



Havering
LONDON BOROUGH

HAVERING PENSION FUND

**2023/26 BUSINESS PLAN/REPORT ON THE WORK
OF THE PENSIONS COMMITTEE DURING 2022/23**

INTRODUCTION

This is the Business Plan for the London Borough of Havering Pension Fund (the 'Fund'). Havering Council is an Administering Authority under Local Government Pension Scheme (LGPS) Regulations and as such has delegated authority for this to the Pensions Committee.

The Business Plan sets out the work undertaken by the Committee during 2022/23 and the plan of work for the forthcoming three years. The Business Plan is reviewed and updated annually.

This is the first report of the newly elected Pensions Committee, following the local elections in May 2022. It also includes the work undertaken for the period 1st January 2022 to 31 March 2022 by the previous committee, which was omitted from last year's report due to its earlier production to meet Council reporting deadlines before the May elections.

The Business Plan, in line with CIPFA guidance "Principles for Investment Decision Making & Disclosure in the LGPS" outlines:

- Key Targets and Methods of Measurement
- Review level of internal & external resources
- Financial Estimates
- Major milestones and issues considered and to be considered
- Appropriate provision for Training
- Any recommendations actions to put right any deficiencies.

The Fund provides benefits to Council employees (except teachers). The performance of the Fund impacts on the cost of Council services through the cost of employer contributions. It is therefore beneficial to issue a Business Plan/Annual report to all Council Members covering the work of the Pensions Committee.

KEY TARGETS & METHODS OF MEASUREMENT

The Fund invests employee and employer contributions into a Fund in order to pay pension benefits to scheme members. The Fund is financed by contributions from employees, employers and from profit, interest and dividends from investments.

The Pension Fund consists of 56 employers with active members, of which the London Borough of Havering is the largest. The other employers in the Fund are made of up of 41 Scheduled bodies (Academies and Further Education bodies) and 14 Admitted bodies (13 outsourced contracts and one resolution body).

Pension Fund – Funding

The Fund's Actuary (Hymans Robertson) carried out a triennial valuation during 2022/23 based on data as at 31 March 2022. The main purpose of the valuation is to calculate the funding position within the Fund and set employer contribution rates for the following three years with the results of the 2022 valuation effecting employer contribution rates from 1 April 2023.

The valuation is a planning exercise for the Fund, to assess the monies needed to meet the benefits owed to its members as they fall due. As part of the valuation process, the Fund reviews its funding and investment strategies to ensure that an appropriate contribution plan is in place. The Fund also monitors the funding position at the midway point between triennial valuations, which will be at 30 September 2023. The purpose of the funding update is to assess whether the funding plan is on track and take actions if necessary. A comparison of funding levels can be seen below:

Table 1 - Comparison of funding levels:

Ongoing funding basis	31 March 2019	31 March 2022
	£m	£m
Assets	733	920
Liabilities	1,054	1,149
Surplus/(deficit)	(321)	(229)
Funding level	70.0%	80.0%

Improvement to the funding position is mainly attributable to better than expected investment returns.

Investment Strategy Development & Performance Monitoring:

The Investment Strategy Statement (ISS) was updated on the 29 July 2020 to reflect the decisions and progression of the implementation of the investment strategy made by the Committee since its launch.

Following the 29 July 2020 meeting, the Committee considered and agreed further developments/implementation in the investment strategy at its meetings on the 1 October 2020, 16 March 2021, 20 July 2021 and 14 September 2021. Implementation of this ISS has largely been met with no significant movement during 2022/23.

Following the Fund's Actuarial Valuation as at March 2022 a review of the current ISS was carried out to ensure that it remained appropriate to meet its long term objectives, this being to ensure that the assets are invested to secure funding for member's benefits. Conclusion of the

review identified the need to shift towards “increased income” investments as part of any investment strategy changes. An outline of these considerations was presented to the Committee at its meeting on the 21 March 2023.

Following on from those discussions, the ISS will be presented to the Committee for ongoing updates during 2023 and beyond.

The Fund has continued to fund capital calls for the Private Debt and Infrastructure mandates during the year to 31 March 2023. Amounts paid and waiting to be called are as follows:

Table 2 – Capital Calls paid and outstanding

Investment Manager	Mandate	Amount Paid £000	Commitments outstanding* £000
Stafford II	Infrastructure	nil	2,803
Stafford IV	Infrastructure	8,092	10,671
LCIV Renewables	Infrastructure	2,591	16,482
Churchill II	Private Debt	1,250	1,483
Churchill IV	Private Debt	8,062	6,987
Permira PCS4	Private Debt	3,528	4,860
Permira PCS5	Private Debt	12,521	32,250
JP Morgan	Infrastructure	12,000	nil
Total		48,044	75,536

*Includes recallable income

Asset Allocations

The asset allocations as at 31 March 2023 are shown against the long-term target below together with individual fund manager benchmarks:

