

**Havering**  
LONDON BOROUGH

# Havering Pension Fund

**2024/27 BUSINESS PLAN/REPORT ON THE WORK  
OF THE PENSIONS COMMITTEE DURING 2023/24**

## **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 2023/24 and the plan of work for the forthcoming three years. The Business Plan is reviewed and updated annually.

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 59 employers with active members, of which the London Borough of Havering is the largest. The other employers in the Fund are made up of 44 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 until 31 March 2026.

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 is the 30 September 2023. The purpose of the funding update was to assess whether the funding plan is on track and take any actions where necessary. No actions are required to change the current funding plan. The updated funding position provides an illustrative funding position and not designed to meet regulatory requirements for. A comparison of funding levels can be seen below:

**Table 1 - Comparison of funding levels:**

Ongoing funding basis	31 March 2019	31 March 2022	30 September 2023
	£m	£m	£m
Assets	733	920	891
Liabilities	1,054	1,149	842
<b>Surplus/(deficit)</b>	<b>(321)</b>	<b>(229)</b>	<b>49</b>
<b>Funding level</b>	<b>70.0%</b>	<b>80.0%</b>	<b>106%</b>

Increased funding level has been driven by a fall in the liabilities. The fall in liabilities is a consequence of higher than expected real discount rate used to value the current cost of future pension obligations (accrued liabilities).

### Investment Strategy Development & Performance Monitoring:

The Investment Strategy Statement (ISS) is subject to review at least every three years and it is timely to undertake a review as part of the triennial valuation process and future investment return expectations are set out within the Funding Strategy Statement (FSS).

During the valuation process and discussion of the valuation results it was acknowledged that there was a need to shift the investment strategy towards investments that will provide increased income for the Fund. This was reflected in an Investment Strategy Considerations paper that

was presented and agreed at the Pensions Committee meeting on the 21 March 2023 and subsequently incorporated within the ISS agreed at the 12 September 2023 meeting.

Agreement at the 21 March 2023 Pensions committee meeting was to proceed with a two-step approach, which consisted of:

- An initial 'Interim' investment strategy – with an allocation to investment-grade credit assets of 5% and an increase in allocation to infrastructure assets from 10% to 12.5%,
- A 'Long Term' investment strategy – with a migration away from investment grade credit assets and move towards the more income orientated mandates of Multi Asset Credit (MAC) and private debt over time.

The ISS set out the target asset allocations. The following table shows the actual asset allocation position as at 31 March 2024 compared against the long- term target and includes individual Fund Manager benchmarks:

**Table 2 – Asset Allocations**

Asset Class		Target Allocation	Actual Allocation 31 March 2024	Relative	Benchmark and Target
		%	%	%	
<b>GROWTH</b>		<b>52.5</b>	<b>52.6</b>	<b>0.1</b>	
Global Equity- Legal & General Investment Management (LGIM) - Passive	LCIV aligned	5.0	4.3	-0.7	FTSE All World Equity Index
Emerging Market Equity - LGIM Emerging Markets - Passive	LCIV aligned	5.0	4.0	-1.0	FTSE World Emerging Markets
Multi- Factor Equity - LGIM Future World Fund	LCIV aligned	10.0	11.2	1.2	FTSE AW ex CW Climate Balanced Factor Index
Passive Equity Progressive Paris Aligned Fund (PEPPA) - State Street	LCIV	5.0	5.7	0.7	S&P Developed Ex-Korea Large Mid Cap Net Zero 20250 Paris Aligned ESG Index
Global Alpha Paris Aligned Fund - Baillie Gifford	LCIV	15.0	16.2	1.2	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

Asset Class		Target Allocation	Actual Allocation 31 March 2024	Relative	Benchmark and Target
		%	%	%	
Absolute Return - Ruffer	LCIV	12.5	11.2	-1.3	Preserve and grow capital (LIBOR +4% p.a.)
<b>INCOME</b>		<b>42.5</b>	<b>40.2</b>	<b>-2.3</b>	
UK Property - UBS	Non LCIV	6.0	5.0	-1.0	Match MSCI All Balanced Funds Weighted Average Index
Global Property - CBRE	Non LCIV	4.0	3.3	-0.7	CPI +5%% p.a. (net of fees)
Global Infrastructure - Stafford II & IV	Non LCIV	3.5	4.7	1.2	CPI +5%% p.a. (net of fees)
Infrastructure - JP Morgan	Nov LCIV	5.5	5.2	-0.3	CPI +5%% p.a. (net of fees)
Renewable Energy Infrastructure	LCIV	3.5	1.5	-2.0	CPI +5%% p.a. (net of fees)
Multi Asset Credit - Royal London	Non LCIV	7.5	6.8	-0.7	<ul style="list-style-type: none"> <li>• 50% ICE BAML, BB-B Index</li> <li>• 50% Credit Suisse US Leveraged Loan Index GBP Hedged</li> </ul>
Investment Grade Credit Global Bond Fund	LCIV	5.0	4.9	-0.1	Barclays Aggregate – Credit Index Hedged (GBP ) Index
Private Debt - Churchill II & IV	Non LCIV	3.0	3.6	0.6	Outperform cash + 4% p.a
Private Debt Permira - PCS4 & PCS5	Non LCIV	4.5	5.2	0.7	Outperform cash + 4% p.a
<b>PROTECTION</b>		<b>5.0</b>	<b>7.2</b>	<b>2.2</b>	
Index Linked Bonds - Royal London	Non LCIV	5.0	2.4	-2.6	40% FTSE Index Linked over 5 Year index.
Currency Hedging	Russell	0.0	0.4	0.4	Hedge 100% of EUR, USD and AUD currency (non-equity)
Cash	n/a	0.0	4.4	4.4	n/a
<b>TOTAL</b>		<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	

