Havering
LONDON BOROUGH

# PENSIONS COMMITTEE 19 March 2019

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| **Subject Heading:** | **PENSION FUND PERFORMANCE MONITORING FOR THE QUARTER ENDED DECEMBER 2018** |
| **CLT Lead:** | **Jane West** |
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| **Policy context:** | Pension Fund Managers' performances are regularly monitored in order to ensure that the investment objectives are being met. |
| **Financial summary:** | This report comments upon the performance of the Fund for the period ended 31 December 2018 |

## The subject matter of this report deals with the following Council Objectives

| | |
|---|---|
| Communities making Havering | [X] |
| Places making Havering | [X] |
| Opportunities making Havering | [X] |
| Connections making Havering | [X] |

## SUMMARY

This report provides the Committee with an overview of the performance of the Havering Pension Fund investments for the quarter to 31 December 2018. The performance information is taken from the quarterly performance reports supplied by each Investment Manager, State Street Global Services Performance Services PLC (formerly known as WM Company) quarterly Performance Review Report and Hymans Monitoring Report.

The net return on the Fund's investments for the **quarter** to 31 December 2018 was **-5.6% (or -£42.16m to £692.41m).** This quarter the fund underperformed the combined tactical benchmark by -3.5% and under performed against the strategic benchmark by -7.8%.

Stafford Capital Partners was the best performer on a relative basis over the quarter, with the largest underperformance against benchmark coming from

GMO. Only Royal London, UBS and Stafford posted any growth in that quarter.

The overall net return of the Fund's investments for the **year** to 31 December 2018 was **-3.6%.** This represents an underperformance of **-3.9%** against the combined tactical benchmark and an underperformance of **-5.1%** against the annual strategic benchmark - this is a measure of the Fund's performance against a target based upon gilts + 1.8% (the rate which is used in the valuation of the funds liabilities). The implications of this are set out in paragraphs 1.1 and 1.3 below.

We measure the individual managers' annual return for the new combined tactical benchmark and these results are shown later in the report.

**RECOMMENDATIONS**

That the Committee:

1) Note the summary of the performance of the Pension Fund within this report.
2) Consider Hymans performance monitoring report and presentation (Appendix A - Exempt).
3) Receive presentations from the London CIV for the Fund's Multi Asset and UK Equities Managers within the LCIV platform – Baillie Gifford (Appendix B- Exempt)., and Ruffer for the LCIV Absolute Return Fund (Appendix C – Exempt)
4) Consider the quarterly reports provided by each investment manager.
5) Note the analysis of the cash balances (paragraphs 3.2 refers).

**REPORT DETAIL**

## 1. Background

1.1 **Strategic Benchmark** - A strategic benchmark has been adopted for the overall Fund of Index Linked Gilts + 1.8% per annum. This is the expected return in excess of the fund's liabilities over the longer term and should lead to an overall improvement in the funding level. The strategic benchmark measures the extent to which the Fund is meeting its longer term objective of reducing the Fund's deficit. The current shortfall has arisen largely as a consequence of the historically low level of real interest rates which have driven up the value of index linked gilts (and consequently the level of the funds liabilities). The Funds steady outperformance against strategic benchmark over the previous two years came to an abrupt halt as index-linked gilt yields fell over the quarter, pushing liability valuations up, whilst the funds return seeking assets fell sharply.

1.2 **Tactical Benchmark -** Each manager has been set a specific (tactical) benchmark as well as an outperformance target against which their performance will be measured. This benchmark is determined according to the type of investments being managed. This is not directly comparable to the strategic benchmark as the majority of the mandate benchmarks are different but contributes to the overall performance.

The objective of the Fund's investment strategy is to deliver a stable long-term investment return in excess of the expected growth in the Fund's liabilities. The Fund has retained investments with Royal London which have offered some resilience to the fluctuations in interest rates over this period, but given the long term nature of the fund, the Funds investment advisors believe that the objective of pursuing a stable investment return remains appropriate. The investment strategy has therefore been evolved to provide exposure to diverse sources of investment return consistent with this objective.

