

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pension Fund Committee

Date: 25 November 2025

Subject: Pension Fund Quarterly Update Q3 2025

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SUMMARY

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

- overall performance for the quarter ended 30 September 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: Q2 2025/26

1. This report and attached appendices make up the pack for the quarter ended 30 September 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 30 September 2025, the market value of the assets increased by £43m to £1.482m
 - The Fund has underperformed its benchmark net of fees by 0.76%, delivering an absolute return of 3.33% over the quarter.
 - The total Fund delivered a positive return of 7.59% on a net of fees basis over the year to 30 September 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 30 June 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.
5. The audit of the Pension Fund Accounts has now concluded and the annual report containing the accounts document is published [on our page](#).
6. Appendix 5 contains the initial results of the 2025 triennial valuation. These results form part of the exempt appendices because the initial results report is in draft form and likely to change before the final version is produced (as a result of changes to individual employers), so making it public could be misleading if later reports show different positions. Restricting these documents allows committee members to review and refine them before public or employer circulation, ensuring accuracy and avoiding potential misunderstandings.

Risk Management Implications

1. These are included in the risk registers.
 - i. Last quarter officers trialled the new approach to risk reporting.
 - ii. As mentioned in that report, the full Risk Register would be brought to the committee in the Q2 meeting of each financial year, with the other meetings (Q1, Q3 and Q4) receiving a focused review for discussion. To this end, the full Risk Register has been brought to this committee.

- iii. The reason for the Q2 cycle regarding the full register is to align with likely date for external audit completion, which has been the case this year.

2. There have been changes in the mitigation actions of the below risks:

Risk Ref.	Risk Area	Nature of Improvement Made
3 – LCIV Governance	Dependence on LCIV to deliver investment pooling	Changed from Tolerate to Treat/Share. Strengthened description of oversight processes.
7 – LCIV Capacity	Operational capacity and resourcing	Clarifies ongoing assurance activity, feedback mechanisms and contingency planning.
60 – Non-compliance with the Pension Investment Review	Governance and compliance	Introduces more specific actions in legislative compliance reviews.

3. There have been no other changes to the risk register.

London CIV (LCIV) Update

Fit for the Future

The LCIV is progressing the implementation of the Government's *Fit for the Future* pooling reforms. A key focus in recent months has been finalising the contractual framework that will underpin the new operating model and clarify roles and responsibilities between Partner Funds and the Pool. This is being set out across three core documents:

- Investment Management Agreement (IMA): defines the legal terms under which LCIV manages assets on behalf of each Partner Fund.
- Letter of Engagement (LoE): describes the services LCIV will provide and respective duties and obligations.
- Service Level Description (SLD): sets out performance standards, service metrics and reporting requirements for operational delivery.

At the LCIV workshop held on 30 October 2025, Partner Funds discussed the practicality and phasing of implementation. While there was broad agreement on the optimal future state pooling model, it was recognised that operational changes, particularly around custody and cash management, must be introduced gradually to avoid disruption to pension payments and day-to-day fund administration.

LCIV will now hold one-to-one sessions with each Partner Fund over the coming months to refine transition timelines and ensure local needs are reflected.

Expansion of the Pool

Buckinghamshire County Council has confirmed its decision to join LCIV as its new pooling shareholder partner, following the national decision regarding the dissolution of the Brunel pool. This will:

- Increase the LCIV total pool size.
- Strengthen collective influence in cost savings and manager access.
- Require integration planning, governance alignment and shared service coordination.

Work is underway to sequence the transition of Buckinghamshire's assets and define its service and oversight arrangements in line with the LCIV's IMA / LoE / SLD framework.

Responsible Investment (RI) Streams

CIV is developing a more structured Responsible Investment (RI) streams model to improve coordination and clarity across Partner Funds. LBHF provided feedback on the proposals on 4 November, which LCIV is now reviewing.

The purpose of the RI Streams model is to ensure that RI activity is transparent, consistent and auditable, while still enabling each Fund to reflect its own local priorities within investment strategy.

List of Appendices:

Appendix 1:	Scorecard as at 30 September 2025
Appendix 2a:	Isio Quarterly Performance Report for Quarter Ended 30 September 2025 (public)
Appendix 2b:	Isio Investment Performance Report 30 September 2025 (EXEMPT)
Appendix 3:	Cashflow Monitoring Report
Appendix 4:	Risk Register
Appendix 5:	LBHF PF triennial valuation initial whole fund results 2025 (EXEMPT)