THE LONDON BOROUGH OF CAMDEN

At a meeting of the **PENSION COMMITTEE** held on **THURSDAY, 17TH JULY, 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, Matthew Kirk, Jenny Mulholland and James Slater

MEMBERS OF THE COMMITTEE ABSENT

Councillors Edmund Frondigoun

ALSO ABSENT

Kathy Anifowoshe (Unison Trade Union observer) and Errol Ghanie GMB Trade Union observer)

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 was received from Councillor Edmund Frondigoun.

Apologies for lateness was received from Councillor Heather Johnson.

2. TERMS OF REFERENCE OF THE PENSION COMMITTEE

RESOLVED –

(i) THAT the Terms of Reference of the Pension Committee be noted.

3. 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 Madlani for transparency due to the deputation declared that he was a member of Unison.

4. ANNOUNCEMENTS

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.

Welcome to 2 new members to the Committee

The Chair welcomed Councillors Rebecca Filer and Edmund Frondigoun to the Committee.

Hamilton Daley Senior Solicitor covering for Joanne Reeves (Principal Legal Officer) was also welcomed to the meeting.

5. DEPUTATIONS (IF ANY)

The Chair informed members that a deputation had been received and accepted from Camden Unison. A copy of the deputation statement was included in the supplementary agenda.

The deputation related to ethical Pension Fund Investments and was from Liz Wheatley on behalf of Camden Unison.
The following responses were given by the deputee to members questions:

- The survey Unison had conducted with its members provided a preamble and fact sheet which explained how the Pension Fund worked. The issue of fiduciary duty had been discussed with unison members so there was a high level of understanding of what that meant. It was a bit difficult to quantify the feelings of UNISON members in relation to the Pension Funds investment in companies selling arms to Israel.
- If a quantifiable way of how this information could be provided was available Unison would be happy to provide this.
- With regards to LCIV comments about an ethical pool, in a Waltham Forest Pension Committee meeting held in July 2024, LCIV informed the meeting that in order to start an ethical pool 5 London boroughs were required to request it. Camden Unison was of the view that this was something that Camden should be aware of and could sign up to.
- In a more recent meeting at Waltham Forest further explanation was provided that there was potential for a Pepper Value Fund with certain exclusion policies which Councils could sign up to but there was the requirement for at least 5 Councils to be supportive for this to be taken forward.

- In terms of what ethical meant in this context, the full list of exclusions was not available to hand but a definite exclusion would be any company that profited from the sale of arms. However, Unison was not sure if this would include other ethical concerns such as illegal occupation but it does open the potential for the 5 boroughs to provide guidelines on what should be excluded.

Saul Omuco Head of Finance, Treasury and Pensions in response to the deputation commented that in relation to pooling and 5 London Boroughs, new government policy required pooling of all assets by March 2026, limiting individual fund discretion. The responsibility in the new dispensation of pooling fell on the LCIV and not the individual Pension Funds.

The Chair informed the deputee that most of the response to the deputation with regards to timelines and an update on progress would be covered under item 8 on the agenda acknowledging that recent uncertainty around government legislation had affected timing decisions.

The Committee welcomed Unison's offer to share final survey results of its members consulted once available.

The Chair thanked the deputees for their attendance.

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

There was none.

7. MINUTES

RESOLVED –

THAT the minutes of the meeting of the Pension Committee held on 10th March 2025 be approved and signed as a correct record subject to amending the second sentence in the first paragraph after the bullet points on page 13, referring to the chair, to read 'As a person who had led interfaith trips to Palestine and had also visited Israel' rather than, 'As a person who had led faith trips to Palestine and had also worked in Israel'.

A Committee member commented that Observer members attendance should also be recorded at meetings.

8. PROGRESS UPDATE ON RESPONSIBLE INVESTMENT ACTIONS AND CONFLICT AFFECTED AND HIGH RISK AREA (CAHRA) REVIEW

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

The Head of Finance, Treasury and Pensions provided the Committee with a progress update on the responsible investment actions and the Conflict Affected And High-Risk Area (CAHRA) review agreed at the last Pension Committee meeting.

The Committee was informed that officers:

- Had been collaborating with partner organisations to develop the terms of reference for an independent adviser to conduct due diligence and a deep dive into the Pension Fund's exposure and to address issues such as those raised in the deputation. The terms of reference were attached as appendix 1 to the report. Officers were asking that the Committee agree the Independent Adviser terms of reference and to authorise officers to appoint an Independent Adviser.

- Had discussed with the Local Authority Pension Fund Forum (LAPFF) what they had been doing in terms of engaging with organisations that the fund invested in, as most of the work the LAPFF were doing would fit into Camden Pension Fund's work in developing its own enhanced responsible investment policy which was currently in draft form.

