London Borough of Lewisham Pension Fund

2025/26 Annual Report

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1. FOREWORD BY THE ACTING EXECUTIVE DIRECTOR OF CORPORATE RESOURCES

1.1. Welcome to the 2025/26 Annual Report for the Lewisham Pension Fund. The requirement for, and contents of, the annual report is set out in Regulation 57 of the Local Government Pension Scheme Regulations 2013.

1.2. The Council is the Administering Authority (AA) for the Lewisham Pension Fund. It is responsible for effectively managing the Fund and does this through the Pension Investment Committee (PIC). PIC oversees the work of officers to ensure the administration and investment activities of the Fund are managed in compliance with the law and applicable regulations. The work of the PIC is also supported by the Pension Board with the terms of reference for both set out in the Council's constitution.

1.3. The overriding objective of the Fund is to ensure its assets are sufficient to pay the benefits owing to members. To achieve this, it must ensure:

- The proper receipt of contributions from employers and scheme members;
- The appropriate investment of those contributions to achieve both investment income and capital growth; and
- The timely payment of benefits as and when members retire, for the rest of their lives and to their dependents where relevant.

1.4. To achieve these objectives the Fund operates within a framework of strategies, aligned with investment beliefs, which meet the requirements of the Regulations and clearly set out a route to achieve full funding of the Fund's obligations within a set timeframe. These take the form of the Funding Strategy Statement and Investment Strategy Statement and a Statement of Investment Beliefs. The Statement of Investment Beliefs sets out a list of high-level overriding principles by which the Committee make investment decisions, including governance, investment strategy and structure, responsible investment, and climate change; the full statement is available on the Fund's website at www.lewishampensions.org.

1.5. The Pension Fund Annual Report details the financial position of the Fund and the performance of the managers appointed to administer the investment portfolio. It brings together a number of separate reporting strands into one comprehensive document that enables the public and Scheme Members to see how the Fund is managed and how it is performing.

1.6. The results of the most recent triennial valuation reported that the Fund was 119% funded as at 31 March 2025, compared with 97% funded at the 2022 valuation. The valuation showed assets at 31 March 2025 of £1.882 billion against liabilities of £1.581 billion. The improved funding position was primarily driven by higher assumed future investment returns and changes in financial assumptions. This strengthened funding position enabled the Fund's actuary to recommend lower employer contribution rates from 1 April 2026, with the Council's contribution rate reducing from 21.5% to 17.6% of pensionable pay.

1.7. Following the results of the triennial valuation, the Pensions Investment Committee (PIC) approved the updated Lewisham Pension Fund's Funding Strategy Statement (FSS) and Investment Strategy Statement (ISS), ensuring that both documents reflect the Fund's latest

funding position, investment arrangements and long-term objectives following the 2025 actuarial valuation. The new FSS, effective from 1 April 2026, sets out the Fund's funding principles, employer contribution framework and approach to managing funding risks, providing a clear strategy for maintaining the Fund's long-term financial sustainability. The revised ISS was updated to reflect changes to the Fund's strategic asset allocation, developments in the Fund's approach to local investment, the transition to London CIV as the provider of primary investment advice and oversight of all Fund assets, and the incorporation of the Fund's responsible investment beliefs and net zero commitments taking into account the views of the members from the members survey.

1.8. The Fund has achieved positive results over the past year, increasing its value by £155m (8.3%), from £1.881bn to £2.036bn for its members. However, this growth has occurred as the Membership of the Fund continues to mature and amidst a prolonged period of higher inflation, both of which increase the Fund's liabilities.

1.9. I am pleased to report that the Pensions Investment Committee (PIC) approved the Investment Management Agreement (IMA) between the Lewisham Pension Fund and London CIV. The IMA established the contractual framework through which London CIV assumes responsibility for the implementation and management of the Fund's investments on a pooled basis, while PIC retains responsibility for setting the Fund's investment strategy.

1.10. This enabled the Fund to meet the Government's deadline for LGPS asset pooling. As a result, from 1 April 2026, 100% of the Lewisham Pension Fund's assets were managed through London CIV arrangements, ensuring full compliance with the Government's pooling requirements and marking a significant milestone in the Fund's transition to the national LGPS pooling framework.

1.11. Officers and PIC continue to work closely with the London CIV to implement its agreed Investment Strategy, including transitioning assets and refining portfolio arrangements to ensure that the Fund's strategic asset allocation and long-term investment objectives are delivered through the pooled governance framework.

1.12. The PIC and officers continue to work hard to navigate the Fund through a number of administration and investment challenges. On the administration side, with the continued pressures around local government finances and the prospect of fewer members making contributions in the future, the Fund may have to have more investments that pay annual dividends to meet its pension payments. On the investment side, in addition to the climate crisis and global conflicts, the world investment markets are volatile as they continue to respond to a range of uncertainties.

David Austin
Executive Director of Corporate Resources (S151 Officer)

2. FOREWORD BY THE CHAIR OF THE PENSIONS INVESTMENT COMMITTEE

2.1. As Chair of the Pensions Investment Committee, I am pleased to present this year's Annual Report at a time of significant development for the Local Government Pension Scheme. I hope that this report will provide you with valuable insight into the Fund.

2.2. Over the past year ending 31 March 2026, our pension fund's investments have performed admirably, which have seen steady growth across various asset classes, including equities, fixed income, renewable infrastructure, property and private debt. The overall fund value increased by 8.3% compared to last year, ending the financial year on £2.036bn.

2.3. Lewisham's Pension Fund assets saw strong growth in the year, however, as the global conflicts continue it is likely to have a detrimental effect on the Fund in the medium-term, not just in terms of asset values but the funding assumptions underlying the strategic direction of the Fund, remains uncertain. We expect our fund managers to continue monitoring market trends and make necessary adjustments to our portfolio in order to optimise returns whilst effectively managing risk

2.4. During the year the Fund undertook a Responsible Investment member survey to better understand members' views on Environmental, Social and Governance (ESG) issues and how these should be reflected in the Fund's investment approach. The survey received 1,015 responses, representing around 3.5% of the Fund's membership, and showed strong support for the Fund's existing responsible investment framework. Respondents highlighted the importance of issues such as climate change, human rights, good governance and active engagement with investment managers, while recognising that the Fund's primary responsibility remains the delivery of long-term financial returns.

2.5. In response to the survey findings, the Pensions Investment Committee approved updates to the Fund's Responsible Investment Beliefs Statement, Engagement Policy and Climate Transition to Net Zero Policy at its March 2026 meeting. The revised policies strengthen the Fund's stewardship and responsible investment approach, ensure member views are reflected in future engagement priorities, and reinforce the Fund's commitment to managing long-term ESG and climate-related investment risks.

2.6. The Fund also completed its latest triennial actuarial valuation during the year, providing an updated assessment of the Fund's funding position and setting a clear trajectory for maintaining long-term sustainability. Considering the valuation results, the Pension Investment Committee approved a revised Funding Strategy Statement (FSS) at its March 2026 meeting, ensuring that contribution requirements and funding objectives remain appropriate for the Fund's liabilities and employer covenant.

2.7. Alongside this, the Committee approved an updated Investment Strategy Statement (ISS) in March 2026, reflecting the evolving investment environment, the requirements of pooling, responsible investment and ESG requirements and having a commitment to local investment.

2.8. The Government's "Fit for the Future" reforms represent the most substantive package of governance and investment changes in recent years, designed to strengthen scheme resilience, enhance transparency, and ensure that funds are best positioned to deliver long-term value for members and employers. These reforms place particular emphasis on strengthened governance standards, clearer accountability, and greater collaboration through asset pooling.

2.9. At its meeting in March 2026, the Pensions Investment Committee (PIC) formally approved the Investment Management Agreement (IMA) to allow the London CIV to manage the fund assets and meeting the government's deadline to be fully pooled by 31 March 2026.

2.10. The Committee will continue to ensure the Fund is well managed for the benefit of all its members. I thank the members of the Pensions Investment Committee and the Council's officers for their work over the past year, particularly in ensuring the Fund is well managed and increasingly aligned with our broader ESG objectives. I look forward to continuing to work with all involved to ensure the Fund remains effectively and responsibly managed.

Councillor Ed Sutton
Chair – Pensions Investment Committee (elected in May 2026)

3. INTRODUCTION AND OVERVIEW

A. OVERVIEW OF THE SCHEME

3.1. The London Borough of Lewisham Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS). The Fund is maintained by the Council as administering authority for employees of the Council and other participating employers within the Fund. It is governed by the Public Service Pensions Act 2013 and administered in accordance with the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

3.2. The Fund's objectives as per its Investment Strategy Statement are to invest its assets to meet the long-term pension liabilities (as prescribed by the Local Government Pension Scheme Regulations 2013) for its members. The Fund's approach to investing is to optimise return consistent with a prudent level of risk, to ensure there are sufficient resources to meet the liabilities whilst ensuring the suitability of the assets in relation to the needs of the Fund.

3.3. **Financial overview**

3.4. During 2025/26, the Fund's principal cash inflows comprised contributions from employers and scheme members, transfers in, investment income and proceeds from the sale or redemption of investments. The principal cash outflows were pension payments, retirement and death benefits, transfers out, investment purchases and the costs of administering and managing the Fund.

3.5. Contributions received during the year amounted to £59.0m, while investment income totalled £36.0 million. Benefits paid comprised pensions of £61.9m, retirement lump sums of £11.2 million and death grants of £1.0 million, giving total benefits payable of approximately £74.1 million. Transfers into and out of the Fund amounted to £11.0 and £13.2m, respectively. Administration, oversight and governance, and investment management expenses totalled £3.3 million.

3.6. The Fund remained able to meet its benefit and other payment obligations as they fell due. Liquidity was managed through contributions, investment income, cash balances and, where necessary, the planned realisation of investments. At 31 March 2026, the Fund held cash and net current assets of approximately £83.2m, within total net assets of £2.036 billion. Full details of income, expenditure and movements in net assets are provided in the Fund Account and supporting notes in Appendix A.

4. MANAGEMENT AND GOVERNANCE

4.1. The Council has delegated the investment arrangements of the scheme to the Pensions Investment Committee (PIC). This Committee decides on, and has ultimate responsibility for, the investment policy most suitable to meet the liabilities of the Fund. It comprises eight elected representatives of the Council, all of whom have voting rights. Members of scheduled and admitted bodies to the Fund, and representatives of the Pension Board, may attend Committee meetings as observers but have no voting rights.

4.2. The Committee reports to Full Council and has full delegated authority to make investment decisions. The Committee obtains and considers advice from the Executive Director of

Corporate Resources and his officers, and the Fund's appointed actuary, investment adviser and fund managers.

4.3. The Committee has delegated the management of the Fund's investments to professional investment managers, appointed in accordance with the Regulations, whose activities are specified in detailed investment management agreements and monitored on a quarterly basis.

5. FUND GOVERNANCE

A. GOVERNANCE STRUCTURE

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

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

- To review with fund managers the investment performance of the Fund's assets on a quarterly basis;
- To examine the portfolio of investments, and its market value, at the end of each quarter for suitability and diversification;
- To inform fund managers of the Council's policy regarding investment of its funds, and to take advice on the possible effect on performance resulting from implementing the policy;
- To review from time to time the appointment of fund managers;
- To determine the overall investment strategy and policies of the Fund, taking account of professional advice; and
- Responsibility for compliance with the six Myners principles set out in CIPFA's "Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom (2012)" and all other relevant guidance in relation to the Local Government Pension Scheme in force and issued by CIPFA from time to time.

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

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

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

B. MEMBERSHIP – PENSIONS INVESTMENT COMMITTEE

5.6. The Pensions Investment Committee comprises eight Members of the Council who have voting rights and meets at least quarterly. At the start of each meeting Committee Members are invited to declare any financial or pecuniary interest related to specific matters on the agenda. The Committee takes advice from its independent investment consultant (Hymans Robertson) and permits attendance from non-voting observers comprised of pensioners, admitted and scheduled bodies, union officials, and members of the Pension Board.

5.7. The following table sets out attendance by the eight Councillors who were members of the Pensions Investment Committee for the scheduled meetings in 2025/26. Note four meetings are scheduled in each financial year and each Councillor has one vote with the Chair having the casting vote.

Member	12 June 2025	25 Sept 2025	18 Dec 2025	17 Mar 2026
Cllr. Eiles – Chair	✓	✓	✓	✓
Cllr. Ingleby – Vice Chair	✓	✓	✓	✓
Cllr. Anwar	✓	✓	✓	✓
Cllr. Best	x	N/A	N/A	N/A
Cllr Kestner	✓	✓	✓	x
Cllr. Krupski	✓	✓	✓	✓
Cllr. Muldoon	x	✓	✓	✓
Cllr. Royston	✓	✓	✓	✓
Cllr. Shrivastava	N/A	✓	✓	✓

C. MEMBER TRAINING

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

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

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

5.10. During 2025/26 members notified officers of their attendance at the following training sessions and events:

Members training and events from 1 April 2025 to 31 March 2026			
Date	**Description**	**Provider**	**Member**
03/04/2025 10/06/2025 18/09/2025 01/10/2025 18/11/2025 10/12/2025	Economic Briefing	IOD Property & Built Environment Group	Cllr. J Muldoon
24/04/2025	Nature Based Solutions: Latest Developments & Investment Opportunities.'	The European Pension Fund Investment Forum (EPFIF)	Cllr. M Ingleby (Vice-Chair)
30/04/2025	Nature Positive Investment Forum	Net Zero Investor	Cllr. M Ingleby (Vice-Chair)
09/06/2025 – 10/06/25	Gresham House Forestry site visit & sawmill tour near Lockerbie in southern Scotland including training	Gresham House Forestry	Cllr. M Ingleby (Vice-Chair)
12/06/2025	Government's LGPS Reform Fit for the Future update and review of consultation	Officers and Hymans Roberson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston
12/06/2025	Review and update of the Quarterly Investment Performance Report	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston
12/06/2025	Pension Fund Risk Register review	Officers	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston
12/06/2025	Climate Risk and Net Zero Report	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston
12/06/2025	Update of the work of the pension administration team	Officers	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston

Members training and events from 1 April 2025 to 31 March 2026			
Date	**Description**	**Provider**	**Member**
12/06/2025	Review of draft Engagement Policy	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. C Best Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston
25/09/2025	Review and update of the Quarterly Investment Performance Report	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
25/09/2025	Update of the work of the pension administration team	Officers	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
25/09/2025	LGPS Reform and Pooling update	Officers and the London CIV	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
25/09/2025	Communication Policy Statement	Officers	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
18/12/2025	Training for the Triennial Valuation	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
18/12/2025	Training on the Funding Strategy Statement	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
18/12/2025	Review and update of the Quarterly Investment Performance Report	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava

Members training and events from 1 April 2025 to 31 March 2026			
Date	**Description**	**Provider**	**Member**
18/12/2025	Update of the work of the pension administration team	Officers	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
18/12/2025	Engagement with Blackrock Fund Manager	Blackrock and Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
18/12/2025	Engagement with Blackrock Fund Manager	Blackrock and Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
18/12/2025	Government's LGPS Reform Fit for the Future update and review of consultation	Officers and the London CIV	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
18/12/2025	Review of the Indirect Real Estate Pooling (IREP) Fund with CBRE and LCIV	CBRE, London CIV and Hymas Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
15/01/2026	Meeting Tomorrow's Challenges	SPS Investments	Cllr. M Ingleby (Vice-Chair)
02/02/2026	Workshop to review results of the members survey	Officers and Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
02/02/2026	Training on the Investment Strategy Statement	Officers and Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava

Members training and events from 1 April 2025 to 31 March 2026			
Date	**Description**	**Provider**	**Member**
02/02/2026	Review the RI Beliefs Statement, engagement policy and Transition to New Zero	Officers	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
05/02/2026	Sustainable Private Debt Re-structuring'.	Canbury and Colesco Capital	Cllr. M Ingleby (Vice-Chair)
17/03/2026	Review and update of the Quarterly Investment Performance Report	Hymans Robertson	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
17/03/2026	Update of the work of the pension administration team	Officers	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
17/03/2026	Investment Management Agreement (IMA) and Schedules with LCIV	Officers and London CIV	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
17/03/2026	Pooling with the London CIV and the changes from 1 Aprill 2026	Officers and London CIV	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava
26/03/2026	Implementing The Mansion House Framework and the Consideration of Local Investment Opportunities and Real Estate Review: Is Now the Time to Invest in Commercial Property?	The European Pension Fund Investment Forum (EPFIF)	Cllr. M Ingleby (Vice-Chair)
Ongoing	The Pension Regulators Toolkit	The Pension Regulator	Cllr. J Muldoon
Ongoing	At least one hour per week unstructured CPD reading publications on market conditions, investment reports or pensions news including Citywire	Various	Cllr. S Eiles (Chair) Cllr. M Ingleby (Vice-Chair) Cllr. T Anwar Cllr. E Kestner Cllr. L Krupski Cllr. J Muldoon Cllr. J Royston Cllr. L Shrivastava

5.11. **Compliance with the CIPFA Knowledge and Skills Framework**

5.12. The Fund recognises the importance of maintaining high standards of knowledge and understanding amongst those charged with governance of the Local Government Pension Scheme. The Fund includes training in its annual business plan that is aligned with the principles of the CIPFA Knowledge and Skills Framework and the requirements of the Pension Regulator's General Code. During 2025/26, members of the Pension Investment Committee and Pension Board received ongoing training and development opportunities covering investment management, pensions legislation, governance, funding, accounting and responsible investment matters. The Fund considers that its approach to training, monitoring and reporting supports compliance with the CIPFA Knowledge and Skills Framework and enables members and officers to discharge their responsibilities effectively in the management and oversight of the Fund.

5.13. Members are also aware of their obligations under the Markets in Financial Instruments Directive (MiFID) II, under which the Fund has opted up to professional status with its fund managers and relevant service providers, committing to develop and maintain their knowledge of the LGPS in order to preserve the Fund's professional client status.