Table 3 – Asset Allocations

Asset Class		Target Allocation %	Actual Allocation 31 March 2023 %	Benchmark and Target
Equities		40.0	38.6	
Legal & General Investment Management (LGIM) Passive Global Equity	LCIV aligned	5.0	3.9	FTSE All World Equity Index
LGIM Passive Emerging Markets	LCIV aligned	5.0	4.1	FTSE World Emerging Markets
LGIM Future World Fund	LCIV aligned	10.0	10.5	FTSE AW ex CW Climate Balanced Factor Index
Baillie Gifford Global Alpha Paris Aligned Fund	LCIV	15.0	15.2	MSCI ACWI by 2- 3 % p.a. over a rolling 5 five year period Plus have a weighted average greenhouse gas intensity that is lower than MSCI ACWI EU Paris Aligned Requirement index
State Street Passive Equity Progressive Paris Aligned Fund (PEPPA)	LCIV	5.0	4.9	Developed EX-Korea Large Midcap Net Zero 2050 Paris aligned ESG Index
Multi-Asset		20.0	20.4	
Baillie Gifford (Diversified Growth Fund)	LCIV	7.5	7.4	Bank Base Rate +3.5%
Ruffer Absolute Return	LCIV	12.5	13.0	Preserve and grow capital (LIBOR +4% p.a.)
Real Asset		20.0	19.1	
UBS UK Property	Non LCIV	6.0	5.7	Match MSCI All Balanced Funds Weighted Average Index
CBRE Global Property	Non LCIV	4.0	3.9	CPI +5%% p.a. (net of fees)
Stafford II & IV Global Infrastructure	Non LCIV	3.5	4.1	CPI +5%% p.a. (net of fees)

Asset Class		Target Allocation %	Actual Allocation 31 March 2023 %	Benchmark and Target
JP Morgan Infrastructure	Nov LCIV	4.0	4.1	CPI +5%% p.a. (net of fees)
Renewable Energy Infrastructure	LCIV	2.5	1.3	CPI +5%% p.a. (net of fees)
Bonds and Cash		20.0	21.9	
Royal London Index Linked Bonds	Non LCIV	5.0	3.0	40% FTSE Index Linked over 5 Year index.
Royal London Multi Asset Credit	Non LCIV	7.5	6.8	<ul style="list-style-type: none"> • 50% ICE BAML, BB-B Index • 50% Credit Suisse US Leveraged Loan Index GBP Hedged
Churchill II & IV Private Debt	Non LCIV	3.0	4.1	Outperform cash + 4% p.a
Permira PCS4 & PCS5 - Private Debt	Non LCIV	4.5	4.9	Outperform cash + 4% p.a
Currency Hedging	Russell	0.0	0.1	Hedge 100% of EUR, USD and AUD currency (non-equity)
Cash	n/a	0.0	3.0	n/a
TOTAL		100.0	100.0	

Capital commitment calls will continue to be met during 2023/24 and beyond.

Overweight allocation to cash or asset allocations will be considered for reinvestment or settlement of capital calls.

In line with the ISS, when the Fund allocation deviates by 5 percentage points or more from the strategic allocation, the assets will be rebalanced back to within 2.5 percentage points of the strategic asset allocation.

As at 31 March 2023 the total value of assets with the London CIV is £373m which represents 42% of assets under direct management (2021/22 46%). The London CIV has a business arrangement with LGIM to deliver the passive global mandate; this can be classified as being held within the London CIV for pooling purposes so the allocation increases to £538m. Overall allocation to LCIV is 61% (2021/22 64%). Reduction relates to fall in market values and some asset allocation rebalancing.

The Fund will continue to have ongoing discussions with the London CIV to progress the transition of assets onto the London CIV platform in accordance with the Department of Levelling Up, Housing and Communities (DLUHC) timelines.

Fund Performance

The performance of the Fund is measured against a tactical and a strategic benchmark.

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. The strategic benchmark measures the extent to which the fund is meeting its longer term objective of reducing the funds deficit.

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 Fund uses the performance measurement services from Northern Trust, to provide comparative statistics on the performance of the Fund for its quarterly monitoring.

The overall net performance of the Fund as at 31 March 2023 against both benchmarks is shown below:

Table 4 – Fund Performance

	<u>1 year to</u> <u>31.03.23</u> %	<u>3 Years to</u> <u>31.03.23</u> %	<u>5 years to</u> <u>31.03.23</u> %
Fund Return	(3.59)	7.99	5.09
Tactical Benchmark	0.73	8.41	5.97
Performance	(4.32)	(0.42)	(0.89)
Fund Return	(3.59)	7.99	5.09
Strategic Benchmark	(24.53)	(5.67)	(1.31)
Performance	20.94	13.67	6.40

Source: Northern Trust

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

Investment Strategy - Climate Considerations:

The Committee recognises the long-term financial risks and opportunities presented by climate change and during 2021/22 had already taken steps to address climate risk in a number of ways, mainly moving some of its equity investments to low carbon aligned portfolios and commenced investing in renewable energy infrastructure. The Committee will continue to include climate considerations as part of investment decision making.

The Committee's Business Plan for 2022/23, agreed at its Pensions Committee meeting on the 15 March 2022, included the development of a broader climate risk management action plan. The progress made in developing this plan is outlined as follows:

- a. 26 July 2022 Pensions Committee meeting - the Committee received a presentation setting out the possible next steps in developing the Fund's plans for addressing climate risk within its portfolio. This plan will be used to establish a baseline position enabling the Fund to frame objectives and targets for change.
- b. 20 September 2022 Pension Committee meeting - the Committee was presented with a baseline assessment of several carbon metrics, which identified gaps in data and set out those asset types where data is harder to collect and measure. Assessing the Fund's current position against a series of standard metrics will address ongoing reporting requirements.
- c. 13 December 2022 Pensions Committee considered the indicative plans/actions and timescales in developing the Fund's plans for embedding climate risk management into the Fund.
- d. 6 March 2023 - An education session on climate metrics was delivered to the Committee, in preparation for the discussions on setting objectives and goals for inclusion in the climate risk policy.
- e. 21 March 2023 Pensions Committee discussed and agreed the draft outline of the Climate Risk Policy content and agreed to fully develop the policy, which is being presented at this committee meeting. The Policy will set out the Committee's approach to addressing climate related risks, its goals and any associated actions for delivery. The Committee will then monitor exposure to climate related risks within its portfolios on an annual basis

Comments on Fund performance from the Fund's Investment Advisors:

The overriding investment objective for the Fund is to support an affordable and stable level of contributions for the longer term.