**Set out below is the implementation/progression of the agreed investment strategy during 2023/24:**

- 25 July 2023 – The Pensions Committee agreed the additional 2.5% be divided between JP Morgan (1.5%) and LCIV Renewable Infrastructure Fund (1%). No additional monetary amounts will be required to be transferred to the LCIV Renewable Infrastructure Fund at this time as it expected that the current committed capital will be sufficient to achieve the target.
- 12 September 2023 –The Pensions Committee agreed to proceed with the implementation of a 5% allocation to investment grade credit assets via the LCIV Global Bond Fund.
- 1 October 2023 – An additional £13m investment was paid to the JP Morgan Renewable Infrastructure Fund to reflect the 1.5% increase to the asset allocation target, funded from a divestment in the LCIV Diversified Growth Fund.
- 8 November 2023 - £45m invested in the LCIV Global Bond Fund to reflect the 5% allocation to investment grade credit assets, funded from Divestment in the LCIV Diversified Growth Fund.
- 8 November 2023 – Total divestment in the LCIV Diversified Growth Fund completed, residual cash of £5.6m retained to fund future capital calls and FX settlements.

Following on from the agreement of the ISS in September 2023, the ISS will be presented to the Committee for ongoing implementation updates during 2024 and beyond.

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

Short-term performance of asset class and managers will result in a deviation from benchmarks from time to time.

Overweight positions in Global Infrastructure and private debt are likely to remain temporarily above the proposed target allocation whilst we await the return of capital to correct this.

Contributing to the underweight position in Renewable Infrastructure relates to the Funds commitment not fully called.

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 2024 the total value of assets with the London CIV is £383m which represents 41% of assets under direct management (2022/23 42%). 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 £572m. Overall allocation to LCIV is 60% (2022/23 61%). Slight reduction reflects 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.

The Fund has continued to fund capital calls for the Private Debt and Infrastructure mandates during the year to 31 March 2024. Amounts paid and waiting to be called are as follows:

**Table 3 – Capital Calls paid and outstanding**

<b>Investment Manager</b>	<b>Mandate</b>	<b>Amount Paid £000</b>	<b>Commitments outstanding* £000</b>
Stafford II	Infrastructure	0,608	1,781
Stafford IV	Infrastructure	7,557	2,430
LCIV Renewables	Infrastructure	3,406	13,076
Churchill II	Private Debt	0,509	1,616
Churchill IV	Private Debt	2,058	3,675
Permira PCS4	Private Debt	nil	4,751
Permira PCS5	Private Debt	5,805	22,914
JP Morgan	Infrastructure	13,000	nil
<b>Total</b>		<b>32,943</b>	<b>50,243</b>

\*Includes recallable income

## 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 during 2022/23 and 2023/24 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. 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
- f. 25 July 2023 Pensions Committee agreed the Climate Policy and Action Plan, which includes the objectives set, targets to be assessed and actions that the Committee will take.
- g. 27 March 2024 Climate workshop held to discuss the climate journey so far and next steps on how to measure the progress against an ambition to reduce financial emissions to net zero by 2050.



## 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 2024 against both benchmarks is shown below:

**Table 4 – Fund Performance**

	<u>1 year to 31.03.24</u>	<u>3 Years to 31.03.24</u>	<u>_____</u> <u>_____</u>
Fund Return	7.38	2.69	5.89
<b>Tactical Benchmark</b>	<b>11.69</b>	<b>6.74</b>	<b>7.15</b>
Performance	(4.31)	(4.05)	(1.25)
Fund Return	7.38	2.69	5.89
<b>Strategic Benchmark</b>	<b>(3.32)</b>	<b>(8.10)</b>	<b>(3.42)</b>
Performance	10.71	10.79	9.32

*Source: Northern Trust*

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

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

*The overriding investment objective for the Fund is to deliver consistent year-on-year returns 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 2024, the Fund delivered a positive return of 7.4% which was ahead of the strategic benchmark, albeit behind the Fund's tactical benchmark. Over periods of 3 years and 5 years to 31 March 2024, the Fund experienced positive asset growth, with investment returns of 2.7% p.a. and 5.9% p.a. respectively. These returns remain ahead of the Fund's strategic benchmark with the Fund therefore demonstrating long-term performance which remain sufficient to support affordable and stable levels of contributions.*

*The positive investment performance (in absolute terms) over the 12-month period was primarily driven by the Fund's equity allocation, particularly the Fund's active equity allocation. Improved economic activity, declining inflation and AI enthusiasm positively impacted these allocations, leading them to perform strongly. The primary contributor to the Fund's underperformance relative to the tactical benchmark over the 12-month period was its 'absolute return' multi-asset allocation. The allocation is defensively positioned, with a large exposure to government bonds, and over a period of strong equity and credit performance and rising government bond yields, this led the allocation to underperform.*

*Implementation of previously agreed changes in the investment strategy continued over the year. To improve the efficiency of the strategy and capture investment opportunities, the Fund's allocation to the LCIV Diversified Growth Fund was redeemed in full and, as an interim step, 2.5% of the proceeds were invested in infrastructure and the remaining 5.0% invested in a new investment grade credit allocation, managed by the LCIV. As a further evolution of strategy, Committee has agreed that this 5.0% credit allocation be transferred to the multi-asset credit and private debt allocations over the longer-term.*

*Finally, during the year, the Committee took further steps to develop the Fund's Climate Risk Policy and Action Plan. This included setting a target Net Zero date of 2050, setting targets for specific climate metrics and associated actions to take over time to achieve these and framing how the Fund wishes to approach its journey towards Net Zero. As part of this work, the Committee completed a baseline assessment of climate metrics for the Fund's existing investments, received training on Task Force on Climate-related Financial Disclosures, and completed a Climate Workshop to discuss and decide actions to be taken over 2024 and beyond.*

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 oneSource officers, and as necessary from the Fund's appointed professional adviser, actuary and performance measurers who attend meetings as and when required.