- With regards to the Terms of Reference for the Independent Review of Pension Fund Investment Assets, officers would continue to review the conflict exposure to address both current and future high-risk zones.

- There had been progress across all five areas agreed to at the last meeting.

In response to a Committee members comment querying the reasons for appendix 2 being a restricted paper and requesting reassurance that every effort was made to keep papers and information in the public domain, officers explained that the information in appendix 2 included the work of external partners which had not been approved within their own internal systems and could therefore not be made public at the moment. The intention was to create a much broader comprehensive policy with the input of external stakeholders and partners which would be made public when approved by all those involved.

The Chair also responding to the Committee member's comment reassured members that the Committee had always pushed the Pension Fund managers to put much more information in the public domain than what they were comfortable with, this had occurred with information on gender pay gaps and all sorts of data which they did not like publishing. Reiterating to members that once the work had been completed and approved it would be made public.

In response to a Committee member's comment requesting broader definition of conflict zones, including potential flashpoints like Taiwan and India–Pakistan.

Officers agreed to revise the terms of reference to reflect this, ensuring responsive dynamic and forward-looking conflict risk coverage.

Responding to further Committee members questions officers provided the following information:

In terms of governance arrangements, if there was the need to amend the terms of reference officers would consult the Chair between meetings.

In relation to the costs of the review and appointing an adviser, costs had not yet been confirmed; it depended on the scope of the review. Costs quoted would be shared with members once the information was received.

Following further discussion about the uncertainty of costs involved, the Committee asked that once the cost of the project was known, that it be informed so that if required this could be further scrutinised.
Action By Head of Finance, Treasury and Pensions

In terms of organisations that were being approached to take on the work, a longlist was being narrowed down based on their experience and knowledge. This information would be fed back to the Committee.

With regards to the feasibility of the four-week start time for the review being met given uncertainty about costs and other factors, which was the best time estimate but there was some flexibility. If anything were to change the Committee would be notified.

In relation to the two fund managers that had not responded to engagement queries, this would be followed up and responses included in the papers for the September meeting.

In summing up the discussion the Chair highlighted that members had agreed the terms of reference in appendix 1 pages 32-34 of the agenda, subject to amendments to the wording regarding conflict zones, authorising officers to proceed with procurement.

The Chair also requested that officers chase up the two fund managers that had not responded to engagement queries, informing the Committee that officers would email the responses and the information would be available in the papers at the next Pension Committee meeting in September.
Action By Head of Finance, Treasury and Pensions

The Committee

Resolved:

To agree the Terms of Reference for the Independent Review of the Pension Investment Assets – Conflict Zone Exposure in appendix 2 of the report.

9. PERFORMANCE REPORT

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

The Treasury and Pension Fund Manager introduced the report which outlined the performance of the Camden Pension Fund investment portfolio and the individual investment managers for the quarter ended 31 March 2025.

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:

- Overall fund value stood at £2.15bn as at 31 March 2025, down from £2.2bn the previous quarter.
- The fund underperformed against both Camden's composite benchmark and the Pensions and Investment Consultants (PIRC) average due to equity and credit market weakness.
- Baillie Gifford and Harris underperformed significantly. Legal and General tracked its benchmark as expected.
- Private market funds showed mixed results; several holdings in Partners Group and HarbourVest underperformed, some significantly.
- Fossil fuel exposure continued to decline, now estimated at 0.62%.
- Concerns were raised about US market overexposure and Harris' ongoing underperformance.

Commenting on Harris performance, the Independent Advisor and Andrew Singh ISIO consultant expressed concern over Harris's long-term performance noting that from an Environment Social and Governance (ESG) perspective they had underperformed and were not as aligned with the Camden fund as they could be. They advised that the underperformance issues could be addressed at the upcoming strategy review recommending that consideration be given to transitioning from Harris to a value manager on the London CIV.

Responding to further Committee members questions the following information was provided:

- In terms of market volatility and, the Camden Pension Fund was a long-term investor well diversified and the best approach was to usually remain calm and not do anything.

- In terms of the implications of transitioning from the Harris fund, a paper on the costs, implications and Harris' potential replacement was ready and would be shared for the September meeting.
- Although the responsible investment review would be a one-off piece of work, it would inform the responsible investment policy and investment strategy and future decisions.

The Chair asked that officers arrange a meeting with the proposed LCIV manager (Wellington)
Action By: Treasury and Pension Fund Manager

RESOLVED –

THAT the contents of the report be noted.