The current funding approach implies a target investment return of 3.5% p.a. (as stated in the latest actuarial valuation date as at 31 March 2022). This target investment return is a slight increase from the 3.3% p.a. stated in the previous actuarial valuation (as at 31 March 2019).

Over the 12-month period to 31 March 2023, the Fund delivered negative returns in absolute terms and underperformed the tactical benchmark. However, over this period returns were comfortably ahead of the strategic benchmark. Over longer time periods of 3 years and 5 years to 31 March 2023 the Fund experienced strong asset growth, with investment performance returns of 8.0% p.a. and 5.1% p.a. respectively – marginally underperforming the tactical benchmark but comfortably ahead of the target investment return and strategic benchmark. Therefore, over longer time periods the Fund remains ahead of the longer term returns sufficient to support affordable and stable levels of contributions.

The negative investment performance (in absolute terms) over the 12-month period was primarily driven by the Fund's active equity, multi-asset credit and index-linked gilt allocations. High inflation and significant and rapid interest rate rises negatively impacted these allocations, causing valuations to fall.

The primary contributor to the Fund's underperformance relative to the tactical benchmark over the 12-month period was its multi-asset allocation. The multi-asset mandates have material exposure to global equity and credit markets, both of which underperformed the 'Cash Plus' style benchmark these mandates are measured against.

The Committee took further steps to develop the Fund's Climate Plan, building on the actions already taken to address climate risk. The Committee agreed key actions to embed climate risk management into the Fund's investment strategy over 2023, such as; completing a climate metrics baseline assessment of the Fund's existing investments, drafting and developing a climate risk management policy and agreeing a net zero target date (and the climate metrics to monitor progress towards this over time).

Implementation of the previously agreed changes in the investment strategy have continued over the year and have seen the allocation to the corporate bonds mandate wound down and a further allocation to private debt added in order to maintain the Fund's strategic benchmark allocation.

Additionally, towards the end of the Fund year (following the Fund's 2022 actuarial valuation) the Committee agreed some changes to the Fund's investment strategy in order to further improve the efficiency of the strategy and aim to capture investment opportunities. The

Committee agreed to fully disinvest from the LCIV Diversified Growth Fund and, as an interim step, invest the proceeds with a further 2.5% to infrastructure and 5.0% to a new investment grade credit allocation. When deemed appropriate, the Committee have agreed that the 5.0% credit allocation be transferred to a longer-term target increase in multi-asset credit and private debt – with a 2.5% increase to each allocation. Implementation of these changes will begin during the 23/24 Fund year.

Due to a change in guidance, the Committee reviewed the reporting arrangements back in June 2017 and agreed that only one fund manager will attend each Committee meeting, unless performance concerns override this. Managers in the London CIV sub funds are now monitored by them and the London CIV produce quarterly monitoring reports, which are distributed to the Committee.

Cyclical coverage of manager monitoring is set out in **Annex B**.

INTERNAL & EXTERNAL RESOURCES

Investment strategy and performance monitoring of the Fund is a matter for the Committee which obtains and considers advice from the Authority and onsource officers, and as necessary from the Fund's appointed professional adviser, actuary and performance measurers who attend meetings as and when required.

Following the outcome of the Local Elections in May 2022, new committee members were appointed to the Pensions Committee, which reflects the political balance of the Council. The structure of the Committee (those responsible for decision making during the year to 31 March 2023, are as follows:

Labour Group

Cllr Mandy Anderson (Chair)

*Cllr Matthew Stanton (up until December 2022)

Conservative Group:

Cllr Robert Benham

Cllr Dilip Patel

Cllr Viddy Persaud

Havering Residents' Group

Cllr Julie Wilkes

Cllr Philip Ruck (Vice-Chair)

*Cllr James Glass (from December 2022)

Other

Union Members (Non-voting) x 2 - Derek Scott (Unison) and Vacant (GMB)

Admitted/Scheduled Body Representative (voting) (currently vacant)

*Due to a Councillor changing political parties an adjustment was made to the political allocation of representatives who sit on the Pensions Committee from December 2022. This resulted in the Labour Group losing one seat (Cllr Matthew Stanton) and the Havering Residents Group gaining one seat (Cllr James Glass).

Day to day management of the Fund is delegated to the authority's statutory section 151 officer/Chief Operating Officer and delivered via oneSource (shared service arrangement between London Borough of Havering and Newham).

From 1 November 2017, the London Borough of Havering delegated the pension administration service to Lancashire County Council (LCC) who has engaged the Local Pension Partnership Administration (LPPA) to undertake their pension's administration.

The Pensions Committee is supported by the Administrating Authority's Finance and Administration Services (oneSource) and the associated costs are reimbursed to the Administrating Authority by the Fund.

Estimated costs for the forthcoming three years for Administration, Investment Management expenses and Governance & Oversight follow in this report.

Pensions Administration - The LPPA is responsible for all aspects of the Fund administration including calculating benefits, processing joiners and leavers, record amendments, end of year returns, monitoring and administration of the Authority's Additional Voluntary Contributions (AVC) scheme. LPPA engagement team is responsible for communications and training for Scheme employers and pension scheme members.

At a Pensions Committee meeting held on the 21 March 2023, members reviewed and agreed the 2023/24 budget for the Pensions Administration contract.

Pensions Administration also includes a post for the Projects and Contracts Manager who monitors the pension's administration contract and ad hoc projects.

The financial information can be seen in Financial Estimates section.

