



Havering
LONDON BOROUGH

PENSIONS COMMITTEE

11 NOVEMBER 2025

Subject Heading:

**PENSION FUND ANNUAL REPORT-
YEAR ENDED 31 MARCH 2025**

SLT Lead:

Kathy Freeman

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Policy context:

Regulation 57 of LGPS Pension Scheme
Regulations 2013 mandates Annual
Report publication from 1 April 2014

Financial summary:

Audit Costs for Annual Report Included in
Overall Fund Audit Expenses

**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

The Pension Fund Annual Report 2024/25 has been prepared in accordance with Regulation 57 of the Local Government Pension Scheme Regulations 2013.

RECOMMENDATIONS

1. Agree the Draft 2024/25 Pension Fund Annual Report attached as **Appendix A**.
2. Note the compliance checklist attached as **Appendix B**

3. Approve electronic publication of the report.
4. Delegate authority to the Chair and Section 151 Officer to finalise the report.

REPORT DETAIL

1 Background

1. Regulation 57 of The Local Government Pension Scheme (LGPS) Regulations 2013 mandates the statutory basis for LGPS fund annual reports starting from 1 April 2014.
2. Administering authorities must prepare a pension fund annual report for each year beginning on 1 April 2014 and every subsequent year.
3. The annual report must be published by 1 December following the end of the reporting year. For the period 1 April 2024 to 31 March 2025, the report should be published by 1 December 2025.
4. The Regulations state that the annual report must contain the following:
 - a) Details of overall Fund management
 - b) Details Governance and training undertaken by Board and Committee members.
 - c) Financial Performance
 - d) Fund Account and Net Asset Statement
 - e) Investments and Funding including Pooling.
 - f) Scheme Administration including key performance indicators.
 - g) Actuarial Report
 - h) External Audit Report
 - i) Clear links to
 - a. Funding Strategy Statement
 - b. Investment Strategy Statement
 - c. Governance Compliance Statement
 - d. Communication Strategy.
 - j) Any Other Material which the authority considers appropriate.
5. In preparing and publishing the Fund's annual report, the authority must have regard to guidance given by the Secretary of State.
6. The Local Pension Board reviewed the Pension Fund Annual Report and Financial Statements at their meeting on 14 October 2025.
7. Authorities should use guidance as published by the Scheme Advisory Board (SAB) April 2024.

The Annual report attached as **Appendix A** has been prepared in accordance with the guidance issued by SAB April 2024.

Pensions Committee 11 November 2025

8. Policies and statements listed in the Annual Report must be as at the year-end date, 31 March 2025.
9. To provide the Pensions Committee with assurance that the annual report has been produced in line with SAB guidance the Fund has completed the Annual Report checklist, attached as **Appendix B**. The guidance sets out a summary of the **must**, **should** and **may** disclosures that appear in the annual report.
 - **MUST** – compliance is mandatory. Any non- compliance should be clearly identified and explanation provided.
 - **SHOULD** - compliance is anticipated but is discretionary.
 - **MAY** – compliance is recommended and is discretionary.
10. The 2024/25 Annual Report will comply with all the requirements upon completion of the external audit and will then be published in its final form. Currently the Financial Statements are still pending insertion as is the External Auditors report.
11. In line with National Audit Office requirements, auditors must treat the Local Government Pension Scheme (LGPS) fund as a separate audit engagement. This requires a distinct audit opinion for both the pension fund accounts and the annual report. The auditor's opinion must be included in the final published version of the Annual Report.
12. As the statutory backstop date for audit completion is 27 February 2026, it is anticipated that the draft Annual Report, which must be published by 1 December 2025, will not include the auditor's report.
13. At the time of writing this report the audit of the 2024/25 Pension Fund Annual Report, by our auditor's Ernst & Young, as part of the overall audit of the Council's accounts is ongoing. To meet the **1 December** statutory publication date, the Annual Report will be published unaudited.
14. Upon completion of the audit the audit report and financial statements will be inserted, and the Annual Report will be republished on the Council's website in its final form.
15. The term 'publish' is given a wider meaning, publication can be by electronic means. Once the annual report has been signed off it will be made available on the Council's website. However, hard copies will be available upon request.
16. Approval of any material changes to the draft version of the Annual Report should be delegated to the Chair of the Pensions Committee and the Statutory Section 151 Officer to conclude the final version.

IMPLICATIONS AND RISKS

Financial implications and risks:

Auditors are unable to finalise the audit opinion for the Administering Authority Accounts until they are satisfied that the financial statements in the Fund's Annual report are the same as those reported in the Council's statement of accounts.

Audit fees include core fees (as set by the Public Sector Audit Appointment (PSAA)) and any additional charges. Due to ongoing audit delays, full audit costs are unknown until completion. Previous and estimated fees are as follows:

Table 1 - Fees

	2020/21 Actual £	2021/22 Actual £	2022/23 Actual £	2023/24 Actual £	2024/25 Estimated £
Total Fees	35,193	36,703	51,785	111,962	96,974*

* This is the 24/25 scale fee only, there are likely to be additional fees in the form of a fee variation. The 23/24 fee variation was £26,017.

Audit fees for local authority pension funds have increased significantly, as highlighted by the Public Sector Audit Appointments (PSAA). One major reason is the limited audit capacity available to meet the demands of the local government audit market, which was evident during the recent procurement process. The audit profession has faced heightened scrutiny following several high-profile financial failures in the private sector, leading to increased regulatory challenges and changes in audit requirements under the Code of Audit Practice. These factors, combined with a backlog of audits and evolving financial reporting standards, have contributed to the rising costs.

Audit costs will be covered by the Pension Fund, with final costs determined upon audit completion.

If members agree to publish the report electronically then, other than officer time, there will be no publication costs.

Legal implications and risks:

The primary legislation is set out in the Report above.

Human Resources implications and risks:

None arise from this report.

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 socioeconomics and health determinants.

An Equality and Equity Impact Assessment (EqEIA) is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected.

BACKGROUND PAPERS

None