



LOCAL PENSIONS BOARD

4 March 2026

Subject Heading:

Review of Pension Committee Papers

SLT Lead:

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Report Author and contact details:

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Policy context:

Oversight and Scrutiny with respect to decisions taken by the Pension Committee

Financial summary:

None directly

SUMMARY

The Pension Board is invited to note the reports from the Pension Committee meetings held on the 10 December 2024 and 18 March 2025.

Reports presented to Pensions Committee provides evidence to the Board as to the Fund's compliance with scheme regulations relating to the governance and administration of the scheme.

RECOMMENDATIONS

1. To note the report.

REPORT DETAIL

1. Background

The papers from the most recent Pension Committee meeting are available online on the council's website: [Pensions Committee 10 December 2024](#) and [Pensions Committee 18 March 2025](#) with the exception of exempt papers, which can be made available on request. **Highlights of all papers are covered below:**

2. 10 December 2024 (5 reports):

2.1 Pension Fund Performance Monitoring for the quarter ending 30 September 2024 (Agenda Item 6).

(a) Report presented to Pensions Committee provides evidence to the Board as to the Fund's compliance with scheme regulations relating to the governance and administration of the scheme and to provide assurances that its monitoring processes are in line with TPR best practice.

(b) *TPR Best practice includes:*

Having procedures in place to monitor their scheme's investments and performance:

- these procedures should compare investment performance against the stated investment principles at least quarterly*
- these procedures should consider fees and costs and whether they are justified*
- these procedures should consider investment returns both before and after fees, and against relevant benchmarks*
- these procedures should consider fees and costs and whether they are justified*

Set expectations for their investment managers to:

- ensure monitoring information is prepared and considered at least quarterly and at shorter intervals as appropriate for the size and complexity of your scheme*
- compare net investment returns to any relevant market or industry benchmarks*
- consider environmental, social and governance (ESG) factors, including shareholder engagement,*

(c) The following is a summary of evidence to support the above:

(d) The Committee considered the quarterly investment performance of the Fund covering the quarter as at 30 September 2024.

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- (e) The Fund's asset value at 30 Sept 2024 was £998.5m compared with £983.70m at 30 June 2024; an increase of £14.8m. This movement is attributable to an increase in asset values £5.9m and increase in cash & currency £8.9m.
- (f) The Fund has appointed Northern Trust (NT) as the Fund's custodian and performance measurer. They produce both monthly and quarterly performance reports showing returns against the tactical benchmark (set for each fund manager) and strategic benchmarks (used to assess the expected fund liabilities and gives an indication of whether the funding level has improved or weakened).
- (g) The Fund's performance of 1.5% was marginally behind the tactical benchmark at -0.2% and marginally behind the strategic benchmark over the quarter by -0.3% and outperformed the benchmark over the 3-year period by 12.0%.
- (h) The NT performance reports are used by our Investment Advisor (Hymans) and feeds into their quarterly monitoring reports, where performance is also compared against the strategy targets. Hymans report, pages 17-28 refer. Full details of the Fund's asset allocation and individual manager performance are included within the committee papers pack - Appendix A.
- (i) Hymans attend the Pensions Committee quarterly to present their report and this report also provides an overview of markets and any impacts this has had on performance. In advance of the committee meeting they are sent the presentation pack of the fund manager attending in order to prepare questions and challenges to the fund manager. Hymans will also highlight any performance concerns to the committee and offer advice if any further actions are necessary
- (j) At each reporting cycle meeting the committee will invite a fund manager to attend the meeting. The manager who attended the meeting was **UBS – UK Property Manager**. They manage the **Triton Property Fund**. UBS report (exempt) has been separately distributed to Board members on the 4 February 2025.
- (k) Total Value of UBS Triton Fund is £50m. The fund outperformed its benchmark over the quarter by 0.9%, underperformed by -1.9% over the last 12 months and outperformed over 3 years by 0.3%.
- (l) Fund Performance driven by sector strategy. Main attribution came from Industrials and worst performance came from Offices.
- (m) The Fund Manager also reported its ESG programme.
- (n) **London CIV**
The Funds holds 59% of its assets within the London Collective Investment Vehicle (LCIV), five mandates directly managed by LCIV (40%) and three indirectly managed by Legal & General (19%). The governance of

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investments held within LCIV is their responsibility but it is crucial that the Fund has assurances that the governance arrangements are robust and regular communication and contact is maintained.