Accountancy and Investment support - The Pensions and Treasury team within the oneSource Finance Service supports the Pension Fund and consists of an establishment of 2.4 full time equivalent posts (3 officers). They ensure that members of the committee receive advice on investment strategy and monitoring of the managers. The team also reviews management arrangements and other issues as appropriate, as well as accounting for the activities of the Fund.

As part of the succession planning two graduates, on a six monthly rotation, were introduced into the section during 2022/23.

FINANCIAL ESTIMATES

The financial accounts of the Havering Pension Fund for 2022/23 is included in the formal Annual Report of the Fund itself and not included here. The Annual Report is prepared later in the year when the pension fund accounts have been finalised.

In line with the Chartered Institute of Public Finance & Accountancy (CIPFA) LGPS Management Costs guidance, Management costs are shown split between three cost categories as follows:

1. Administrative Expenses

Includes all staff costs associated with Pensions Administration, including Payroll.

	2021/22 Actual £000	2022/23 Estimate £000	2022/23 Actual £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Administration & Processing*	674	745	728	735	735	735
Other Fees (Levies)	8	10	8	10	10	10
Other Costs (Interest)	27	20	70	30	30	30
Income	0	0	(79)	0	0	0
TOTAL	709	775	727	775	775	775

Please note the following regarding the above figures:

- Administration & processing costs include the Pension Administration Contract LPPA, Project & Contract manager, payroll & legal charges and ad hoc project costs.
- 2022/23 increase in interest payments reflects the late processing of pension payments whilst our administrator LPPA undertook transition of data to their new system and an increase in interest rates
- 2022/23 Income relates to a one-off exercise to clear down income held in the balance sheet in relation to pension recoveries. Future income will offset payments to pension benefits.
- No allowances for inflation after 2023/24

2. Investment Management expenses

These costs will include any expenses incurred in relation to the management of Fund assets.

Fees are calculated based on market values under management and therefore increase or reduce as the value of investments change.

	2021/22 Actual £000	2022/23 Estimate £000	2022/23 Actual £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Fund Manager Fees	3,954	3,500	4,109	4,000	4,000	4,000
Performance Related Fees	117	120	121	120	120	120
Transaction costs	97	80	310	300	300	300
Custodian Fees	42	40	42	40	40	40
Performance Measurement services	31	35	36	35	35	35
Other Investment Fees	0	15	10	15	15	15
TOTAL	4,241	3,790	4,628	4,510	4,510	4,510

Please note the following regarding the above figures:

- Fund Manager Fees are charged according to the fund value; therefore, an average figure from the last two years has been applied for estimates 2023/24 onwards
- Transaction costs include costs newly identified as transaction costs

3. Governance and Oversight

This category captures all costs that fall outside the above two categories and include legal, advisory, actuarial and training costs. Staff costs associated with the financial reporting and support services to the Committee is included here.

	2021/22 Actual £000	2022/23 Estimate £000	2022/23 Actual £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Financial Services	178	165	210	220	220	220
Actuarial Fees	19	100	130	25	25	25
Audit Fees	78	60	(14)	60	60	60
Member Training (inc. LPB)	1	10	3	10	10	10
Advisor Fees	72	75	86	75	75	75
London CIV	119	120	118	120	120	120
Local Pension Board	3	5	4	5	5	5
Pensions Committee	35	35	33	35	35	35
Other Fees	19	5	1	5	5	5
TOTAL	524	575	585	555	555	555

Please note the following regarding the above figures:

- Work on the 2022 valuation was undertaken in 2022/23 – higher actuarial costs during a valuation year is expected.
- 2022/23 credit on audit fees relates to a prior year accrual not offset by invoice due in following year. Incompletion of prior year audits causing delays for accurately predicating audit fees. Audit fees subject to approval by Public Sector Audit Appointments (PSAA).

	2021/22 Actual £000	2022/23 Estimate £000	2022/23 Actual £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
OVERALL MANAGEMENT TOTAL	5,474	5,140	5,940	5,840	5,840	5,840

MAJOR MILESTONES & ISSUES CONSIDERED/TO BE CONSIDERED

Pension Committee meetings 2022/23

The Committee met a number of times during 2022/23 and **Annex A** sets out the coverage of matters considered and members in attendance.

Timetables are indicative and some reports may be rescheduled to an alternative date to avoid overloading content at meetings.

Annex A has been compared against the indicative work plan set for 2021/22 to demonstrate what was achieved and is set out below:

Planned Work	Achieved	Additional work to business plan	Comments
15 March 22*			
Overall Monitoring Report on Pension Fund to end of Dec 21 (Royal London)	Yes		
Business Plan/Report on the work of the Pensions Committee 2021/22	Yes		
GAD Section 13 results	Yes		
		Agreed Pensions Administration Budget 2022/23 and noted changes to Service Level Agreement	Not scheduled but as this has been submitted annually will be future Business Plan
26 July 22			
Overall Monitoring Report on Pension Fund to end of Mar 22 Russell (Currency)	Yes		
Pension Fund Accounts 2021/22	Yes		
Climate Plan and ISS Update	Yes		
TCFD reporting	Yes		
20 September 22			
Overall Monitoring Report on Pension Fund to end of Jun 22: UBS (Property)	Yes		
Pension Fund Annual Report for 2021/22	Yes		Presented at Nov meeting
Review Emerging Markets Equity Investing	No		Report not needed - deferred to 2023/24

