservations.
- Harris: was highlighted as having a better quarter, with some success in stock bets, making it a good time to exit.
- Legal & General: was rated as Green. Passive allocations tracked well, with the sustainable index slightly outperforming.
- CBRE: was rated as Amber. Highlighted as performing adequately over 12 months, but with more volatility in Q4. Schroder's Property Fund was the main detractor due to planning issues and slower leasing.
- Partners: was rated as Red. She expressed significant disappointment, noting that exiting private markets funds were difficult and costly. The 2017 fund had the most issues, with a net multiple down to 0.87 times, reflecting valuation pressures and acknowledged misjudgements regarding e-commerce growth.
- HarbourVest: was rated as Green. She noted that this was a diversified strategy across primary funds, secondary investments, and direct co-investments. Ahead of target since inception.
- London CIV Multi Asset Credit Fund: was rated as Green. Outperforming over 12 months and three years, with an improved overall rating. Underlying managers were cautious on valuations and focused on debt default avoidance.
- Stepstone (Infrastructure): was rated as Green, with a potential to change to Amber. Net internal rate of return (IRR) had tailed off, with seven of twelve underlying investments behind their individual target IRRs, though the Arcus fund performed well.
- London CIV Real Estate Long Income Fund (Aviva): was rated as Amber. Fully deployed but faced issues with real estate valuations and reduced distribution payments due to unpaid interest from a student accommodation

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investment. Concerns were raised about diversification (43% in hotels) and the fund's size being below target.

- London CIV UK Housing Funds: was rated as Amber. Quarterly net IRR was negative, with limited sector diversification (focused on general needs and affordable housing) and slow capital deployment.
- London CIV Diversified Growth Fund (Bailey Gifford): Noted as having been exited, which was positive as it had outperformed in Q4 after previous performance issues.

In the ensuing discussion:

- A Committee Member noted the increased number of amber ratings, expressing hope it was not cause for general concern. They raised questions about the London CIV Housing Fund's lack of diversification into specialist housing and whether London CIV was overseeing it strongly enough. They also asked about the impact of current market volatility, particularly from the Middle East crisis, on investments. The Independent Advisor acknowledged the concern regarding amber ratings but stated it was not extreme. For housing funds, ongoing dialogue with London CIV and other boroughs was suggested. Regarding volatility, the advice was to let it play out for long-term investors, reinforcing the importance of diversification and careful timing of transactions.
- A Committee Member enquired about the potential downside of Bailey Gifford's investment in AI stocks. The Independent Advisor expressed caution about managers being "starry-eyed" about AI, potentially ignoring governance, confidentiality, and reputational risks, and noted that the aggregate allocation to tech by many managers was a concern.
- The Chair commented on Camden's advanced AI policies and engagement with the AI Minister on ethical AI, noting the tumultuous current markets and the fortuitous timing of the fund's transition. The Chair also asked for more detail on a 6.7% CBRE subscription surcharge and the implications of being behind the PIRC universe on a one-year basis but ahead on three years. The Independent Advisor suggested London CIV could provide CBRE details and explained that shorter-term performance indicated the direction of travel, while longer-term performance informed strategy.

RESOLVED –

THAT The Performance Report be noted.

11. LONDON COLLECTIVE INVESTMENT VEHICLE PROGRESS REPORT

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

The Head of Finance, Treasury and Pensions introduced the report, providing an update on London CIV activities.

He informed the Committee that the fund had fully redeemed the Harris Fund and transitioned £75 million to the equivalent Wellington Fund within London CIV, initially investing a partial amount due to being overweight in global equities.

The fund also exited the Bailey Gifford Diversified Growth Fund (DGF) at a favourable time. Transition mechanisms were aligned to avoid market risk. Work was ongoing with London CIV to agree final Investment Management Agreements (IMAs), which would result in the CBRE portfolio being lifted and shifted, bringing the fund's pooling ratio to over 94%.

The admission of Buckinghamshire Pension Fund to London CIV was confirmed, with the sealed decision transmitted on 9th March. The transition from Harris to Wellington was noted to save approximately 26 basis points in fees.