5.14. Members are provided with a schedule of suggested training events and conferences throughout the year, provided at each quarterly meeting of PIC. The events are intended to cover a range of skillsets and provide insight as appropriate to the needs of Members and the broader strategic direction of the Fund.

5.15. In addition, the Fund's advisors present training on relevant topics both within PIC meetings and as separate events; these cover a wide range of subjects, from the impact of legislative changes to asset specific training, which is also supported by presentations from fund managers on their respective asset classes.

6. REPORT FROM THE PENSION BOARD

A. INTRODUCTION

6.1. The Pension Board is not decision-making body but does have a specific remit under The Public Service Pensions Act 2013 to ensure that pension funds meet all relevant legal requirements.

6.2. The Pension Board has an important role of assisting the administering authority with the efficient management of the Fund and ensuring its compliance with legislation and best practice.

6.3. The Pension Board met four times in 2025/26 and one meeting was cancelled due to the national elections. There are planned quarterly meetings in 2026/27. The Board's focus has been on:

- Enhancing its understanding of the arrangements put in place by the administering authority, including through consideration of minutes and agendas of the Pensions Investment Committee and receipt of documentation by management;
- Reviewing the strategies and other reporting requirements to meet the administering authority's compliance with legislation and best practice.

- Reviewing the Government's new LGPS pooling and governance regulations and guidance.
- Monitoring the Fund's implementation of the reforms and providing assurance that appropriate governance and compliance arrangements are in place.
- Evaluates the authority's preparations for The Pension Regulator's General Code of Practice. The Board agreed its own work programme and plans to review this at each meeting; and
- Ensuring that appropriate arrangements are put in place for developing and maintaining the knowledge and understanding of members of the Board.

Further information about the Board and its operation, including its terms of reference, is available on the Council's website at: https://councilmeetings.lewisham.gov.uk/ieListMeetings.aspx?CId=353&Year=0 and on the Fund's website at the following link: https://www.lewishampensions.org/resources/

B. MEMBERSHIP OF THE BOARD

6.4. The Board consists of five members: two employer representatives, two scheme member representatives and an Independent Chair. During the year ending 31 March 2026 two new members were appointed to the Board. Claudia Menichetti replaced Sherene Russell-Alexander as an employer representative and Paul Pettitte replaced Mark Adu-Brobbey as a member representative.

Name	Capacity	Role	Meetings attended in 2025/26
Stephen Warren	Independent Chair (Non-Voting)		4/4
Sherene Russell-Alexander (until August 2025)	Employer Representative	Director of People and Organisational Development Lewisham Council	1/1
Claudia Menichetti (from Sept 2025)	Employer Representative	Head Of Employee Services Lewisham Council	3/3
Mark Booker	Employer Representative	Pension Administration Manager Change Live Grow	3/4
Paul Pettitt (from Sept 2025)	Member Representative	Multi-skills Operator Lewisham Council	3/3
Gary Cummins	Member Representative	Housing Partnership and Contract Manager Union Representative Lewisham Council	1/4

C. KNOWLEDGE AND UNDERSTANDING

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

D. WORK PROGRAMME FOR THE FUTURE

6.6. The Board has agreed that:

- It will schedule four meetings a year.
- It will structure its workplan to ensure that there are regular reviews of all relevant Pension Fund policies and procedures in place such that these continue to comply with relevant legislation and Codes of Practice issued by the Pensions Regulator;
- It will monitor the implementation of the Pension Regulator's General Code of Practice and the Local Government Pension Scheme Advisory Board's guidance;
- It will receive and review the administering authority's risk register every six months,
- It will evaluate the robustness of the administering authority's arrangements for obtaining assurance about the operation of pooled funds, specifically the London CIV, the collective investment vehicle for London Local Authorities' Pension Funds, as the funds are now fully managed by the London CIV.
- It will also monitor the implementation of the Government's Fit for the Future reforms, which are expected to bring significant changes to LGPS governance and asset pooling arrangements. Attention will be given to strengthened governance standards, mandatory training requirements, the appointment of Independent Persons and the LGPS Senior Officer, and the development of enhanced oversight frameworks between administering authorities and investment pools. The Board will seek assurance that the Fund is well positioned to comply with the new requirements whilst continuing to deliver effective governance and value for scheme members and employers.

7. SCHEME MANAGEMENT, RISK AND BUDGET

A. SCHEME MANAGEMENT AND ADMINISTRATION

7.1. The individuals and organisations involved in the Lewisham Pension Fund are as set out below:

Pensions Investment Committee:	Cllr. Sian Eiles - Chair
	Cllr. Mark Ingleby – Vice Chair
	Cllr. Tauseef Anwar
	Cllr. Eva Kestner
	Cllr. Louise Krupski
	Cllr. John Muldoon
	Cllr. James Royston
	Cllr. Liam Shrivastava

Pension Board:	Stephen Warren - Chair
	Employer Representatives Mark Booker and Claudia Menichetti
	Scheme Member Representatives Gary Cummins and Paul Pettitt
Administrator:	David Austin – Executive Director of Corporate Resources
Responsible Officers:	Shida Ashrafi – Acting Head of Pensions & Payroll
	Katharine Nidd – Acting Director of Finance
Advisers:	Hymans Robertson LLP
Actuary:	Hymans Robertson LLP
Asset Pool:	The London Collective Investment Vehicle (LCIV)
Custodian:	Northern Trust
Legal Advisers:	LB Lewisham Legal Services
Bank:	Barclays Bank
Performance Measurement:	Northern Trust, Hymans Robertson, PIRC
AVC Providers:	Clerical Medical and Utmost
External Auditors:	KPMG UK LLP
Asset Managers:	BlackRock (Fixed Income Unit Trust)
	HarbourVest (Venture Capital)
	J.P. Morgan (Infrastructure – Hedge Funding)
	Legal & General Investment Management (LGIM) (Venture Capital)
	London Collective Investment Vehicle (LCIV) (Pooling)
	Partners Group (Venture Capital [private debt])
	Pemberton (Venture Capital [private debt])
	Schroders (Property)
	Storebrand Global and Emerging Markets (Equity Unit Trust)

B. RISK MANAGEMENT

7.2. The legal responsibility for the prudent and effective stewardship of the Fund's assets rests with the PIC. This Committee has full delegated authority to make investment decisions, the terms of which are set out in its terms of reference in the Council's constitution. It receives advice from the Chief Finance Officer and, as necessary, from the Fund's appointed actuary, investment managers, custodian and investment adviser.

7.3. The Committee has regard to the Myners Principles which codify best practice in investment decision-making, as updated and consolidated post 2008 by the Government and set out in the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Principles for

Investment Decision Making and Disclosure in the LGPS (2012). The Committee manages the Pension Fund's assets in accordance with the relevant Regulations.

7.4. The Fund maintains a Risk Management Policy which sets out the risk philosophy for the management of the Fund, the Fund's attitudes to risk, and how risk management is implemented and monitored. The risk management process is consistent with the Regulations and guidance issued by CIPFA, Managing Risk in the Local Government Pension Scheme (2018), and is a continuous process as outlined in the table below.



Risk Management Stage	Description of Process
1. Risk Identification	Assessing risks in the context of the objectives and targets of the Fund, which is both a proactive and reactive process. Risks are identified by a number of means, including: i/ Formal risk assessment exercises managed by the Pensions Investment Committee; ii/ Regular performance measurement against agreed objectives or benchmarks; iii/ Findings of internal and external audit; iv/ Feedback from Pensions Board, employers and other stakeholders; v/ Liaison with regional and national associations, professional groups and other sector organisations. Once identified, risks will be documented on the Fund's risk register, which is the primary control document for the analysis and classification, control and monitoring of those risks.

Risk Management Stage	Description of Process
2. Risk Analysis and Evaluation	Once identified, the potential risks are assessed and scored according to their likelihood of occurring (from rare to almost certain) and the impact on the Fund should they occur (from insignificant to extreme).
3. Risk Response	These scores are then used to prioritise the risk from low risk to high risk according to the level of response required, as shown in the graphic below. Senior officers will review the extent to which the identified risks are mitigated by existing controls and whether any further action is required to address the risk. Before any such action can be taken, PIC approval may be required where appropriate officer delegations are not in place. Actions taken may result in risk elimination, risk reduction, or risk transfer.
4. Monitor and Review	The ultimate responsibility of PIC, in monitoring risk management activity the Committee will consider whether: i/ The risk controls in place achieve the desired outcomes; ii/ The procedures in place for assessing risk are appropriate; iii/ Greater knowledge of the risk and potential outcomes would have improved the decision-making process in relation to that risk; iv/ There are any lessons to be learned for the future assessment and management of risks.

7.5. The risk register is incorporated within the annual business plan which is approved by Pension Investment Committee and reviewed periodically to ensure that risks are updated, and the relevant mitigations are put in place to manage them. The Pension Board reviews the authority risk management adequately mitigates against risk and that the direction of travel shows movement towards target scores. Senior officers and those named as responsible officers on the register will review the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to control the risk, including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur.

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

1. Funding Risks – broken down into:

a. Insufficient asset growth – the risk that the Fund assets fail to grow in line with the developing costs of meeting the liabilities. This is mitigated by the PIC setting a strategic asset allocation benchmark for the Fund which takes into account probability of success and downside risk, and monitoring allocation and returns relative to the benchmark. The PIC also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

b. Changing demographics – the risk that longevity improves and other demographic factors change, increasing the cost of Fund benefits. This is mitigated by the PIC seeking to understand the assumptions used in any analysis and modelling so they can be

compared to their own views, and the level of risks associated with these assumptions can be assessed.

c. **Systemic risk** – the possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting the Fund's liabilities. The PIC seeks to mitigate this as much as it can through a diversified portfolio.

2. **Asset Risks** – specifically:

a. **Concentration** – the risk that a significant allocation to any single asset class and its underperformance relative to expectation would result in difficulties achieving funding objectives. The PIC strategic asset allocation invests in a diversified range of asset classes and has in place rebalancing arrangements to ensure actual allocation does not deviate substantially from the target. The Fund invests in a range of mandates, each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, help to reduce the Fund's concentration risk.

b. **Illiquidity** – the risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets. By investing in liquid asset classes such as listed quoted equities and bonds, as well as property, the PIC has recognised the need for access to liquidity in the short term.

c. **Currency risk** – the risk that the currency of the Fund's assets underperforms relatives to Sterling (i.e. the currency of the liabilities). The Fund invests in a range of overseas markets which provides a diversified approach to currency markets. The Fund has also considered, and will continue to consider at periodic intervals, the potential need for any currency hedging to reduce currency risk.

d. **Environmental, Social and Governance (ESG)** – the risk of embedding ESG factors to the extent that the ability of the Fund to meet its long-term funding obligations is significantly reduced. The PIC expects all investment managers to undertake appropriate monitoring of investments with regards to their policies and practices on all issues which could present a material financial risk to the long-term performance of the Fund, including corporate governance and environmental factors. It expects managers to integrate material ESG factors within its investment analysis and decision making, and to use their influence as major institutional investors to promote good practice in the investee companies and markets to which the Fund is exposed.

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

3. **Other Provider Risk** – comprising:

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

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

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

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

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

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

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

C. FINANCIAL PERFORMANCE

7.9. Total administration, oversight and governance, and investment management expenses were £3.287m 2025/26, compared with £3.870m in 2024/25, a reduction of £0.582 million or 15.0%. Administration and oversight and governance expenses reduced by £0.337 million, principally reflecting reduction in administration and professions expenses. Investment management expenses reduced by £0.245 million, mainly because transaction costs were lower than in the previous year.

7.10. Investment income for the year was £36.0m, compared with £31.2m in 2024/25. The movement primarily reflected changes in distributions and interest income.

7.11. Transfer values received and paid during the year were £11.0m and £13.2m, respectively. Material movements should be considered alongside changes in membership, the number of retirements and transfers processed, and the timing of investment distributions. The Fund Account in Appendix A provides the complete year-on-year analysis.

7.12. Significant non-investment assets and liabilities

7.13. At 31 March 2026, the Fund reported cash and net current assets of approximately £82.9m, compared with £80.2m at 31 March 2025. This balance principally comprised, cash deposits and other debtors, less other creditors.

7.14. The year-on-year movement of £155.5m arose mainly from increased value of the investments particularly from equities. These balances are monitored as part of the Fund's cash-flow and liquidity management arrangements to ensure that pensions, lump sums, investment commitments and operating expenses can be paid as they fall due. No individual non-investment debtor or creditor balance was material to the Fund's overall financial position, other than those separately disclosed in Appendix A.

7.15. Contributions and payment monitoring

7.16. Employer contribution rates during 2025/26 were determined in accordance with the Rates and Adjustments Certificate arising from the actuarial valuation. Rates varied by employer according to funding position, covenant and membership profile. The applicable employer rates are set out in the Funding Strategy Statement section of this report.

7.17. Employee contribution rates were determined by reference to members' pensionable pay in accordance with the LGPS Regulations and ranged from 5.5% to 12.5% during 2025/26.

7.18. Participating employers are required to pay employee and employer contributions to the Fund by the statutory due date.

7.19. Late payments were followed up with the employers concerned in accordance with the Fund's contribution monitoring arrangements. No interest or late payment penalties were levied during the year because the delays were resolved promptly and no material losses arose. No material contribution arrears were written off during the year.

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

	2025/26 Actuals	**2024/25 Actuals**	**Year on Year Variance**	
	£'000	£'000	£'000	%
Administration Expenses	1,076	1,387	(311)	-22.4%
Oversight and Governance Expenses	548	574	(26)	-4.5%
	1,624	**1,961**	**(337)**	-17.2%
Investment Management Expenses:				
Transaction Costs	2	395	(392)	-99.5%
Management Fees	1,598	1,452	146	10.1%
Custody Fees	63	62	1	1.6%
	1,663	**1,909**	**(245)**	**-12.8%**
Total Expenses	**3,287**	**3,870**	**(582)**	**-15.0%**

7.21. Administration expenses consist of all expenses the administering authority must incur in performing its duties to administer entitlements and provide benefit information. This includes staff costs, IT costs, general costs such as stationery and postage, membership fees, and costs associated with the provision of additional voluntary contributions.

7.22. Oversight and governance expenses can include the cost of selection, appointment and performance monitoring of fund managers, investment advisory services, legal and actuarial services, and audit fees.

7.23. The investment management fees are paid to fund managers who manage the individual investment. The investment management fees are in line with previous years costs.

7.24. Pension Overpayments and Recoveries

7.25. The Fund maintains procedures designed to minimise the risk of pension overpayments through regular data validation, reconciliation processes, and periodic reviews of pensioner records. Where an overpayment is identified, the Fund seeks recovery in accordance with its established policies, taking account of the circumstances of each case and ensuring that

members are treated fairly and consistently. During 2025/26, all identified overpayments were reviewed and appropriate recovery action was undertaken where appropriate. No material amounts were written off during the year. If any write-offs occur, these are approved in accordance with the Council's financial regulations and recorded within the Fund's governance arrangements.

7.26. Fraud Prevention and Detection

7.27. The Fund is committed to preventing and detecting fraud and participates in a range of assurance and data-matching activities. These include participation in the National Fraud Initiative (NFI), the review of pension records against mortality and residency data, and reconciliation exercises designed to identify duplicate, erroneous or potentially fraudulent payments. Any matches identified through these exercises are investigated by officers and appropriate action is taken where discrepancies are found. During 2025/26, the Fund continued to work with the Council's corporate fraud, audit and pension administration teams to strengthen controls, improve data quality and minimise the risk of fraud and error within pension administration processes.

7.28. Fraud, credit losses, provisions, contingent liabilities and impairments

7.29. The Fund participates in the National Fraud Initiative and undertakes mortality, residency, data-matching and reconciliation checks to identify potentially fraudulent, duplicate or erroneous pension payments. Any matches are investigated and recovery action is initiated where appropriate.

7.30. During 2025/26, identified pension overpayments were reviewed, and appropriate recovery action was taken. No material overpayments were written off during the year.

7.31. Progress Towards Asset Pooling

The Government's "Fit for the Future" reforms require LGPS administering authorities to manage investments through FCA-regulated investment pools. The Fund is fully pooling with the London Collective Investment Vehicle (LCIV) having signed an Investment Management Agreement (IMA) on 31 March 2026. The Fund achieved full compliance, completed the transition of all investment assets into arrangements managed by the London CIV to meet the Government's pooling deadline of 31 March 2026.

7.32. Pooling Costs and Savings

The transition to pooled investment arrangements through LCIV forms part of the Government's asset pooling programme, which seeks to achieve economies of scale, improved governance and enhanced investment opportunities across the Local Government Pension Scheme. The Fund monitors the direct costs associated with pooling, including implementation and transition costs, alongside the ongoing savings generated through reduced investment management fees and operational efficiencies. The fund is fully pooled from 31 March 2026 so in 2026/27 monitoring will be provided of the pooling costs and savings generated from pooling.

8. INVESTMENT STRATEGY AND PERFORMANCE

A. INVESTMENT STRATEGY

8.1. The Council's Investment Strategy Statement (ISS) was reviewed and updated in March 2026, and it sets out its approach to funding its liabilities in the Funding Strategy Statement (FSS). The FSS sets out the strategy for prudently meeting the Fund's future pension liabilities over the longer term. The ISS sets out the Fund's policies in respect of asset allocation, rebalancing, and the approach to risk including environmental, social and governance considerations. The ISS and the FSS can be found at http://www.lewishampensions.org/

8.2. The administration of the investment side of the Fund is managed internally by officers within the Council's Strategic Finance team. The Fund's custodian is the main depositary for investment assets and provides performance reporting and accounting support for all transactional activity in relation to the Fund's investments which is used to update the Fund's ledger and compile the annual accounts. The Fund also maintains its own bank account for day-to-day cash flow requirements.