		Agreed further steps required for progressing with development of a Climate Risk Plan	
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Planned work	Achieved	Additional work to business plan	Comments
8 November 22			
Annual review of Custodian	Yes		21 Mar meeting
Annual review of Adviser	Yes		13 Dec meeting
Annual review of Actuary	Yes		
Review of Governance Policy	Yes		
Whistleblowing Annual Assessment	Yes		
Risk Register Review	Yes		3 Dec meeting
Data Improvement Plan Review	No		Not due for review
Overpayment policy following Death	Yes		21 Mar meeting
Funding Strategy Statement Update	Yes		
13 December 22			
Overall Monitoring Report on Pension Fund to end of Sep 22: Stafford (Infrastructure)	Yes		
Good Governance review - outcomes and implementation planning	No		Report was dependent on receiving guidance from DLUHC - will roll forward to 2023/24
TPR New Code of Practice	No		Report was dependent on new code being issues – will roll forward to 2023/24
Annual review of Fund Managers Voting & Engagement	Yes		21 March meeting
		Local Pension Board Annual Report	This is annual so will be added to future work plans

Planned work	Achieved	Additional work to business plan	Comments
21 March 23			
Overall Monitoring Report on Pension Fund to end of Dec 22: Churchill (Private Debt)	Yes		Met with JP Morgan – officer changed FM in error
2022 Valuation results	Yes		
Investment Strategy Statement Review	Yes		Not the ISS but investment strategy proposals
		Discussed and agreed the outline structure and content of Draft Climate Risk Policy	
		Agreed the Pensions Administration Budget 2023/24	Not scheduled will add to work plan
		Agreed Admission to the fund: Mears Group – Housing Repairs May Harris – cleaning Whybridge School Kindred FM – Cleaning Broadford School	Not possible to predict when new employers will join so won't be scheduled as part of the business plan

- *please note that previous business plan excluded this meeting due to earlier production of the report, in order to meet reporting requirements prior to the local election in May 22

PENSION COMMITTEE MEETINGS 2022/23

ANNEX A

Date	Good Governance Framework category		Topic	Attended By	Duration of meeting
15 Mar 22*	Governance	Service Delivery- Budgets	Agreed Pensions Administration Budget 2022/23 and noted changes to Service Level Agreement	Cllr John Crowder (Chair) Cllr Osman Dervish Cllr Stephanie Nunn	2 hours 10 minutes
	Governance	Service Delivery - Business Planning	Agreed the rolling 2022/23 – 2024/25 Business Plan/Annual Report on the work of the Pensions Committee and agreed additional resources for Pensions Administration		
	Investment	Monitoring of Investments	Noted the Pension Fund Performance Monitoring report for the quarter ending 31 December 22, received presentations from the Fund’s Bond Manager Royal London		
	Funding	Actuarial Valuations	Noted the results of Public Service Pension Act 2013 – Section 13 report for 2019 Fund Valuations		
26 Jul 22	Investment	Monitoring of Investments	Noted the Pension Fund Performance Monitoring Report for quarter ending March 22: received presentations from the Fund’s Currency Hedging Manager Russell	Cllr Mandy Anderson (Chair) Cllr Viddy Persaud Cllr Dilip Patel Cllr Julie Wilkes Cllr Matthew Stanton Derek Scott (Trade Union Rep)	2 hours 25 minutes
	Accounting	Annual Report & Accounts	Noted Pension Fund Accounts 2021/22		
	Investment	Responsible Investment	Agreed the next steps required for progressing with development of a Climate Risk Plan		
	Investment	Responsible Investment	Agreed Taskforce for Climate , related Financial Disclosures (TCFD) report for 31 March 22		

PENSION COMMITTEE MEETINGS 2022/23

ANNEX A

Date	Good Governance Framework category		Topic	Attended By	Duration of meeting
20 Sep 22	Investment	Monitoring of Investments	Noted the Pension Fund Performance Monitoring Report for quarter ending 30 June 22: received presentations from the Fund's Property Manager UBS	Cllr Mandy Anderson (Chair) Cllr Robert Benham Cllr Viddy Persaud Cllr Julie Wilkes Cllr Matthew Stanton	1 hour 25 minutes
	Investment	Responsible Investment	Agreed further steps required for progressing with development of a Climate Risk Plan		
8 Nov 22	Governance	Review of Effectiveness	Noted Annual review of Actuary & agreed contract extension to July 2025	Cllr Mandy Anderson (Chair) Cllr Robert Benham Cllr Viddy Persaud Cllr Dilip Patel Cllr Julie Wilkes Cllr Matthew Stanton Derek Scott (Trade Union Rep)	1 hour
	Governance	Policy Review	Agreed Governance Policy & Compliance Statement following review		
	Accounting	Annual Report & Accounts	Agreed the Pension Fund Annual Report 31 March 22		
	Governance	Breaches	Noted the results of Whistleblowing Annual Assessment and noted no possible breaches reported		
	Funding	Policy	Agreed the Draft Funding Strategy Statement 2022 for consultation		
13 Dec 22	Investment	Monitoring of Investments	Noted the Pension Fund Performance Monitoring Report for quarter ending 30 September 22: received presentations from the Fund's Infrastructure Manager Stafford	Cllr Mandy Anderson (Chair) Cllr Philip Ruck (Vice chair) Cllr Viddy Persaud Cllr Dilip Patel Cllr Julie Wilkes	1 hour 50 minutes
	Governance	Review of Effectiveness	Noted Annual review of Investment Consultant		
	Investment	Responsible Investment	Agreed further steps required for progressing with development of a Climate Risk Plan		
	Investment	Risk Management	Agreed updated Risk Register		