London CIV representatives (Tim Mpofu and Laura Chapman) provided a verbal update:

- **Pool Size:** As of 1st December 2025, the pool size was £55 billion, expected to reach £60 billion with Buckinghamshire's onboarding, enhancing scale and fee negotiation.
- **Pension Scheme Bill:** was progressing through the House of Lords and remained on track for the 31st March 2026 deadline.
- **Investment Management Agreements (IMAs):** Initial discussions on core IMAs and individual schedules (investment policy, asset transition) were progressing well, aiming for a 100% pooling ratio once signed, including Partners Group investments.
- **Asset Transition:** A key focus, with a transitional phase planned rather than a "cliff-edge" approach. BlackRock eFront service had been onboarded to oversee private markets holdings for reporting and implementation.
- **Investment Strategy Implementation:** An implementation plan was expected within three months of the ISS approval, with London CIV's investment strategy team working with partner funds.
- **Investment Strategy Advice:** The relationship with strategic partner MSA was fully integrated, with the service available to all partner funds from 1st April.

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- Local Investment: London CIV had existing expertise in local investment and was expanding dedicated resources. A survey and workshop had been conducted to address differing definitions of "local" among partner funds, with enhanced engagement planned.

London CIV also provided an update on Responsible Investment (RI) work:

- Delight was expressed at the provisional approval of Camden's RI policy.
- Development was underway for bespoke data requirements and an RI report covering holdings, stewardship, and voting.
- ESG fund-level dashboards were being developed to provide summary views on managers and funds, including case studies on stewardship, voting, London CIV commentary, and qualitative scores.
- Plans included sharing more research topics and regulatory horizon scanning.

In the ensuing discussion:

- The Chair sought clarification on BlackRock's eFront service. London CIV explained it was a technology platform to oversee approximately £9 billion of off-pool private market assets, monitoring individual positions, supporting performance reporting, and serving as a primary data source.
- The Chair asked how Camden's new RI policy would embed into London CIV's ongoing work and requested London CIV stewardship and engagement updates in quarterly engagement papers. London CIV confirmed that an annual ESG/RI report would include relevant case studies. They acknowledged the need to be mindful of all partner funds' RI policies while maintaining London CIV's central policy and encouraged clear engagement from Camden.
- A Committee Member asked about escalation mechanisms under the draft policy, given London CIV's role, and raised concerns about the housing fund's lack of diversification. London CIV explained that their escalation approach was similar to Camden's, involving direct engagement with managers or companies. They stated that if Camden felt London CIV was not doing enough, Camden's own escalation would kick in, and collaborative work was encouraged. Regarding the housing fund diversification, London CIV committed to discussing this with their real estate team.

RESOLVED –

THAT The London CIV Report be noted.

12. CLIMATE ANALYTICS AS AT 31 MARCH 2025

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

The Head of Finance, Treasury and Pensions introduced the report, stating that climate action remained a principal investment belief for the fund, recognising climate change as presenting financial material risks and opportunities requiring robust measurement and disclosure.

The Committee was informed that the report presented analytics as of 31st March, primarily focused on public markets, update on fossil fuel exposure and implied temperature alignment, and reviewing climate-related disclosures from private market managers.

Key features highlighted included challenges in measuring assets lacking full emissions data (primarily private markets), and that public market investments had a lower environmental impact compared to global equities due to the fund's investment choices. Climate reporting on private markets and property continued to be a challenge.

In the ensuing discussion:

- A Committee Member found the numbers difficult to interpret and requested further training or alternative presentations.
- A Committee Member suggested it would be useful to track changes over time to assess progress relative to the fund's own performance.
- The Chair enquired how the report's findings and scenarios would feed into future asset allocation and the fund's progress towards a Paris-aligned target. The Actuary (Barry Dodds) confirmed that Hymans' valuation report included climate analytics covering both asset and liability sides, and that climate risk was considered in the fund's investment strategy work, particularly in the choice for lower risk and higher impact options.

In relation to how the report's findings and scenarios would feed into future asset allocation and the funds' progress towards a Paris-aligned target. The Committee requested a written response from London CIV regarding these questions.

