

**MINUTES OF A MEETING OF THE  
PENSIONS COMMITTEE  
Appointment Centre Rooms 7 & 8  
17 March 2026 (7.00 - 9.15 pm)**

**Present:**

**COUNCILLORS**

**Conservative Group**            Viddy Persaud and Joshua Chapman

**Havering Residents' Group**            John Crowder (Chairman) and Stephanie Nunn (Vice-Chair)

**48    APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS**

Apologies were received from Councillors James Glass and Keith Darvill.

**49    DISCLOSURE OF INTERESTS**

There were no disclosures of interests.

**50    MINUTES OF THE MEETING**

The minutes of the previous meeting held on 9<sup>th</sup> December 2025 were agreed as a correct record and were signed by the Chairman.

**51    2025 ACTUARIAL VALUATION REPORT**

The Committee received a report on the draft 2025 actuarial valuation.

Members were advised that the valuation had been carried out in line with LGPS regulations and officers confirmed that the Fund's financial position had improved significantly since the previous cycle. The Fund had moved from an 80% funding level in 2022 to 101% as at March 2025 which represented a surplus of approximately £13 million. Members noted that some figures remained provisional until the final data reconciliation due on 31 March 2026. The most significant driver of the improved funding level was the increase in the discount rate from 3.2% to 5.5%, due to improved long-term market expectations..

The climate change scenario analysis was then explained. Three volatility-based scenarios and three narrative-driven scenarios centred on a global food-shock event. While extreme events posed risks, none required immediate concern due to the long-term approach in the valuation. The Committee discussed the relationship between investment risk, long-term modelling, discount rates and the potential impact of geopolitical instability.

The final Funding Strategy Statement was presented following consultation with employers. Amendments had been made to clarify wording regarding academy contributions. The Committee considered the prudence level increase from 80 to 85%, the stability mechanism limiting contribution changes and the equitable treatment of all employers. Extensive discussion took place regarding Council contributions, risk management, employer affordability and regulatory constraints on valuation timing. Officers and advisers confirmed that the methodology complied with LGPS regulations and had been independently reviewed.

The Committee agreed the recommendations as set out in the report.

**52 2026 INVESTMENT STRATEGY REPORT**

The Committee considered the Investment Strategy Statement for 2026.

Officers explained that the strategy reflected the latest valuation results and anticipated upcoming regulatory changes relating to full asset pooling. The overall strategic risk and return profile remained consistent, though several allocation adjustments were proposed.

The equity allocation remained at 40%. A new 2.5% allocation to private equity was introduced, funded by a reduction in the multi-asset allocation to 10%. Property increased to 12.5% with a view to supporting future opportunities in residential and London-based assets. Private credit rose to 10%, replacing part of the broader credit allocation while maintaining a total credit exposure of 20%. The allocation to UK government bonds was reduced to 2.5%. These adjustments marginally increased expected long-term returns while slightly increasing volatility, though the overall balance remained appropriate.

Members discussed the introduction of a local investment ambition of 2.5% for opportunities across London. Questions were raised regarding the implementation under the London CIV model and the future role of the Committee once pooling became mandatory. Officers and advisers confirmed that strategic decision-making would continue to rest with the Committee while operational management would move to LCIV.

The Committee agreed the recommendations as set out in the report.

**53 PENSION FUND PERFORMANCE MONITORING Q4 2025 REPORT**

The Committee reviewed the Fund's performance for the quarter ending 31<sup>st</sup> December 2025.

The Fund's value had increased by approximately £22 million which had been driven mainly by strong global equity markets. Returns were positive across all mandates although slightly behind both the tactical and strategic

benchmarks due to revised market assumptions and falling government bond yields.

Despite the short-term variance, the Fund continued to outperform liability benchmarks over the one and three year periods. Officers provided updates on cash management, capital commitments and wider LGPS developments. Hymans reported on changes to the benchmark used for LGIM's Future World Fund and confirmed that it remained an appropriate fit for the Fund.

The Committee agreed the recommendations as set out in the report.

#### 54 **2025 VOTING AND ENGAGEMENT REPORT**

The Committee considered the annual voting and engagement review.

Officers outlined how investment managers had exercised voting rights over the year to June 2025 and the themes pursued in their engagement. London CIV had applied a single voting policy across its equity mandates while LGIM had applied its own policy for passive holdings. A material number of votes were cast against management resolutions which reflected active stewardship. Some anomalies in abstention figures were identified and would be clarified with the provider. Examples of engagement activity were discussed, including climate governance, supply chain human rights risks and environmental concerns related to industrial chemicals.

The Committee agreed the recommendations as set out in the report.

#### 55 **FIT FOR THE FUTURE UPDATE**

The Committee received an update on Fit for the Future.

Members noted the Bill remained in the House of Lords and was unlikely to achieve Royal Assent by April 2026. One of the most significant implications for Havering was the move to full pooling. Approximately 40% of the Fund's assets were already invested through the London CIV. The remaining assets would transition once legislation was finalised which would be supported by an Investment Management Agreement that was being prepared but would not be signed until the statutory framework was in place.

The Committee was informed of new governance requirements, including the need for a Senior Executive Officer, an independent governance representative and refreshed documentation such as the Investment Strategy Statement, training strategy and governance compliance statement. Concerns were raised about speculation that central government might consider fund mergers if governance expectations were not met. Officers agreed to reflect this within future risk reporting and training plans.

London CIV representatives provided an update on internal preparations, including increased staffing, expanded office space, technology

development and improved succession planning following senior staff changes.

The Committee agreed the recommendations set out in the report.

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**Chairman**