The structure of the Committee, which reflects the political balance of the Council, and who were responsible for decision making during the year to 31 March 2024, follows:

### **Labour Group**

Cllr Mandy Anderson (Chair)

### **Conservative Group:**

Cllr Robert Benham (until March 2023 – position vacant until July 2023)

Cllr Dilip Patel

Cllr Viddy Persaud

Cllr Joshua chapman (from July 2023 – replaced Cllr Benham)

### **Havering Residents' Group**

Cllr Philip Ruck (Vice-Chair) – (until December 2023)

Cllr Julie Wilkes - (until March 23 – position vacant until September 2023))

Cllr Jacqueline Williams (from September 2023 – replaced Cllr Wilkes)

Cllr James Glass

### **Other**

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

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

Day to day management of the Fund is delegated to the authority's statutory section 151 Officer/Strategic Director of Resources and the Director of Exchequer & Transactional Services, delivered via oneSource (shared service arrangement between London Borough of Havering and Newham).

The managerial arrangement for the Pensions Finance Team under oneSource ceased on the 1 December 2023 and service management has been returned to Havering. Managerial arrangements for Pensions Administration still remain part of the oneSource arrangement.

The Pensions Committee is also supported by Committee Services.

Administrative costs are reimbursed to the Adminstrating Authority by the Fund.

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.

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 LPPA Pensions Administration contract. The 2024/25 budget will be presented to the Pensions committee at the 25 June 2024 meeting.

The oneSource Pensions Administration section consists of 3 full time equivalent posts, which includes a post for the Projects and Contracts Manager who monitors the LPPA pension's administration contract and ad hoc projects.

The financial information can be seen in Financial Estimates section.

**Accountancy and Investment support** - The Pensions Finance team consists of 2.4 full time equivalent posts (3 officers). This is currently being reviewed following a retirement and an officer's reduction in hours. They ensure that members of the committee receive advice on investment strategy and monitoring of the fund managers. The team also maintains compliance with the Pension Fund statutory obligations, as well as accounting for the activities of the Fund.

As part of the succession planning, graduates on a six monthly rotation are being placed within various finance teams. During 2023/24 the Pensions Finance team continued with a graduate placement until this ceased in June 2023 and is due two further placements commencing Aug 2024 until July 2025.

## 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.

	2022/23 Actual £000	2023/24 Estimate £000	2023/24 Actual £000	2024/25 Estimate £000	2025/26 Estimate £000	2026/27 Estimate £000
Administration & Processing	728	735	806	908	908	908
Other Fees (Levies)	8	10	15	16	16	16
Other Costs (Interest)	70	30	125	75	75	75
Income	(79)	0	0	0	0	0
<b>TOTAL</b>	<b>727</b>	<b>775</b>	<b>946</b>	<b>999</b>	<b>999</b>	<b>999</b>

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. Increase in costs relates to unexpected Fusion Licensing costs (£68k)
- Increase in interest payments reflects the volume of late processing of pension payments 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.
- Assumed inflation at 5% where applicable or average over three years - No further allowance for inflation after 2024/25

## 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.

	<b>2022/23 Actual £000</b>	<b>2023/24 Estimate £000</b>	<b>2023/24 Actual £000</b>	<b>2024/25 Estimate £000</b>	<b>2025/26 Estimate £000</b>	<b>2026/27 Estimate £000</b>
Fund Manager Fees	4,109	4,000	3,995	4,000	4,000	4,000
Performance Related Fees	121	120	200	160	160	160
Transaction costs	310	300	361	335	335	335
Custodian Fees	42	40	28	35	35	35
Performance Measurement services	36	35	38	45	45	45
Other Investment Fees	10	15	0	0	0	0
<b>TOTAL</b>	<b>4,628</b>	<b>4,520</b>	<b>4,622</b>	<b>4,575</b>	<b>4,575</b>	<b>4,575</b>

Please note the following regarding the above figures:

- Fund Manager/Performance Fees & Transaction costs are charged according to the fund value; therefore, an average figure from the last three years has been applied for estimates 2024/25 onwards

### 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.

	2022/23 Actual £000	2023/24 Estimate £000	2023/24 Actual £000	2024/25 Estimate £000	2025/26 Estimate £000	2026/27 Estimate £000
Financial Services	210	220	229	240	240	240
Actuarial Fees	130	25	125	60	60	60
Audit Fees	(14)	60	90	90	90	90
Member Training (inc. LPB)	3	10	2	10	10	10
Advisor Fees	86	75	80	80	80	80
London CIV	118	120	101	100	100	100
Local Pension Board	4	5	7	10	10	10
Pensions Committee	33	35	38	40	40	40
Other Fees	1	5	15	16	16	16
<b>TOTAL</b>	<b>585</b>	<b>555</b>	<b>687</b>	<b>646</b>	<b>646</b>	<b>646</b>

Please note the following regarding the above figures:

- Actuarial Fees shown are shown gross – £65k was recharged to other employers in the fund. Estimated costs excluded unforeseen IDRPs/policy updates & TPR compliance checker tool totalling £40k.
- LCIV reflects lower fee Development Fund charges
- 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. Estimates for audit fees are based on 23/24 agreed fees and uplifted for 5% inflation. Audit fees subject to approval by Public Sector Audit Appointments (PSAA).
- Assumed inflation at 5% where applicable or average over 3 years - No further allowance for inflation after 2024/25