1.3 The revised asset allocation targets per the Investment Strategy Statement are shown in the following table and reflect the asset allocation split and targets against their individual fund manager benchmarks:

Table 1: Asset Allocation

| Asset Class | Target Asset Allocation (ISS Nov17) | Investment Manager/ product | Segregated /pooled | Active/ Passive | Benchmark and Target |
|---|---|---|---|---|---|
| UK/Global Equity | 15.0% | LCIV Baillie Gifford (Global Alpha Fund) | Pooled | Active | MSCI All Countries Index plus 2.5% (gross) |
| | 7.5% | Legal & General Investment Management (SSgA until Nov 17) | Pooled | Passive | FTSE All World Equity Index |
| | 7.5% | Legal & General Investment Management (SSgA until Nov 17) | Pooled | Passive | FTSE RAFI All World 3000 Index |
| Multi Asset Strategy | 12.5% | LCIV Baillie Gifford (Diversified Growth Fund) | Pooled | Active | Capital growth at lower risk than equity markets |
| | 15.0% | GMO Global Real return (UCITS) | Pooled | Active | OECD CPI g7 plus 3 - 5% over a complete market cycle |
| Absolute Return | 15% | LCIV Ruffer | Pooled | Active | Absolute Return |
| Property | 6% | UBS | Pooled | Active | AREF/IPD All balanced property Index Weighted Average |
| Gilt/ Investment Bonds | 19% | Royal London | Segregated | Active | 50% iBoxx £ non- Gilt over 10 years<br>16.7% FTSE Actuaries UK gilt over 15 years<br>33.3% FTSE Actuaries Index-linked over 5 years.<br>Plus 1.25%* |
| Infrastructure | 2.5% | Stafford | Pooled | Active | CPI plus 5% (net of fees) |

*0.75% prior to 1 November 2015

1.4 UBS, LGIM, GMO and Stafford manage the assets on a pooled basis. Royal London manages the assets on a segregated basis. Both the Baillie Gifford mandates and the Ruffer mandates are managed on a pooled basis and operated via the London Collective Investment Vehicle (LCIV). Performance is monitored by reference to the benchmark and out performance target as shown in the above table. Each manager's individual performance is shown later in this report with a summary of any key information relevant to their performance.

1.5 Since 2006, to ensure consistency with reports received from our Performance Measurers, Investments Advisors and Fund Managers, the 'relative returns' (under/over performance) calculations has been changed from the previously used arithmetical method to the industry standard geometric method (please note that this will sometimes produce figures that arithmetically do not add up).

## 2. Reporting Arrangements

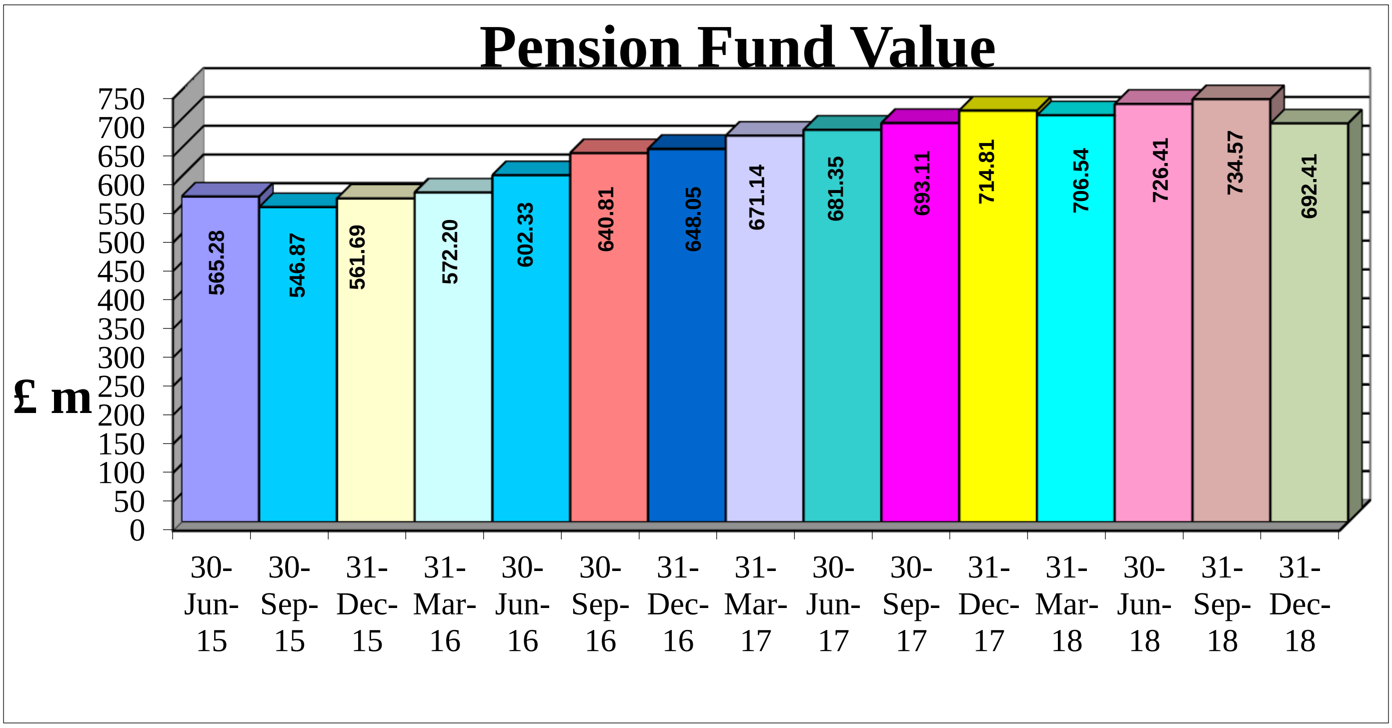
2.1 After reviewing the current reporting arrangements at the Pensions Committee held on the 5 June 2017 it was agreed that only one fund manager will attend each committee meeting, unless performance concerns override this.

