Havering
LONDON BOROUGH

PENSIONS COMMITTEE 11 November 2025

Subject Heading:	**INVESTMENT CONSULTANCY SERVICES PERFORMANCE REVIEW – 1 October 2024 to 30 September 2025**
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Policy context:	LGPS (Management and Investment of Funds) Regulations 2016.
Financial summary:	Investment Consultant fees are met from the Pension Fund

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

People – Supporting our residents to stay safe and well	X
Place – A great place to live, work and enjoy	X
Resources – Enabling a resident-focused and resilient Council	X

SUMMARY

This report requests that Committee review performance of the Investment Consultant for the period 1 October 2024 to 30 September 2025 against strategic objectives previously set.

RECOMMENDATIONS

It is recommended that the Committee:

1. Agree changes to the current objectives

2. Note the views of officers on the performance of the Investment Consultant (Hymans) against the strategic objectives and make any comment on the report that it considers appropriate **(Appendix A).**

3. Agree to commence procurement of the Investment Management Consultancy Services to the Pension Fund via Lot 3 of the LGPS Investment Management Consultancy Services Framework; and to enter into an agreement with the LGPS for access to the framework at a cost of £500.

REPORT DETAIL

1. BACKGROUND

1.1 Regulation 9 (4) Local Government Pension Scheme (LGPS) (Management and Investment of Funds) Regulations 2016 state that the Fund must take proper advice in relation to the appointment and the terms on which the appointment of an investment manager is made.

1.2 The term Investment Consultancy (IC) Services is used to describe the provision of advice to the committee to support decisions on matters such as investment strategy, strategic asset allocation and manager selection. Hymans Robertson (Hymans) was appointed to provide Investment Consultancy services.

1.3 The law currently requires trustees to set strategic objectives for IC providers in accordance with part 7 of "The Investment Consultancy and Fiduciary Management Market Investigation Order 2019 (the CMA order)".

1.4 The Department for Work and Pensions (DWP) brought these duties into pensions legislation on 1 October 2022 under The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the scheme administration regulations).

1.5 The scheme administration regulations largely replicate the Competition and Markets Authority (CMA) order requirements. The primary change is to transfer the regulation of the obligations under the order from the CMA (under the CMA order) to The Pensions Regulator (TPR) (under the scheme administration regulations), and trustees will be subject to TPR compliance and monitoring processes.

1.6 The committee has already been complying with the CMA order and the Pensions Committee agreed to align its annual service review with the CMA format on 12 November 2019 and set objectives, measure(s) of success, expected outcomes and expected timescales for delivery.

1.7 The then Department for Levelling Up Housing and Communities (DLUHC) included in its recent consultation “Next Steps on investments”, issued July 2023, a proposal to amend the LGPS Regulations and statutory guidance for the LGPS to implement the CMA’s requirements. Legislation, at the time of writing this report, remains unchanged.

1.8 The six key objective themes to monitor are:

- Demonstration of Value added
- Delivery of specialist Services
- Proactivity of Advice
- Support with scheme management and compliance
- Relationship and service standards
- Support with additional matters arising

1.9 The objectives and outcomes for the IC are derived with reference to the services required as set out in the “LGPS National Framework for Investment Management Consultancy Services” and included within the contract for IC services provided to the Havering Pension Fund.

1.10 Undertaking the service review ensures that this review will meet the criteria set out under the TPR’s General Code of Practice and monitoring the IC’s performance against their objectives will enable the Committee to better identify and manage areas of poor performance.

1.11 Monitoring the objectives against the contract also meets post contract award procedures and ensures services are being delivered in accordance with the contract.

1.12 Trustees/ Pension Committee should review their IC’s performance against the objectives set for them at least every 12 months and, if appropriate, revise their IC’s objectives at least every three years and without delay after any significant change in investment policy. Officers are suggesting adding 3 new objectives to aid the transition of assets to London CIV asset pool;

- Work with officers to support a smooth transition of the remaining assets to the investment pool
- Support oversight of the pool following transition.
- Help the Committee to establish clear expectations of the investment pool.

2 REVIEW OF THE INVESTMENT CONSULTANT SERVICE PERFORMANCE

2.1 Hymans was appointed to provide Investment Consultancy services using the "LGPS National Framework for Investment Management Consultancy Services" from the 1 April 2019. Contract duration is 5 years with an option to extend by a further two years. The Pensions Committee, at its meeting on the 7 November 2023, agreed the contract extension to 31 March 2026.

2.2 Hymans have provided investment advice to the Fund since April 2006.

2.3 The core services provided by Hymans includes: production of quarterly monitoring performance reports, attendance of at least four Pension Committee meetings, provision of investment advice and performance monitoring of the Fund's investment managers.

2.4 Hymans's performance has been reviewed against a set of objectives agreed by the Committee in November 2019, and the results of the review of performance over the year of review are set out in **Appendix A.**

2.5 Committee members were invited to provide feedback and any comments were incorporated in the service review meeting with Hymans. Officers met with Hymans on 3 October 2025 where feedback was discussed and new objectives were agreed. The outcome and service assessment are included within the Service Review attached as **Appendix A.**

2.6 Officers and members conclude that they are satisfied with Hymans's service and have continued confidence in the advice being given.