	2022/23 Actual £000	2023/24 Estimate £000	2023/24 Actual £000	2024/25 Estimate £000	2025/26 Estimate £000	2026/27 Estimate £000
<b>OVERALL MANAGEMENT TOTAL</b>	<b>5,940</b>	<b>5,840</b>	<b>6,255</b>	<b>6,220</b>	<b>6,220</b>	<b>6,220</b>



## MAJOR MILESTONES & ISSUES CONSIDERED/TO BE CONSIDERED

### Pension Committee meetings 2023/24

The Committee met a number of times during 2023/24 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 2023/24 to demonstrate what was achieved and is set out below:

Cyclical Planned Work	Achieved	Comments
<b>25 July 2023</b>		
Overall Monitoring Report on Pension Fund to end of Mar 22 (LCIV - pooling manager in attendance)	Yes	
Business Plan/Report on the work of the Pensions Committee 2022/23	Yes	
Pension fund Accounts 2022/23	Yes	
Investment Strategy Statement Update	Yes	Presented at 12 September 2023 meeting
Climate Risk Policy	Yes	
Non-Cyclical Planned Work	Achieved	Comments
Implementation of interim and long-term strategy	Yes	Included in the work plan but with no specified date
Agreed Admission to the fund: Urbaser Limited – Recycling, Waste Collection & Cleansing contract	Yes	Not possible to predict when new employers will join so won't be scheduled as part of the business plan
<b>12 September 2023</b>		
Overall Monitoring Report on Pension Fund to end of Jun 23 (Churchill Private Debt Manager to attend) Currency	Yes	
Pension Fund Annual Report 2022/23	Yes	Presented at 7 November 2023 meeting
Climate Risk policy – implementation Plan	Yes	Presented at 25 July 2023 meeting in conjunction with Climate Policy
Non-Cyclical Planned Work	Achieved	Comments
Implementation of interim and long-term strategy	Yes	Included in the work plan but with no specified date

<b>Cyclical Planned Work</b>	<b>Achieved</b>	<b>Comments</b>
<b>7 November 2023</b>		
Annual review of Custodian	Yes	Presented at 24 January 2024 meeting
Annual review of Adviser	Yes	
Annual review of Actuary	Yes	
Review of Governance Policy	Yes	
Whistleblowing Annual Assessment	Yes	
Risk Register Review	Yes	
Overpayment policy following Death	Yes	
Funding Strategy Statement Update	Yes	
Cash Policy Review	Yes	Presented at 19 March 2024 meeting
<b>12 December 23 (deferred to 24 Jan 2025)</b>		
Overall Monitoring Report on Pension Fund to end of Sep 23: (CBRE – Global Property Manager to attend)	Yes	
Annual review of Fund Managers Voting & Engagement	Yes	Presented at 19 March 2024 meeting
TCFD report 2022/23	Yes	Presented at 12 September 2024 meeting
Triennial mid-point valuation	Yes	Presented at 7 November 2023 meeting
Local Pension Board Annual Report 31 March 2023	Yes	Presented at 7 November 2023 meeting
<b>19 March 24</b>		
Overall Monitoring Report on Pension Fund to end of Dec 23: Permira (Private Debt)	Yes	
Pensions administration Budget 2024/25	No	Going to Pension Committee 25 June 2024
<b>Non-Cyclical Planned Work</b>	<b>Achieved</b>	<b>Comments</b>
Agreed Admission to the fund: Caterlink – St Edwards Schools	Yes	Not possible to predict when new employers will join so won't be scheduled as part of the business plan

**PENSION COMMITTEE MEETINGS 2023/24**

**ANNEX A**

<b>Date</b>	<b>Good Governance Framework category</b>		<b>Topic</b>	<b>Attended By</b>	<b>Duration of meeting</b>
25 Jul 23	Investment	Monitoring of Investments	Noted the Pension Fund Performance Monitoring Report for quarter ending March 2023: received presentations from the Fund's pooling manager London CIV	Cllr Mandy Anderson (Chair) Cllr Philip Ruck (Vice-Chair) Cllr Viddy Persaud Cllr James Glass Cllr Dilip Patel Cllr Joshua Chapman Derek Scott (Trade Union Rep)	2 hours 30 minutes
	Accounting	Annual Report & Accounts	Noted Pension Fund Accounts 2022/23		
	Investment	Responsible Investment	Agreed the Climate Policy and Action plan and agreed to attend a workshop to determine progress against objectives and further development of action plan		
	Investment	Strategy Review	Agreed the fund manager split of a 2.5% increase to infrastructure allocation		
	Funding	New Employer	Agreed Admission to the fund: Urbaser Limited – Recycling, Waste Collection & Cleansing contract		
	Governance	Service Delivery - Business Planning	Agreed the rolling 2023/24 – 2025/26 Business Plan/ Annual Report on the work of the Pensions Committee for 2022/23		
12 Sep 23	Investment	Monitoring of Investments	Noted the Pension Fund Performance Monitoring Report for quarter ending 30 June 2023: received presentations from the Fund's Private Debt Manager Churchill	Cllr Mandy Anderson (Chair) Cllr Viddy Persaud Cllr James Glass Cllr Dilip Patel	1 hour 45 minutes
	Investment	Strategy Review	Agreed the Investment Strategy Statement and noted compliance against Myner's investment principles		