PENSION COMMITTEE MEETINGS 2022/23

ANNEX A

Date	Good Governance Framework category		Topic	Attended By	Duration of meeting
	Accounting	Annual Report & Accounts	Noted Local Pension Board Annual Report 31 March 2022		
21 Mar 23	Investment	Monitoring of Investments	Noted the Pension Fund Performance Monitoring Report for quarter ending 31 December 2022: received presentations from the Fund's Infrastructure Manager JP Morgan	Cllr Mandy Anderson (Chair) Cllr Philip Ruck (Vice- Chair) Cllr Dilip Patel Cllr Viddy Persaud Cllr Julie Wilkes Cllr James Glass Derek Scott (Trade Union Rep)	2 hours 35 minutes
	Funding	Actuarial Valuations	Noted the 2022 Valuation results		
	Investment	Strategy Review	Agreed proposed changes to Investment Strategy		
	Investment	Responsible Investment	Discussed and agreed the outline structure and content of Draft Climate Risk Policy		
	Pension Administration	Processes	Agreed the continuation of the Policy for the overpayment of pensions following death		
	Governance	Service Delivery - Budgets	Agreed the Pensions Administration Budget 2023/24		
	Investment	Responsible Investment	Noted the Review of Voting & Engagement Activity for the year to June 22		
	Governance	Review of Effectiveness	Noted Service review of the Pension Fund Custodian for the year to September 2022		
	Funding	New Employer	Agreed Admission to the fund: Mears Group – Housing Repairs May Harris – cleaning Whybridge School Kindred FM – Cleaning Broadford School		

- *please note that previous business plan excluded this meeting due to earlier production of the report, in order to meet reporting requirements prior to the local election in May 22
- Three members constitute a quorum.
- Target dates for issuing agendas were met.

Pension Committee meetings 2023/24 and onwards

To assist members to make effective decisions, the Business Plan sets out an indicative timetable for reports to be submitted to the committee which will cover cyclical reports, as shown in **Annex B**.

In addition to the annual cyclical work programme there are a number of key issues that are likely to be considered by the Pensions Committee in the coming year and beyond and will be added to the meeting cycle as appropriate and are set out below:

- Continued development of Climate Risk Policy – setting objectives, approach, implementation and monitoring/ reporting
- Task Force on Climate Related Financial Disclosures (TCFD) reporting compliance
- Implementation of the interim and long-term Investment
- Consider Local investment (ongoing considerations at present)
- Potential consideration of Private Equity investment (consider alongside local investment)
- London CIV Pooling progression/Continued consideration of transfer of assets to the London CIV (particularly Multi Asset Credit, Index linked assets)
- Equity portfolio review – including review of emerging market allocation and reflecting net-zero related commitments
- Climate related engagement
- Annual Governance review of London CIV
- Consideration of reallocating into Private Debt/Infrastructure close ended funds
- Planning for Hymans/SAB Good Governance guidance compliance - once guidance is issued
- Planning for TPR New Code of practice compliance once issued
- New training policy to reflect Good Governance and TPR compliance
- Administration issues i.e. ongoing work associated with the McCloud ruling – readiness for Pensions Dashboard
- New Employer admissions
- Covenant Risk Review
- SAB developments
- Consideration of LGPS Regulation changes and consequential policy, as applicable
- Topical issues discussed as appropriate
- Continued training and development and Launch of LOLA v2.0

KEY REPORTING DATES / INDICATIVE WORK PLAN 2023/24

ANNEX B

	25 JULY 2023	12 SEPTEMBER 2023	7 NOVEMBER 2023	12 DECEMBER 2023	19 MARCH 2024
Formal Committees with Members	<ul style="list-style-type: none"> ▪ Overall Monitoring Report on Pension Fund to end of Mar 23: LCIV (pooling manager) ▪ Pension Fund Accounts 2022/23 ▪ Climate Risk Policy ▪ ISS Update ▪ Business Plan/Report on the work of the Pensions Committee 2022/23 	<ul style="list-style-type: none"> ▪ Overall Monitoring Report on Pension Fund to end of Jun 23: Churchill (Private Debt) ▪ Pension Fund Annual Report for 2022/23 ▪ Climate risk policy – implementation plan 	<ul style="list-style-type: none"> ▪ Annual review of Custodian ▪ Annual review of Adviser ▪ Annual review of Actuary ▪ Review of Governance Policy ▪ Whistleblowing Annual Assessment ▪ Risk Register Review ▪ Overpayment policy following Death ▪ FSS review ▪ Cash Policy Review 	<ul style="list-style-type: none"> ▪ Overall Monitoring Report on Pension Fund to end of Sep 23: CBRE (Property) ▪ Annual review of Fund Managers Voting & Engagement ▪ TCFD report 2022/23 ▪ Triennial mid-point valuation ▪ Local Pension Board Annual Report 31 March 23 	<ul style="list-style-type: none"> ▪ Overall Monitoring Report on Pension Fund to end of Dec 23: Permira (Private Debt) ▪ Pensions Administration Budget 24/25
Training	Associated Training	Associated Training	Associated Training	Associated Training	Associated Training

KEY REPORTING DATES / WORK PLAN 2024/25

	JULY 2024	SEPTEMBER 2024	NOVEMBER 2024	DECEMBER 2024	MARCH 2025
Formal Committees with Members	<ul style="list-style-type: none"> ▪ Overall Monitoring Report on Pension Fund to end of March 24: LGIM Passive Equities) ▪ Business Plan/Report on the work of the Pensions Committee 2023/24 ▪ Pension Fund Accounts 2023/24 	<ul style="list-style-type: none"> ▪ Overall Monitoring Report on Pension Fund to end of June 24 – Royal London (Bonds) ▪ Pension Fund Annual Report for 2023/24 	<ul style="list-style-type: none"> ▪ Annual review of Custodian ▪ Annual review of Adviser ▪ Annual review of Actuary ▪ Review of Governance Policy ▪ Whistleblowing Annual Assessment ▪ Risk Register Review ▪ Overpayment policy following Death ▪ Communications Strategy 2024 – 2027 ▪ Pension Fund charging Policy Review 	<ul style="list-style-type: none"> ▪ Overall Monitoring Report on Pension Fund to end of September 24 ▪ Russell (Currency) ▪ Annual review of Fund Managers Voting & Engagement ▪ TCFD report 2023/24 ▪ Local Pension Board Annual Report 31 March 24 	<ul style="list-style-type: none"> ▪ Overall Monitoring Report on Pension Fund to end of December 24: UBS (Property). • Pensions Administration Budget 24/25
Training	Associated Training	Associated Training	Associated Training	Associated Training	Associated Training