8.3. Asset Allocation at 31 March 2026

8.4. The Fund maintains a diversified investment strategy designed to achieve its long-term funding objective while managing investment risk. In accordance with LGPS annual report guidance, the table below provides an analysis of the Fund's year-end asset allocation by underlying asset class together with the pooling status of those investments. All funds in the table below are 100% pooled with the London CIV as at 31 March 2026. This disclosure complements the strategic asset allocation information included elsewhere in this report and provides additional transparency regarding the composition of Fund assets and the extent to which they have been incorporated within pooled investment arrangements.

8.5. Fund Allocation Table 31 March 2026

London CIV Pooled Assets		
Funds	**Fund Manager**	31/03/2026 £'000
Equity		
	LCIV - Passive Equity Progressive Paris Aligned	745,975.43
	Storebrand Global	156,394.32
	Storebrand EM	100,600.21
Venture Capital		
	Harbourvest	105,186.97
TOTAL GROWTH		1,108,156.94
Property		
	Schroders Property / LCIV IREP	123,736.07
	LGIM (Build to rent)	40,278.60
Infrastructure		
	JP Morgan infrastructure	81,414.12
	LCIV - Renewable Infrastructure Fund	70,354.56

Debt		
	Pemberton European Debt Fund	22,661.81
	Partners Group	
	LCIV Private Debt	74,967.33
	LCIV Private Debt	25,213.54
	Nature Based Solutions	44,232.32
	LCIV Buy & Maintain Credit	
TOTAL INCOME		482,858.36
Bonds		
	BlackRock Bonds	362,256.56
TOTAL PROTECTION		362,256.56
TOTAL before Cash		1,953,271.85
CASH/Debtors/Creditors		82,871.54
TOTAL SCHEME		2,036,143.39

B. UK STEWARDSHIP CODE

8.6. The Financial Reporting Council revised the UK Stewardship Code in 2020, and the Code sets the expectations for investor's stewardship policy and practice.

8.7. The Code defines stewardship as the "responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society", and consists of twelve Principles for asset managers and owners, and six for service providers, to which signatories to the Code are expected to evidence compliance through the publication of an annual Stewardship Report. Managers, owners and service providers are tiered based on the quality of their Code statements, distinguishing between those who report well and demonstrate their commitment to stewardship, and those where reporting improvements are required.

8.8. Although not currently a direct signatory to the new Code, the Fund will consider its impact and align its expectations of asset managers and service providers accordingly. The Fund will use the revised Code as a basis for reviewing and strengthening its approach to responsible investment, and fully endorses the principles embedded within the Code. It expects its external fund managers to be signatories to the 2020 Code. The Pensions Committee believes that investor stewardship is a key component of the CIPFA Good Governance Framework and is committed to exercising this responsibility.

8.9. The twelve principles of the UK Stewardship Code 2020 are set out below with brief examples of how the Fund works to meet each one in line with the expectations set out in the Code, although this does not constitute a statement of compliance and is by no means exhaustive.

Category	Code Principle	Examples of Compliance
Purpose and Governance	1. Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	PIC Members have contributed to a Statement of Investment beliefs that when considered with the Funding Strategy Statement translate Fund objectives into a well-defined Investment Strategy. Taken in conjunction with PIC's Climate Objectives, the Fund seeks to make ESG focussed investments to achieve the overriding purpose of preserving the resources necessary to secure the long-term payment of members' benefits.
	2. Signatories' governance, resources and incentives support stewardship.	The Fund's Pension Board assists the Council, as administering authority, to monitor adherence to legislation and best practice relating to the administration and governance of the Fund.
	3. Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.	PIC members declare any conflicts of interest before meetings begin. This is recorded in the minutes and published on the Council website. A decision is made by the Chair on the necessary steps to be taken to ensure the interests of the Fund and its beneficiaries are put first.
	4. Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.	The Fund's stewardship responsibilities are set out in the ISS, including its approach to systemic risks which includes maintaining a diversified portfolio to reduce the impact of any market or business group failure.
	5. Signatories review their policies, assure their processes and assess the effectiveness of their activities.	The fund is audited, both externally and internally. The Pension Board in April 2019 commissioned an external review to measure the Fund's compliance to the Pension Regulator's Code of Practice and the Local Government Pension Scheme Advisory Board's guidance.
Investment Approach	6. Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	The Fund publishes its Statement of Accounts and Annual Report every year which details the breakdown of the Fund and its investments, the membership of the Fund and how officers deal with member queries, and how decisions are taken to meet the Fund's liabilities and continue to pay member benefits. The FSS and ISS set out in greater detail the stewardship of the Fund, the former being consulted on with Fund employers prior to publication.
	7. Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate	The Fund has integrated stewardship and ESG factors into its new Investment Strategy, which has seen the Fund transition its equity holdings into low carbon ESG passive equities and pursue investments in other low carbon assets including renewable energy infrastructure, to continue to provide benefits for its members whilst addressing

Category	Code Principle	Examples of Compliance
	change, to fulfil their responsibilities. 8. Signatories monitor and hold to account managers and/or service providers.	wider ESG issues such as climate change and decarbonisation. The Fund's custodian produces monthly performance reports, whilst the Fund's advisor prepares quarterly performance reports which are reported at PIC. Fund managers also prepare monthly and quarterly reports for officers' attention and attend PIC at least annually to update Members on fund performance.
Engagement, Exercising Rights and Responsibilities	9. Signatories engage with issuers to maintain or enhance the value of assets. 10. Signatories, where necessary, participate in collaborative engagement to influence issuers. 11. Signatories, where necessary, escalate stewardship activities to influence issuers. 12. Signatories actively exercise their rights and responsibilities.	The Fund has established a set of Investment Consultant Objectives which includes objectives on strategic advice, effective implementation and research, all of which require the Fund's advisers to use its more extensive resources and engage with asset managers and other stakeholders on the Fund's behalf. Officers regularly engage with asset managers on all issues of asset administration and performance. The Fund participates in collective engagement and is actively committed to the LCIV for the pooling of its assets into centrally managed Funds, whilst liaising and working with other shareholders of the LCIV to achieve shared objectives, outside of the larger pool if necessary but always in the spirit of collaboration to achieve shared goals. PIC has delegated the exercise of voting rights to its investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value.

8.10. The Fund is also a member/subscriber of the following bodies:

a. Pensions and Lifetime Savings Association (PLSA);
b. Local Authority Pension Fund Forum (LAPFF);
c. Local Government Pension Committee (LGPC).

C. APPLICATION OF CIPFA PRINCIPLES FOR INVESTMENT DECISION MAKING

8.11. The Fund is required to demonstrate compliance with CIPFA's Principles for Investment Decision Making and Disclosure, which reflect principles of good investment practice issued by government in response to the Myners review. Actions taken to comply with the principles are set out in the Investment Strategy Statement.

8.12. The Pension Fund has a paramount fiduciary duty to obtain the best possible financial return on Fund investments without exposing assets to unnecessary risk. Following good practice in terms of social, environmental and ethical issues is likely to have a favourable effect on the long-term financial performance and improve investment returns to shareholders.

D. INVESTMENT PERFORMANCE

8.13. The overriding investment objective is to ensure that the Fund's investments increase the likelihood that benefits will be paid to members as they fall due, by maximising investment returns over the long term within acceptable risk tolerances. It is in the interest of both scheme members and the public that the Fund is well managed and continues to provide high returns and excellent value for money.

8.14. The investment strategy has previously allocated a significant proportion of the Fund for investment into growth assets. After the 2016 valuation, the strategy was adapted to seek a more diversified portfolio and reduce the heavy exposure to the volatility of equities by investing in income assets such as infrastructure and private debt. As at 31 March 2026 approximately 60% of the Fund was invested in growth assets, 25% in income assets and 15% in protection assets including passive bonds and cash.

8.15. The Fund's asset allocation as at 31 March 2026 has nine active managers with six mandates, as below.

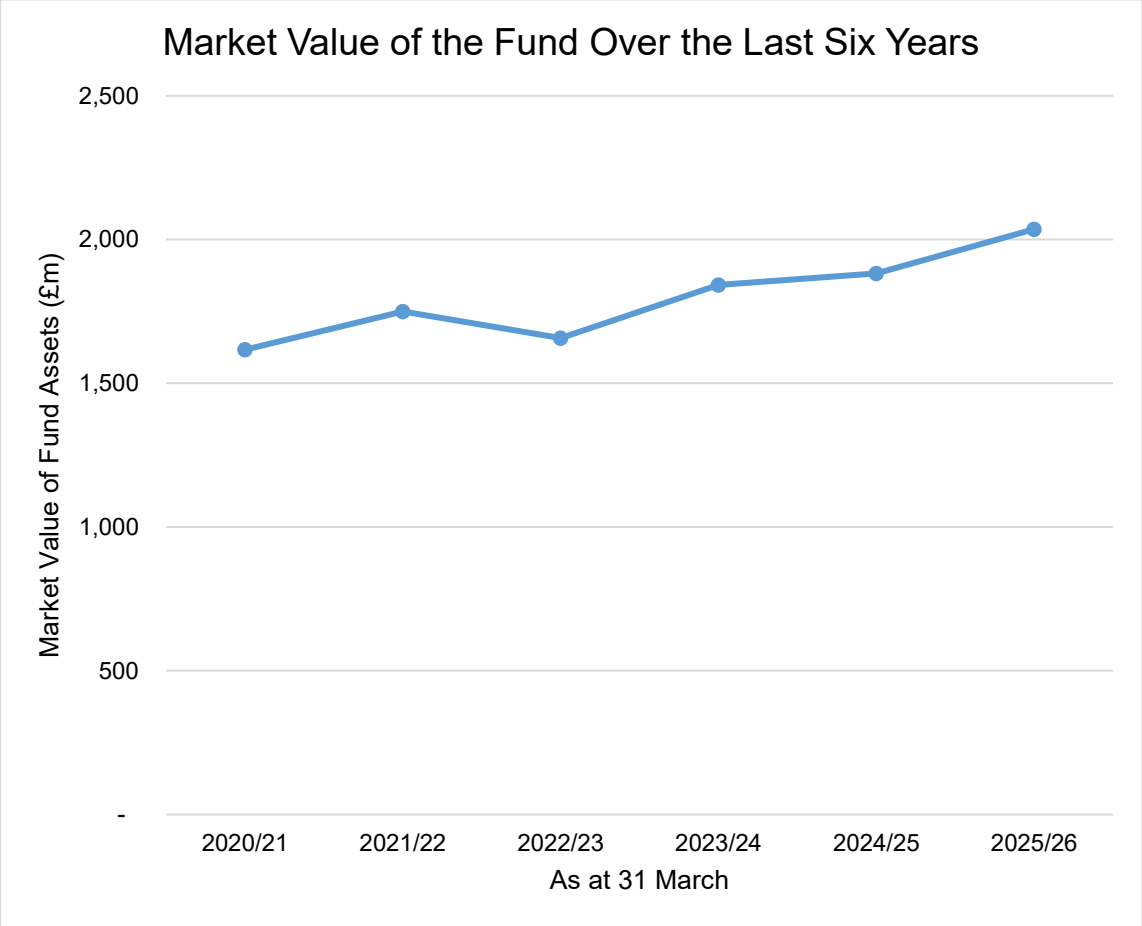
D1. STRATEGIC ASSET ALLOCATION AT 31 MARCH 2026:

	2025/26			2024/25
Fund	**Asset Value £'000**	**Target Allocation %**	**Actual Allocation %**	**Actual Allocation %**
Growth				
Equity Unit Trust	1,108,157	50.0	56.7	54.8
Income				
Property	164,015	7.5	8.4	9.4
Infrastructure	151,769	7.5	7.8	7.8
Private Equity/Debt	122,843	11.0	6.3	7.5
Natural Capital	44,232	5.0	2.3	1.0
Protection				
Fixed Income Unit Trust	362,256	19.0	18.5	19.5
Total Investments	**1,953.272**	**100**	**100**	**100**
Cash and Net Current Assets	82,871			
Total	**2,036,143**			

8.16. The differing short-term performances of asset classes and fund managers inevitably results in the actual asset allocations deviating from their strategic targets over time. Global equities have performed very strongly over the last few years resulting in being overweight in this asset class. Periodically the Fund undertakes a re-balancing exercise to return to the agreed strategic allocation, whilst separate re-balancing arrangements are in place within the passive mandates as outlined within the Investment Strategy Statement.

8.17. With the signing of the Investment Management Agreement with the London CIV, it will be for the London CIV to make any rebalancing after consultation with the fund.

8.18. The graph below depicts the changing value of the Fund's assets as at 31 March over the last seven years. The Fund has steadily increased in value over the period, from £1,352bn at 31 March 2019 to a high of £2,036bn at 31 March 2026. The Fund increased by approximately £155m in 2025/26.



8.19. The annualised return of the Fund's investments over the last 12 months was 9.45%, which was 0.94% less than the benchmark return (a composite of the benchmarks employed by each mandate). Over the last five years, the Fund's absolute return on its investments is 5.79%, which is approximately 0.13% above the benchmark return of 5.65% as depicted in the below table.

D2. AGGREGATE FUND – COMPARATIVE PERFORMANCE:

As at 31 March 2026	One Year %	Three Year %	Since Inception %
Fund Performance	9.45	8.28	5.79
Benchmark	10.40	9.06	5.65
Relative performance	**-0.94**	**-0.79**	**0.13**

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

D3. INDIVIDUAL MANAGER PERFORMANCE:

		Blackrock (Fixed Income Unit Trust)	Schroders (Property)	J.P. Morgan (Infrastructure)	LCIV (Passive Equity)	HarbourVest (Private Equity)	Pemberton (Venture Capital)	LGIM (Property)	Storebrand Global Mkt (Equity Unit Trust)	Storebrand Emerging Mkt (Equity Unit Trust)	LCIV (Renewable Infrastructure, Nature Based Solutions and Private Debt)
		%	%	%	%	%	%	%	%	%	%
1 year	Absolute	8.6	1.7	14.1	13.4	N/A	5.85	-1.0	14.0	26.3	N/a
	Benchmark	8.6	6.2	7.0	13.1	N/A	10.1	7.0	16.4	26.8	N/a
	Relative	**0.1**	**(4.2)**	**6.6**	**0.3**	N/A	**(4.0)**	**(7.5)**	**(2.1)**	**(0.4)**	N/a
3 years	Absolute	(4.4)	2.5	9.0	14.9	N/A	6.9	-1.2	12.2	12.3	N/a
	Benchmark	(4.6)	4.6	7.0	14.5	N/A	10.8	7.0	14.3	12.4	N/a
	Relative	**0.2**	**(2.0)**	**1.9**	**0.4**	N/A	**(3.5)**	**(7.7)**	**(1.8)**	**(0.1)**	N/a
Since Inception*	Absolute	(23.3)	4.1	7.4	8.0	N/A	6.4	(0.9)	11.2	9.7	N/a
	Benchmark	(23.5)	4.9	7.0	7.6	N/A	9.1	7.0	12.8	8.6	N/a
	Relative	**0.2**	**(0.8)**	**0.4**	**0.3**	N/A	**(2.5)**	**(7.4)**	**(1.4)**	**1.0**	N/a

8.21. The table above shows that there has been a varied performance over time. It is to be noted that Blackrock, LCIV PEPPA and Storebrand are all passive funds which track their composite benchmarks instead of actively trying to outperform them, and accounts for approximately 56% of the Fund. No other managers, apart from Storebrand, accounts for more than 5% of the Fund, in line with their target allocations. During 2025/26, the Fund completed the full realisation of its remaining investment with Partners Group, resulting in the holding being fully disinvested by 31 March 2026. HarbourVest performance figures have not been included in performance calculations due to questions raised regarding data consistency. The performance of the Renewable Infrastructure, Nature Based Solutions and Private debt funds is not formally assessed against its objective until four years after inception, in accordance with the fund terms. Pemberton was a new fund in 2017/18, J.P. Morgan were new funds in 2018/19, LCIV PEPPA and LGIM were new funds in 2021/22 and Storebrand was a new fund in 2022/23, LCIV Private Debt was a new fund in 2023 and 2025 and Nature Based Solutions was a new fund in 2025, hence the lack of historical performance data. PIC continues to monitor the performance of all fund managers on a quarterly basis via the reports it receives from the Fund's advisors.

8.22. Investment performance.

8.23. Unless otherwise stated, the investment performance figures in this section are presented net of investment management fees. Performance is measured by the Fund's custodian and investment adviser using time-weighted rates of return and is compared with the benchmark or performance objective applicable to each mandate.

8.24. The whole-Fund benchmark is a composite of the individual mandate benchmarks, weighted according to the Fund's asset allocation. Mandate benchmarks have been selected to reflect the relevant asset class, investment approach and manager objective. Passive mandates are assessed principally by reference to how closely performance tracks the applicable market index, while active and private-market mandates are assessed against an agreed index, absolute-return objective or hurdle rate.

8.25. "N/A" is shown where a meaningful performance figure was unavailable, principally because the mandate commenced recently, the investment was in its drawdown period, or the valuations were not available for a complete measurement period. Where a benchmark or mandate changed during the year, performance was linked across the relevant periods to preserve an appropriate comparison. Details of any material benchmark changes are set out above in the manager performance table.