Action By: Tim Mpofu/Laura Chapman LCIV

RESOLVED –

THAT the report be noted.

13. CASH FLOW AND MEMBERSHIP REPORT (2024-25)

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

The Treasury and Pensions Fund Manager introduced the report, providing an overview of the fund's cash flow position for the financial year 2024/25 and longer-term trends, alongside a membership update.

The key message was that the fund's cash flow position was strong and had materially strengthened, supported by robust contributions, stabilising transfer activity, and continued growth in investment income. The core cash flow position showed a surplus of £3.6 million before transfers.

She highlighted a formatting error on the table on page 326, requesting members to refer to the columns for 22/23 and 23/24 for comparison with 24/25.

The Committee was informed that the improvement was driven by strong employer contributions (£65.8 million) and rising employee contributions, reflecting pay growth and active membership increases. Benefit outflows had increased to £77 million (from £70 million), largely due to inflation-linked pension increases, growth in the pensioner population, and higher retirement grants, reflecting a maturing fund. Transfer activity showed a significant improvement, moving to a £2.2 million inflow compared to a £7.8 million outflow last year.

The Treasury and Pensions Fund Manager reported that actuaries had been commissioned to carry out a cash flow analysis for the next three years to strengthen forward-looking planning, particularly as the fund matured and progressed into pooling. While no immediate liquidity concerns were identified, the analysis highlighted specific periods where cash outflows might exceed inflows, which was expected for a maturing fund. This reinforced the importance of aligning the investment strategy with liquidity requirements. A more detailed update, including recommended adjustments, would be brought to the Committee once the review was completed.

The key strategic takeaway was that the fund was not cash flow negative, not heavily reliant on disinvestment, and investment income provided a strong liquidity buffer.

Regarding membership, the total membership had increased to 23,580 (up 550 over the year), driven by an increase in active members due to improved retention and fewer opt-outs. Deferred members remained stable, and pensioner numbers increased significantly, further reinforcing the fund's maturing status.

In the ensuing discussion:

- The Chair enquired about the opt-out rate for auto-enrolment. Officers confirmed a slight decrease from 102 members in 2024 to 95 in 2025, noting

ongoing engagement by administrators to inform members about the 50/50 scheme and auto-enrolment.

RESOLVED –

THAT the report be noted.

14. FUNDING STRATEGY STATEMENT

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

The Head of Finance, Treasury and Pensions reminded the Committee that this report had been discussed at the previous meeting and had since been subject to consultation with other employers, at an Employers Forum held in December 2025.

He informed the Committee that no significant feedback was received from employers, except for minor presentation or clarification amendments requested by the Department for Education (DfE).

The Actuary (Barry Dodds) provided further context, explaining that the DfE consultation was a new requirement for this valuation, particularly concerning academies within LGPS pension funds. The DfE had responded to most funds with similar comments, largely seeking clarity and transparency, but nothing that required substantial changes to the Funding Strategy Statement (FSS) beyond minor updates for clarity.

It was also noted that Appendix D included newly available sections, such as the gender pensions gap, with statistics to be provided in the valuation report.

In the ensuing discussion:

- Officers confirmed that no significant concerns were raised by employers during the forum, only minor technical questions, and employers were broadly content with the reduction in contribution rates.
- The Chair noted an update from the Scheme Advisory Board regarding the implications of the gender pay gap, indicating it would become a programme of work for central government, and suggested the Committee undertake further work in this area.

RESOLVED –

1. THAT the outcome of the consultation at paragraph 3 be noted.
2. To approve the Funding Strategy Statement set out in Appendix A, effective from 1 April 2026.

15. BUSINESS PLAN

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

The Head of Finance, Treasury and Pensions introduced the business plan for the next financial year, outlining future committee meetings and highlighting upcoming training opportunities for members and officers.

The plan included updated agenda items for 2026. It was noted that the Pension Board would meet twice a year, with the next meeting scheduled for the following week. Members would receive regular invitations to training sessions and webinars and were encouraged to attend to maintain records for the Pensions Regulator (TPR).

