

PENSIONS COMMITTEE

11 NOVEMBER 2025

Subject Heading:

ACTUARIAL SERVICE PERFORMANCE
REVIEW

1 October 2024 to 30 September 2025

SLT Lead:

Kathy Freeman

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Policy context:

Review performance of services provided by the Actuary to demonstrate compliance against the the Pensions Regulator General Code of Practice and Contract Procurement Rules.

Financial summary:

Actuarial net costs are met from the Pension Fund or from scheme employers where rechargeable

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 reviews the service and performance of the Havering Pension Fund's ("the Fund") Actuary from the 1 October 2024 – 30 September 2025.

RECOMMENDATIONS

It is recommended that the Committee note the performance of the Fund's Actuary during the period 1 October 2024 to 30 September 2025.

REPORT DETAIL

1. BACKGROUND

- 1.1 All Local Government Pension Scheme (LGPS) Funds are required to procure professional actuarial services in line with regulation 62 of the Local Government Pension Scheme Regulations 2013 as they must obtain an actuarial valuation of the assets and liabilities of its pension fund as at 31 March 2016 and every third year afterwards and obtain a report by an actuary in respect of the valuation.
- 1.2 Actuarial services includes but is not limited to completion of the triennial valuation exercise, Funding Strategy Statement (FSS) preparation and advice, annual accounting valuations of pensions liabilities of scheme employers (in accordance with Financial Reporting Standards (FRS) 102/ International Accounting standards (IAS)19 and 26), carrying out opening valuations for new scheme employers, closing valuations for exiting scheme employers, benefit administration advice and ad-hoc advice and guidance which takes account of their knowledge of the Fund's position and strategies.
- 1.3 The Actuary also provides advice on consultations regarding changes in legislation affecting the LGPS and reviews guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) and the Scheme Advisory Board (SAB). These are highly technical areas; therefore, the Committee rely upon the Actuary to put forward suggestions that are in the best interest of the Fund. They work closely with the Government Actuary Department (GAD) to support their work under Section 13 of the Public Service Pensions Act 2013 in connection with the actuarial valuations.
- 1.4 The Fund appointed Hymans Robertson (Hymans) with a contract start date of the 16 July 2018. The original contract used the 2018 version of the "National LGPS Framework for Actuarial, Benefits and Governance Consultancy Services" (the Framework).
- 1.5 The contract was due to expire on the 15 July 2025 but overlapped with the timelines for the 2025 triennial valuation exercise, which runs from 1 April 2025 to 31 March 2026.
- 1.6 At the Pensions Committee meeting on the 5 November 2024, members agreed a short-term extension to **30 June 2026**, to avoid the risk of potentially changing actuary part way through a valuation year.

2. REVIEW OF THE ACTUARIAL SERVICE PERFORMANCE

- 2.1 Hymans have been the Fund's Actuary since April 2010.

2.2 An annual assessment of the Fund's Actuarial Services performance is in line with The Pensions Regulator's (tPR) General Code of Practice and monitoring the Actuary's performance will enable the Committee and officers to better identify and manage areas of underperformance.

2.3 Monitoring the contract also meets post contract award procedures and ensures services are delivered in accordance with the contract.

2.4 During this period of review, the Actuary has undertaken the following:

Valuation:

- Updated 2022 valuation report.
- 2025 Valuation planning meeting with Officers April 2025.
- Data review.
- Working with software providers for McCloud remedy.

Employers:

- New employer opening positions.
- Cessation reports.
- Employer specific advice.
- Bond renewals.

Accounting:

- Produced requested employer accounting disclosures (IAS19).
- Produced IAS26 statement and actuarial statement for the Fund.
- Produced requested FRS102 reports for academies.

Administration Consulting

- Administration support
- Regulation research – peer review
- Internal Dispute Resolution Procedure (IDRP) investigations.
- Governance Support.
- Various Client discussions and general advice.

Actuarial Consulting

- General advice
- Section 15 report for committee
- Attend committee meetings
- Exit credit policy support

Training

- LGPS Online Learning Academy (LOLA) with module updates.