KEY REPORTING DATES / WORK PLAN 2025/26

	JULY 2025	SEPTEMBER 2025	NOVEMBER 2025	DECEMBER 2025	MARCH 2026
Formal Committees with Members	<ul style="list-style-type: none"> ▪ Overall Monitoring Report on Pension Fund to end of March 25: Stafford (Infrastructure) ▪ Business Plan/Report on the work of the Pensions Committee 2024/25 ▪ Pension Fund Accounts 2024/25 	<ul style="list-style-type: none"> ▪ Overall Monitoring Report on Pension Fund to end of June 25 – Churchill (Private Debt) (Bonds) ▪ Pension Fund Annual Report for 2024/25 	<ul style="list-style-type: none"> ▪ Annual review of Custodian ▪ Annual review of Adviser ▪ Annual review of Actuary ▪ Review of Governance Policy ▪ Whistleblowing Annual Assessment ▪ Risk Register Review ▪ Pensions Administration Strategy Review ▪ Overpayment policy following Death 	<ul style="list-style-type: none"> ▪ Overall Monitoring Report on Pension Fund to end of September 25 CBRE (Property) ▪ Annual review of Fund Managers Voting & Engagement ▪ TCFD report 2024/25 ▪ Local Pension Board Annual Report 31 March 25 	<ul style="list-style-type: none"> ▪ Overall Monitoring Report on Pension Fund to end of December 25: LCIV (Asset Pooling) • Pensions Administration Budget 25/26
Training	Associated Training	Associated Training	Associated Training	Associated Training	Associated Training

PROVISION OF TRAINING

The Pensions Regulator (TPR) Code of Practice, which came into force on 1 April 2015, includes a requirement for members of the Pension Committee (PC) /Local Pension Board (LPB) to demonstrate that they have an appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Committee/LPB.

A joint training strategy for the PC/LPB was agreed by the Pensions Committee on the 24 November 2015 and presented to the Local Pension Board at its meeting on the 6 January 2016. The Training Strategy will be reviewed once guidance has been issued for the anticipated Good Governance Review and TPR New Code of Practice.

The PC of the London Borough of Havering Pension Fund fully supports the intentions behind CIPFA's Knowledge and Skills Code of Practice and has agreed to formally adopt its principles. The updated June 2021 Knowledge and Skills framework for committee members was adopted as part of the training programme following the Local Borough elections in May 2022.

As set out in the Council's constitution, committee procedure rules, a member appointed to the PC shall have received, or shall within six months of appointment receive, training appropriate to its membership. If a member does not undertake the required training within six months of appointment, then that member shall not partake in the decision making of the Committee until their training has been completed. Long membership of the committee is encouraged in order to ensure that expertise is developed and maintained within. The Council recommend that the membership of the Pension Committee remain static for the life of the term in Council, unless exceptional circumstances require a change.

Maintaining expertise, experience and knowledge is a key focus for the committee in order to meet the "qualitative test" under Markets in Financial Instrument Directive (MiFID 11). Firms will undertake an assessment of the expertise, experience and knowledge of the local authority and its pension fund committee in order to be reasonably assured that they are capable of making their own investment decisions and have an understanding of the risks involved before a firm will permit election to professional status. All requests for election have been granted for existing investment service providers.

A training budget has been agreed for the provision of training for £10,000 but this will be re-evaluated as appropriate. Training costs will be met from the Pension Fund.

The majority of training and development is cyclical in nature, spanning the four-year membership of the PC. Associated training and development will be given when required which will be linked to the Pension Fund meeting cyclical coverage as shown in **Annex B**.

In addition to the cyclical training and development that the PC will have over the lifetime of their membership, training will be provided in the areas where it has been specifically requested or has been identified as required. Special PC meetings will be arranged from time to time to discuss matters as appropriate

The Fund encourages use of the three-day training courses offered by the Local Government Employers which is specially targeted at elected members with Pension Fund responsibilities. All new members are encouraged and given the opportunity to attend.

Members receive briefings and advice from the Fund's Investment adviser at each Committee meeting.

Members and Officers also attend seminars arranged by Fund Managers or other third parties who specialise in public sector pensions.

The Fund is a member of the CIPFA Pensions network, which gives access to an extensive programme of events, training/workshops, newsletters and documentation, including briefing notes on the latest topical issues.

The Head of Pensions and Treasury, Projects and Contracts Manager, Pension Fund Manager (Finance) and /or Accountant also attends quarterly forum meetings with peers from other London Boroughs; this gives access to extensive opportunities of knowledge sharing and benchmarking data.

Officers within onsource Pensions teams also benefit from sharing of best practice

The London CIV runs periodic seminars to aid Officer and Committee member development.

Training and development took place during 2022/23 to ensure that Members of the Committee were fully briefed in the decisions they were taking.

Training logs are maintained and attendance and coverage can be found in **Annex C**. Training will be recorded following the May 2022 elections to demonstrate continuous development and training during their full term of elected office on the PC.