6) 2.2 The Fund Managers attending this meeting are the London CIV for the Fund's Multi Asset and UK Equities Managers within the LCIV platform (Appendix B- Exempt) and Ruffer will present performance on the LCIV Absolute Return Fund

2.3 Hyman's performance monitoring report is attached at **Appendix A.**

## 3 Fund Size

3.1 Based on information supplied by our performance measurers the total combined fund value at the close of business on 31 December 2018 was **£692.41m**. This valuation differs from the basis of valuation used by our Fund Managers and our Investment Advisor in that it excludes accrued income. This compares with a fund value of £734.57m at the 30 September 2018; a **decrease** of **£-42.16m**. Movement in the fund value is attributable to a decrease in assets of £-41.51m and a decrease in cash of £-0.65m. Internally managed cash level stands at **£15.27m** of which an analysis follows in this report.




*Source: WM Company (Performance Measurers)*

3.2 An analysis of the internally managed cash balance of **£15.92m** follows:

Table 2: Cash Analysis

| **CASH ANALYSIS** | **2016/17 31 Mar 17** | **2017/18 31 Mar 18** | **2018/19 30 Dec 18** |
|---|---|---|---|
| | £000's | £000's | £000's |
| **Balance B/F** | **-12,924** | **-12,770** | **-17,658** |
| | | | |
| Benefits Paid | 36,490 | 36,532 | 28,051 |
| Management costs | 1,358 | 1,221 | 812 |
| Net Transfer Values | 2,151 | 1,108 | 1,468 |
| Employee/Employer Contributions | -40,337 | -42,851 | -35,751 |
| Cash from/to Managers/Other Adj. | 586 | -785 | 7,898 |
| Internal Interest | -94 | -113 | -94 |
| | | | |
| **Movement in Year** | **154** | **-4,888** | **2,384** |
| | | | |
| **Balance C/F** | **-12,770** | **-17,658** | **-15,274** |

3.3 Members agreed the updated cash management policy at its meeting on the 15 December 2015. The policy sets out that the target cash level should be £5m but not fall below the de-minimus amount of £3m or exceed £6m. This policy includes drawing down income from the bond and property manager when required.

3.4 The cash management policy incorporates a threshold for the maximum amount of cash that the fund should hold but introduced a discretion that allows the Chief Executive (now the Chief Operating Officer/Statutory S151 officer) to exceed the threshold to meet unforeseeable volatile unpredictable payments. The excess above the threshold of £6m is being considered as part of the investment strategy implementation (possibly to fund the closed ended funds and College mergers).

3.5 During 2018, the Committee appointed three Real Asset Managers and two Private Debt managers to implement the agreed strategy. As at 31 December 2018, monies had been drawn by Stafford although a number of further investments were made following the year end. In particular, 100% of the commitment to JP Morgan (infrastructure) and 50% of the commitment to CRBE (Global Property) have been drawn alongside a commitment to Churchill (Private Debt). These commitments have been largely funded by realising assets from GMO (£70m). Investments have also been made in the LGIM Emerging Market Equity Fund as assets have been realised from GMO to maintain the underlying allocation to this asset class. To finalise implementation of the strategy, Committee has still to consider the appointment of a Multi Asset Credit Mandate, expected to be via the London CIV, and which will be progressed during 2019.

