

PENSIONS COMMITTEE

09 December 2025

Subject Heading:

Pension fund performance monitor for the quarter ended September 2025

ELT Lead:

Kathy Freeman

Report Author and contact details:

Tara Haroon
Tara.Haroon@havering.gov.uk

Policy context:

Pension Fund performance is monitored quarterly against investment objectives and to keep the committee informed of developments

Financial summary:

This report comments upon the performance of the Fund for the period ended 30 September 2025

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

- | | |
|---|-------------------------------------|
| People - Supporting our residents to stay safe and well | <input checked="" type="checkbox"/> |
| Place - A great place to live, work and enjoy | <input checked="" type="checkbox"/> |
| Resources - Enabling a resident-focused and resilient Council | <input checked="" type="checkbox"/> |

SUMMARY

LOLA Module 6 – Investment Performance and Risk Management and LOLA Module 7 – Financial Markets and products applies.

This report summarises the Fund's investment performance and outlines key Local Government Pension Scheme (LGPS) updates for the quarter ending **30 September 2025**.

The total value of the Fund's assets increased by **c.£51.3m** over the quarter to £1,096.4m as at 30 September 2025. The overall fund performance of 5.0% over the quarter ahead of both the tactical benchmark by 0.3% and the strategic benchmark by 5.9%.

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

Any significant events occurring after production of this report will be addressed verbally at the meeting.

RECOMMENDATIONS

That the Committee:

- 1) Consider Hymans Performance Report (Appendix A **Exempt**)
- 2) Note the analysis of the cash balances in paragraph 5.
- 3) Consider the quarterly reports sent electronically, provided by each fund manager.

REPORT DETAIL

1. Hyman's report includes asset allocation information, fund manager performance and associated commentary, asset allocation and market background, can be found in Appendix A.
2. Where appropriate, topical LGPS news that may affect the Fund will be included.

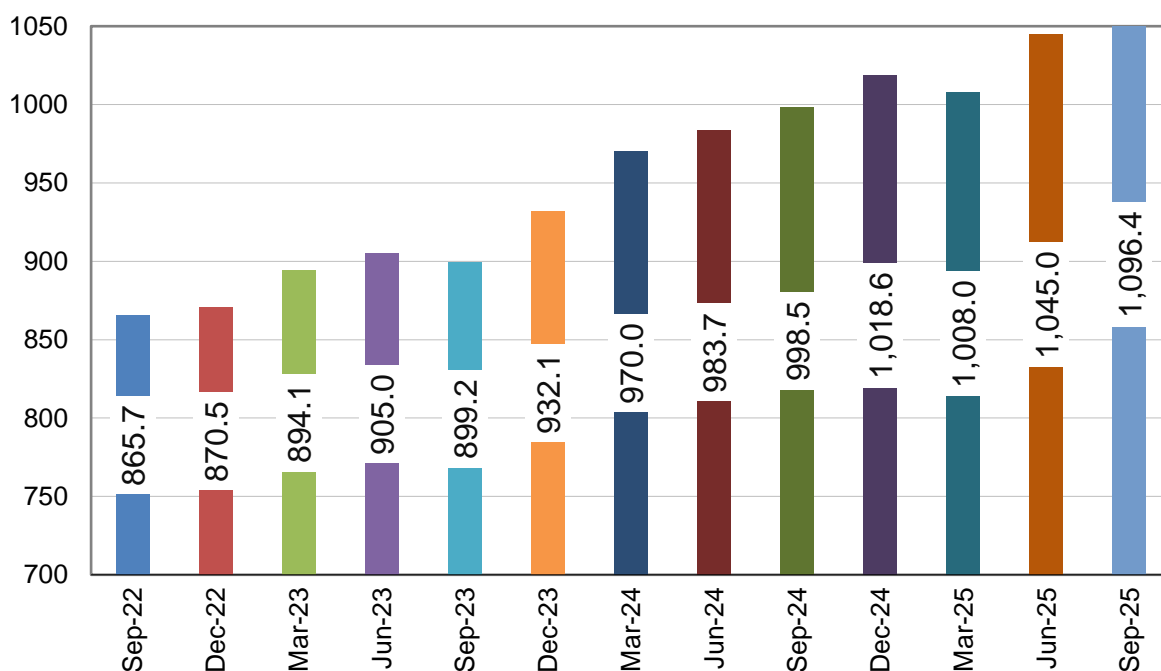
3. BACKGROUND

- a. The Committee adopted an updated Investment Strategy Statement (ISS) in September 2023, aiming to achieve long-term investment returns that exceed the growth in the Fund's liabilities.
- b. Assets performance is reviewed quarterly against tactical and strategic benchmarks to ensure alignment with the ISS objectives.

4. PERFORMANCE

- a. Over the quarter to 30 September 2025, the Fund's asset value increased by £51.4m to £1,096.4m driven by a £52m increase in asset values and £1m reduction in cash and currency.