- (o) LCIV produce Quarterly Investment reports, which includes an Investment Summary with valuation and performance data for each of our holdings and an update on activities at London CIV, a market update and Fund commentary from the London CIV Investment Team as well as key portfolio data and a summary of ESG activity during the quarter.
- (p) The Fund receives monthly transactions and investment statements from the LCIV custodian which are used to reconcile against the Funds custodian reports.
- (q) The LCIV hosts Virtual weekly “coffee with the Chief Investment Officer (CIO). Opportunity to share news or in-depth discussions on a fund manager or asset classes. Attended by Officers, recordings available.
- (r) LCIV also hosts monthly business update meetings, which include updates from LCIV Chief Officers and includes covering current fund offerings, fund performance; fund updates (including those funds for which enhanced monitoring is in place) and the pipeline for new fund launches. In addition, relevant topical issues are included as appropriate. Attended by Officers, recordings available.
- (s) All Havering investments funds are on ‘normal’ monitoring status.
- (t) In depth reviews are held annually unless there are concerns about performance whereby the reporting cycle is reduced to six months, Closer six monthly monitoring is in place for the Absolute Return Fund, in which Havering invests.
- (u) Two Investor Update meetings covering LCIV Global Bond Fund and LCIV Global Alpha Paris Aligned Fund were held during November. LCIV use traffic light for rating the managers and these scores was explained during the meeting as well as any concerns.
- (v) There were some staffing changes reported to the committee:
 - **Brian Lee**, Chief Financial Officer at the Company will be leaving at the end of October.
 - **Darren Gray** has been appointed as Interim Finance Director whilst the recruitment process is ongoing.
 - **Cameron McMullen**, Client Relations Team Manager will be leaving on the 07 November 2024.
 - **Sian Kunert**, Client Relations Manager joins LCIV from East Sussex County Council in January 2025,
 - **Tim Mpofo**, currently Head of Pensions and Treasury at the London Borough of Haringey will be joining London CIV in January 2025, in the newly-created role Head of Partner Fund Solutions.

- (w) The Committee was provided with LGPS updates, as follows:
- **LGPS – Fit for The Future consultation** – Deadline to respond was the 16 January 2025. Having response distributed to the Board via email 4 February 2025.

2.2 Taskforce for Climate-Related Financial Disclosures (TCFD) – Report for year ending 31 March 2024 (Agenda item 7)

- (a) **Committee agreed the TCFD report for period ending 31 March 2024.**
- (b) The purpose of the report is to set out the Fund approach with reporting against the 11 climate-related disclosures under the scope of the TCFD framework.
- (c) It was originally announced that the UK would make TCFD aligned disclosures mandatory by 2025. We are still awaiting implementation of these reporting obligations so the Committee continues to report on a voluntary basis. This is the fourth report produced by the Fund.
- (d) **Report presented to Pensions Committee provides evidence to the Board as to the Fund’s compliance with scheme regulations relating to the governance and administration of the scheme**

2.3 Investment Strategy Update- Equity Portfolio Review (Agenda Item 8)

- (a) **Committee agreed to reduce the allocation to the LCIV Global Alpha Growth Paris Aligned Fund from 15% to 12.5%**
- (b) **Committee agreed to increase the allocation to LGIM Future World Fund from 10% to 12.5%**
- (c) The report includes the outcome of a review of the Funds Equity portfolio by the Funds investment consultant, to assess whether the current allocation remains appropriate and includes outlines of their key recommendation.
- (d) UPDATE: Money was transferred in January 2025
- (e) **Report presented to Pensions Committee provides evidence to the Board as to the Fund’s compliance with scheme regulations relating to Funding and Investment Governance.**

