

PENSIONS COMMITTEE

24 JUNE 2025

Subject Heading:

PENSION FUND ACCOUNTS 2024/25

SLT Lead:

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Policy context:

Pension Fund accounts to be noted by the Pensions Committee

Financial summary:

This report comments on the Pension Fund Accounts for the year ended 31 March 2024

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

People – Supporting our residents to stay safe and well	[X]
Place – A great place to live, work and enjoy	[X]
Resources – Enabling a resident-focused and resilient Council	[X]

SUMMARY

This report provides Members with an extract of the Authority's Statement of Accounts for the year to 31st March 2025 showing the unaudited accounts of the Havering Pension Fund ("the Fund") as at that date.

RECOMMENDATIONS

That the Committee consider and note the Havering Pension Fund Accounts (unaudited) as at 31st March 2025 and consider if there are any issues that need to be brought to the attention of the Audit Committee.

REPORT DETAIL

1 Background

- 1.1. The Accounts and Audit (Amendment) Regulations 2024 were laid before parliament on 9 September 2024 and came into force on 30 September 2024.
- 1.2. The Regulations amended the publication date of unaudited accounts from 31 May to 30 June for the financial years 2024/25 to 2027/28.
- 1.3. Regulation 9A also establishes audit deadlines for each financial year up to 2027/28. The deadline for 2024/25 audited accounts is 27 February 2026.
- 1.4. The Pension Fund draft accounts have been produced and published in line with the Accounts and Audit Regulation deadlines.
- 1.5. The Accounts have been compiled in line with the Chartered Instituted Institute of Public Finance & Accountancy (CIPFA) *“LGPS Funds Accounts 2020/21 example accounts*
- 1.6. There were no code changes in 2024/25 that affect the Pension Fund accounts.
- 1.7. The latest version of the Pension Fund Accounts is shown as attached in **Appendix A**.
- 1.8. Key movements to note from the 2024/25 accounts are:
 - The Net Assets of the Fund has increased to **£1,008m** in 2024/25 from £969m in 2023/24, an increase of **(£39m)**.
 - The increase of **(£39m)** is compiled of change in market value of investments (£21m), investment income of (£20m) and net reductions of cash of £2m. Further details are included within the Fund Account and Net Asset Statement included in this report.
- 1.9. The Authority’s full Statement of Accounts for 2024/25 will be presented to the Audit Committee for approval in due course. As these accounts include the Pension Fund Accounts any matters which, in the opinion of the Pensions Committee, would require any amendments to the accounts will need to be reported to the Audit Committee.

- 1.10. The 2024/25 Pension Fund accounts audit is currently ongoing. Ernst & Young LLP are the appointed auditors for the London Borough of Havering
- 1.11. Havering, like many local authorities, had experienced significant delays with the audit of its accounts. To address the backlog, and following a period of consultation, a solution involving 'backstop dates' was introduced. As a result, a large number of financial statements would be published with modified opinions.
- 1.12. Modified opinions did not apply to the Pension Fund Accounts. Since the accounts were last reported to the Committee, unqualified opinions have now been issued on the 2021/22, 2022/23 and 2023/24 accounts.
- 1.13. A copy of the audited Pension Fund Accounts and the auditors' opinion will be included in the 2024/25 Pension Fund Annual Report.
- 1.14. The statutory publication date for the 2024/25 Pension Fund Annual Report is **1 December 2025**. If the audit has not been completed it will be published as draft & unaudited to adhere to the deadline.
- 1.15. As part of audit process of the accounts our auditors will issue a draft Audit Results Report, which summarises their findings and sets out key recommendations that will be considered by the auditors when deliberating their opinion, conclusion and issue of audit certificate. Officers will also be given an opportunity to respond to any recommendations raised in the report once issued.
- 1.16. **Reforming local audit** - In April 2025, Ministry of Housing, Communities & Local Government (MHCLG) published the outcome of its recent consultation on English local audit reform. Its key message for LGPS funds is the commitment to separate pension fund accounts from administering authority accounts. This strategy aims to reduce any future backlogs from occurring and improve the overall efficiency of local audits, ensuring that local bodies are held accountable for their financial practices. In response, the LGPS Scheme Advisory Board has established an audit working group to discuss the implications of this change and develop any additional guidance on the separate preparation and publication of fund accounts

IMPLICATIONS AND RISKS

Financial implications and risks:

The assets of the Pension Fund and its Managers' performance are regularly monitored in order to ensure that the investment objectives are being met and consequently minimise any cost to the General Fund.

Audit Fees

The Public Sector Audit Appointments Limited (PSAA) is responsible for appointing auditors and setting scale of fees and appointments are typically made for a duration of a five-year accounting period.

The 2023/24 fee scale was the first in the five-year appointing period covering financial audit years 2023/24 to 2027/28.

The level at which the fee scales are set is largely determined by two factors which PSAA does not control: the volume of audit work required to deliver audits compliant with the requirements of the Code of Audit Practice, and audit supply market rates.

The fee scale is set each year based on the fee scale applicable for the previous year, adapted where possible for changes in audit requirements.

Following consultation, the PSAA published the 2024/25 audit fee scales in November 2024 and set this at £96,974 (2023/24 £85,945).

Any fee scale variations will need to be submitted to the PSAA for approval so it is possible that there will be a time lag in settling invoices if additional fees are being sought.

Audit costs will be met from the Pension Fund and final costs will not be known until audits are finalised.

Legal implications and risks:

The Accounts and Audit Regulations 2015 set out the deadline for the Council to produce and publish draft accounts by 31 May. The latest version of the Accounts and Audit (Amendment) Regulations 2024 were laid before parliament on 9 September 2024 and came into force on 30 September 2024.

The Regulations amended the publication date of unaudited accounts from 31 May to 30 June for the financial years 2024/25 to 2027/28.

Regulation 9A also establishes audit deadlines for each financial year up to 2027/28. The deadline for 2024/25 audited accounts is 27 February 2026.

On the basis that there are no specific issues raised by the external auditor, there are no legal implications arising directly from this report.

Human Resources implications and risks:

There are no immediate HR implications.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- i. the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- ii. the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- iii. foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment/identity.

The Council is committed to all the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants

An EqEIA is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected

BACKGROUND PAPERS

None