The Pensions Regulator has launched an e-learning programme and this has been made available for members of the PC and LPB to use.

The Fund has also subscribed to the LGPS Online Learning Academy (LOLA) Launched by our Actuaries (Hymans). This is an online platform designed to support the training needs of PC, LPB and Officers. The training is split into a number of modules covering the CIPFA Knowledge & Skills Framework and TPR's Code of Practice 14. Each module contains short 'video on demand' presentations of 20 minutes or less with supplemental learning materials and quizzes.

The Fund receives regular progress reports, allowing it to easily evidence member's development and progress as at 31 March 2023 can be seen in the table below:

LOLA Modules Summary						Annex C
Name	Module 1 Introduction to the LGPS	Module 2 LGPS Governance & Oversight Bodies	Module 3 Administration & Fund Management	Module 4 Funding & Actuarial Matters	Module 5 Investments	Module 6 Current Issues
Pensions Committee						
Cllr Mandy Anderson	Complete	Complete	Complete	Complete	Complete	Complete
Cllr Robert Benham	In progress					
Cllr Dilip Patel	Complete	Complete				
Cllr Viddy Persaud	Complete	Complete	Complete	Complete	Complete	In progress
Cllr Philip Ruck	Complete	Complete	Complete	Complete	Complete	Complete
Cllr Matthew Stanton	Complete	Complete	Complete	Complete	Complete	Complete
Cllr Julie Wilkes	Complete	Complete	Complete	Complete	Complete	Complete
Cllr James Glass	Complete	Complete	Complete	Complete	Complete	Complete
Derek Scott	Complete	Complete	Complete	Complete	Complete	Complete
Local Pensions Board						
Andrew Frater	Complete	Complete	Complete	Complete	Complete	Complete
Denise Broom	In progress					
Dionne Weeks	Complete	In progress				
Joanne Sladden	Complete	Complete	In progress			
Mark Holder	Complete	Complete	Complete	Complete	Complete	
Yasmin Ramjohn	Complete	Complete	Complete	Complete		

PENSION COMMITTEE TRAINING (May 2022 Election – 31 March 2023)

Annex C

Date	Good Governance/CIPFA Framework category		Topic	Attended By	Duration
23 Jun 2022	Guidance	Training	Introduction to Pensions	Cllr Mandy Anderson (Chair)	1 hour
11 Jul 2022	Guidance	Training	LCIV Induction for new Pension Committee Chairs	Cllr Mandy Anderson (Chair)	1 hour
19 Jul 2022	Guidance	Training	New Pension Committee induction	Cllr Mandy Anderson (Chair) Cllr Dilip Patel Cllr Viddy Persaud Cllr Julie Wilkes Cllr Philip Ruck Cllr Matthew Stanton	1 hour 30 mins
5/6 Sept 2022	Investment	Strategy Implementation – Asset pooling	LCIV Annual Strategy Conference	Cllr Mandy Anderson (Chair) Derek Scott (Union Rep)	12 hours
20 Oct 2022	Guidance	Training	LGA Fundamentals Day 1	Cllr Mandy Anderson (Chair)	7 hours
10 Nov 2022	Guidance	Training	LGA Fundamentals Day 2	Cllr Mandy Anderson (Chair)	7 Hours
5 Dec 2022	Funding	Actuarial Valuations	2022 Valuation results	Cllr Julie Wilkes Cllr Viddy Persaud Derek Scott (Union Rep)	2 hours
15 Dec 2022	Guidance	Training	New member induction	Cllr James Glass	1 hour
19/20 Jan 2023	Guidance	Training	Local Government Conference 2023	Cllr Mandy Anderson (Chair) Derek Scott (Union Rep)	12 hours
6 Mar 2023	Investment	Responsible Investment	Education session on Climate Metrics	Cllr Mandy Anderson (Chair) Cllr Philip Ruck Cllr Viddy Persaud Cllr Stephanie Nunn Derek Scott (Union Rep)	1 hour

PENSION COMMITTEE TRAINING (May 2022 Election – 31 March 2023)

Annex C

Date	Good Governance/CIPFA Framework category	Topic	Attended By	Duration
Plus Committee meeting attendance (Annex A):				
15 Mar 22*			Cllr John Crowder (Chair) Cllr Osman Dervish Cllr Stephanie Nunn	2 hours 10 minutes
26 Jul 22			Cllr Mandy Anderson (Chair) Cllr Viddy Persaud Cllr Dilip Patel Cllr Julie Wilkes Cllr Matthew Stanton Derek Scott	2 hours 25 minutes
20 Sep 22			Cllr Mandy Anderson (Chair) Cllr Robert Benham Cllr Viddy Persaud Cllr Julie Wilkes Cllr Matthew Stanton	1 hour 25 minutes
8 Nov 22			Cllr Mandy Anderson (Chair) Cllr Robert Benham Cllr Viddy Persaud Cllr Dilip Patel Cllr Julie Wilkes Cllr Matthew Stanton Derek Scott	1 hour
13 Dec 22			Cllr Mandy Anderson (Chair) Cllr Philip Ruck (Vice chair) Cllr Viddy Persaud Cllr Dilip Patel Cllr Julie Wilkes	1 hour 50 minutes

PENSION COMMITTEE TRAINING (May 2022 Election – 31 March 2023)

Annex C

Date	Good Governance/CIPFA Framework category	Topic	Attended By	Duration
21 Mar 23			Cllr Mandy Anderson (Chair) Cllr Philip Ruck (Vice- Chair) Cllr Dilip Patel Cllr Viddy Persaud Cllr Julie Wilkes Cllr James Glass Derek Scott	2 hours 35 minutes