## 4. Performance Figures against Benchmarks

4.1 The overall net performance of the Fund against the new **Combined Tactical Benchmark** (the combination of each of the individual manager benchmarks) follows:

Table 3: Quarterly Performance

| | **Quarter to 31.12.18** | **12 Months to 31.12.18** | **3 Years to 31.12.18** | **5 years to 30.12.18** |
|---|---|---|---|---|
| | **%** | **%** | **%** | **%** |
| Fund | -5.6 | -3.7 | 6.6 | 6.2 |
| Benchmark | -2.2 | 0.3 | 6.1 | 6.0 |
| *Difference in return | -3.5 | -3.9 | 0.5 | 0.2 |

*Source: WM Company*
*Totals may not sum due to geometric basis of calculation and rounding.*

4.2 The overall net performance of the Fund against the **Strategic Benchmark** (i.e. the strategy adopted of Gilts + 1.8% Net of fees) is shown below:

Table 4: Annual Performance

| | **Quarter to 31.12.18** | **12 Months to 31.12.18** | **3 Years to 31.12.18** | **5 years to 30.12.18** |
|---|---|---|---|---|
| | **%** | **%** | **%** | **%** |
| Fund | -5.6 | -3.7 | 6.6 | 6.2 |
| Benchmark | 2.3 | 1.5 | 10.1 | 10.2 |
| *Difference in return | -7.8 | -5.1 | -3.1 | -3.6 |

*Source: WM Company*

**Totals may not sum due to geometric basis of calculation and rounding.*

4.3 The following tables compare each manager's performance against their **specific (tactical) benchmark** and their **performance target** (benchmark plus the agreed mandated out performance target) for the current quarter and the last 12 months.

**Table 5: QUARTERLY PERFORMANCE (AS AT 30 DECEMBER 2018)**

| **Fund Manager** | **Return (Performance)** | **Benchmark** | **Performance vs benchmark** | **Target** | **Performance vs Target** |
|---|---|---|---|---|---|
| | **%** | **%** | **%** | **%** | **%** |
| Royal London | 0.56 | 1.14 | **-0.58** | 1.45 | **-0.89** |
| UBS | 1.63 | 0.89 | **0.74** | n/a | **n/a** |
| GMO | -4.31 | -0.06 | **-4.25** | n/a | **n/a** |
| LGIM Global Equity | -10.51 | -10.53 | **0.02** | n/a | **n/a** |
| LGIM Fundamental Index | -10.66 | -10.56 | **-0.10** | n/a | **n/a** |
| LCIV/Ruffer* | -5.40 | n/a | **n/a** | n/a | **n/a** |
| LCIV/Baillie Gifford (DGF)* | -4.59 | n/a | **n/a** | n/a | **n/a** |
| LCIV/Baillie Gifford (Global Alpha Fund) | -12.46 | -10.63 | **-1.83** | n/a | **n/a** |
| Stafford Capital Partners Ltd | 5.4 | 1.7 | **3.6** | n/a | **n/a** |

*Source: WM Company, Fund Managers and Hymans*

- Totals may not sum due to geometric basis of calculation and rounding.
- Performance data reported as per LCIV for those funds under their management.
- *Not measured against a benchmark

**Table 6: ANNUAL PERFORMANCE (LAST 12 MONTHS)**

| Fund Manager | Return (Performance) | Benchmark | Performance vs benchmark | Target | Performance vs Target |
|---|---|---|---|---|---|
| | % | % | % | % | % |
| Royal London | -1.48 | -1.49 | **0.01** | -0.24 | **-1.24** |
| UBS | 8.46 | 6.47 | **1.99** | n/a | **n/a** |
| GMO | -7.32 | 1.85 | **-9.17** | n/a | **n/a** |
| LGIM Global Equity | -3.42 | -3.50 | **0.08** | n/a | **n/a** |
| LGIM Fundamental Index | -6.24 | -6.16 | **-0.08** | n/a | **n/a** |
| LCIV/Ruffer* | -6.05 | n/a | **n/a** | n/a | **n/a** |
| LCIV/Baillie Gifford (DGF)* | -5.07 | n/a | **n/a** | n/a | **n/a** |
| LCIV/Baillie Gifford (Global Alpha Fund) | -4.15 | -3.37 | **-0.78** | n/a | **n/a** |
| Stafford Capital Partners Ltd | n/a | n/a | **n/a** | n/a | **n/a** |

*Source: WM Company, Fund Managers and Hymans*

- Totals may not sum due to geometric basis of calculation and rounding.
- Performance data reported as per LCIV for those funds under their management.