2.5 Hymans have delivered a diverse range of advice and assistance to the Fund over this period. Service delivery response times are excellent and to a high quality.

- 2.6 Hymans continually provide timely briefings on changes to legislation, government consultations, and periodic LGPS updates. These are all welcomed, viewed as excellent, and give Pension Fund Officers a steer on issues arising. Hymans also share responses to Government consultations.
- 2.7 In conclusion, officers are satisfied with the service that Hymans are providing.
- 2.8 Officers have shared the outcome of the service performance review with Hymans, which is set out above.

3. NATIONAL LGPS FRAMEWORK FOR ACTUARIAL, BENEFITS AND GOVERNANCE CONSULTANCY SERVICES

- 3.1 At the Pensions Committee meeting on the 5 November 2024, members agreed to the commencement of tendering for a new Actuarial Services contract from the new Framework, for a period of 10 years from July 2026 at the estimated cost of £1m.
- 3.2 The previous Framework (2021 version) was available for further competition or Direct Award until 30th June 2025. This Framework has been extended to 7 January 2026. Procurement for a replacement Framework is underway, with a launch anticipated in Autumn 2025. The Fund will join the Framework (2025 version) once launched.

IMPLICATIONS AND RISKS

Financial implications and risks:

Fees are charged for the time spent on services, taking into consideration the complexity of the services provided.

Gross fees include fees recharged to employers in the Fund. A summary of Fees, since the contract commenced in July 2018 are shown in the following table:

Table 1 - Fees

Time Period	Gross Costs	Recharged to Employers	Net Cost to the Pension Fund
	£	£	£
Jul 18 to Sep 18	35,009	27,950	7,059
Oct 18 to Sep 19	104,400	60,950	43,450
Oct 19 to Sep 20	112,563	48,250	64,313
Oct 21 to Sep 21	59,580	28,825	30,755
Oct 21 to Sep 22	45,607	9,970	35,637
Oct 22 to Sep 23	186,779	77,280	109,499
Oct 23 to Sep 24	130,504	62,365	68,138
Oct 24 to Sep 25	139,490	79,550	59,940
Total	813,932	395,140	418,791

Costs include fees for the core elements, as set out in Section 1 and are in line with expected contract costs. Non-core elements are charged at the hourly rate set out in the contract and are usually one-off pieces of work driven by a requirement to address unforeseen events i.e. legislation changes.

Net costs are met by the Pension Fund whilst recharges are met by the relevant scheme employers.

As a member of the Framework, the Fund benefits from a cumulative rebate, based on the overall value of work awarded to a supplier under the Framework.

The Fund has received rebates, as follows:

Table 2 - Rebates

Rebate Year	£
2019/20	4,736.99
2020/21	2,402.22
2021/22	1,186.13
2022/23	5,011.44
2023/24	5,355.30
2024/25	3,476.96
Total	22,169.04

Rebates have been reflected in Table 1.

The National LGPS Frameworks are a not-for-profit programme established 'by the LGPS, for the LGPS. The joining fee helps towards the ongoing support and administration of this Framework.

You can either choose to join a single “Lot” or all “Lots” within the Framework. Whichever option selected the maximum fee is currently £3,000 for the current version of the Framework. Costs are not yet available for the new Framework, as procurement is in progress.

Legal implications and risks:

In accordance with the Council's duty with respect to the Pension Fund under Regulation 62 of the Local Government Pension Scheme Regulations 2013, the Council must obtain an actuarial valuation of the assets and liabilities of each of its pension funds every three years.

There are no apparent legal implications in reviewing the Actuary's performance.

Human Resources implications and risks:

There are no direct human resource implications and risk arising from this report.

Equalities implications and risks:

An EHIA (Equality and Health Impact Assessment) has not been completed and is not required for this decision. The Council seeks to ensure equality, inclusion, and dignity for all. There are no equalities and social inclusion implications and risks associated with this decision.

BACKGROUND PAPERS

None