**PENSION COMMITTEE MEETINGS 2023/24**

**ANNEX A**

<b>Date</b>	<b>Good Governance Framework category</b>		<b>Topic</b>	<b>Attended By</b>	<b>Duration of meeting</b>
	Investment	Responsible Investment	Agreed Taskforce for Climate, related Financial Disclosures (TCFD) report for 31 March 2023		
	Investment	Strategy Review	Agreed to implement the 5% allocation to investment grade credit assets via the LCIV Global Bond Fund		
7 Nov 23	Governance	Review of Effectiveness	Noted Annual review of Actuary for the year ending 30 Sept 2023	Cllr Mandy Anderson (Chair) Cllr Philip Ruck (Vice-Chair) Cllr Viddy Persaud Cllr Dilip Patel Cllr Joshua Chapman Cllr Jacqueline Williams Derek Scott (Trade Union Rep)	1 hour
	Governance	Review of Effectiveness	Noted Annual review of Investment Consultant & agreed contract extension to 31 March 2026		
	Governance	Policy Review	Agreed Governance Policy & Compliance Statement following review		
	Accounting	Annual Report & Accounts	Agreed the Pension Fund Annual Report 31 March 2023 and noted compliance against CIPFA checklist		
	Governance	Breaches	Noted the results of Whistleblowing Annual Assessment for 30 Sept 2023 and noted no possible breaches reported		
	Funding	Policy	Agreed the Updated Funding Strategy Statement 2023 to reflect legislation changes on DfE guarantee & Pass through policy		
	Investment	Risk Management	Pension Fund Risk Register – updated as of Sept 2023		
	Pension Administration	Processes	Agreed the continuation of the overpayment policy following death of a pensioner		
	Accounting	Annual Report & Accounts	Noted Local Pension Board Annual Report 31 March 2023		

**PENSION COMMITTEE MEETINGS 2023/24**

**ANNEX A**

<b>Date</b>	<b>Good Governance Framework category</b>		<b>Topic</b>	<b>Attended By</b>	<b>Duration of meeting</b>
12 Dec 23 (deferred to 24 Jan 24)	Investment	Monitoring of Investments	Noted the Pension Fund Performance Monitoring Report for quarter ending 30 September 2023: received presentations from the Fund's Global Property Manager CBRE	Cllr Dilip Patel (Chair) Cllr Philip Ruck (Vice-Chair) (via Zoom) Cllr Viddy Persaud Cllr James Glass Cllr Joshua Chapman Cllr Jacqueline Williams	1 hour 50 minutes
	Governance	Review of Effectiveness	Noted Service review of the Pension Fund Custodian for the year to September 2023		
	Funding	Actuarial Valuations	Noted Pension fund interim Funding position – midpoint of triennial valuation at 30 Sept 2023.		
19 Mar 24	Investment	Monitoring of Investments	Noted the Pension Fund Performance Monitoring Report for quarter ending 31 December 2023: received presentations from the Fund's Private Debt Manager Permira	Cllr Mandy Anderson (Chair) Cllr Viddy Persaud Cllr James Glass Cllr Dilip Patel Cllr Joshua Chapman Cllr Jacqueline Williams Cllr Stephanie Nunn (virtual attendance)	2 hours 10 minutes
	Investment	Monitoring of Investments	Agreed the updated Cash Management policy		
	Investment	Responsible Investment	Noted the Review of Voting & Engagement Activity for the year to June 23		
	Funding	New Employer	Agreed Admission to the fund: Caterlink – Catering Services at St Edwards Academy		

- Three members constitute a quorum.
- Target dates for issuing agendas were met.

## **Pension Committee meetings 2024/25 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/monitoring of Climate Risk Policy
- Develop and implement approach for climate related engagement
- Task Force on Climate Related Financial Disclosures (TCFD) reporting compliance/gap analysis (subject to regulatory publications)
- Implementation of the interim and long-term Investment
- Consider Local investment & Levelling Up agenda (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
- Review of RLAM mandate & Index linked gilts objectives
- Consideration of reallocating into Private Debt/Infrastructure close ended funds
- Governance review of London CIV
- Planning for SAB Good Governance guidance compliance - once guidance is issued
- TPR New Code of Practice compliance check – develop action plan
- New training policy to reflect Good Governance and TPR compliance
- Risk Register –independent oversight of scoring
- Cost transparency analysis
- New contract – Actuary (current contract expires 15 July 2025)
- New contract – Investment Advisor (current contract expires 31 March 2026)
- New contract – Custodial Services (current contract expires 30 September 2026)
- 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 (include training programme following Local Elections May 2026)

**KEY REPORTING DATES / INDICATIVE WORK PLAN 2024/25**

**ANNEX B**

	<b>25 JUNE 2024</b>	<b>1 OCTOBER 2024</b>	<b>5 NOVEMBER 2024</b>	<b>10 DECEMBER 2024</b>	<b>18 MARCH 2025</b>
<b>Formal Committees with Members</b>	<ul style="list-style-type: none"> <li>▪ Overall Monitoring Report on Pension Fund to end of Mar 24: Royal London (Bonds)</li> <li>▪ Pension Fund Accounts 2023/24</li> <li>▪ Business Plan/Report on the work of the Pensions Committee 2023/24</li> <li>▪ Pensions Administration Budget 24/25</li> </ul>	<ul style="list-style-type: none"> <li>▪ Overall Monitoring Report on Pension Fund to end of Jun 24: LGIM Passive Equities)</li> <li>▪ Pension Fund Annual Report for 2023/24</li> <li>▪ TPR code of Practice – compliance / Action Plan</li> <li>▪ GAD Section 13 results</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual review of Custodian</li> <li>▪ Annual review of Adviser</li> <li>▪ Annual review of Actuary + contract renewal options</li> <li>▪ Review of Governance Policy</li> <li>▪ Whistleblowing Annual Assessment</li> <li>▪ Risk Register Review</li> <li>▪ Overpayment policy following Death</li> <li>▪ Communications Strategy 2024 – 2027</li> <li>▪ Pension Fund charging Policy Review</li> <li>▪ Pensions Administration Strategy Review</li> </ul>	<ul style="list-style-type: none"> <li>▪ Overall Monitoring Report on Pension Fund to end of Sep 24: UBS (Property).</li> <li>▪ TCFD report 2023/24</li> <li>▪ Local Pension Board Annual Report 31 March 24</li> </ul>	<ul style="list-style-type: none"> <li>▪ Overall Monitoring Report on Pension Fund to end of Dec 24: Stafford (Infrastructure)</li> <li>▪ Annual review of Fund Managers Voting &amp; Engagement</li> <li>▪ Pensions Administration Budget 25/26</li> </ul>
<b>Training</b>	Associated Training	Associated Training	Associated Training	Associated Training	Associated Training