3. NATIONAL LGPS FRAMEWORK FOR INVESTMENT MANAGEMENT CONSULTANCY SERVICES

3.1 Procurement can take significant time and money both for the awarding Authority and the Service Provider. The National LGPS Frameworks are fully compliant with the Public Contracts Regulations 2015. It reduces the time and costs associated with the procurement process by offering a facility that has already been competitively tendered. It aims to deliver access at the best possible price to high-quality, efficient and effective Investment Management Consultancy Service providers. Benefits include:

a) Shortened timescales
b) Reduced procurement and legal costs
c) Robust and transparent process with high level of due diligence and specialist support
d) Agreed Terms and Conditions of contract with providers
e) Enable access to specialist providers whose experience and quality has been tested
f) Comprehensive user documentation and support from Frameworks team
g) Provider ceiling prices established
h) Possibility to benefit from cumulative rebates

3.2 The Investment Management Consultancy Services Framework is available for Further Competition and Direct Award until 31st October 2026. Contracts awarded under the Framework may be let for a maximum contract length of seven years.

3.3 The Framework is split across 4 Lots:

- Lot 1 - Investment Consultancy Services
- Lot 2 - Manager/Fund Search, Selection, Monitoring and Review Services
- Lot 3 - Investment Management Consultancy Related Specialist Services
- Lot 4 - Investment Management Cost Monitoring and Reporting Services

3.4 The Government's response to the "LGPS: Fit for Future" consultation was published on 29 May 2025. Included within this response was confirmation that many aspects of decision-making will transfer from pension committees to pools. Committees will remain responsible for high-level investment strategy decisions but will be required to delegate the implementation of their investment strategy to their pool, as well as taking their "principal" investment strategy advice from the pool.

London CIV is developing a Strategic Asset Allocation (SAA) Advice service to fulfil the change to legislation and to support this function LCIV have appointed Mercers, with the expectation that this SAA Advice service will be fully operational by January 2026.

Given the legislative changes and the uncertainty of our requirements from 1 April 2026, it seems inappropriate to go out to tender for the full Investment Consultancy Service, covered under Lot 1 above, which was the original intention, However, a direct award of a contract is permissible under Lot 3, with a reduced joining fee of £500 plus VAT.

The award of the contract would be for 1 year with an option to extend for 1 year .

The Fund's preferred supplier would be Hymans, who are the Fund's current investment advisor. Hymans have provided investment advice to the Fund since April 2006 and have the historical knowledge of the Funds current investment strategy. Given the uncertain nature of the Fund's requirements from 1 April 2026, Hymans would provide reassurance to the Pensions Committee, as they will offer continuity through the pooling changes.

3.5 The Pension Committee has the delegated power under Part 3 of the Constitution; Responsibility for Functions to "authorise staff to invite tenders and to award contracts to actuaries, advisers and fund managers and in respect of other related investment matters" and "To appoint and review the performance of advisers and investment managers for pension fund investments".

3.7 Authorisation is being sought to commence procurement of Investment Management Consultancy Services to the Pension Fund using the National Local Government Pension Scheme (LGPS) Frameworks.

IMPLICATIONS AND RISKS

Financial implications and risks:

Future costs are difficult to predict, the Fund will be transitioning assets to London CIV and changing the way reporting is conducted. Charges will only be incurred on completed works requested by the Fund.

Fees were generally charged on a time-cost basis. Fees for more significant items, like manager selection exercises and asset-liability modelling, were based around an agreed fixed fee scale or agreed separately in advance.

Table 1 – Fees

Dates	£
Apr 19 - Sep 19	33,440
Oct 19 - Sep 20	78,030
Oct 20 - Sep 21	78,049
Oct 21 - Sep 22	64,708
Oct 22 - Sep 23	100,720
Oct 23 - Sep 24	98,090
Oct 24 – Sep 25	103,660
Total	**556,697**

Costs have been charged in line with the hourly rate as set out in the contract. Some costs, included in the above table, relate to additional work commissioned and agreed outside of the contract e.g Climate Risk Policy / Task Force on Climate-related Financial Disclosures (TCFD) reporting, LCIV Reviews and training/workshops delivered to Committee members.

Hymans were appointed using the **2019 Investment Consultancy Services Framework** and one of the advantages of this was the possibility to benefit from the cumulative rebate, based on the overall value of work awarded to a supplier under the Framework.

The Fund has received the following rebates;

Table 2 - Rebates

Rebate Year	£
2020/21	1,300.85
2021/22	2,829.73
2022/23	3,007.67
2023/24	3,370.17
2024/25	*TBC
Total	**10,508.42**

* The rebate is notified by the National Framework. This was not received at the time of publication.

Costs of Investment Consultancy Services are met from the Pension Fund.

The National LGPS Frameworks is a not-for-profit programme established 'by the LGPS, for the LGPS', the joining fee helps towards the ongoing support and administration of this Framework. There are options to join Lots individually or all Lots within the Framework. Whichever option used will not incur charges of more than **£5,000,** the fee to access the Framework.

Legal implications and risks:

The Occupational Pension Schemes (Scheme Administration) Regulations 1996/1715 provide at Regulation 35 a duty to set objectives for providers of investment consultancy services.

Regulation 36 requires that the trustees should review the performance of the investment consultants every year.

The report at Appendix A sets out the strategic objectives and the consultants' performance against these objectives and there appear to be no further legal implications in considering this and making any appropriate comments as recommended.

The National LGPS Framework for Investment Management Consultancy Services is fully compliant with the Public Contracts Regulations 2015. The procurement approach proposed is lawful.

Human Resources implications and risks:

There are no direct human resource implications and risk arising from this report.

Equalities implications and risks:

An EHIA (Equality and Health Impact Assessment) has not been completed and is not required for this decision. The Council seeks to ensure equality, inclusion, and dignity for all. There are no equalities and social inclusion implications and risks associated with this decision

BACKGROUND PAPERS

Background Papers List

None