Committee and Board members had access to the actuaries' online portal, LOLA, offering modules on LGPS topics. Officers were working with actuaries to refresh the training policy, which would be brought to the next committee meeting, subject to changes arising from the Pensions Bill.

The Chair encouraged all members to complete their Hymans training modules, noting their ease of use and useful wider context.

RESOLVED –

THAT the report be noted.

16. TRIENNIAL VALUATION - EMPLOYER RESULTS

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

The Head of Finance, Treasury and Pensions informed the Committee that this report had previously been presented in October and had subsequently undergone further consultation, including with other Employers at a forum hosted in December.

No major changes had arisen from this consultation, with the only additional change being the Council's request to prepay their secondary contributions.

The Actuary confirmed that the headline numbers remained unchanged since the initial results report, showing a funding level of 136% at the valuation date.

The purpose of the finalised document was to summarise the valuation in its entirety, including the results and the process undertaken. A key component was the Rates and Adjustments certificate, an appendix to the report, which set out the contribution rates payable by each active employer for the next three years.

The Council's proposal to prepay contributions would be covered in the subsequent agenda item.

The Chair highlighted the effect on the gender pay gap, noting the 2.5% difference shown on the last page of the report, which underscored the need for further work in this area.

RESOLVED –

To agree the draft Triennial Valuation as at 31 March 2025 (which includes the contribution rates set for the years 26/27, 27/28 and 28/29) presented as Appendix A.

17. PREPAYMENT OF SECONDARY CONTRIBUTIONS

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

The Head of Finance, Treasury and Pensions introduced the report, explaining that it detailed a request from the Council to prepay its secondary contributions, a practise previously undertaken during the 2019 valuation cycle.

This opportunity was offered to all employers, allowing them to receive a discount for early payment. It was described as a "win-win" situation, as the fund received funds upfront for investment, and the employer benefited from a discount based on their financial position.

The Actuary provided a detailed analysis, confirming that prepayment was not uncommon across LGPS for larger, stable employers. The discount applied was based on the assumed investment return over the prepayment period. In this instance, the Council would prepay just under £40 million for the next three years, saving approximately £3 million compared to paying £43 million over the same period.

Benefits for the Council included the discount and a positive impact on its funding position if investment returns were positive. For the fund, benefits included receiving money upfront and earning investment returns, as well as short-term alleviation of cash flow negativity. However, it was noted that this might lead to increased cash flow negativity in years two and three, which officers would consider to ensure sufficient investment income.

The Director of Finance (Daniel Omisore) explained that the proposal originated from the triennial exercise. The Council had previously undertaken such prepayments. Considerations included the Council's ability to afford the advance payment, which was confirmed through treasury management cash flow analysis, and the financial benefit of generating a £3 million saving for the General Fund.

In the ensuing discussion:

- A Committee Member enquired what the money would otherwise be spent on in the short term and who ultimately made the proposal and decision. The Director of Finance reiterated that the proposal came from the triennial exercise, the Council was comfortable with its cash position, and the £3 million saving for the General Fund made it a financially sound decision.
- The Chair noted this was the third time such a request had been considered, resulting in savings for the Council and a significant reduction in its contribution burden. The fund's 136% funded position enabled this. The Chair acknowledged a small element of risk transfer, requiring at least a 5.7% return to be worthwhile, but given the fund's 9.6% return over three years in tumultuous markets, the recommendation was deemed comfortable.

RESOLVED –

To agree that the Council can prepay its secondary contributions on 1 April 2026, amounting to £39.604m, as set out in the report.

18. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT

The Chair extended a massive thank you to Councillor Anna Burridge and Councillor Jenny Mulholland for their significant contributions to the Committee over their respective tenures, as they would be standing down from the Council.

The Chair also expressed immense gratitude to the officers for their huge amount of work during the municipal year, acknowledging the complexity of guiding the Committee through three interregnum periods and legislative changes, including the pooling of assets.

Finally, the Chair thanked all Committee Members for their service over the four-year term.

Having adjourned between 7.05pm to 7.06pm due to disruption and between 8.11pm to 8.13pm due to technical issues the meeting ended at 9.15pm.

CHAIR

Pension Committee - Wednesday, 18th March, 2026

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MINUTES END