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

Manager	Mandate	Benchmark / Performance Target
BlackRock	Fixed Income Unit Trust	iBoxx Sterling Non-Gilts Index; FTSE Actuaries UK Conventional Gilts over 5 or 15;
Schroders	Property	MSCI Pooled Property Fund Index
J.P. Morgan	Infrastructure	Hurdle rate of 7% p.a. The fund targets a return of 8-12% per annum net of fees.
LCIV	Equity Unit trust	The objective of the Fund is to track the performance of the S&P Developed Ex-Korea Large Mid-Cap Net-Zero 2050 Paris-Aligned ESG Index
LCIV	Renewable Infrastructure	Hurdle rate of 7% p.a.
HarbourVest	Private Equity	To outperform the Morgan Stanley Capital International (MSCI) World Index by 5% over a five-year rolling period, net of fees.
Partners Group	Venture Capital	The fund targets a return of SONIA +4-6% net of fees, with a 5% cash yield
Pemberton	Venture Capital	Venture Capital The fund targets a return of SONIA +4-6% net of fees
LGIM	Property	UK Build To Rent Fund. Total return of 7-9% p.a. (net of fees)
Storebrand	Equity Unit Trust	MSCI AC World Development Index and MSCI EM Index
LCIV	Private Debt	6-8% net IRR
LCIV	Nature Based Solutions	6-8% net IRR with a target yield of 2 per cent per annum

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

8.27. Investment details are shown in the table below:

Company Name	# Shares	Value GBP as at 31/03/2026	Fund Manager
AMX UCITS CCF - STOREBRAND-GLOBAL ESG PLUS UK PENSION SCHEME B GBP UNITS	1,257,253.75	156,394,320.32	Storebrand
AMX UCITS CCF - STREBRND-EMRGN MKT ESG PLS UK PENSION SCHEME GBP A UNITS AMUCSG UAKG	759,348.33	100,600,212.60	Storebrand
LCIV Passive Equity Progressive Paris-Aligned	527,937,317.09	745,975,429.05	London CIV
LCIV Private Debt Fund	608,697.00	74,967,326.21	London CIV
LCIV Renewable Infrastructure	586,551.60	70,354,564.68	London CIV
LCIV Private Debt Fund II	235,161.63	25,213,544.12	London CIV
LCIV Nature Based Solutions Fund	452,200.41	44,232,321.49	London CIV
AQ LIFE OVR 15Y UK GILT IDX S1	15,932,006.69	117,737,529.47	BlackRock
AQUILA LIFE OVR 5YR UK IDX LKD S1	15,146,628.63	121,627,427.96	BlackRock
ISHR UK CRDT BD IDX(IE) FLX GBP AC	3,809,883.36	122,891,597.66	BlackRock
MAYFAIR CAP PPTY (MCPUT)	6,935.70	7,823,466.22	Schroders
SSHF UNIT TRUST	5,714,992.00	5,886,441.76	Schroders
SCHRODERS LOCAL RETAIL FUND	6,317.15	6,263,327.88	Schroders
SDR CAP UK OPERATING HOTELS UNIT TRUST	5,266,830.00	5,267,883.37	Schroders
SCHRODER INV MGMT FUT WORKPLACE PPTY UT	7,820.76	4,364,299.14	Schroders
MULTI-LET INDL PROPERTY UNIT TRUST	7,587.36	12,232,109.33	Schroders
OCTOPUS INVSTS LTD OCTOPUS HEALTHCARE UNITS Q	2,292.30	3,094,792.43	Schroders
C - MANAGED PROPERTY	108,363.48	7,122,548.32	Schroders
UNITE UK STUDENT ACCOMADATI	2,068,175.00	3,120,876.08	Schroders
METRO PPTY UNIT TR	22,277.97	5,549,887.89	Schroders
SCH CAP UK SELF STORAGE UNIT TST	35,000.00	3,608,762.50	Schroders
NUVEEN UK RETAIL WAREHOUSE FUND	199.05	759,747.15	Schroders
SCHRODERS CAPITAL UNIT TRUSTS UK REAL ESTATE SREF I INC	195,002.05	6,659,319.84	Schroders
CORA FEEDER UNIT TRUST	42.93	5,009,975.32	Schroders
Schroder RECAP SSF Unit Trust	9,989,533.62	10,591,902.50	Schroders
INDUSTRIAL PROPERTY INVESTMENT FUND IPIF FEEDER GBP	12,054.75	21,554,743.98	Schroders
BLACKROCK UK FD	226,963.00	8,929,950.02	Schroders
HERMES INVEST MNGM HERMES PROPERTY UNIT TRUST	1,155.00	6,953.10	Schroders
UK RETIREMENT LIVING UNIT TRUST	6,647,571.00	5,889,083.15	Schroders
Pemberton European Debt Investments Jersey II LP	22,661,810.66	22,661,810.66	Pemberton
Legal & General UK Build to Rent	45,002,500.00	40,278,601.08	Legal & General
Infrastructure Investments Fund	67,504,896.84	81,414,121.20	JP Morgan
HARBOURVEST GL PE ORD NPV	965,687.00	29,018,894.35	HarbourVest
HIPEP IX AIF SCSP	10,874,756.83	12,713,051.82	HarbourVest
HARBOURVEST PARTNERS VIII-CAYMAN BUYOUT FUND L.P.	2,665,865.42	35,201.42	HarbourVest

HARBOURVEST PARTNERS XI AIF LP	13,468,353.15	22,148,813.16	HarbourVest
HARBOURVEST PARTNERS VIII-CAYMAN VENTURE FUND L.P.	2,698,027.96	3,269,455.17	HarbourVest
HARBOURVEST PARTNERS X AIF LP	12,440,196.79	22,783,506.36	HarbourVest
HIPEP VII (AIF) PARTNERSHIP FUND LP	10,245,131.53	15,218,051.78	HarbourVest
Total investments		**1,953,271,850.54**	
Cash and Debtor/creditors		82,871,536.37	
Total fund		**2,036,143,386.91**	

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

9. ASSET POOLING

A. FINANCIAL YEAR 2025/26

B. ASSET POOLING

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

9.2 In 2025 Buckinghamshire Council became a member of LICV. Each local authority is a shareholder in the LCIV, and the Fund has non-voting redeemable shares as a subscriber to the pool. It and contributes to the financial operation of the vehicle via an annual service charge and Development Funding Charge (DFC). The annual service charge is akin to a membership fee, providing access to LCIV services. The DFC is designed to cover the cash flow imbalance between the LCIV's annual revenues and annual costs until LCIV generates sufficient management fee income to cover annual operating costs.

9.3 The London Borough of Lewisham is one of thirty-three shareholders in the London Collective Investment Vehicle (LCIV), one of six pooling vehicles established as part of the reform of investment management in the LGPS which began in 2015 with the publication of criteria and guidance on pooling of LGPS assets to deliver significantly reduced costs while maintaining overall investment performance and achieving benefits of scale.

9.4 The 2025/26 financial year represents a significant milestone for the Lewisham Pension Fund, marked by the successful completion of full investment pooling in line with the Government's LGPS "Fit for the Future" reforms. By the end of March 2026, the Fund had transitioned 100% of its assets to the London CIV (LCIV), achieving full compliance with national pooling requirements and aligning with the broader policy objective of consolidating LGPS assets into larger, FCA-regulated investment pools.

9.5 The transition was formalised through the approval and execution of the Investment Management Agreement (IMA), which delegates responsibility for investment implementation, including manager selection and oversight, to LCIV. While operational responsibility for asset management now sits with LCIV, the Council retains its core fiduciary duties, including setting the Fund's strategic asset allocation and funding strategy.

9.6 This development reflects wider structural reforms introduced under the Pension Schemes Act 2026 and associated LGPS regulations, which establish asset pooling as the central delivery mechanism for investment activity. These reforms also strengthen governance requirements, including the introduction of a mandatory Senior LGPS Officer role and enhanced expectations around accountability, oversight, and alignment with statutory guidance.

9.7 From an operational perspective, the transition to pooling has been carefully managed through detailed planning between officers, LCIV, and the Fund's custodian to ensure continuity. Existing external managers largely remain in place but now operate within the LCIV governance framework. A developing Service Level Description (SLD) sets out roles, responsibilities, and performance monitoring arrangements, supporting a phased and controlled implementation of the new model.

9.8 Importantly, the move to pooling does not alter the governance role of the Pensions Investment Committee, which continues to retain strategic oversight, fiduciary accountability, and responsibility for long-term investment objectives. Officers also maintain active engagement with LCIV on responsible investment, stewardship, and local investment priorities, ensuring alignment with the Fund's ESG commitments and broader policy objectives.

9.9 During the year, progress was also made in transitioning specific mandates, including the transfer of the commercial property portfolio into LCIV's Indirect Real Estate Pool (IREP), managed by CBRE Investment Management. This move supports improved governance, potential cost efficiencies, and access to more diversified property strategies, while maintaining the Fund's long-term allocation to real assets.

9.10 Looking ahead, the Fund will continue to work closely with LCIV to embed the new pooling arrangements, monitor performance and costs, and ensure that the evolving structure supports long-term investment objectives. While the long-term benefits of pooling are expected to include improved efficiency and enhanced investment opportunities, there remains some uncertainty regarding transition costs in the short to medium term, which will be actively monitored.

9.11 Overall, 2025/26 marks the completion of a major structural transformation of the Fund, positioning it within a more centralised, regulated, and strategically aligned LGPS framework, while maintaining strong local governance and accountability.

10. ADDITIONAL DATA

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

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

	Active	Ceased
Scheduled Bodies	14	1
Admitted Bodies	19	50
Total	33	51

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

Asset Class	UK £m	Non-UK £m	Total £m
Equity Unit Trust	746	286	1,032
Fixed Income Unit Trust	239	123	362
Property	124	0	124
Private Equity	278	158	436
Cash	68	15	83
Net Current Assets/(Liabilities)	-1	0	-1
Total	**1,454**	**582**	**2,036**

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

Asset Class	UK £000	Non-UK £000	Total £000
Equity Unit Trust	11,199	4,100	15,299
Hedge Funds	0	428	428
Pooled property Investments	3,682	0	3,682
Private Equity/Infrastructure	13,761	300	14,061
Cash	2,505	68	2,572
Total	**31,147**	**4,896**	**36,043**

B. AT TIME OF WRITING ANNUAL REPORT

10.5. In respect of asset pooling, it is noted that at the time of writing the annual report (September 2026) the Fund had made an investment of £90m into the LCIV Buy and Maintain Credit Fund.

11. 10. SCHEME ADMINISTRATION

A. SCHEME ADMINISTRATION / PENSIONS ADMINISTRATION AND ASSURANCE

11.1. As at 31 March 2026 there were 28,119 members of the Fund; an increase of 539 members. 6,737 of the members were active, 12,044 deferred (undecided and deferred) and 9,338 retired. Besides the administering authority, the Fund also comprised 14 active scheduled bodies and 19 active admitted bodies.

11.2. There are 1,223 frozen members who are not included in the total deferred members. This is because they do not have an entitlement to a deferred benefit. They have an entitlement to a refund and haven't yet claimed the refund.

11.3. Scheme member administration and pensioner administration is undertaken by a small in-house Pensions team which is also responsible for other areas of pension work including providing data to the LPFA, TPA and the NHS pension schemes. The team also carries out non-Pension Fund work such as providing estimates and calculating and paying redundancy

and compensation payments. Further information about the administration of the scheme including forms and publications, information on complaints and disputes, and details on how members are kept informed, including relevant contact details, can be found on the Fund's website at www.lewishampensions.org. Internal audit reviews the scheme's administration periodically as described in sections 4.8 and 4.9 of this report.

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

11.5. The number of key administrative activities carried out in 2025/26 and across the previous four years are shown in the table below.

A1. KEY ADMINISTRATIVE ACTIVITIES:

	2025/26	2024/25	2023/24	2022/23
New scheme members	1,081	1,125	1,517	1,054
Estimate of benefits	585	539	596	840
Responding to correspondence	8,756	7,947	3,718	3,380
Deferred benefits	70	89	141	131
Calculation of quotations and actuals relating to transfers into the Local Government Pension scheme	456	458	323	575
Retirements	509	475	440	425
Death cases (with dependants)	78	71	69	90
Calculation of quotations and actuals relating to transfers out of the Local Government Pension scheme	690	473	538	344
Additional contributions	38	30	33	29
Refunds of contributions	185	205	219	172
Overall Performance	**12,448**	**11,412**	**7,594**	**7,040**

11.6. The role of the pensions section in the administering authority during 2025/26 was carried out by 10.4 Full Time Equivalent (FTE) staff serving some 28,000 members. Relevant data and staffing ratios are as set out below and indicate an increasing number of transactions over time being undertaken by the same number of FTE staff.

A2. KEY STAFF INDICATORS:

FTE Staff:	**2025/26**	**2024/25**	**2023/24**	**2022/23**	**2021/22**
Lewisham	11.9	11.5	10.7	8.5	7.5
Made up of:					
Work for other schemes	0	0	0	0	(0.5)
Other work	(1.5)	(2.0)	(2.0)	(2.0)	(2.0)
Administration of LGPS	**10.4**	**9.5**	**8.7**	**6.5**	**5.0**

Scheme Membership:	**2025/26**	**2024/25**	**2023/24**	**2022/23**	**2021/22**
Number of contributors	6,737	6,728	6,888	6,846	6,759
Number of deferred members	12,044	11,856	12,130	11,493	10,996
Number of pensioners	9,338	8,996	8,753	8,524	8,384
Total	**28,119**	**27,580**	**27,771**	**26,863**	**26,139**

Staff Performance:	2025/26	2024/25	2023/24	2022/23	2021/22
Ratio of members to 1 FTE staff	2,704	2,903	3,192	4,133	5,228
Transactions per member of staff	1,197	1,201	873	1,083	893

11.7. **Value for Money in Pension Administration**

11.8. The Fund seeks to deliver a high-quality pension administration service that provides value for money to scheme members and employers while maintaining compliance with statutory and regulatory requirements.

11.9. The age profile of the membership calculated as at 31 March 2026 is show in the table below.

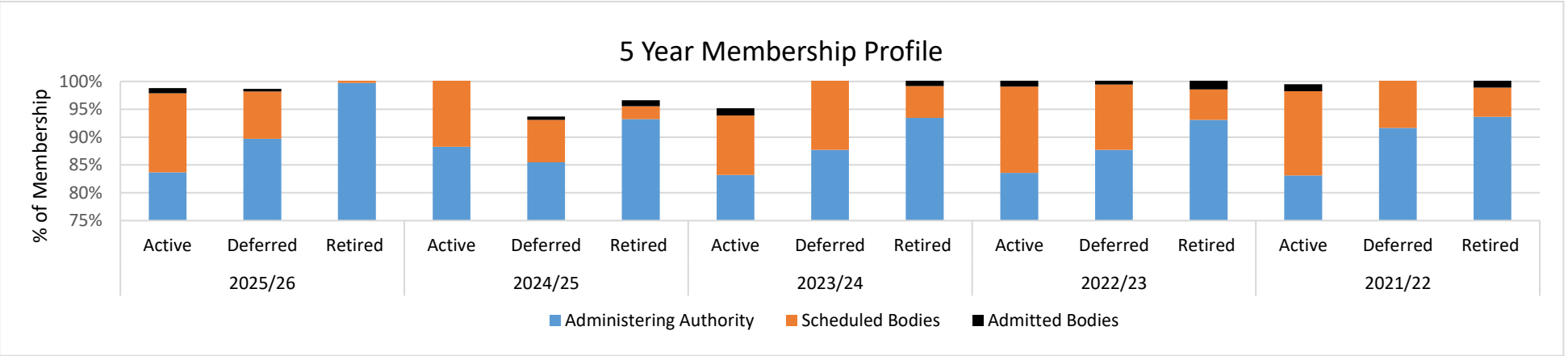
A3. AGE PROFILE OF MEMBERSHIP:

A	Contributing	Deferred	Pensioners/ Dependents
0-4	0	0	3
5-9	0	0	4
10-14	0	0	11
15-19	24	0	18
20-24	206	3	12
25-29	425	65	1
30-34	518	266	2
35-39	690	636	4
40-44	798	835	3
45-49	869	943	16
50-54	847	1,158	31
55-59	1,028	1,523	327
60-64	971	1,245	1,308
65-69	339	367	2,220
70-74	65	115	1,892
75-79	0	25	1,567
80-84	0	4	974
85-89	0	2	628
90-94	0	0	281
95-99	0	0	77
100-104	0	0	5
Total	**6,780**	**7,187**	**9,384**

*The information in this table does not reconcile with the total members reported elsewhere in the annual report due to the information is extracted from a live pensions system that cannot be back dated to the year-end position. Also the numbers do not include undecided leavers or frozen accounts shown in the deferred membership numbers above.