10. 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 and supply chain emissions to align with Camden Pension Fund's responsible investment goals,
- human rights and conflict zones,
- governance issues and market integrity
- Companies had been challenged on working practices and urged to adopt real living wage and report on ethnicity pay gaps.

LAPFF was planning to escalate action against those companies that had been slow to progress on issues that had been raised.

The Vice Chair in her role as a member of the LAPFF Executive Board invited to comment on LAPFF engagement activities, informed the Committee that most of the companies were open to engagement, asked for the views of executive members and now had an understanding on why reasons for issues had been raised and the importance of this for investors.

The Chair remarked that attending a recent LAPFF Business meeting he noted that a lot of other funds were still very much engaged in a range of topics with UK listed companies being quite responsive, however other markets such as Japan and Asia had been slower to engage and were a bit more difficult to deal with. He also noted that there had been a change in the political make up of some other LAPFF members which could result in shifting considerations.

In response to a question about engagement related to Syria and Myanmar; the Vice Chair explained that LAPFF only engaged with companies that LAPFF members had investments in.

A Committee member commented on the shift in LAPFF focus from climate to human rights and requested that climate not be deprioritised given its continued relevance and a lot of good work that had already taken place.

In response to a Committee member’s question about whether Camden Pension Fund considered the LAPFF list of priority regions when considering CAHRA and other ethical considerations, the Head of Finance, Treasury and Pensions confirmed that the work and experience of other organisations such as LAPFF was taken into consideration when developing Camden Pension Fund’s policies.

The Chair reminded and encouraged Committee members to attend the business meetings informing them that the conference and business meetings were open to all members as well as them being keen to get more political diversity at some of the LAPFF events.

RESOLVED -

THAT the contents of the report be noted.

11. LONDON COLLECTIVE INVESTMENT VEHICLE PROGRESS REPORT

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

Tim Mpofu Head of Partner Solutions London Collective Investment Vehicle (LCIV) and Laura Chapman Chief Sustainability Officer (LCIV) were in attendance and provided the Committee with an update on pool transition planning and new services:

It was highlighted that:

- A lot of the work LCIV was doing was to work with partner funds to ensure they met the government pooling transition deadline of 31 March 2026.
- LCIV were having 1-to-1 discovery meetings with Council Officers to transition plan.
- Camden’s assets would be pooled via an Investment Management Agreement where appropriate.
- The decision regarding strategic asset allocation remained with partner funds, however the implementation of the decision was delegated to LCIV.

- A new service being offered by LCIV was the LGPS PASS (Pension Advisory and Support Service) which had recently been launched.

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

- In terms of the potential for negotiating a fee reduction as part of the Investment Management Agreement (IMA), the IMA and fee negotiations were slightly different. LCIV in working with all the Fund Managers after reaching a certain scale were open to negotiation and a reduction in fees. The IMA would be between LCIV and each individual partner fund which would not have any fees attached to it. It was an agreement with each individual partner fund on how their assets were managed and looked after.

- In relation to what investment decision making powers the Pension Fund would retain on completion of the pool transition, the strategic asset allocation which was the primary driver of investment returns would be retained by Camden Pension Fund. The individual selection of investments such as picking a company or selecting an individual manager would be delegated to the pool. LCIV however, was still committed to working closely with partner funds providing new solutions and understanding what partner funds want implemented.
- LCIV would not at the moment be looking to make any modification obligations to Harris from the holdings held by partner funds.

LCIV's Chief Sustainability Officer advised that:

- LCIV was procuring a strategic asset allocation partner and developing a Responsible Investment "matrix" to reflect partner fund preferences.
- The matrix would allow for differentiated Responsible Investment approaches across asset classes and themes (e.g. defence exclusions).

Responding to questions about timelines for implementation, LCIV officers confirmed that further engagement with Committee members and officers would take place in September 2025.

The ethical pool proposal by Unison was outdated; what does still apply was that LCIV was listening to what partner funds wanted and this was being reflected in products offered.

A Committee member thanked the LCIV team for all the work they were doing in drawing out what partner funds were looking to develop, responding to government proposals and providing clarity on what was required.

The Chair informed members of the Sustainability Working Subgroup which Councillor Burrage had attended asking that Committee members notify him or officers if they wished to attend future meetings.

The Chair recommended that Committee members attend the annual LCIV conference as it was a useful way of learning more about how things worked and meeting officers.

RESOLVED –

THAT the contents of the report were noted.

12. MINISTRY OF HOUSING COMMUNITIES AND LOCAL GOVERNMENT (MHCLG) CONSULTATION UPDATE

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

The Head of Finance Treasury and Pensions provided the Committee with an update on the government's 'Fit for the Future' consultation.