2.4 Service Review of the Pension Fund Custodial & Performance Monitoring Service - 1 October 2023 to 30 September 2024 (Agenda Item 9)

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- (a) **Committee noted the views of officers on the performance of the Custodian and Performance Measurement Service.**
- (b) **Agreed to the commencement of tendering for a new Custodial services contract using the National Framework for Custodial Services.**
- (c) **Committee agree to join the National Framework at the cost of £8,000.**
- (d) Services are reviewed annually to ensure that the fund is receiving value for money and to meet post contract award procedures.
- (e) Officers assessed the service against a set of criteria and adopts the RAG rating method to define Red (Unfavourable). Amber (Neutral – may require further monitoring) Green (Favourable output). Northern Trust scored Green against all criteria and have no concerns about service provided.
- (f) The current contract expires on the 30 September 2026. The committee agreed to commence the procurement process for a new contract and join the LGPS National Framework for Custodian and Performance Measurement Service (cost £8,000). The framework was closed in February 2024 but this has subsequently been extended to February 2026 whilst consideration is given to examine the requirements and decide whether to re-let this Framework.
- (g) Early authorisation was sought to aid resource planning as there are two other contracts due for renewal in 2026, this being the Investment Consultancy Services and Actuarial Services, which were both agreed by Pensions Committee at the 5 November 2024 meeting.
- (h) **Report presented to Pensions Committee provides evidence to the Board as to the Fund's compliance with scheme regulations relating to the governance and administration of the scheme and TPR General Code of Practice for Advisors and Service Providers.**

2.5 Havering Pension Fund Pensions Administration Strategy and Charging Policy (Agenda item 10)

- (a) **Committee agreed the Pensions Administration Strategy for a further 3-year period (or earlier if required to reflect changes in regulation).**
- (b) **Committee agreed the Charging Policy for a further 3 years.**
- (c) **Pensions Administration Strategy (PAS) – sets out performance standards that the administering authority and scheme employers should meet and an escalation process for unsatisfactory performance.**

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- (d) **Charging Policy** – provides guidance on charges associated with being an employer in the LGPS and provide clarity on who is responsible for meeting those costs.
- (e) Both Policies were sent to all scheme members on 14 October for consultation with feedback requested by 8 November 2024.
- (f) One employer commented that non-compliance may be as a result of their payroll provider not submitting information on time. The responsibility of ensuring the Fund receive the information required to administer the scheme sits with the scheme employer, and not their chosen payroll provider so no update to the PAS has been made following the feedback. We have however, initiated a support programme for all employers to demonstrate how they can access the LPPA portal to provide an overview of the performance of their payroll team
- (g) **Report presented to Pensions Committee provides evidence to the Board as to the Fund's compliance with scheme regulations relating to the governance and administration of the scheme and TPR General Code of Practice – information to Members**

3. 18 March 2025 (3 reports):

3.1 Pension Fund Performance Monitoring for the quarter ending 31 December 2025 (Supplementary agenda Item 6).

- (a) **Report presented to Pensions Committee provides evidence to the Board as to the Fund's compliance with scheme regulations relating to the governance and administration of the scheme and to provide assurances that its monitoring processes are in line with TPR best practice.**
- (b) *TPR Best practice includes:
Having procedures in place to monitor their scheme's investments and performance:*
 - *these procedures should compare investment performance against the stated investment principles at least quarterly*
 - *these procedures should consider fees and costs and whether they are justified*
 - *these procedures should consider investment returns both before and after fees, and against relevant benchmarks*
 - *these procedures should consider fees and costs and whether they are justified**Set expectations for their investment managers to:*
 - *ensure monitoring information is prepared and considered at least quarterly and at shorter intervals as appropriate for the size and complexity of your scheme*