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

A4. 5 YEAR MEMBERSHIP PROFILE:



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

	2025/26			2024/25			2023/24			2022/23			2021/22		
Membership	**Active**	**Deferred**	**Retired**	**Active**	**Deferred**	**Retired**	**Active**	**Deferred**	**Retired**	**Active**	**Deferred**	**Retired**	**Active**	**Deferred**	**Retired**
Administering Authority	5,726	10,994	9,042	5,762	10,880	8,730	6,079	10,371	8,162	5,696	10,079	7,968	5,648	9,645	7,804
Scheduled Bodies	959	1,026	232	903	921	201	734	1,685	497	1,061	1,351	469	1,023	1,208	441
Admitted Bodies	52	24	64	63	55	65	75	74	94	89	63	87	88	143	139
Total	**6,737**	**12,044**	**9,338**	**6,728**	**11,856**	**8,996**	**6,888**	**12,130**	**8,753**	**6,846**	**11,493**	**8,524**	**6,759**	**10,996**	**8,384**
Unit Costs	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Administrative Unit Cost (£)	169	27	17	204	33	22	158	26	18	142	24	16	164	29	19
Investment Management Unit Cost (£)	173	28	18	199	32	21	199	32	22	279	48	32	237	42	27
Total Unit Cost (£)	**341**	**55**	**35**	**403**	**65**	**43**	**357**	**58**	**40**	**421**	**72**	**48**	**401**	**70**	**46**

11.11. A list of contributing employers and the amounts and rates contributed by the employers in 2025/26 is shown below:

A6. EMPLOYER CONTRIBUTIONS:

Employer	Contributions Paid £'000	Comments
Administering Authority		
Lewisham Council	40,103	
Scheduled Bodies		
Haberdashers' Aske's Knights Academy	1,784	
Childeric	215	
Christ The King Sixth Form College	459	
Conisborough Academy	301	
Prendergast Leathersllers Federation	614	
Sedgehill Academy	206	
St Benedicts - Bonus Pastor	198	
St Benedicts - OLSPN	64	
St George's Academy	78	
St James	57	
St Matthew's Academy	241	
St Michael	45	
St Stephens	65	
Tidemill Academy	201	
Admitted Bodies		
Atlas - Brindishe Manor	2	
Atlas - Sydenham	11	Admission Agreement signed 22 January 2026. Commencement date 01/08/2025
Change Grow Live	12	
CGL	8	
Choice Support (Three C's)	1	Ceased - Last member retired 03/05/2025
CK Bless	0	Ceased 31/05/2025. New admission agreement not yet signed by legal
Everystory	1	
Greenwich Leisure Ltd (GLL)	4	
Housing 21	6	
Innovate Services Ltd - Hatcham	48	Admission Agreement signed 4 June 2025. Commencement date 01/08/2024
Innovate Services Ltd - Knights	15	Admission Agreement signed 4 June 2025. Commencement date 01/08/2024
KGB Cleaning	6	Ceased 31/07/2025
Kier	3	
Lewisham Music	0	

M Group	28	
NSL	0	
OCS Group Hatcham	35	
Olive Dining Catering (St Matthews)	19	
Phoenix	193	
Raigins - John Ball	2	Admission Agreement signed 18 November 2025. Commencement date 18/04/2025
Super Kids	1	
Tower Services	0	Ceased 17/04/2025

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

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

A7. TOTAL CONTRIBUTIONS RECEIVED FROM SCHEME MEMBERS AND EMPLOYERS:

Employer	Total Contributions Received £'000	% Returns Received by Due Date
Administering Authority		
Lewisham Council	52,389	100%
Scheduled Bodies		
Haberdashers Aske's Knights Academy	2,365	92%
Childeric	265	100%
Christ The King Sixth Form College	621	100%
Conisborough Academy	355	92%
Prendergast Leathersllers Federation	889	100%
Sedgehill Academy	246	92%
St Benedicts - Bonus Pastor	299	100%
St Benedicts - OLSPN	92	100%
St George's Academy	98	100%
St James	80	100%
St Matthew's Academy	328	100%
St Michael	63	100%
St Stephens	91	100%
Tidemill Academy	251	100%
Admitted Bodies		

Atlas - Brindishe Manor	3	92%
Atlas - Sydenham	13	100%
Change Grow Live	10	100%
CGL	15	100%
Choice Support (Three C's)	1	100%
CK Bless	0	50%
Everystory	2	100%
Greenwich Leisure Ltd (GLL)	5	100%
Housing 21	8	100%
Innovate Services Ltd - Hatcham	57	83%
Innovate Services Ltd - Knights	18	83%
KGB Cleaning	8	100%
Kier	3	100%
Lewisham Music	1	42%
M Group	35	100%
NSL	1	92%
OCS Group Hatcham	46	100%
Olive Dining Catering (St Matthews)	23	67%
Phoenix	285	17%
Raigins - John Ball	3	100%
Super Kids	1	75%
Tower Services	0	100%

11.14. Although the LGPS is a national scheme, it is administered locally. Lewisham Council has a statutory responsibility to administer the pension benefits payable from the Pension Fund on behalf of the participating employers and the past and present members and their dependents. The following table outlines benefits payable in 2025/26.

Benefits Payable	**Employer**	**Amount Payable**
		£'000
Pensions	Administering Authority	54,337
	Scheduled Bodies	3,440
	Admitted Bodies	4,125
Lump Sums: Retirement Allowances	Administering Authority	9,671
	Scheduled Bodies	411
	Admitted Bodies	1,097
Lump Sums: Death Grant	Administering Authority	921
	Scheduled Bodies	0
	Admitted Bodies	119

B. INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP)

11.15. The Local Government Pensions Scheme Regulations 2013 set out a two-stage 'Internal Dispute Resolution Procedure' (IDRP). The Fund's internal dispute resolution procedure is shown below:

11.16. Stage one: the member's complaint is referred to the Acting Executive Director of Corporate Resources, who is nominated by the London Borough of Lewisham to act as an independent adjudicator. Any decision made must be given in writing.

11.17. If the member is dissatisfied with the stage one decision, they can take the matter to stage two of the IDRP.

11.18. Stage two: the stage one decision is reviewed by the Director of Law and Corporate Governance who is nominated by the London Borough of Lewisham to act as an independent referee.

11.19. There are time limits associated with each stage of the procedure, both for the applicant and the adjudicator. Appeals must normally be made within six months of the date of the decision that is being challenged and the adjudicator must normally give written notice of their decision within two months of the receipt of the appeal.

11.20. At any stage of the process, or before the process begins, the member can seek help and advice from The Pensions Advisory Service (TPAS). The Pensions Advisory Service is an independent non-profit organisation that provides free information and guidance to members of the public on pension matters generally. They can also help to resolve disputes and complaints about private pension arrangements (workplace pensions, personal pensions and stakeholder pensions).

11.21. The member has the right to refer the complaint to The Pensions Ombudsman (TPO) free of charge. Before the complaint is put to the TPO the member should first have tried to resolve the complaint through the IDRP and consulted with TPAS. The TPO is completely independent and acts as an impartial adjudicator. Its role and powers have been decided by Parliament. The TPO cannot investigate matters where legal proceedings have already started but, subject to that, he can settle disputes about matters of fact or law as they affect occupational pension schemes.

11.22. Lewisham Pension Fund had one IDRP case in 2025/26, this represents 0.0002% of complaints against caseload in the financial year.

12. ACTUARIAL REPORT ON FUND

12.1. The Regulations require that every three years all Local Government Pension Schemes be subject to actuarial review. The actuarial review sets assumptions about the level of

investment returns, life expectancy and other relevant factors to determine the assets and liabilities of the Fund and the corresponding funding level.

12.2. The Fund's triennial valuation as at 31 March 2025 confirms a significantly improved funding position, with the Fund now 119% funded, compared to 97% at the 2022 valuation. This represents a surplus of £301m, with assets of £1.88bn exceeding liabilities of £1.58bn.

12.3. The improvement is primarily driven by higher expected future investment returns, reflected in an increased discount rate of 5.3% per annum (up from 3.6%), alongside favourable changes in financial assumptions. While inflation and salary growth had a negative impact, this was outweighed by the effect of higher discount rates and broader economic conditions.

12.4. Although the funding level has improved materially, it remains sensitive to assumptions and future economic conditions. The stronger position is largely driven by the outlook for investment returns, and a prudent approach continues to be maintained to manage downside risk.

12.5. The valuation informs employer contribution rates for the period 1 April 2026 to 31 March 2029. For the Council, a total contribution rate of 17.6% of pay is proposed, reflecting a primary rate of 19.8% and a secondary adjustment of -2.2%. This funding plan is assessed to have an 85% likelihood of success, consistent with the Fund's prudence framework, although there remains a risk that contributions may need to increase at the next valuation.

12.6. The next triennial valuation will take place as at March 2028, but the final results will not expected before December 2028.

13. FUNDING STRATEGY STATEMENT

13.1. The Fund has a Funding Strategy Statement (FSS) which details the Fund's approach to funding its liabilities. The FSS is reviewed in detail at least every three years in line with the triennial valuation and was last updated in December 2025 after its triennial valuation as at 31 March 2025. A copy of the Funding Strategy Statement can be found on the Fund's website at the following link: www.lewishampensions.org/resources

13.2. The Funding Strategy Statement was applied throughout 2025/26 in determining employer contribution requirements, monitoring funding risks and managing employer admissions, exits and covenant considerations. The Statement was reviewed following the actuarial valuation as at 31 March 2025 and was developed in consultation with the Fund's actuary and participating employers.

13.3. In preparing and applying the FSS, the administering authority had regard to the Local Government Pension Scheme Regulations, relevant statutory guidance and guidance

issued by the Scheme Advisory Board. The administering authority considers that the FSS was implemented in accordance with those requirements during 2025/26.

13.4. There were no material departures from the FSS or applicable statutory guidance during the year. The FSS remains aligned with the Investment Strategy Statement so that the investment strategy, funding objectives and employer contribution framework operate on a consistent basis.

13.5. The FSS is developed by the Council in conjunction with the Fund's actuary, Hymans Robertson, and after consultation with employers. The FSS sets out any changes in the Fund's liabilities and obligations to pay pensions in the coming years, and how those liabilities are funded by investments and contributions. The FSS has links to the Investment Strategy Statement.

13.6. The Funding Strategy is updated after each Triennial Valuation, and the new funding strategy was approved in March 2026.

13.7. The Funding Strategy Statement is the Fund's key statutory document setting out how liabilities are measured and how employer contribution rates are determined. It has been updated as part of the 2025 valuation to reflect new guidance issued by the Scheme Advisory Board and to ensure continued compliance with regulatory expectations.

13.8. The updated FSS maintains a prudent funding approach, including a strengthened level of prudence in the actuarial assumptions, particularly the discount rate. This prudence provides a buffer against adverse experience and supports long-term funding stability.

13.9. A small number of policy refinements were introduced, including requiring academies and colleges to adopt pass-through arrangements for outsourced services to ensure appropriate risk protection, and formalising the Fund's approach to exit valuations.

13.10. The purpose of the FSS is to:

- Establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- Support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
- Take a prudent longer-term view of funding those liabilities.

13.11. The statement sets out how the administering authority has balanced the conflicting aims of affordability of contributions, transparency of processes, stability of employers' contributions, and prudence in the funding basis.

13.12. The Fund has an active risk management programme in place. The measures that the administering authority has in place to mitigate key risks are summarised in the FSS under the following headings:

- Financial;

- Demographic
- Regulatory; and
- Governance

13.13. The 2025 valuation specified the minimum employer contributions, expressed as a percentage of pensionable pay and shown in the Rates and Adjustment certificate, as follows:

Employer/Pool Name	Total Contribution Rate (%/£)		
	2024/25	2025/26	2026/27
LB Lewisham	17.6% plus up to £5.300m	17.6% plus up to £5.300m	17.6%
Haberdashers' Aske's Knights Academy	19.8%	19.8%	16.8%
Christ The King Sixth Form College	21.4%	21.4%	21.4%
Lewisham Homes	19.0%	19.0%	17.6%
St Matthew's Academy	17.6%	17.6%	13.2%
Tidemill Academy	22.0%	22.0%	19.0%
Childeric	25.6%	26.4%	23.4%
St George's	23.7%	23.7%	17.1%
Sedgehill Academy	33.4%	33.4%	23.4%
NSL	0.0%	0.0%	0.0%
Phoenix	15.9%	15.5%	0.0%
3 C's Support	0.0%	0.0%	0.0%
Pre-School Learning Alliance	0.0%	0.0%	0.0%
Change Grow Live Ltd (2014)	18.0%	18.0%	0.0%
Inspace (Phoenix 2 formerly Wilmott)	15.9%	15.5%	0.0%
Lewisham Music	0.0%	0.0%	0.0%
City West	32.7%	31.7%	31.7%
Change Grow Live Ltd (2017)	30.2%	29.2%	9.0%
Greenwich Leisure Limited	28.8%	28.8%	0.0%
Kier Housing	29.8%	29.8%	29.8%
M Group	25.6%	25.6%	25.6%
KGB Cleaning South West Ltd	25.0%	25.0%	25.0%

Employer/Pool Name	Total Contribution Rate (%/£)		
	2024/25	2025/26	2026/27
Youth First	23.2%	23.2%	23.2%
Harrison Catering Knights	30.4%	30.4%	30.4%
Harrison Catering Crayford	30.4%	30.4%	30.4%
Harrison Catering Hatchams	30.4%	30.4%	30.4%

13.14. **Fund Actuary**

13.15. Hymans Robertson LLP carried out the formal actuarial valuation of the Lewisham Pension Fund as at 31 March 2025. The valuation assessed the Fund's assets at £1.882 billion and its liabilities at £1.581 billion, giving a funding level of 119% and a surplus of approximately £301 million.

13.16. The valuation was undertaken using assumptions agreed with the administering authority and consistent with the Fund's Funding Strategy Statement. The results informed the employer contribution requirements applying from 1 April 2026 to 31 March 2029, as set out in the Rates and Adjustments Certificate.

13.17. The valuation represents a snapshot based on the financial and demographic assumptions adopted at the valuation date. Actual experience may differ from those assumptions, and the funding position will change over time as investment markets, inflation, longevity and membership experience develop. The next formal valuation is due as at 31 March 2028.

14. INVESTMENT STRATEGY STATEMENT

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

- A requirement to invest money in a wide variety of investments;
- The authority's assessment of the suitability of particular investments and types of investments;
- The authority's approach to risk, including the ways in which risks are to be measured and managed;
- The authority's approach to pooling investments, including the use of collective investment vehicles and shared services;

- The authority's policy on how environmental, social and governance (ESG) considerations are considered in the selection, non-selection, retention and realisation of investments; and
- The authority's policy on the exercise of rights (including voting rights) attaching to investments.

14.2. The Investment Strategy Statement (ISS) for the London Borough of Lewisham Pension Fund has been prepared to ensure the Fund continues to meet its statutory obligations while maintaining a disciplined, forward-looking approach to investment and risk management. The ISS was approved by the Pension Investment Committee following the 2025 actuarial valuation and reflects some of the new regulatory requirements and the Fund's evolving approach to responsible investment, governance, and long-term stewardship.

14.3. The Fund's primary objective remains to invest assets in a manner that secures the benefits due to members of the Local Government Pension Scheme. To support this, the ISS articulates the Fund's aim of achieving a benchmark return that exceed 5.3% The discount rate used in the valuation process is currently 5.3% per annum. Historically, the Fund has achieved returns above this level, and the strategy seeks to maintain strong, risk adjusted performance while ensuring liquidity is available to meet ongoing cashflow demands. This requires a balance of growth assets, income producing assets, and protection assets, all governed through a structured approach to strategic asset allocation and periodic rebalancing.

14.4. A significant development in this update is the government mandated transition of full investment management oversight to the London Collective Investment Vehicle (LCIV) from April 2026. The Pension Fund has everything it needs in the ISS, the IMA and Schedules to hold the LCIV to account. This move consolidates investment advice, manager monitoring, and asset oversight within a single structure, reflecting both national pooling requirements and the Fund's commitment to achieving efficiencies and increased scale. While this change introduces a new dimension of risk, with the reliance on one primary manager, it is accompanied by enhanced governance arrangements and ongoing performance monitoring by the Pension Investment Committee.

14.5. The ISS also introduces the new preliminary framework for local investment, aligned with the Government's "Fit for the Future" agenda. The Fund recognises the importance of supporting sustainable economic development locally and has set the local investment area as the LCIV pooling area. A target allocation of between 1-3% of total assets is set aside for this purpose. LCIV will play a central role in identifying, monitoring, and stewarding these investments, ensuring that they deliver both financial returns and broader community benefits.

14.6. The Pension Investment Committee recognises that environmental, social and governance (ESG) factors can have material long term financial implications, and the ISS outlines how these considerations are integrated into the selection, monitoring, and retention of investments. Climate change in particular is treated as a significant financial

risk, and the Fund has already taken steps to align its portfolio especially listed equities with the low carbon transition. LCIV is expected to incorporate ESG considerations across all mandates and provide transparent reporting that enables the PIC to assess alignment with the Fund's climate and stewardship objectives.

14.7. Risk management is treated in depth within the ISS, which categorises risks across funding, asset-related, demographic, and provider dimensions. The Fund employs a comprehensive risk framework to monitor and mitigate these exposures. Strategic risks, such as financial mismatch and market volatility, are managed through the careful construction of the strategic asset allocation benchmark. Asset-specific risks, including illiquidity, concentration, and currency, are mitigated through diversification, periodic rebalancing, and the use of appropriate investment structures. The ISS also recognises the operational and transition risks associated with moving assets into the LCIV structure, and appropriate oversight arrangements are in place to manage these.

14.8. The Fund continues to emphasise its role as a long-term steward of capital, recognising the importance of engagement, voting, and collaboration in influencing corporate behaviour. Voting rights and stewardship responsibilities are delegated to LCIV, but the Pension Investment Committee closely monitors activities and outcomes. The Fund participates in collaborative bodies such as the Local Authority Pension Fund Forum (LAPFF) to strengthen its voice on ESG matters and promote improved governance and sustainability outcomes across its investee companies.

14.9. Overall, the ISS provides a comprehensive and forward-looking framework designed to support the long-term sustainability and financial health of the Pension Fund. It balances regulatory compliance with strategic clarity, responsible investment principles, and robust risk oversight. With the forthcoming transition to LCIV and the introduction of a local investment commitment, the ISS positions the Fund to continue delivering strong financial outcomes for its members while contributing positively to the wider community and global climate transition.

14.10. A copy of the Lewisham Pension Fund's ISS is available on the Fund's website at the following link: www.lewishampensions.org/resources

15. COMMUNICATIONS POLICY STATEMENT

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

15.2. The statement has been prepared to meet the provisions of Regulation 61 of The Local Government Pension Scheme Regulations (2013), as well as the Public Service Pensions

Act (2013) and the Pensions Regulator's Code of Practice No.14, in particular by setting out the following:

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

15.3. The Fund is committed to ensuring that members, employers, pensioners and other stakeholders receive clear, timely and accessible information in accordance with its Communications Policy. During 2025/26, the Fund continued to deliver a range of communication activities, including the publication of annual benefit statements, pension newsletters, funding and governance reports, statutory notifications, website content and employer communications.