## KEY REPORTING DATES / WORK PLAN 2025/26

	JUNE 2025	SEPTEMBER 2025	NOVEMBER 2025	DECEMBER 2025	MARCH 2026
<b>Formal Committees with Members</b>	<ul style="list-style-type: none"> <li>▪ Overall Monitoring Report on Pension Fund to end of March 25: Russell (FX hedging)</li> <li>▪ Business Plan/Report on the work of the Pensions Committee 2024/25</li> <li>▪ Pension Fund Accounts 2024/25</li> </ul>	<ul style="list-style-type: none"> <li>▪ Overall Monitoring Report on Pension Fund to end of June 25 –JP Morgan (Infrastructure)</li> <li>▪ Pension Fund Annual Report for 2024/25</li> <li>▪ Annual review of Adviser + Contract renewal options</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual review of Custodian + contract renewal options</li> <li>▪ Annual review of Actuary</li> <li>▪ Review of Governance Policy</li> <li>▪ Whistleblowing Annual Assessment</li> <li>▪ Risk Register Review</li> <li>▪ Overpayment policy following Death</li> </ul>	<ul style="list-style-type: none"> <li>▪ Overall Monitoring Report on Pension Fund to end of September 25 Churchill (Private Debt)</li> <li>▪ TCFD report 2024/25</li> <li>▪ Local Pension Board Annual Report 31 March 25</li> <li>▪ 2025 Valuation results</li> <li>▪ FSS statement review</li> <li>▪ ISS Strategy review</li> </ul>	<ul style="list-style-type: none"> <li>▪ Overall Monitoring Report on Pension Fund to end of December 25: LCIV (Pooling)</li> <li>▪ Annual review of Fund Managers Voting &amp; Engagement</li> <li>▪ Pensions Administration Budget 26/27</li> </ul>
<b>Training</b>	Associated Training	Associated Training	Associated Training	Associated Training	Associated Training

## KEY REPORTING DATES / WORK PLAN 2026/27

	JUNE 2026	SEPTEMBER 2026	NOVEMBER 2026	DECEMBER 2026	MARCH 2027
<b>Formal Committees with Members</b>	<ul style="list-style-type: none"> <li>▪ Overall Monitoring Report on Pension Fund to end of March 26: CBRE (Property)</li> <li>▪ Business Plan/Report on the work of the Pensions Committee 2025/26</li> <li>▪ Pension Fund Accounts 2025/26</li> </ul>	<ul style="list-style-type: none"> <li>▪ Overall Monitoring Report on Pension Fund to end of June 26 – Royal London (Bonds)</li> <li>▪ Pension Fund Annual Report for 2025/26</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual review of Custodian</li> <li>▪ Annual review of Adviser</li> <li>▪ Annual review of Actuary</li> <li>▪ Review of Governance Policy</li> <li>▪ Whistleblowing Annual Assessment</li> <li>▪ Risk Register Review</li> <li>▪ Overpayment policy following Death</li> <li>▪ Cash Policy Review</li> </ul>	<ul style="list-style-type: none"> <li>▪ Overall Monitoring Report on Pension Fund to end of September 26 Permira (Private Debt)</li> <li>• Annual review of Fund Managers Voting &amp; Engagement</li> <li>▪ TCFD report 2025/26</li> <li>▪ Local Pension Board Annual Report 31 March 26</li> </ul>	<ul style="list-style-type: none"> <li>▪ Overall Monitoring Report on Pension Fund to end of December 26: Stafford (Infrastructure)</li> <li>▪ Pensions Administration Budget 27/28</li> </ul>
<b>Training</b>	Associated Training	Associated Training	Associated Training	Associated Training	Associated Training

## PROVISION OF TRAINING

The Pensions Regulator (TPR) Code of Practice No.14 (April 2015) and its replacement, the new single Code of Practice came into force on 28 March 2024 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. A Training Strategy review had been deferred pending issuance of guidance/regulations for the anticipated Good Governance Review and TPR New Code of Practice. The Code of Practice has now been issued and officers will review compliance against the new code and commence with a Training Strategy review during 2024/25.

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 and 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

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 regular forum meetings with peers from other London Boroughs; this gives access to extensive opportunities of knowledge sharing and benchmarking data.