*Not measured against a benchmark

## 5. Fund Manager Reports

In line with the new reporting cycle, the Committee will only see one Fund Manager at each Committee meeting unless there are performance concerns for individual managers. Fund Managers brief overviews are included in this section. The full detailed versions of the fund managers' report are distributed electronically prior to this meeting.

### 5.1. UK Investment Grade Bonds (Bonds Gilts, UK Corporates, UK Index Linked, UK Other) – (Royal London Asset Management)

a) Royal London last met with the Committee on 13 March 2018 which reviewed performance as at 31 December 17

b) The value of the fund as at 31 December 2018 has increased by £0.69m since the September quarter.

c) Royal London delivered a net return of 0.56% over the quarter, underperforming the benchmark by -0.58%. The mandate is ahead of the benchmark over the year by 0.01% and 0.59% since inception.

d) Royal London Asset Allocation

| | | % |
|---|---|---|
| i. | Credit Bonds (corporate ) | 57.2 |
| ii. | Index Linked Bonds | 24.1 |
| iii. | Sterling Government Bonds | 10.4 |
| iv. | RL Sterling Extra Yield Bond | 5.7 |
| v. | Overseas Bonds | 0.0 |
| vi. | Cash | 2.6 |

(Figures subject to Rounding)

e) The Funds relative underperformance of the benchmark during the quarter was across most holdings, only exposure Secured and structured debt having a broadly positive relative performance.

f) The main driver of relative underperformance resulted mainly from the underweight exposure to UK government debt and the preference from subordinated financial issues.

g) The Fund's holding in the Royal London Sterling Extra Yield Bond Fund had a negative impact on returns, underperforming the broader sterling credit market, hampered by allocations to BBB rated bonds and debt ratings below investment grade, which lagged behind higher rated issues.

h) Royal London expected a gradual increase in government bonds yields, with volatility remaining elevated so retained a short duration position versus the benchmark over the quarter. Yields on 10 year gilts fell by 30 basis points during the quarter, declining over the period reversing the third quarter gains. This duration positioning had a negative effect on performance.

**5.2. Property (UBS)**

a) UBS last met with the Committee on 24 July 2018 which reviewed performance as at 31 March 2018

b) The value of the fund as at 31 December 2018 increased by £0.29m since the September quarter.

c) UBS delivered a net return of 1.63% over the quarter, out performing the benchmark by 0.74%. The mandate is ahead of the benchmark over the year by 1.99% and 1.03% over 5 years

d) On 22 November 2017, the Chancellor announced changes to the taxation of capital gains on real estate disposals by non-residents, effective 6$^{th}$ April 2019. Following consultation between The Association of. Real Estate Funds and HMRC a Technical Note was released in Quarter 4 of 2018 confirming that certain structures, including Triton Property Funds (Jersey), should benefit from the exemption designed to ensure that tax-exempt investors are not taxed when investing via overseas vehicles. UBS will keep unitholders updated.

e) UBS Sector weighting:

| | | % |
|---|---|---|
| i. | Industrial | 41.4 |
| ii. | Retail warehouse | 23.3 |
| iii. | Office | 20.1 |
| iv. | Other Commercial Property | 12.0 |
| v. | Cash | 0.4 |
| vi. | Unit Shops | 2.8 |

f) Performance again continued to be driven by the Fund's sector weighting strategy, particularly for the industrial/logistics assets which exceeding forecasts, and ongoing asset management across the portfolio. Office markets have also continued to exceed expectations.

g) Although the retail sector has generally continued to suffer, the fund signed multiple leases over the quarter. Against the trend Springfield Outlet Centre Spalding has returned 14 years of consecutive turnover growth.