Chart 1 – Pension Fund Asset Value



Source: Northern Trust Performance Report

- b. The Fund's overall performance against **tactical benchmarks** reflects each manager's specific investment targets. While these benchmarks vary by mandate and aren't directly comparable to the strategic benchmark, they contribute to assessing overall fund performance.

Table 1: Tactical Performance

	Quarter to 30/09/2025 %	12 Months to 30/09/2025 %	3 Years to 30/09/2025 %	5 years to 30/09/2025 %
Fund	4.98	9.52	7.64	5.88
Benchmark	4.64	10.27	9.91	8.16
*Difference in return	0.34	-0.75	-2.28	-2.27

Source: Northern Trust Performance Report

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

- c. The Fund's net performance is measured against the **Strategic Benchmark** (Gilts + 1.8% net of fees), which reflects the expected growth in liabilities. Comparing asset performance to this benchmark indicates whether the Fund's funding level has strengthened or weakened.

Table 2: Strategic Performance

	Quarter to 30/09/2025 %	12 Months to 30/09/2025 %	3 Years to 30/09/2025 %	5 years to 30/09/2025 %
Fund	4.98	9.52	7.64	5.88
Benchmark	-0.89	-6.05	-3.35	-6.90
*Difference in return	5.87	15.58	10.99	12.78

Source: Northern Trust Performance Report

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

- d. Further detail on the Fund's investment performance is detailed in **Appendix A (Exempt)** in the performance report which will be presented by the Investment Adviser (Hymans)

5. CASH FORECAST

- a. At the end of September 2025, the cash balance stood at £17.7m, which is invested with London Borough of Havering Treasury and available for operational cash requirements as needed.

Table 3: Cash Flow Forecast

	6 months to 30 Sept 2025	6 Months to 31 March 2026	Year to 31/03/2027	Year to 31/03/2028	Year to 31/03/2029
	£000	£000	£000	£000	£000
Balance b/f	16,468	17,721	15,563	5,365	(4,636)
Benefits paid	(17,571)	(17,706)	(35,983)	(36,702)	(37,436)
BACS expenses*	(7,448)	(6,282)	(12,955)	(13,214)	(13,479)
Lump sums by faster payment	(1,711)	(1,936)	(3,720)	(3,720)	(3,720)
Transfers in	2,242	1,746	3,328	3,328	3,328
Contributions received**	6,130	22,020	39,132	40,306	41,515
Pension strain	63	0	0	0	0
Sweep	19,547	0	0	0	0
Balance c/f	17,721	15,563	5,365	(4,636)	(14,428)

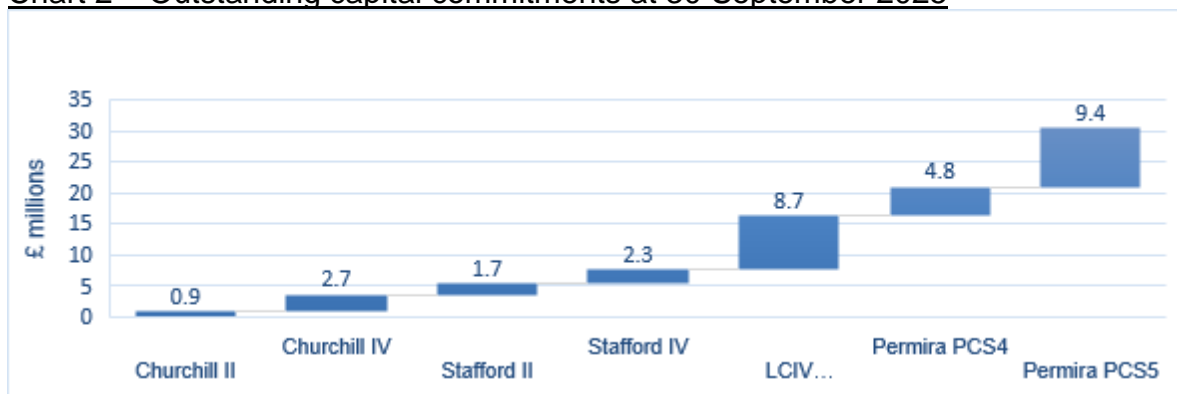
* BACS expenses also includes some grants i.e. lump sums made to members via payments team

** Contributions received from LBH are net of pension payroll deductions (e.g. HMRC)

- b. Members updated the cash management policy at their committee meeting on the 19 March 2024.
- c. An operational cash balance in the range of £5m to £13m has been set. In the event that cash levels rise above the upper limit of £13m cash will be invested in the most underweight liquid asset allocation.
- d. Cash balances may be retained above the upper limit at the discretion of the Section 151 officer, with these balances reported to the Section 151 officer on a monthly basis.