Officers within oneSource Pensions teams also benefited from sharing of best practice

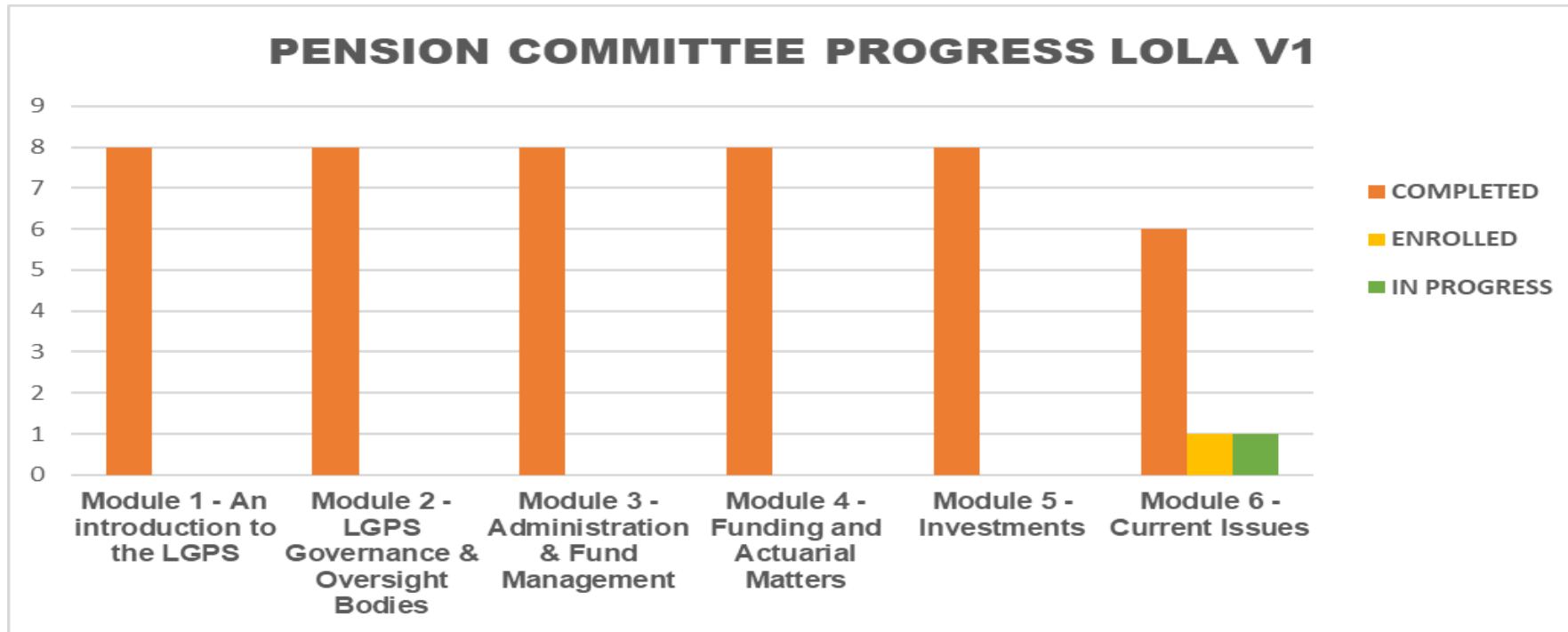
The London CIV runs periodic seminars to aid Officer and Committee member development.

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

Training and development took place during 2023/24 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.

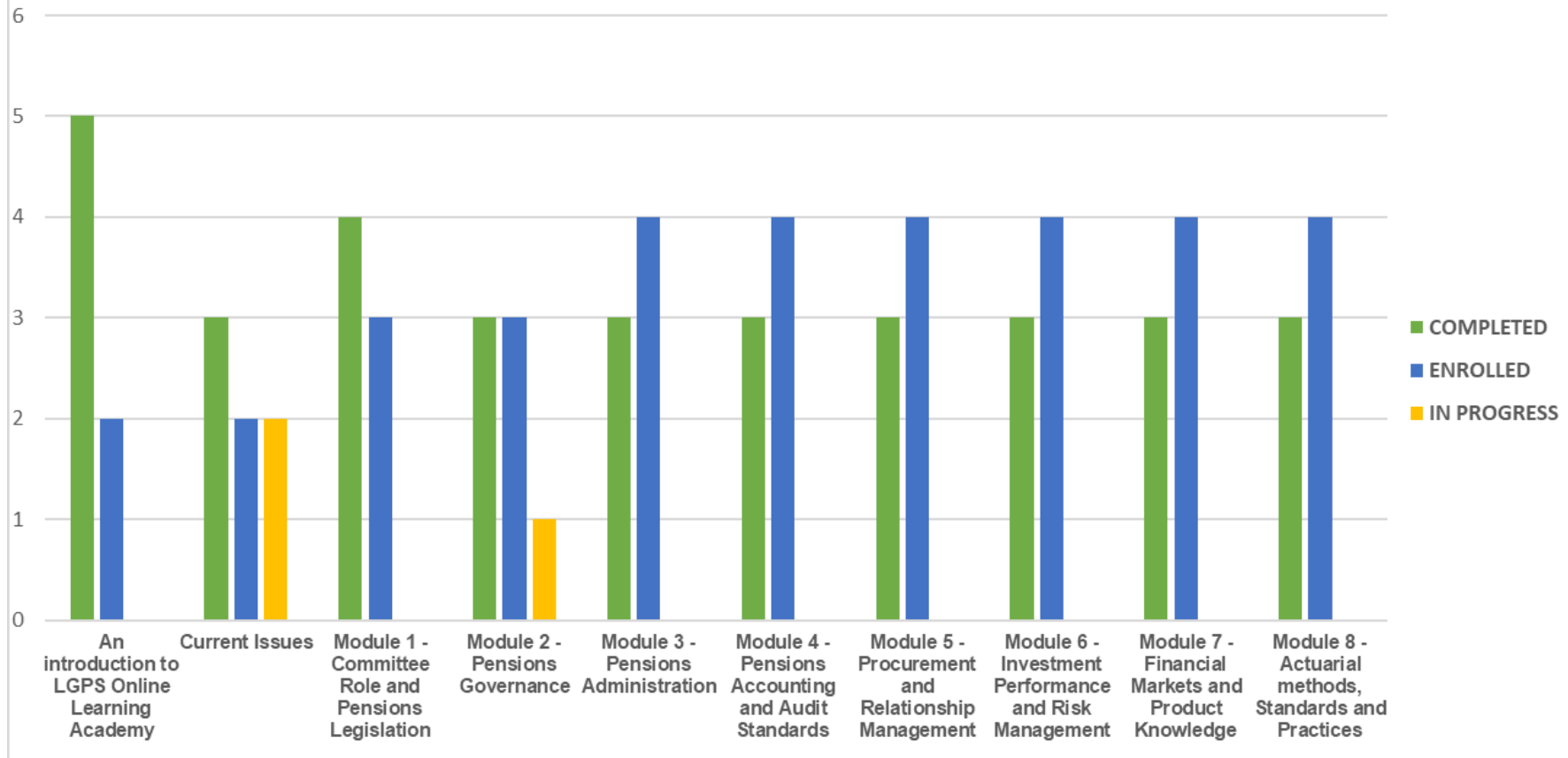
The Fund has also subscribed to the LGPS Online Learning Academy (LOLA) Launched by our Actuaries (Hymans). There were issuances of learning modules under version 1 (v1) and version 2 (v2). This is an online platform designed to support the training needs of PC, LPB and Officers. The training is split into a number of modules covering the CIPFA Knowledge & Skills Framework and TPR's Code of Practices. Each module contains short 'videos on demand' presentations of 20 minutes or less with supplemental learning materials and quizzes. PC members were requested to complete LOLA v1 modules to meet the Council's constitution, committee procedure rules.