15.4. The Fund's website remained the primary source of scheme information, providing access to key policies, forms, guidance and committee papers. Regular communications were also issued to participating employers to support compliance with scheme requirements and regulatory changes. In addition, the Fund responded to member enquiries throughout the year and worked with its pension administration provider to ensure communications were delivered in a clear, accurate and timely manner. These activities supported the Fund's objective of improving stakeholder engagement, enhancing understanding of pension benefits and maintaining transparency in Fund operations.

16. INDEPENDENT AUDITOR'S CONSISTENCY REPORT

Independent auditor's statement to the members of London Borough of Lewisham on the Pension Fund financial statements of London Borough of Lewisham Pension Fund included within the Pension Fund Annual Report.

Opinion

We have examined the Pension Fund Financial Statements of London Borough of Lewisham Pension Fund ("the Pension Fund") for the year ended 31 March 2026 included in the Pension Fund Annual Report, which comprise the Fund Account, the Net Assets Statement and the related notes to the Pension Fund Financial Statements, including the accounting policies.

In our opinion, the Pension Fund Financial Statements included in the Pension Fund Annual Report are consistent, in all material respects, with the Pension Fund financial statements included in the annual statement of accounts of London Borough of Lewisham ("the Council") for the year ended 31 March 2025 that were approved on XX December 2026.

Executive Director for Corporate Resources and Audit and Risk Committee's responsibilities

As explained more fully in the Statement of the Executive Director for Corporate Resources and Audit and Risk Committee's Responsibilities, the Executive Director for Corporate Resources is responsible for the preparation of the Pension Fund Financial Statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Auditor's responsibilities

Our responsibility is to report to you our opinion on the consistency of the Pension Fund Financial Statements included in the Pension Fund Annual Report with the Pension Fund financial statements included in the annual statement of accounts of the Authority.

In addition, we read the other information contained in the Pension Fund Annual Report and, if we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office in June 2025.

Our audit report on the Authority's annual published statement of accounts that we issued on XX December 2025 describes the basis of our opinion on those financial statements.

The purpose of our work and to whom we owe our responsibilities

This auditor's statement is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the members of the Authority, as a body, for our work, for this statement, or for the opinions we have formed.

Fleur Nieboer
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
Canary Wharf
E14 5GL
XX December 2026

17. Governance Compliance Statement

17.1 Regulation 55 of the Local Government Pension Scheme regulations 2013 requires all administering authorities for local government pension schemes to publish a Governance Compliance Statement setting out the Fund's governance arrangements. It should outline the extent of the Fund's compliance with guidance issued by the Department of Levelling Up, Housing and Communities (DLUHC) and review that statement on an ongoing basis.

17.2 This statement sets out the Fund's Governance Structure, scheme of delegation, and the terms of reference for its Governing Bodies, the Pensions Committee and the Pensions Board and can be found on the Lewisham Pension fund's website.

17.3 The Fund fully complies with the best practice guidelines on governance, issued by (HMCLG). For details, see the table below.

Principle	**Fully Compliant**
A - Structure	
The Management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.	✓
That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	✓
That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	✓
That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	N/A
B - Representation	
That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee (the Pensions Board) structure. These include: • Employing authorities (including non-scheme employers (e.g. admitted bodies)) • Scheme members (including deferred and pensioner scheme members) • Independent professional observers (where appropriate) • Expert advisers (on an ad hoc basis)	✓
That, where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.	✓
Selection and Role of Lay Members	

That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	✓
That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	✓
Voting	
The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	✓
Training/Facility Time/Expenses	
That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	✓
That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form or secondary forum.	✓
Meetings	
That the administering authority's main committee or committees meet at least quarterly.	✓
That an administering authority's secondary committee or panel meet at least once a year and is synchronised with the dates when the main committee sits.	✓
That administering authorities who do not include lay members in their formal governance arrangements provide a forum outside of those arrangements by which the interests of key stakeholders be represented.	✓
Access	
That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that fails to be considered at meetings of the main committee.	✓
Scope	
That administering authorities have taken steps to bring the wider scheme issues within the scope of their governance arrangements.	✓
Publicity	
That administering authorities have published details of their governance arrangements in such a way that stakeholders, with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	✓

17.3 Appendix A contains the complete Pension Fund financial statements for the year ended 31 March 2026, comprising the Fund Account, Net Assets Statement, accounting policies and all supporting disclosure notes. These financial statements are the same as, and have

been agreed to, the Pension Fund financial statements included within the London Borough of Lewisham's Statement of Accounts for 2025/26. Before publication, the figures, accounting policies, note numbering and comparative information in Appendix A were checked for consistency with the administering authority's final approved accounts. The external auditor's consistency statement is reproduced separately within this Annual Report.

Appendix A

LEWISHAM PENSION FUND ACCOUNTS 2025/26

FOREWORD

This Pension Fund Statement of Accounts details the financial position and performance of the London Borough of Lewisham Pension Fund for the year ending 31 March 2026.
The Pension Fund's value increased over the year by £155m (8.3%), from £1.881bn to £2.036bn. The value of the pension fund increased due to the changes in global markets mainly caused by the lowering of inflation and better global trading forecasts. However, with the war in the Middle East the global economic outlook is uncertain. The Bank of England has delayed the expected cuts in interest rates in 2026 and may consider raising rates if the war causes inflation to rise further.

INTRODUCTION

The London Borough of Lewisham Pension Fund ('the Fund') is part of the Local Government Pension Scheme (LGPS). The Fund is a contributory defined benefit pension scheme administered by the London Borough of Lewisham to provide benefits to London Borough of Lewisham employees and former employees and admitted and scheduled bodies. These benefits include retirement allowances and pensions payable to former employees and their dependants, lump sum death gratuities and special short-term pensions. The Fund is financed by income from investments and contributions from employees, the Council and other admitted and scheduled bodies.

ORGANISATION

The Fund is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation (referred to henceforth as "the Regulations"):

- The Local Government Pension Scheme Regulations 2013 (as amended);
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended); and
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.
- The Pension Act 2026 (applies in 2026/27 onwards).

Formal responsibility for investment management of the Pension Fund is delegated to the Council's Pensions Investment Committee (PIC), which appoints and monitors external investment managers.

In March 2026 PIC approved an Investment Management Agreement (IMA) with London LGPS Centralised Investment Vehicle Ltd (London CIV) to facilitate the management of the Fund's assets with effect from 1 April 2026. This agreement enables the pooling of the Fund's investments in line with the government's requirements for LGPS asset pooling and represents a significant step towards the transition of all Fund assets to London CIV managed sub-funds, where appropriate.

The London CIV will manage the assets of Lewisham Pension Fund from 1 April 2026 but PIC will retain strategic control of the asset allocation. Each investment sub-manager will have an individual performance target and benchmark tailored to balance the risk and return appropriate to the element of the Fund they manage.

Investment managers are required to take into account the Pensions Investment Committee's (PIC) views on environmental, social and governance (ESG) matters when making investment decisions. These views are set out across the Fund's Responsible Investment (RI) Beliefs Statement, Investment Strategy Statement (ISS) and Climate Transition to Net Zero Policy, all of which collectively define the Fund's approach to managing ESG risks and opportunities.

The Pension Board operates independently of PIC and assists the administering authority in securing compliance with the Regulations and any other legislation or codes of practice relating to the governance and administration of the Scheme. Further information about the Board, together with its Terms of Reference, can be found online at the web address below.

The Pension Fund administration is managed by a small in-house team, which is also responsible for other areas of work such as redundancy payments, gratuities and teacher's compensation.

The pension fund's governance compliance statement (part of the Annual Report), funding strategy and investment strategy can be found on the authority's Pension Fund website at the following address:

www.lewishampensions.org/resources/

Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside of the scheme.

Organisations participating in the fund include:

- Scheduled bodies, which are largely academies and similar bodies whose staff are automatically entitled to be members of the fund.

- Admitted bodies, which are 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.

A list of participating organisations and their contributions for the financial year is included within the pension fund annual report. The Annual Report is available from the Lewisham pension fund website.

Membership details for the fund are set out below:

Membership Totals as at 31st March 2026				
	Active	**Deferred**	**Pensioners**	**Total Members**
Lewisham	5,726	10,994	9,042	**25,762**
Scheduled Bodies	959	1,026	232	**2,217**
Admitted Bodies	52	24	64	**140**
Totals	**6,737**	**12,044**	**9,338**	**28,119**

Lewisham Pension Fund Accounts 2025/26

Membership Totals as at 31st March 2025				
	Active	**Deferred**	**Pensioners**	**Total Members**
Lewisham	5,762	10,880	8,730	**25,372**
Scheduled Bodies	903	921	201	**2,025**
Admitted Bodies	63	55	65	**183**
Totals	**6,728**	**11,856**	**8,996**	**27,580**

Note: The above tables do not include frozen members which where 1,223 as at 31/03/2025.

Lewisham Pension Fund Accounts 2025/26

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2026

	2025/26 £000	2024/25 £000	See note
DEALINGS WITH MEMBERS, EMPLOYERS AND OTHERS DIRECTLY INVOLVED WITH THE SCHEME			
Contributions Receivable:			
- from Employers	**45,027**	43,198	5
- from Employees	**13,944**	13,082	5
Transfer Values In	**10,970**	9,126	
Other Income	**46**	48	
Sub-Total: Income	**69,987**	65,454	
Benefits Payable:			
- Pensions	**(61,902)**	(59,425)	6
- Lump Sums: Retirement allowances	**(11,179)**	(10,896)	6
- Lump Sums: Death grants	**(1,041)**	(1,086)	6
Payments to and on account of leavers:			
- Refunds of Contributions	**(71)**	(38)	
- Transfer Values Out	**(13,155)**	(9,377)	
Sub-Total: Expenses	**(87,348)**	(80,822)	
Sub-Total: Net Withdrawals from dealings with members	**(17,361)**	(15,368)	
Management Expenses	**(3,287)**	(3,870)	7
Sub-Total: Net Withdrawals including fund management expenses	**(20,648)**	(19,238)	
RETURNS ON INVESTMENTS			
Investment Income	**36,043**	31,218	9
Change in market value of investments (Realised & Unrealised)	**140,080**	27,238	14b
Taxes on Income	**(10)**	(85)	
Total Net Returns on Investments	**176,113**	58,371	
NET INCREASE IN THE FUND DURING YEAR	**155,464**	39,133	
OPENING NET ASSETS OF THE FUND	**1,880,679**	1,841,546	
CLOSING NET ASSETS OF THE FUND	**2,036,143**	1,880,679	

NET ASSETS STATEMENT AS AT 31 MARCH 2026

The Net Assets Statement shows the market value of the investments and other assets held by the Pension Fund as at 31 March 2026.

	31/03/26	31/03/25	**See**
	£000	£000	**note**
INVESTMENT ASSETS			
Managed Funds			
Equity Unit Trust Fund	**1,031,989**	910,483	10 - 14
Fixed Income Unit Trust Fund	**362,257**	351,844	10 - 14
Pooled Property Investments	**116,623**	126,939	10 - 14
Unit Linked Insurance Policy	**7,113**	0	10 - 14
Venture capital	**353,876**	333,911	10 -14
Hedge Funds	**81,414**	77,264	10 -14
Total Investment Funds	**1,953,272**	1,800,441	
Cash and cash equivalents	**83,199**	81,882	18
Other Investment Debtors	**250**	241	17a
Other Investment Liabilities	**-**	(142)	
TOTAL INVESTMENTS	**2,036,721**	1,882,422	
Current Assets	**1,968**	2,290	17b
Current Liabilities	**(2,546)**	(4,033)	17b
TOTAL NET ASSETS	**2,036,143**	1,880,679	

The financial statements of the Fund do not take account of the liability (Note 19) to pay pensions or benefits after 31 March 2026. This liability is included within the Authority's balance sheet.

NOTES TO THE PENSION FUND ACCOUNTS

Note 1: Basis of Preparation of Financial Statements

The Statement of Accounts summarise the Fund's transactions for 2025/26 and its position at year and as at 31st March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (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 Asset Statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Authority has opted to disclose this information in an accompanying report to the accounts, which is disclosed in Note 19.
The Pension Fund Accounts have been prepared on a going concern basis.

Note 2: Summary of Significant Accounting Policies and Practices

In respect of future obligations, the actuarial present value of promised retirement benefits are valued on an International Accounting Standard (IAS) 26 basis.

The Local Government Pension Scheme (Administration) Regulations 2013 require administering authorities in England and Wales to prepare a Pension Fund Annual Report which must include the Fund Account and a Net Assets Statement with supporting notes prepared in accordance with proper practices. The Regulations summarise the Pension Code and the minimum disclosure requirements.

Accounting Policies

A summary of the significant accounting policies, valuation techniques, and the basis of preparation of the accounts are shown below:

(a) **Investments** - Investments in the Net Assets Statement are shown at Fair Value. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13. For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).
The market value of equity investments is based on the official closing data, in the main, with last trade data being used in a small number of countries. Unitised equities are quoted based on last trade or official closing price. Northern Trust, the Fund's custodian, sets out its pricing policies in a document entitled "Asset pricing guidelines" which details its pricing process and sets out preferred pricing sources and price types.

(b) **Investment Income:**

i) Interest income is recognised in the fund account as it accrues using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current investment asset.

iii) Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current investment asset.

Changes in the net market value of investments:

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits and/or losses during the year.

I) The change in market value of investments during the year comprises all increases and decreases in market value of investments held at any time during the year, including profits and losses realised on the sale of investments during the year.

II) **Equities:** Equities are valued at published market prices.

III) **Bonds**: Bonds are valued at the published bid market price on the final day of the accounting period.

IV) **Pooled Investments - Equity Unit Trusts and market quoted investments**; are valued at published bid market prices on the final day of the accounting period.

V) **Pooled Investments - UK Fixed Income Managed Funds;** are valued at the average of broker prices.

VI) **Pooled Investments – Hedge Funds**; are valued by the investing managers on a fair value basis each year using PRAG guidance.

VII) **Pooled Property Investments**: The Property Funds do not have any direct investments in property but use property Fund managers to invest in pooled property/unit trust funds. They are valued in accordance with the Royal Institute of Chartered Surveyors' (RICS) Valuation Standards at Fair Value based on their Open Market Value (OMV).

VIII) **Unit Linked Insurance Policies**: Investments held through unit-linked insurance policies are valued at fair value using the closing unit prices supplied by the insurance provider at the reporting date.

IX) **Venture Capital: Private Equity and Private Debt;** are valued in accordance with United States generally accepted accounting principles, including FAS 157, which is consistent with the International Private Equity and Venture Capital Valuation Guidelines. These guidelines set out that all investments are carried at fair value and they recommend methodologies for measurement.

X) **Hedge Funds:** Hedge Funds are valued by investing managers on a fair value basis using PRAG guidance.

XI) **Fixed Income Unit Trust:** Fixed income earned from fixed income unit trusts. Interest income is recognised in the Fund as it accrues.

XII) **Contributions** – Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate. Employer's augmentation and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid is classed as a current financial asset.

Contribution rates will differ between bodies in the scheme; from 01 April 2025 the employee contribution bands (revised annually in line with inflation) for the administering authority are as follows:

Pensionable Pay for the Post	Contribution Rates 2025/26	
	Main Section	50/50 Section
Up to £17,800	5.50%	2.75%
£17,801 to £28,000	5.80%	2.90%
£28,001 to £45,600	6.50%	3.25%
£45,601 to £57,700	6.80%	3.40%
£57,701 to £81,000	8.50%	4.25%
£81,001 to £114,800	9.90%	4.95%
£114,801 to £135,300	10.50%	5.25%
£135,301 to £203,000	11.40%	5.70%
More than £203,001	12.50%	6.25%

The employer's contribution is reviewed every three years and is determined by the Fund's Actuary as the rate necessary to ensure that the Fund is able to meet its long-term liabilities. This is assessed at each triennial actuarial revaluation. The employer's primary contribution rate for the administering authority in 2025/26 is 17.4% (there are also secondary rate and lump-sum contributions made by the employer).

XIII) **Benefits** – Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Lump sums are accounted for in the period in which the member becomes a pensioner. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

XIV) **Transfers to and from other schemes** – Transfer values are those sums paid to, or received from, other pension schemes relating to periods of previous pensionable employment. Transfer values are calculated in accordance with the Local Government Pension Scheme Regulations and have been brought into the accounts on a cash basis. Bulk (group) transfers to another scheme are accounted for in accordance with the terms of the transfer agreement.

XV) **Taxation** – The Fund is a registered public service scheme under section (1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as an expense as it arises.

XVI) **VAT** – By virtue of Lewisham Council being the administrating authority, VAT input tax is recoverable on Fund activities. Any irrecoverable VAT is accounted for as an expense.

XVII) **Actuarial Present Value of Promised Retirement Benefits** – The actuarial present value of promised retirement benefits should be disclosed and based on the requirements of IAS 19 Post-Employment Benefits and relevant actuarial standards. As permitted under the Code, the Pension Fund financial statements include a note disclosing the actuarial present value of retirement benefits (see Note 19).

XVIII) **Management Expenses** - Pension fund management expenses are accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs 2016. All administrative expenses are accounted for on an accruals basis. All staff costs of the pension administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. Oversight and governance expenses are accounted for on an accruals basis. All staff costs associated

with governance and oversight are charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. The cost of obtaining investment advice from the external advisor is included in oversight and governance costs. All investment management expenses are accounted for on an accruals basis. The Investment Committee has appointed external investment managers to manage the investments of the Fund. Managers are paid a fee based on the market value of the investments they manage and/or a fee based on performance. Where an investment manager's fee note has not been received by the balance sheet date, an estimate based upon the market value of the mandate as at the end of the year is used for inclusion in the fund account.

XIX) **Cash and Cash Equivalents**: Cash and cash equivalents comprise cash in hand and deposits with financial institutions which are repayable on demand without penalty.