Members were informed that:

- Government had confirmed that full pooling of LGPS assets was required by March 2026.
- Camden was already 84% pooled.
- Remaining assets would be transitioned via an Investment Management Agreement (IMA) with London CIV.
- Strategic asset allocation would remain with Camden, but implementation would be delegated to the pool.
- Camden would retain oversight of Responsible Investment policy.

The following responses and comments were provided to Committee members questions:

- It was the responsibility of the Pension Fund to transition the remaining 16% assets to the pool.
- The government had praised London CIV for its innovative approach to the pooling agenda.
- Investment Management Agreements could be used for unpooled assets temporarily.
- It also removed restrictions allowing pools to work together making the process more effective and efficient.

RESOLVED –

THAT the report be noted.

13. TRIENNIAL VALUATION ASSUMPTIONS

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

The report presented the assumptions underpinning the triennial valuation for salary growth, discount rate and other assumptions used in calculating the triennial valuation of the Pension Fund liabilities results, as assessed by the Council's actuary Hymans Robertson.

Barry Dodds from Hymans Robertson, the Actuary, was in virtual attendance and summarised his report, as attached at Appendix A, informing members that:

- Legislation required evaluation of the Pension Fund every 3 years.
- The discount rate set at 5.7% with 80% prudence level.
- CPI Inflation assumption set at 2.3%.
- Life expectancy modelled using Club Vita data specific to Camden membership.
- Proposed 3% employer contribution reduction for Camden (approx. £21.6m savings over 3 years).

The following responses and comments were provided to Committee members questions:

- The discount rate considered what future investment returns might be. This involved looking at it over a longer term about 20 years. It involved trying to project what markets were saying the investment returns might be.
- Hymans had done a lot of modelling work around the discount rate considered different scenarios and although it was difficult to predict the future, the Independent Adviser noted that without all the background modelling work they would have been more comfortable at a slightly lower discount rate of 5.7%.
- In terms of the 2.3% inflation rate used being optimistic, as mentioned it was being considered long term over the next 60 to 80 years and was being anticipated how that would average out to 2.3%.
- The Actuary used the modelling and theories available as a guide to how things might go.
- The stability mechanism enabled the rate to go down by 1% per annum in any 3-year period.
- The savings overall would be slightly more than 3% over the 3-year period but not significant enough that it would affect the modelling.
- In relation to the impact, it was just for the purposes of the Council as an employer in the fund. Other employers in the fund would be looked at in more detail as the valuation process continued.
- There were no adjustments made to employee contributions as they were set out in the regulations depending on an employee's salary.
- The main impact of the interest rate changes and the investment return assumption changes was on what the funding level was presented as. It does not have as big an impact when considering contribution rates payable

because it was projected 20 years into the future and what the situation would look like at that point.

- Club vita received data from the vast majority of pension funds around the Country and private sector pension schemes. Using all that membership data they were able to analyse life expectancy all over the Country. This information was available in the appendix in the report. Life expectancy modelled using Club Vita data specific to Camden membership was quite accurate in their predictions.

The Chair thanked Council's actuary for his attendance and clear explanations.

RESOLVED –

THAT the contents of this report be noted.

Committee agreed valuation assumptions and contribution strategy.

- The Committee approved the following assumptions for the 2025 valuation:
  - Discount rate: 5.7% per annum (80% prudence level)
  - Continuation of the salary growth margin: CPI + 0.5%
  - Life expectancy assumptions based on Club Vita modelling.
- Adoption of a contribution strategy based on a 3% immediate reduction from the current total contribution rates in line with stabilisation.

14. RISK REGISTER

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

The Head of Finance, Treasury and Pensions introduced the report informing members that this was an annual report assessing the risks that could affect the fund's ability to meet its objectives.

Members were informed that since the last Risk Register report was considered at Committee six changes had been made, including a heightened risk rating for cyber security due to increased threats.

Most risks had reduced; cyber fraud risk had increased due to broader sector trends.

In response to a Committee member's request officers agreed to provide follow-up information on cybersecurity measures
Action By: Head of Finance Treasury and Pensions

In response to a member's question about the rationale for reducing "fund assets failing to deliver returns" risk; officers cited the strong funding position which provided confidence that this risk had reduced.

In terms of whether a risk register existed for the LCIV Pool the chair indicated that he would check and share the information if there was any.

The Committee approved the updated risk register.

RESOLVED –

THAT the Risk Register as set out in Appendix 1 be agreed.

15. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT

There was none.

Having adjourned between 7.10pm – 7.14pm due to technical issues with the webcast and having applied committee procedure rule 19(a) at 9.30pm, the meeting ended at 9.42 pm.

CHAIR

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MINUTES END