**5.3. Multi Asset Manager (GMO – Global Real Return (UCIT Fund - Undertakings for collective investments in transferrable securities)**

a) GMO last met with the committee on 11 December 2018 which reviewed performance as at 30 September

b) The value of the fund has decreased by £-4.54m since the September quarter.

c) GMO have underperformed their benchmark over the 3 month, 12 month and since inception.

d) GMO asset Allocation:

| | | % |
|---|---|---|
| i. | Equities | 36.7 |
| ii. | Alternative strategies | 29.6 |
| iii. | Fixed Income | 18.6 |
| iv. | Cash/Cash Plus | 15.1 |

e) The allocation to cash/cash plus had a minimal impact on the portfolio, returning 0.7% for the quarter, which was in line with 3-Month US T Bills

This fund will be used to fund the real asset mandates, and a periodical disinvestment will occur as and when required.

**5.4 Passive Equities Manager - Legal & General Investment Management (LGIM)**

a) The value of the fund as at the 31 December 2018 decreased by £-11.71m since the September quarter

b) LGIM last met with the Committee on 18 September 2018 which reviewed performance as at 30 June 2018

c) This mandate benefits from fee reductions as negotiated by the LCIV and is recognised as a mandate under the London CIV

d) The passive equity mandate is split between the FTSE RAFI All World 3000 index and the FTSE All World Index.

e) As anticipated from an index-tracking mandate LGIM has performed in line with the benchmark since inception, delivering a net return on the FTSE RAFI All World 300 index of -10.51% out performing the benchmark by 0.02% and a net return on the FTSE Rafi AW 3000 Equity Index of -10.66% over performing the benchmark by 0.10%

**5.5. Multi Asset Manager – London CIV (Ruffer**.

a) This mandate transferred to the London CIV on 21 June 2016.

b) The London CIV will now oversee the monitoring and review of performance for this mandate. However, Ruffer has stated that they are happy to continue with the existing monitoring arrangements and meet the Committee to report on its own performance, representatives are due to make a presentation at this committee.

c) Ruffer are due to make a presentation at this committee to review performance as at 31 December 2018.

d) The value of the fund has decreased by £-5.29m since the September quarter.

e) Since inception with the London CIV, Ruffer returned -5.40% over the quarter, -6.05% over the year and 1.64% since inception. The mandate is an Absolute Return Fund (measures the gain/loss as percentage of invested capital) and therefore is not measured against a benchmark. Capital preservation is a fundamental philosophy of the Fund.

f) The fund under performed this quarter, returning -5.40%. The funds exposure to defensive assets, Gold, Gold equities and UK Index-linked bonds contributed positively to the portfolio, while losses within equities generally came from cyclicals and financials, the protective strategies only countered that in a small way.

**5.6. UK Equities - London CIV (Baillie Gifford Global Alpha)**

a) This mandate transferred to the London CIV on the 11 April 2016

b) The London CIV will oversee the monitoring and review of the performance of this mandate and representatives are due to make a presentation at this committee,

c) The value of the Baillie Gifford Global Equities mandate fund decreased by £-17.51m since the September quarter.

d) Since inception with the London CIV the Global Alpha Fund delivered a return of -12.46% over the quarter, underperforming the benchmark by -1.83% delivered a return of -4.15% over the year, underperforming the benchmark by -0.78 and since inception with the London CIV the fund returned 15.39% outperforming the benchmark by 2.73%.

e) The underperformance this quarter was largely due to the funds exposure to US, UK and Ireland which were the among the worst detractors to the portfolio, as disappointing earnings growth projections caused mass sell off in the market, long duration stocks were particularly affected, both Grubhub and Amazon fall into these categories. Also detracting from performance was holdings in energy related companies, in line with a declining oil price. The largest positive contributors to performance included emerging markets, in particular Brazil where holdings in Banco Bradesco shares soared by nearly 50% as they announced results which suggested that the difficult economic environment of the past few years seems to be easing.

**5.7. Multi Asset Manager – London CIV (Baillie Gifford Diversified Growth Fund)**

a) This mandate was transferred to the London CIV on the 15 February 2016.

b) The London CIV will oversee the monitoring and review of the performance of this mandate and representatives are due to make a presentation at this committee,

c) The value of the Baillie Gifford Diversified Growth mandate fund decreased by £-3.93m since the September quarter.

d) The Diversified Growth mandate delivered a return of -4.59% over the quarter, -5.07% over the last year and 4.49% since inception with the London CIV. The Sub-fund's objective is to achieve long term capital growth at lower risk than equity markets and therefore is not measured against a benchmark.

e) The fund underperformed this quarter, making only a few changes to the portfolio mainly capitalising on opportunities where price falls led to compelling valuations. Emerging market bonds were one of the few positive contributors, while listed equities were the largest detractor overall, with insurance linked bonds and property also adding to the negative returns.