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- *compare net investment returns to any relevant market or industry benchmarks*
 - *consider environmental, social and governance (ESG) factors, including shareholder engagement,*
- (c) The following is a summary of evidence to support the above:
- (d) The Committee considered the quarterly investment performance of the Fund covering the quarter as at 31 December 2024.
- (e) The Fund's asset value at 31 Dec 2024 was £1,018.6m compared with £998.50m at 30 Sept 2024; an increase of £20.1m. This movement is attributable to an increase in asset values £51.8m and a decrease in cash & currency £31.7m.
- (f) The increase in valuation is primarily due to the Fund's allocation to 'Growth' assets – as equity allocations generated positive returns over the period, particularly as US equities continued to outperform following Trump's presidential victory (i.e. with expectations of tax cuts, deregulation, a more US nationalist trade policy) and their exposure to the Technology sector.
- (g) Cash was used to rebalance underweight positions to target during the quarter using cash withdrawn from Havering Treasury (£10m) and Northern Trust (£30m). £13m increase to LCIV absolute Return Fund (was 12.3% underweight) and £27m increase to Royal London Index Linked bonds (was 2.7% underweight)
- (h) The Fund has appointed Northern Trust (NT) as the Fund's custodian and performance measurer. They produce both monthly and quarterly performance reports showing returns against the tactical benchmark (set for each fund manager) and strategic benchmarks (used to assess the expected fund liabilities and gives an indication of whether the funding level has improved or weakened)
- (i) The Fund's performance of 2.11% was marginally behind the tactical benchmark at -0.6% for the quarter and -4.29% over 3 years. The strategic benchmark over the quarter outperformed by 7.58% and 14.89% over 3 years
- (j) The NT performance reports are used by our Investment Advisor (Hymans) and feeds into their quarterly monitoring reports, where performance is also compared against the strategy targets. Hymans report, appendix A pages 18-20 refer. Full details of the Fund's asset allocation and individual manager performance are included within the committee papers pack - Appendix A.
- (k) Hymans attend the Pensions Committee quarterly to present their report and this report also provides an overview of markets and any impacts this has had on performance. In advance of the committee meeting they are

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sent the presentation pack of the fund manager attending in order to prepare questions and challenges to the fund manager. Hymans will also highlight any performance concerns to the committee and offer advice if any further actions are necessary

- (l) At each reporting cycle meeting the committee will invite a fund manager to attend the meeting. The manager who attended the meeting was **Stafford – Global Infrastructure Manager**. Stafford report (exempt) has been separately distributed to Board members on the 26 March 2025
- (m) The Funds invests in both the Stafford II and IV Funds with a total value of £42.8m. The Stafford II fund return was -0.1%, underperforming its benchmark over the quarter by -2.3%, and -2.4% since inception. The Stafford IV fund return was -2.2%, underperforming by -4.8% over the quarter but outperforming since inception by 1.7%.
- (n) **London CIV**
The Funds holds 60% of its assets within the London Collective Investment Vehicle (LCIV), five mandates directly managed by LCIV (40%) and three indirectly managed by Legal & General (20%). The governance of investments held within LCIV is their responsibility but it is crucial that the Fund has assurances that the governance arrangements are robust and regular communication and contact is maintained.
- (o) LCIV produce Quarterly Investment reports, which includes an Investment Summary with valuation and performance data for each of our holdings and an update on activities at London CIV, a market update and Fund commentary from the London CIV Investment Team as well as key portfolio data and a summary of ESG activity during the quarter.
- (p) The Fund receives monthly transactions and investment statements from the LCIV custodian which are used to reconcile against the Funds custodian reports.
- (q) The LCIV hosts Virtual “coffee with the Chief Investment Officer (CIO). Opportunity meetings to share news or in-depth discussions on a fund manager or asset classes. Attended by Officers, recordings available.
- (r) LCIV also hosts monthly business update meetings, which include updates from LCIV Chief Officers and includes covering current fund offerings, fund performance; fund updates (including those funds for which enhanced monitoring is in place) and the pipeline for new fund launches. In addition, relevant topical issues are included as appropriate. Attended by Officers, recordings available.
- (s) In depth reviews are held annually unless there are concerns about performance whereby the reporting cycle is reduced to six months, Closer six monthly monitoring is in place for the Absolute Return Fund, in which Havering invests.