The Fund receives regular progress reports, allowing it to easily evidence member’s development and progress as at 31 March 2024 can be seen in the table below:



The fund transitioned to the LOLA v2 module in October 2023 and the PC are encouraged to refresh their learning by completing the modules under version 2. Progress made as at 31 March 2024 can be seen in the following table:

## PENSION COMMITTEE PROGRESS LOLA V2



**PENSION COMMITTEE TRAINING (May 2022 Election - 31 March 2024)**

**Annex C**

<b>Date</b>	<b>Good Governance/CIPFA Framework category</b>		<b>Topic</b>	<b>Attended By</b>	<b>Duration</b>
23 Jun 2022	ALL	ALL	Introduction to Pensions	Cllr Mandy Anderson (Chair)	1 hour
11 Jul 2022	ALL	Financial/ Investment Strategy, pooling & Financial Mkts & products	LCIV Induction for new Pension Committee Chairs	Cllr Mandy Anderson (Chair)	1 hour
19 Jul 2022	ALL	ALL	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 minutes
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	Governance	Governance	LGA Fundamentals Day 1	Cllr Mandy Anderson (Chair)	7 hours
10 Nov 2022	Governance	Strategy Implementation – Asset pooling	LGA Fundamentals Day 2	Cllr Mandy Anderson (Chair)	7 Hours
5 Dec 2022	Funding	Funding Strategy & Actuarial Methods	2022 Valuation results	Cllr Julie Wilkes Cllr Viddy Persaud Derek Scott (Union Rep)	2 hours
15 Dec 2022	ALL	ALL	New member induction	Cllr James Glass	1 hour

**PENSION COMMITTEE TRAINING (May 2022 Election - 31 March 2024)**

**Annex C**

<b>Date</b>	<b>Good Governance/CIPFA Framework category</b>		<b>Topic</b>	<b>Attended By</b>	<b>Duration</b>
19/20 Jan 2023	Governance	ALL	Local Government Conference 2023	Cllr Mandy Anderson (Chair) Derek Scott (Union Rep)	12 hours
6 Mar 2023	Investment	Strategy Implementation, Risk management	Education session on Climate Metrics	Cllr Mandy Anderson (Chair) Cllr Philip Ruck Cllr Viddy Persaud Cllr Stephanie Nunn Derek Scott (Union Rep)	1 hour
17 Jul 2023	ALL	ALL	New member induction	Cllr Joshua Chapman	1 hour
18 Jul 2023	Governance	Investment Strategy, Pooling	LCIV AGM	Cllr Mandy Anderson Cllr Viddy Persaud	2 hours
25 Jul 23	Governance	Management accounting	Havering Pension Fund Accounts	Cllr Mandy Anderson (Chair) Cllr Philip Ruck Cllr Viddy Persaud Cllr Dilip Patel Cllr James Glass Cllr Joshua Chapman Derek Scott (Union Rep)	30 minutes
4/5 Sep 23	Governance / Investment	Strategy Implementation – Asset pooling	LCIV Conference	Cllr Mandy Anderson (Chair) Cllr James Glass	12 hours
12 Sep 23	Investment	Financial markets and Products	Corporate Bonds/LCIV Global Bond Fund	Cllr Mandy Anderson (Chair) Cllr Viddy Persaud Cllr James Glass	50 minutes
17 Oct 2023	ALL	ALL	New member induction	Cllr Jacqueline Williams	1 hour



**PENSION COMMITTEE TRAINING (May 2022 Election - 31 March 2024)**

<b>PENSION COMMITTEE TRAINING (May 2022 Election - 31 March 2024)</b>					<b>Annex C</b>
<b>Date</b>	<b>Good Governance/CIPFA Framework category</b>		<b>Topic</b>	<b>Attended By</b>	<b>Duration</b>
27 Mar 24	Investment	Strategy Implementation, Risk management	Climate Policy workshop	Cllr Mandy Anderson (Chair) Cllr Jacqueline Williams	2 hours 45 minutes
Annex A Committee dates	ALL	ALL	Various – refer to Annex A	Pensions Committee	9 hours 15 minutes