XX) **Foreign currency**: Foreign currency transactions are made using the WM/Reuters exchange rate in the following circumstances:
- Purchase and sales: the foreign exchange rate applicable on the day prior to the trade date is used.
- Stock holdings: all holdings valuations are made using the WM/Reuters close of previous business day.
- Dividend receipts: the rate applicable on the day prior to the date the dividend received is used.

XXI) **Commitments** - Where capital committed to investments is not fully drawn down at the end of the financial year the outstanding commitment is not included in the Net Asset Statement but is referred to in the notes to the accounts; please see note 21.

XXII) **Financial Instruments**

(i) Financial Liabilities are recognised at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

(ii) For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures PRAG/Investment Association, 2016).

(iii) Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the value of the asset are recognised in the Fund account.

(iv) The values of investments as shown in the net asset statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13

XXIII) **Additional Voluntary Contributions ("AVCs")**
Members of the Fund are able to make AVCs in addition to their normal contributions. The related assets are invested separately from the main Fund, and in accordance with the Regulations, are not accounted for within the financial statements. If on retirement members opt to enhance their Scheme benefits using their AVC funds, the amounts returned to the Scheme by the AVC providers are disclosed as transfers-in. Further details about the AVC arrangements are disclosed in note 23.

XXIV) Accounting policy for contingent assets and contingent liabilities:
A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events. A contingent liability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the Balance Sheet date to measure the value of the financial obligation reliably. Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

Practices

XXV) **Actuarial** – The adequacy of the Fund's investments and contributions in relation to its overall and future obligations is reviewed every three years by an Actuary appointed by the Council. The Fund's Actuary, Hymans Robertson, assesses the Fund's assets and liabilities in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013. The contribution rate required for benefits accruing in future is assessed by considering the benefits which accrue over the course of the three years to the next valuation.

The most recent triennial valuation carried out by the actuaries was as at 31 March 2025. Some of the financial assumptions made, with comparison to the previous valuation, are presented in the table below:

Financial Assumption	March 2025 (%)	March 2022 (%)
Discount Rate	5.3	3.6
Price Inflation (CPI*)	2.5	2.7
Pay Increases	3.5	3.7
Benefit Increase	2.5	2.7
CARE Revaluation	2.5	2.7
Expenses	0.9	0.9

* Consumer Price Index

With effect from 1 April 2026 to 31 March 2029, the actuarial review carried out for 31 March 2025 resulted in the Council's employer primary contribution rate being set at 17.4%.

The Council provides members with the option to participate in either the Main Section or the 50/50 Section of the scheme. Members in the Main Section pay the full employee contribution rate applicable to their pensionable pay band and accrue pension benefits at the standard LGPS accrual rate. Members who elect to join the 50/50 Section pay half the normal employee contribution rate and, in return, build up pension benefits at half the standard accrual rate while retaining full life assurance cover and ill-health protection benefits. Members may choose to move between the two sections of the scheme, subject to LGPS regulations.

The most recent triennial valuation as at the 31 March 2025 revealed that the Fund's assets, which at 31 March 2025 were valued at £1.881bn, were sufficient to meet 119% (97% in 2022) of the past service liabilities valued at £1.581bn (£1.804bn in 2022) accrued up to that date. The resulting surplus as at the 2025 valuation was £301m (£56m deficit in 2022).

The next triennial valuation will be carried out on 31 March 2028.

Note 3: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, the Pension Fund has had to make certain critical judgements about complex transactions or those involving uncertainty about future events.
There were no such critical judgements made during 2025/26.

Note 4: Assumptions Made About the Future and Other Major Sources of Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However, actual outcomes could be different from the assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 19)	The figure of net liability to pay pensions is based on a significant number of complex assumptions including the discount rate, salary increases, mortality rates and expected returns on Fund assets. The Pension Fund's qualified actuary calculates this figure to ensure the risk of misstatement is minimised. Further sensitivity analysis is included in note 19, below.	The effects on the net pension liability of changes in assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption is estimated to increase or reduce the present value of the pension liability by £20.8m.
Pooled Property valuations	Valuation techniques are used to determine the carrying values of freehold and leasehold property directly held by some fund managers. Where possible these valuation techniques are based on observable data, otherwise the best available data is used.	Following an analysis of historical volatility of asset class returns and expected investment returns, in consultation with the Fund's advisors, the Pension Fund has determined that the percentage of volatility that can be applied to the Fund's Pooled property assets in 2025/26, assuming all other variables such as foreign exchange rates and interest rates remain the same, is estimated to be 2.0% (see table in note 15a(ii)). This would be an increase or decrease in the value of property investments by £2.5m, on a fair value of £124m.
Venture Capital - private equity / infrastructure	Private equity investments are valued at fair value in accordance with British Private Equity and Venture Capital Association guidelines. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation.	The venture capital investment in the financial statements is £354m. There is a risk that this investment may be under or overstated in the accounts and the Council has determined that the percentage of volatility that can be applied to the Fund's Venture Capital is estimated to be 7.1% (see table in note 15a(ii)). This would be an increase or decrease in the value of venture capital investments by £25.1m, on a fair value of £354m.

Note 5: Contributions Receivable

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	2025/26 £000	2024/25 £000
Employer Contributions		
Administering Authority	**40,115**	38,494
Scheduled Bodies	**4,518**	4,265
Admitted Bodies	**394**	439
	45,027	43,198
Employee Contributions		
Administering Authority	**12,274**	11,544
Scheduled Bodies	**1,516**	1,391
Admitted Bodies	**154**	147
	13,944	13,082

Contributions receivable from employers are shown below:

By type:	2025/26 £000	2024/25 £000
Employer Contributions		
Normal	**42,644**	42,038
Early Retirement Strain	**2,383**	1,160
Deficit Funding	**0**	0
	45,027	43,198

Note 6: Benefits Payable

By Category	2025/26 £000	2025/26 £000
Pensions	**61,902**	59,425
Commutation and Lump Sum Retirement Benefits	**11,179**	10,896
Lump Sum Death Grants	**1,041**	1,086
	74,122	71,407

By Authority	2025/26 £000	2024/25 £000
Administering Authority	**64,930**	62,383
Scheduled Bodies	**5,341**	5,292
Admitted Bodies	**3,851**	3,732
	74,122	71,407

Note 7: Management Expenses

The table below shows a breakdown of the management expenses incurred during the year.

	2025/26 £000	2024/25 £000
Administration Expenses	**1,076**	1,387
Oversight and Governance Expenses	**548**	574
Investment Management Expenses:		
- Transaction Costs	**2**	395
- Management Fees	**1,598**	1,452
- Custody Fees	**63**	62
	3,287	3,870

Note 8: External Audit Costs

	2025/26 £000	2024/25 £000
External Audit Services	**100**	95
Total	**100**	95

The Pension Fund's external auditors are KPMG.

Note 9: Investment Income

The table below shows a breakdown of the investment income for the year:

	2025/26 £000	2024/25 £000
Interest on cash deposits	**2,573**	1,934
Pooled property investments	**3,682**	4,724
Pooled investments (fixed income and equity unit trusts and hedge funds)	**15,727**	19,904
Venture Capital	**14,061**	4,656
	36,043	31,218

Note 10: Fund Assets

The table below outlines the fund managers, asset classes, and values of those assets held by the Fund as at 31 March 2026.

Fund Manager	Investment Asset	Asset Value 31 March 2026 £000	Proportion of the Fund 31 March 2026 %	Asset Value 31 March 2025 £000
LCIV - PEPPA	Equity Unit Trust	745,978	36.6	667,845
Blackrock	Fixed Income Unit Trust	362,257	17.8	351,843
AMX Storebrand Global Plus	Equity Unit Trust	156,394	7.7	138,108
Schroders Property	Property & cash	128,624	6.3	129,912
HarbourVest	Venture Capital & cash	106,821	5.3	102,149
AMX Storebrand Emerging Markets	Equity Unit Trust	100,600	4.9	80,065
J.P. Morgan	Hedge Funds	81,414	4.0	77,266
LCIV – Private Debt	Venture Capital	75,938	3.7	71,220
LCIV – Renewable Infrastructure	Venture Capital	70,826	3.5	62,971
LCIV – Nature Based Solutions	Venture Capital	44,232	2.2	18,632
LGIM	Venture Capital	40,279	2.0	41,527
Pemberton	Venture Capital	22,662	1.1	30,056
LCIV – Private Debt II	Venture Capital	25,214	1.2	28,969
Partners Group	Venture Capital	0	0.0	4,752
Cash and cash equivalents	Cash & other investment accruals	75,481	3.7	77,105
Debtors/Creditors	Net Current Assets/(Liabilities)	(577)	(0.0)	(1,741)
Total Fund Assets		**2,036,143**	**100.0%**	1,880,679

Note 11: Investment Analysis

Individual Investment assets with a market value exceeding 5% of the total fund value as at 31 March 2026 are as follows:

Asset	Manager	£000	%
Passive Equity Progressive Paris Aligned Fund	LCIV	745,975	36.6
AMX UCITS CCF – Storebrand – Global Plus	Storebrand	156,394	7.7
Blackrock Fixed Income	Blackrock	122,892	6.0
Blackrock Aqila over 15 years UK	Blackrock	117,738	5.8
Aquila over 5 years Indexed Linked	Blackrock	121,627	6.0
Total		**1,264,626**	

Individual Investment assets with a market value exceeding 5% of the total fund value as at 31 March 2025 are as follows:

Asset	Manager	£000	%
Passive Equity Progressive Paris Aligned Fund	LCIV	667,845	35.5
AMX UCITS CCF – Storebrand – Global Plus	Storebrand	138,108	7.3
Blackrock Fixed Income	Blackrock	117,588	6.2
Aqila over 15 years UK	Blackrock	117,228	6.2
Aquila over 5 years Indexed Linked	Blackrock	117,028	6.2
Total		**1,157,797**	

Note 12: Reconciliation in Movement in Investments

An analysis of investment movements in 2025/26 (includes cash, debtors and creditors) is set out below:

	Market Value as at 31/03/2025	Transfers	Purchases at cost	Sales proceeds	Change in Market Value during the year	Market Value as at 31/03/2026
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Equity Unit Trust Fund	910,483		82	(1)	121,425	1,031,989
Fixed Income Unit Trust Fund	351,844		0	0	10,413	362,257
Pooled property Investments	126,939	(7,178)	860	(2,660)	(1,338)	116,623
Unit Linked Insurance Policies	0	7,178	0	0	(65)	7,113
Venture capital	333,911		78,606	(59,411)	770	353,876
Hedge fund	77,264		0	(4,575)	8,725	81,414
Sub-total	1,800,441	**0**	**79,548**	**(66,647)**	**139,930**	**1,953,272**
Cash and cash equivalents	81,882				150	83,199
Investment income due	241				0	250
Other investment liabilities	(142)				0	0
Total	1,882,422				**140,080**	**2,036,721**

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	Market Value as at 31/03/2024	Purchases and derivative payments	Sales and capital receipts	Change in Market Value during the year	Market Value as at 31/03/2025
	£000	**£000**	**£000**	**£000**	**£000**
Equity Unit Trust Fund	1,056,775	220	(190,002)	43,490	910,483
Fixed Income Unit Trust Fund	246,072	120,000	(21)	(14,207)	351,844
Pooled property Investments	122,344	10,179	5,363)	(221)	126,939
Venture capital	282,975	71,143	(17,886)	(2,321)	333,911
Hedge fund	76,923	0	0	341	77,264
Sub-total	**1,785,089**	**201,542**	**(213,272)**	**27,082**	**1,800,441**
Cash and cash equivalents	56,029			178	81,882
Investment income due	247			0	241
Spot FX contracts	0			(22)	0
Other investment liabilities	0			0	(142)
Debtors/creditors	181				(1,743)
Total	**1,841,546**			**27,238**	**1,880,679**

Note 13a: Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Description of asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable Inputs	Key sensitivities affecting the valuations provided
Equities	Level 1	Published market prices	Evaluated price of feeds	Not required
Bonds	Level 2	The published bid market price on the final day of the accounting period	Not required	Not required
Pooled investment – equity unit trust and market quoted investments	Level 2	Published bid market price on the final day of the accounting period	Not required	Not required
Pooled investments - UK Fixed Income Managed Funds	Level 2	Average of broker prices	Not required	Not required
Pooled investments - Hedge Funds	Level 3	Valued by investing managers on a fair value basis each year using PRAG guidance	NAV - based pricing set on a forward basis	Valuations are affected by a change to the value of the financial instrument it is being hedged against
Cash, Debtors and Creditors	Level 1	Carrying value is deemed to be fair value	Not required	Not required
Venture Capital - private equity and private debt	Level 3	Comparable valuation of similar companies in accordance with International Private Equity guidelines	- EBITDA multiple - Revenue Multiplier'- Discount for lack of marketability	Valuations could be affected by changes to expected cashflow or by differences between audited and unaudited accounts
Hedge Funds	Level 3	Valued by investing managers on a fair value basis each year using PRAG guidance	NAV - based pricing set on a forward basis	Valuations are affected by a change to the value of the financial instrument it is being hedged against
Pooled Property Investments	Level 2/3	The published bid market price for level 2 or latest available fair value provided by the manager for level 3	Published prices or manager valuation statements prepared in under ECVA guidelines	Upward valuations are only considered when there is validation of the investment objectives and such progress can be demonstrated
Unit Linked Insurance Policy	Level 3	Closing unit price provided by the insurer at the reporting date	Observable unit prices and valuation statements provided by the insurance company	Valuations are affected by movements in the value of the underlying property assets within the policy

Note 13b: Sensitivity of Assets Valued at Level 3

The fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2026.

	Assessed valuation range (+/-)	Value at 31 March 2026	Value on Increase	Value on Decrease
	%	£000	£000	£000
Pooled Property Investments	2.0	101,027	103,048	99,006
Index Linked Insurance Policy	2.0	7,113	7,255	6.971
Overseas Venture Capital	7.1	76,168	81,576	70,760
UK Venture Capital	7.1	277,708	297,425	257,991
Overseas Hedge Fund	7.1	81,414	87,195	75,634
Total		**543,430**	**576,499**	**510,362**

Note 13c: Valuation of Financial Instruments carried at Fair Value

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 – where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Listed investments are shown at bid prices. The bid value is based on the market quotation of the relevant stock exchange.

Level 2 – where 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 where these techniques use inputs that are based significantly on observable market data.

Level 3 – 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 infrastructure, which the Fund holds assets in, unquoted equity investments and hedge fund of funds, neither of which the Fund currently invests in.

The following table provides an analysis of the assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable:

Market Value as at 31/03/2026	Quoted market price	Using observable inputs	With significant observable inputs	
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets at fair value through profit and loss				
Fixed Income Unit trust	0	362,257	0	362,257
Equity Unit Trust	0	1,031,989	0	1,031,989
Hedge Funds	0	0	81,414	81,414
Pooled Property Investments	0	15,596	101,027	116,623
Unit Linked Insurance Policies	0	0	7,113	7,113
Venture Capital	0	0	353,876	353,876
Cash and cash equivalents	83,199	0	0	83,199
Other investment assets	250	0	0	250
Financial liabilities at fair value through profit and loss				
Other investment liabilities	(578)	0	0	(578)
Net financial assets	**82,871**	**1,409,842**	**543,430**	**2,036,143**

Market Value as at 31/03/2025	Quoted market price	Using observable inputs	With significant observable inputs	
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets at fair value through profit and loss				
Fixed Income Unit trust	0	351,844	0	351,844
Equity Unit Trust		910,483		910,483
Hedge Funds			77,264	77,264
Pooled Property Investments	0	24,497	102,442	126,939
Venture Capital	0	0	333,911	333,911
Cash and cash equivalents	81,882	0	0	81,882
Other investment assets	2,290	241	0	2,531
Financial liabilities at fair value through profit and loss				
Other investment liabilities	(4,033)	(142)	0	(4,175)
Net financial assets	**80,139**	**1,286,923**	**513,617**	**1,880,679**

Note 13d: Transfers between Levels 1 and 2

There have not been any transfers between Level 1 and Level 2 assets in 2025/26.

Note 13e: Reconciliation of Fair Value Measurements within Level 3

	Market Value as at 31/03/2025	Transfers in/out of level 3	Purchases	Sales	Unrealised gains (losses)	Realised gains (losses)	Market Value as at 31/03/2026
	£000	£000	£000	£000	£000	£000	£000
Pooled Property Investments	102,442	(7,178)	860	(2,660)	7,561	2	101,027
Unit Linked Insurance Policies	0	7,178	0	0	(65)	0	7,113
Overseas Venture Capital	75,792	0	2,239	(6,933)	700	4,370	76,168
UK Venture Capital	258,119	0	76,367	(44,177)	(12,597)	(4)	277,708
Overseas Hedge Fund	77,264	0	0	(4,575)	8,975	(250)	81,414
Total	513,617	**0**	**79,466**	**(58,345)**	**4,574**	**4,118**	**543,430**

Note 14a: Classification of Financial Instruments

The accounting policies describe how the different asset classes of financial instruments are measured, and how income and expenses are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category.