- e. As operational cash reserves diminish, the Fund retains the capacity to withdraw funds from Northern Trust. The cash balance held with Northern Trust, which is excluded from the table presented above, amounted to £22 million as at 30 September 2025.
- f. In the quarter ending 30 September 2025, the Fund completed £3.5m of capital draw down requests, funded from investment income received and held with the Custodian.
- g. At 30 September 2025 there was £30.5m of outstanding capital commitments as follows:

Chart 2 – Outstanding capital commitments at 30 September 2025



6. REPORTING ARRANGEMENTS

- a. Summary fund manager reviews are included within Hyman's performance report at **Appendix A (Exempt)**.
- b. All fund manager's quarterly reports are distributed electronically prior to this meeting. Where applicable, quarterly voting information, from each fund manager, detailing the voting history of the fund managers is also included in the manager's quarterly report.
- c. **Hyman's independent review of the pool**
 - i. Hyman's have produced an LCIV quarterly oversight report, it reviews key developments and an overview of leadership, operations and relationships using a traffic light system.
 - ii. One item scored below 1.4 and receiving a red traffic light was Leadership due to high staff turnover signifying the Fund's need to engage further LCIV.
 - iii. LCIV have clarified that staff turnover remains stable at 4% which is significantly below the market norm of 10%. They are currently operating with a headcount of 57 employees. They explained that

changes in Commercial and Investment teams relate to growth, with six new roles added to the investment team over the past six months.

7. FUND UPDATES:

7.1 London CIV UPDATES -The LCIV is the appointed asset pool manager for the Fund and the governance of investments held with the LCIV is their responsibility. It is therefore crucial that regular communication and contact is upheld and activity updates are reported and covered here as follows:

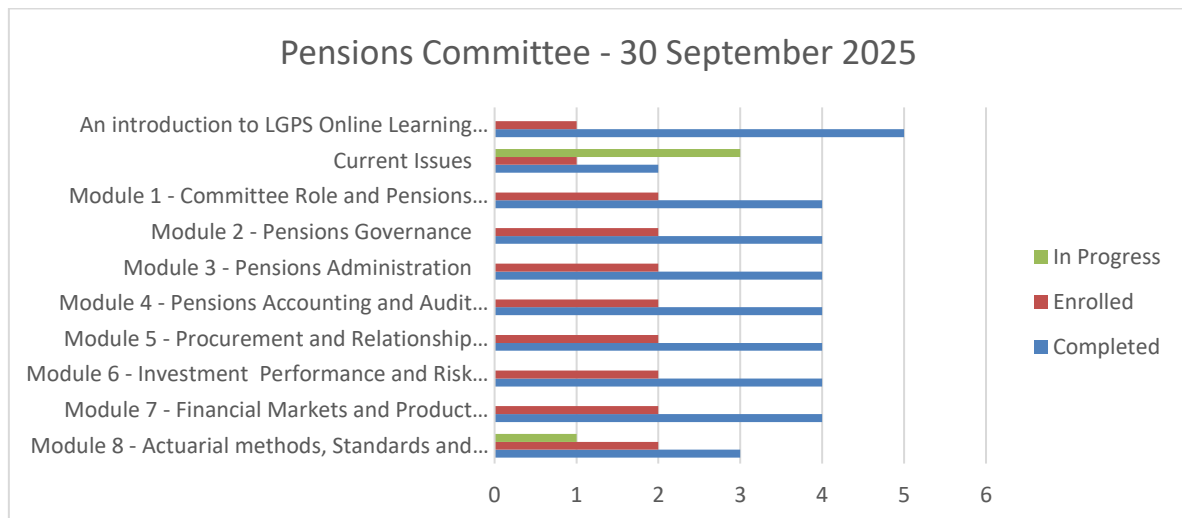
7.1.1 LCIV meetings (since last report)

- a. Responsible investing workshop - 8 October 2025: LCIV are engaging with partner funds with the aim to offer two streams of Responsible Investment (RI) options, one where RI is incorporated with very few exclusions and a second where more exclusions would apply (e.g. social factors, thresholds on palm oil/soy, defence/arms etc).
- b. Investment management agreement (IMA) workshop – 30 October 2025: LCIV are engaging with partners to move forward with an IMA template that represents the interests of both the pool and the Funds. Brabners LLP have been working with the Funds to ensure that the IMA meets their collective needs.

7.1.2 Training Update

- a. The Fund subscribes to the LGPS Online Learning Academy (LOLA) provided by our Actuaries (Hymans) – an online platform designed to support the training needs of Pensions Committees, Local Pension Boards and Officers. Training is split into modules covering the CIPFA Knowledge & Skills Framework (KSF) and The Pension Regulator's Code of Practice 14. Each module contains short 'video on demand' presentations with supplemental learning materials and quizzes.
- b. Alongside induction training, members are expected to complete LOLA modules to support informed decision-making and comply with Committee procedure rules.
- c. New committee members have six months from date of joining to complete the LOLA modules.
- d. Officers will provide the Committee with regular progress reports allowing it to easily evidence member's development and progress, as follows:

Chart 4 – Pension Committee progress LOLA v2: 30 September 2025



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 and employers in the Fund

Legal implications and risks:

None arising directly from consideration of the content of the Report.

Human Resources implications and risks:

There are no immediate HR implications.

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

Hyman's LCIV Q2 pool monitor