## 5.8 Stafford Capital Partners Limited

a) Stafford provides valuations on a quarterly basis through out the year. The quarterly reports and associated capital account statements are distributed 60 days post quarter end. Given that they are a fund of funds this gives them time to receive the underlying fund investments statements to incorporate into the report, consequently Stafford reporting will be a quarter behind other funds

b) The Fund's performance for the quarter ended 30$^{th}$ September was flat, with a -0.1% decrease in value. The fund's investment portfolio currently comprises of 6 funds, originally providing exposure to 137 underlying infrastructure assets with 127 remaining as of 30$^{th}$ September 18. In respect of distributions, investors received a weighted average annualised cash yield since inception of 4.7%. Estimated return over quarter 0.4% (estimated, Hymans Robertson calculations)

## 5.9 London CIV Update

a) The London CIV held a General meeting on the 31 January 2019, main issues to bring to the Committee's attention are:

- **Variation to Shareholder Agreement** - Proposal to change the shareholder agreement from acting as an FCA authorised operator of an ACS to acting as an FCA authorised company. Key change would mean that it would not be necessary to obtain the written approval of all the boroughs each time LCIV needed to vary its FCA permissions – this would be signed off by the Board. This was agreed at the meeting and the Shareholder Agreement Variance has now been signed

- **LCIV Medium Term Financial Strategy 2019 – 2024 – Approve the 2019/2020 Annual budget** -key issues to highlight from this report is that there will be no change to the £25k pa shareholder subscription and the Development Fund Charge of £65k pa will continue over the MTFS period, reducing to £25k in 2023/24. However this is a change to previous MTFS reports where the DFC was set to decrease, so this has resulted in additional costs of £190k over the 2019- 2024 MTFS period.

- **LCIV reported Havering savings for the year to September 2018 to be £45k however officer calculations show this to be £22k.** Officers have yet to share savings methodology with the LCIV so the figures are indicative but the overall saving as reported by the LCIV is not far off.

Cumulative savings are not yet available from the LCIV for Officers to carry out a comparison.

b) **Dissolution of the Pensions CIV Joint Committee (PCSJC) notice** - The new governance framework was approved at the LCIV AGM on the 12 July 2018 and as part of the implementation changes all London Local Authorities are required to sign the written notice agreeing to the dissolution of the PCSJC. This has now been signed off by Havering.

c) **Signing of the 'Pension Cost Recharge Agreement' and 'Pension Guarantee'**. The current position is that the LCIV are seeking information from the boroughs with regards to the decision making process and whether boroughs are likely to require independent legal advice. Officers will be contacting Legal Services to determine who internally can make the decision and sign the agreement. There is still the issue with regard to providing the guarantee and the cost control methods of the recharge. Members will be updated of any progress when known.

d) LCIV have announced the appointment of a permanent Chief Executive Officer – Mike O'Donnell starting early March 2019

**5.2 Corporate Governance Issues**

The Committee, previously, agreed that it would:

1. Receive quarterly information from each relevant Investment Manager, detailing the voting history of the Investment Managers on contentious issues. This information is included in the Managers' Quarterly Reports, which will be distributed to members electronically.

2. Receive quarterly information from the Investment Managers, detailing new Investments made.

   - Points 1 and 2 are contained in the Managers' reports.

**This report is being presented in order that:**

- The general position of the Fund is considered plus other matters including any general issues as advised by Hymans.

- Hymans will discuss the managers' performance after which the particular manager will be invited to join the meeting and make their presentation. The manager attending the meeting will be from:

  London CIV (Baillie Gifford Funds) & Ruffer

- Hymans and Officers will discuss with Members any issues arising from the monitoring of the other managers.

## IMPLICATIONS AND RISKS

**Financial implications and risks:**

Pension Fund Managers' performances are regularly monitored in order to ensure that the investment objectives are being met and consequently minimise any cost to the General Fund

**Legal implications and risks:**

None arising directly

**Human Resources implications and risks:**

There are no immediate HR implications. However longer term, shortfalls may need to be addressed depending upon performance of the fund.

**Equalities implications and risks:**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

(i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;

(ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;

(iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment/identity.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the

Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An EIA is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected

**BACKGROUND PAPERS**

None