

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pension Fund Committee

Date: 9 September 2025

Subject: Pension Fund Quarterly Update Q2 2025

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Responsible Director: Phil Triggs, Director of Treasury and Pensions

SUMMARY

This paper provides the Pension Fund Committee with a summary of the Pension Fund's:

- overall performance for the quarter ended 30 June 2025;
 - cashflow update and forecast;
 - assessment of risks and actions taken to mitigate these.
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RECOMMENDATIONS

1. The Pension Fund Committee is recommended to note the update.
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Wards Affected: None.

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and the council taxpayer.

Financial Impact

None.

Legal Implications

None.

DETAILED ANALYSIS

LBHF Pension Fund Quarterly Update: Q1 2025/26

1. This report and attached appendices make up the pack for the quarter ended 30 June 2025. An overview of the Pension Fund's performance is provided in Appendix 1. This includes administrative, investment, and cash management performance for the quarter.
2. Appendix 2 provides information regarding the Pension Fund's investments and performance. The highlights from the quarter are shown below:
 - Overall, the investment performance report shows that, over the quarter to 31 March 2025, the market value of the assets increased by £30m to £1.439m
 - The Fund has underperformed its benchmark net of fees by 1.0%, delivering an absolute return of 2.4% over the quarter.
 - The total Fund delivered a positive return of 5.4% on a net of fees basis over the year to 30 June 2025.
3. The Pension Fund's cashflow monitor is provided in Appendix 3. This shows both the current account and invested cash movements for the last quarter, as well as cashflow forecasts to 31 March 2026. An analysis of the differences between the actuals and the forecast for the quarter is also included.
4. The breaches of the law log has not been included in this quarter as there have been no breaches to report.

Risk Management Implications

1. These are included in the risk registers.
 - i. This quarter we are trialling a new approach to risk reporting.
 - ii. Appendix 4 sets out a current review of four of the 11 red risks on the risk register
 - iii. This approach has been taken from comments from the Pension Fund Committee members to align the approach of risk reporting with the Audit Committee.
 - iv. In the new reporting system, the full Risk Register would be brought to the committee in the Q2 meeting each year, with the other meetings (Q1, Q3 and Q4) receiving a focused review for discussion.
 - v. The reason for the Q2 cycle regarding the full register is to align with likely date for external audit completion.
 - vi. We welcome any feedback or further development of this approach.
2. There have been no other changes in the risk scores on the full risk register.

Pensions Investment Review (PIR) Update

BACKGROUND

- 1.1 In July 2024, the new Labour government expressed that it was committed to reforming the LGPS in line with the previous government's ambitions, in the form of a Pensions Investment Review (PIR).
- 1.2 As part of PIR, the MHCLG published the [Local Government Pension Scheme \(England and Wales\): Fit for the Future consultation](#) on 14 November 2024. The consultation focused on three key areas: asset pooling, UK and local investment, and governance.
- 1.3 On 29 May 2025, the [consultation outcome](#) was released, alongside the [final report on the Pensions Investment Review](#), which covers both defined contribution (DC) schemes and defined Benefit (DB) schemes. The LGPS falls under the latter.
- 1.4 Reference the committee requirement for training and regular updates on the progress of actions, a summary document has been attached as Appendix 5.

List of Appendices:

Appendix 1:	Scorecard as at 30 June 2025
Appendix 2a:	Isio Quarterly Performance Report for Quarter Ended 30 June 2025 (public)
Appendix 2b:	Isio Investment Performance Report 30 June 2025 (EXEMPT)
Appendix 3:	Cashflow Monitoring Report
Appendix 4:	Red Risks Review
Appendix 5:	LGPS: Pensions Investment Review & Pension Schemes Bill