Market Value as at 31/03/2025 Designated as fair value through profit and loss	Loans and receivables	Financial liabilities		Market Value as at 31/03/2026 Designated as fair value through profit and loss	Loans and receivables	Financial liabilities
£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
			Financial assets			
910,483			Equity Unit Trust Funds	1,031,989		
351,844			Fixed Income Funds	362,257		
126,939			Pooled property Investments	116,623		
0			Unit Linked Insurance Policies	7,113		
333,911			Venture Capital	353,876		
77,264			Hedge Funds	81,414		
	81,882		Cash and cash equivalents		83,199	
	241		Other investment balances		250	
	2,290		Debtors		1,968	
1,800,441	84,413	0		**1,952,272**	**85,417**	**0**
			Financial liabilities			
		(4,033)	Creditors			(2,546)
		(142)	Other Current Liabilities			0
		(4,175)				**(2,546)**
1,800,441	84,413	(4,175)	**Total**	**1,952,272**	**85,417**	**(2,546)**
	1,880,679		**Final Total**		**2,036,143**	

Note 14b: Net Gains and Losses on Financial Instruments

The following table shows net gains on financial instruments:

	31/03/26 £000	31/03/25 £000
Financial Assets		
Fair Value through Profit and Loss	**139,931**	27,082
Loans and receivables	**149**	178
Assets at Amortised Cost		
Financial Liabilities		
Fair value through profit and loss		
Liabilities at Amortised Cost	**(0)**	(22)
	140,080	27,238

Note 15: Nature and Extent of Risks Arising from Financial Instruments

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). As an investment fund, the Lewisham Pension Fund's objective is to generate positive investment returns for an accepted level of risk. Therefore, the Fund holds a mix of financial instruments such as securities (equities, bonds), interests in collective investment schemes (pooled funds), and cash equivalents. In addition, debtors and creditors arise because of its operations. The value of these financial instruments is reflected in the financial statements at their fair value.

Responsibility for the Fund's risk management strategy rests with the Council's Pension Investment Committee (PIC). Risk management policies are established to identify and analyse the risks faced by the Council's pension operations. The main risks from the Fund's holding of financial instruments are market risk, credit risk, and liquidity risk. These policies are reviewed regularly to reflect change in activity and in market conditions.

The Committee regularly monitors each investment manager, and its investment consultant (Hymans Robertson) advises on the nature of the investments made and associated risks.

The Fund's investments are managed on behalf of the Fund by the appointed investment managers. Each investment manager is required to invest the assets managed by them in accordance with the terms of their investment guidelines or pooled fund prospectus.

The Fund's custodian is Northern Trust, who manage investments and report on them on behalf of the Fund. As the Fund adopts a long-term investment strategy, the high level strategic risks described below will not alter significantly during any one year unless there are significant strategic or tactical changes made to the portfolio.

a) Market Risk

Market risk represents the risk that fair value of a financial instrument will fluctuate because of changes in market prices, interest rates or currencies. The Fund is exposed, through its investments in equities, bonds and pooled investment funds, to all these market risks. The aim of the investment strategy is to manage and control exposure to market risk within acceptable parameters while optimising the return from the investment portfolio. In general, market risk is managed through the diversification of investments by asset class and establishing mandate guidelines with investment managers. The risk arising from exposure to specific markets is limited by the strategic asset allocation, which is regularly monitored by the PIC.

i) Other Price Risk – Market

The risk that the value of a financial instrument will fluctuate as a result of factors other than interest rate or foreign currency movements, whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting the market in general. Market price risk arises from uncertainty about the future value of the financial instruments that the Fund holds. All investments present a risk of loss of capital; the maximum risk being determined by the fair value of the financial instruments. The investment managers mitigate this risk through diversification in line with their own investment strategies and mandate guidelines.

ii) Other Price Risk – Sensitivity analysis

The Pension Fund and its investment advisors also undertake appropriate monitoring of market conditions and benchmark analysis. The Fund has a long term view on expected investment returns which smooths out short term price volatility.
Following an analysis of historical volatility of asset class returns and expected investment returns, in consultation with the Fund's advisors, the Pension Fund has determined that the following asset level percentages of volatility can be applied to the Fund's assets in 2025/26, assuming all other variables such as foreign exchange rates and interest rates remain the same:

Asset Type	**Potential Market Movement +/- (% p.a.)**
Fixed Income Unit Trust	9.3
Equity Unit Trust	10.6
Hedge Funds	7.1
Venture Capital	7.1
Pooled property Investments	2.0
Cash	0
Average	**6.0**

Applied to the period end asset mix, the potential impact on the Fund's market value in the next financial year is as follows:

Asset type	**Market Value as at 31/03/2026**	**Percentage change**	**Value on increase**	**Value on decrease**
	£000	**%**	**£000**	**£000**
Cash and cash equivalents	83,199	0.0	83,199	83,199
Investment portfolio assets:				
Equity unit trusts	1,031,989	10.6	1,141,380	922,598
Fixed Income unit trusts	362,257	9.3	395,946	328,567
Pooled property Investments	116,623	2.0	118,955	114,291
Index Linked Insurance Policy	7,113	2.0	7,255	6,970
Venture Capital	353,876	7.1	379,001	328,751
Hedge funds	81,414	7.1	87,195	75,634
Other funds	(328)	0.0	(328)	(328)
Total assets *	**2,036,143**		**2,073,603**	**1,859,682**

* This figure includes debtors, creditors and other investment balances.

The 2024/25 comparator table is as follows:

Asset type	Market Value as at 31/03/2025	Percentage change	Value on increase	Value on decrease
	£000	%	£000	£000
Cash and cash equivalents	81,882	0.0	81,882	81,882
Investment portfolio assets:				
Equity unit trusts	910,483	11.9	1,018,831	802,136
Fixed Income unit trusts	351,844	13.3	398,638	305,048
Pooled property Investments	126,939	6.8	135,571	118,307
Venture Capital	333,911	7.0	357,285	310,537
Hedge funds	77,264	7.0	82,673	71,856
Other funds	(1,644)	0.0	(1,644)	(1,644)
Total assets *	**1,880,679**		**2,073,236**	**1,688,122**

iii) Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on its investments.
Fixed interest securities and cash 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.
Fixed interest securities, cash and cash equivalents are exposed to interest rate risk.

iv) Interest Rate Risk – Sensitivity Analysis

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/– 1% change in interest rates.
The analysis demonstrates that a 1% increase in interest rates will reduce the fair value on fixed interest assets (obviously the interest received will not change), and vice versa.
Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Asset type	**Market Value as at 31/03/2026**	**Change in year in the net assets available to pay benefits**	
		+100 BPS	**-100 BPS**

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	£000	£000	£000
Cash and cash equivalents			
Cash	83,199	0	0
Fixed Interest Investments			
UK Fixed Income Funds	239,365	2,394	(2,394)
Overseas Fixed Income Funds	122,892	1,229	(1,229)
Total change in assets available	**445,456**	**3,623**	**(3,623)**

Asset type	Market Value as at 31/03/2025	Change in year in the net assets available to pay benefits	
		+100 BPS	-100 BPS
	£000	£000	£000
Cash and cash equivalents			
Cash	81,882	0	0
Fixed Interest Investments			
UK Fixed Income Funds	234,255	2,343	(2,343)
Overseas Fixed Income Funds	117,588	1,176	(1,176)
Total change in assets available	**433,725**	**3,519**	**(3,519)**

v) Currency Risk is the risk to which the Pension Fund is exposed to fluctuations in foreign currency exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£GBP). The Fund was exposed to the following significant foreign currency levels at the 31 March 2026:

US Dollars	£14.4m	(£5.9m 24/25)
Euro	£1.3m	(£1.6m 24/25)
Swiss Franc	£0.003m	(£0.0m 24/25)
Canadian Dollar	£0.001m	(£0.0m 24/25)

There are no other currencies held by the fund.

vi) Currency risk – sensitivity analysis.
The Fund's currency rate risk is routinely monitored by the Council and its investment advisors. Overseas equities, fixed interest securities and cash in foreign currencies are exposed to currency risk. Following analysis of historical data in consultation with the Fund's advisors, the Council considers the likely volatility associated with foreign exchange rate movements in 2025/26 to be 6.8% *(5.4% in 2024/25).* This volatility is applied to the Fund's overseas assets at period end as follows:

Asset Type	**Asset Value at 31 March 2026** **£000**	**Change %**	**Value on Increase** **£000**	**Value on Decrease** **£000**
Overseas Fixed Income	122,892	6.8	131,249	114,535
Overseas Equity Funds	286,013	6.8	305,462	266,565
Overseas Hedge Funds	81,414	6.8	89,950	75,878
Overseas Venture Capital	76,168	6.8	81,347	70,989
Total	**566,487**	6.8	**608,008**	**527,967**

Asset Type	Asset Value at 31 March 2025 £000	Change %	Value on Increase £000	Value on Decrease £000
Overseas Fixed Income	117,588	5.4	123,938	111,238
Overseas Equity Funds	242,643	5.4	255,745	229,540
Overseas Hedge Funds	77,264	5.4	81,436	73,092
Overseas Venture Capital	75,792	5.4	79,885	71,699
Total	**513,287**	5.4	**541,004**	**485,569**

b) Credit Risk

Credit risk represents the risk that the counterparty to a financial instrument will fail to meet an obligation and cause the Fund to incur a financial loss. This is often referred to as counterparty risk. The market values of investments generally reflect an assessment of credit risk 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. The Fund is exposed to credit risk through its underlying investments (including cash balances) and the transactions it undertakes to manage its investments. The careful selection and monitoring of counterparties, including; brokers, custodian and investment managers, seeks to minimise the credit risk that may occur through the failure to settle transactions in a timely manner.

	Rating	**Balances at 31 March 2026**	Balances at 31 March 2025
		£000	£000
Barclays	A +	1,113	1,419
Northern Trust	AA -	83,199	81,882
Total		**84,312**	83,301

c) Liquidity Risk

Liquidity risk is the risk that the Pension Fund will have difficulties in paying its financial obligations as they fall due. For example; the benefits payable costs and capital commitments. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. The Fund holds proportion of assets as cash to allow for short notice payments and capital calls. As at the 31 March 2026 these assets totalled £83.2m held in cash by the custodian on behalf of the Fund and fund managers.

Note 16: Derivative Contracts

As at 31 March 2026 there were no pending foreign exchange purchases or sales. The net gain related to foreign exchange forward contracts was nil in 2025/26 (net gain nil in 2024/25).

Note 17a: Other Investment Balances

These comprise the following amounts:

	31/03/26 £000	31/03/25 £000
Debtors		
Accrued income from investment Funds	**222**	208
Recoverable Taxes	**28**	33
Creditors		
Pending trade purchases	**0**	(142)
Net	**250**	99

Note 17b: Net Current Assets

These comprise the following amounts:

Current Assets

	31/03/26 £000	31/03/25 £000
Contributions due from Admitted/ Scheduled Employers/ Employees	**855**	871
Cash in Hand	**1,113**	1,419
	1,968	2,290

Current Liabilities

	31/03/26 £000	31/03/25 £000

Trade Creditors	**(381)**	(24)
Fund Manager / Advisory Fees	**(296)**	(530)
Other Current Liabilities	**(1,869)**	(3,479)
	(2,546)	(4,033)

Note 18: Cash and Bank

Cash and cash equivalents

The Northern Trust Company is the Fund's global custodian and cash is held to meet the cash flow requirements of the Fund and its managers. The total cash held as at 31 March 2026 was £83.2m (£81.9m as at 31 March 2025). The table below shows how this was split between the Fund Managers.

Fund Manager	**31/03/2026 £'000**	31/03/2025 £'000
Cash Account	**75,284**	76,974
Schroders	**4,840**	3,031
HarbourVest	**1,634**	1,877
LCIV Private Debt	**970**	
LCIV Renewable Infrastructure	**471**	-
	83,199	81,882

Pension Fund Bank Account

The Lewisham cash in hand balance of £1.1m represents uninvested cash held in the Pension Fund bank accounts as at 31 March 2026. The Fund's accounts are held with Barclays Bank.

Note 19: Actuarial Present Value of Promised Retirement Benefits

The table below shows the total net liability of the Fund as at 31 March 2026. The figures have been prepared by Hymans Robertson LLP, the Fund's actuary, only for the purposes of providing the information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pension's legislation. In calculating the required numbers, the actuary adopted methods and assumptions that are consistent with IAS19.

	31/03/2026	31/03/2025
	£'000	£'000
Present value of promised retirement benefits	(1,564,000)	(1,473,000)
Fair Value of Scheme Assets	1,890,107	1,749,124
Net Assets / (Liability)	326,107	276,124

Longevity assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2025 model, with core parameterisation, initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

Longevity Assumptions for year ended 31 March 2026	**Males**	**Females**
Current Pensioners	21.4	24.3
Future Pensioners	22.4	25.5

Financial assumptions

	31/03/2026 (%)	31/03/2025 (%)
Pension Increases	3.0	2.8
Salary Increases	4.0	3.8
Discount Rate	6.2	5.8

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions at 31 March 2026	**Approximate increase to liabilities (%)**	**Approximate monetary amount (£m)**
0.1% p.a. decrease in the Real Discount Rate	2	24
1 year increase in member life expectancy	4	63
0.1% p.a. increase in the Salary Increase Rate	0	1
0.1% p.a. increase in the Pension Increase Rate	2	23

Note 20: Events after the Reporting Period

The audited Pension Fund Statement of Accounts was authorised for issue by the Executive Director of Corporate Resources on 30 November 2026. Events taking place after this date are not reflected in the accounts. Where events took place before this date which materially altered the conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect these altered conditions.

Note 21: Contractual Commitments

The Pension Fund was committed to the following capital contributions as at the 31 March 2026:

Fund Manager	Fund	Contractual Commitment £000	Undrawn Capital £000
Harbourvest	Harbourvest Closed Ended Funds	104,645	16,705
London CIV	LCIV Renewable Infrastructure	90,000	22,765
London CIV	LCIV Private Debt	85,000	21,499
London CIV	LCIV Private Debt II	95,000	71,484
London CIV	LCIV Nature Based Solutions	94,000	48,780
Pemberton	Pemberton European Mid-Market Debt Fund II	40,000	5,006
Schroders	Schroders Property Funds*	12,254	89
Total		**520,899**	**186,328**

* the fund was closed on 1 April 2026

Note 22: Related Party Transactions

There have been no material transactions with related parties in the financial year. There were no provisions for doubtful debt and amounts written off in the period.

Eight Councillors sit on the Pensions Investment Committee which oversees the Fund. At each meeting of the Pensions Investment Committee, Councillors are required to make declarations of interest which are recorded. The members were Cllr Sian Eiles (Chair), Cllr Mark Ingleby (Vice-Chair), Cllr Tauseef Anwar, Cllr Chris Best (April to July 2025) Cllr Eva Kestner, Cllr Louise Krupski, Cllr John Muldoon, Cllr James Royston, Cllr Liam Shrivastava (from July 2025 to March 2026).

During the year no reportable declarations were made.

Four members and an independent chair make up the membership of the Pensions Board, which assists the administering authority in adhering to the Regulations with regards to its administration and governance of the scheme. At each meeting of the Board, members are required to make declarations of interest which are recorded. The Pension Board comprised Stephen Warren (Independent Chair); Employer Representatives Sherene Russell-Alexander (Director of People and Organisational Development) from April to July 2025, who was succeeded by Claudia Menichetti (Head of Employee Services) from September 2025 to March 2026; and Mark Booker (Pension Administrator, Change Live Grow).
Member Representatives included Gary Cummins (Housing Partnership and Contract Manager and Trade Union Representative) and Mark Adu-Brobbey (Programme Manager – Together Lewisham) from April to June 2025, who was succeeded by Paul Pettitte (Multi-skills Operator and Trade Union Representative) from September 2025 to March 2026.

During the year no reportable declarations of interest were made apart from some of the members being participants in the scheme, although this is a requirement of their Board membership.

No other trustees or Council chief officers with direct responsibility for Pension Fund issues made any declarable transactions with the Pension Fund in the period to 31 March 2026.

The Council, the administering authority, had dealings with the Fund as follows:

- Recharges from the Council for the in-house administration costs borne by the scheme were transacted (included in Administration Expenses in Note 7). Some cash transactions relating to pension activities are currently effected through the Council's bank account and consequently Pension Fund cash balances are held by the Council from time to time and vice versa.

- Pension payments to retired members are paid from the Council's bank account and charged to the pension fund. The pension contributions from the Council employees are collected by the Council and paid to the pension fund. The net of the pension payments made and the contributions collected are reconciled each month and a payment is made on a regular basis to or from the pension fund's bank account.

London LGPS Centralised Investment Vehicle Ltd (London CIV), established in 2015 by London Local Authorities manages London Local Government Pension Scheme ('LGPS') assets. London CIV is one of the U.K.'s LGPS asset pooling companies. The London Boroughs, City of London and Buckinghamshire Council who are the 33 Shareholders, are also our clients ('Client Funds'). London CIV is authorised and regulated by the Financial Conduct Authority ('FCA').

Key Management Personnel Remuneration

The key management personnel of the Fund are the Executive Director of Corporate Resources and the Director of Finance.
There were no costs apportioned to the Pension Fund in respect of the Executive Director of Corporate Resources post for 2024/25 and 2025/26.
Total remuneration payable to key management personnel from the Pension Fund is set out below:

	2025/26 £'000	2024/25 £'000
Short Term Benefits	26	25
Post-Employment Benefits	6	6
Total	**32**	31

Note 23: Additional Voluntary Contributions (AVC's)

Contributing members have the right to make AVCs to enhance their pension. There are currently 45 'open' AVC contracts for LGPS members (i.e. excluding members with AVC contracts who have left Lewisham and now have preserved benefits). Some of these 'open contracts' will be for members who have paid AVCs in the past but who have suspended payments to the scheme for the time being.

The Fund has two AVC providers: Clerical Medical and Utmost (formerly Equitable Life). The value of AVC investments is shown below. The contributions are held by the providers and do not form part of the Lewisham Fund's assets in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

	2025/26			2024/25		
	Utmost £000	**Clerical Medical £000**	**Total £000**	Utmost £000	Clerical Medical £000	Total £000
Value at the Beginning of Year	**303**	**854**	**1,157**	291	732	1,023
Contributions and transfers received	0	220	**220**	0	188	188
Investment return / change in market value	25	133	**158**	14	(42)	(28)
Paid out	(133)	(60)	**(193)**	(2)	(24)	(26)
Value at the End of the Year	**195**	**1,147**	**1,342**	303	854	1,157

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