- (t) There was one Monitoring status update meeting for LCIV Global Bond Fund and one Investment Review webinar covering LCIV Multi Asset Funds.
- (u) There were some staffing changes reported to the committee:
 - **Jenny Buck**, Chief Investment Officer joins from Tesco.
 - **Liz Lynxwiler**, has been appointed as Company Secretary,
 - **Christopher Gardiner**, appointed Chief Financial Officer after undertaking this role as an interim.

3.2 Review of Voting and Engagement Activity – 30 June 2024 (Supplementary agenda Item 7).

- a) **Committee noted the review of Hymans report on the Voting and Engagement activity of the Fund’s Investment Managers over the 12-month period to 30 June 2024.**
- b) **Committee considered the next steps and recommendations in Hymans report namely,**
 - **Comparison of the mangers voting activity against LAPFF voting alerts, and**
 - **an assessment of alignment of managers voting activity against their stated policies.**
- c) Review is undertaken to support the Committee ongoing annual monitoring requirements as set out in the Investment Strategy Statement (ISS).
- d) The Fund does not have its own voting policy and in line with the Fund’s current ISS, engagement and voting activity is delegated to the Fund’s Investment managers with the Fund reviewing their approach on an annual basis.
- e) Appendix A to the report (pages 69 – 82) –sets out Hymans review.

Report presented to Pensions Committee provides evidence to the Board as to the Fund’s compliance with scheme regulations relating to the governance and administration of the scheme and TPR General Code of Practice – Scheme Governance

3.3 New Employer Admissions Process Review (Normal Agenda – item 8)

- a) **Committee noted that the Strategic Director of Resources will now be responsible for making the decision to allow a scheme employer to be admitted to the Fund, and**
- b) **An annual report will be presented to Committee to advise of all employers admitted during the previous financial year.**
- c) Report includes a review of the process for admitting new employers into the Fund.
- d) The Pensions Committee previously received a report to approve the admittance of new employers, although approval could not be denied if the employer satisfied the criteria set out in regulations.
- e) Admittance will now be granted by the Strategic Director of Resources and followed by an annual report to the committee for noting the number of new employer admissions into the Fund.
- f) A change to the approval process will improve the timeliness, reduce the risk of delays to the on boarding process and avoid a potential delay of receipt of income, as the Fund will no longer have to wait to seek approval at committee meeting cycles.
- g) **Report presented to Pensions Committee provides evidence to the Board as to the Fund’s compliance with scheme regulations relating to the governance and administration of the scheme and TPR General Code of Practice – Scheme Governance**

IMPLICATIONS AND RISKS

Financial implications and risks:

This report provides feedback from items that have already been presented to the Pensions Committee on the 10 December 2024 and 18 March 2025.

Report clearance was achieved as part of that process and no new recommendations are necessary. Therefore, there are no direct financial implications arising from the recommendations in this report to the Local Pension Board.

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Legal implications and risks:

This report provides feedback from items that have already been presented to the Pensions Committee on the 10 December 2024 and 18 March 2025.

Report clearance was achieved as part of that process and no new recommendations are necessary. Therefore, there are no legal implications arising from the recommendations in this report to the Local Pension Board.

Human Resources implications and risks:

This report provides feedback from items that have already been presented to the Pensions Committee on the 10 December 2024 and 18 March 2025.

Report clearance was achieved as part of that process and no new recommendations are necessary. Therefore, there are no Human Resources implications arising from the recommendations in this report to the Local Pension Board.

Equalities implications and risks:

This report provides feedback from items that have already been presented to the Pensions Committee on the 10 December 2024 and 18 March 2025.

Report clearance was achieved as part of that process and no new recommendations are necessary. Therefore, there are no Human Resources implications arising from the recommendations in this report to the Local Pension Board.

BACKGROUND PAPERS

Background Papers List

None