

LOCAL PENSIONS BOARD

16 December 2025

Subject Heading:	Review of Pension Committee Papers
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Policy context:	Oversight and scrutiny of decisions made by the Pension Committee
Financial summary:	None directly

PURPOSE OF THE REPORT

This report is to provide the Board with feedback from the recent Pensions Committee Meetings held on **11 November 2025** and **09 December 2025**.

Reports submitted to the Pensions Committee assure the Board of the Fund's adherence to governance and administration standards required by scheme regulations.

RECOMMENDATIONS

Members are asked to note the updates within the report.

1. Pensions Committee 11 November 2025

The papers from the most recent Pension Committee meeting are available online on the council's website: [Pensions Committee](#) with the exception of exempt papers, which can be made available on request.

(a) Draft Funding Strategy Statement (FSS)

The Committee agreed to defer consideration of the Draft FSS to the 9 December 2025 meeting following further discussions with the Actuary. It was deemed more appropriate to deliver a Draft FSS that was closer to completion than the version presented at that time.

(b) Investment Consultant Objectives

Investment Consultant Objectives – the Committee noted the review of the investment consultant's performance over the past year as well as the following 3 new objectives.

New objectives

- i. Work with officers to support a smooth transition of the remaining assets to the investment pool.
- ii. Support oversight of the pool following transition.
- iii. Help the Committee to establish clear expectations of the investment pool.

However, this will need to be in line with the new regulations which are due to be effective from 1 April 2026. Once the statutory guidance has been published, these objectives will be reviewed and finalised.

The committee were satisfied that the investment consultant delivered well against all areas including;

- Supported investment strategy statement implementation and tactical asset allocation.
- Delivered ESG integration and TCFD reporting.
- Maintained strong governance advice and training.
- Happy with overall investment performance.

(c) Review of Custodian and Performance Monitoring Service

The Committee noted the review of the Custodian. Officers rated the custodian service as favourable across all monitored areas including;

- Safekeeping & Custody of Assets – Secure record-keeping, dividend collection, and fund transfers.
- Investment Accounting & Reporting – Compliance with IFRS, SORP, CIPFA; supports year-end accounts and ONS returns.

- Performance Measurement – Monthly/quarterly reports against benchmarks for all managers and the Fund.
- All reports and requested actions (i.e. capital calls) were actioned/delivered on time.

The custody contract is due to expire on 30/06/2026. Officers requested permission to join the LGPS National Framework to commence procurement of a 10-year contract.

A 10-year contract for custody services is considered standard practice within the LGPS framework. Such a term provides business continuity, cost certainty, and stability in service delivery, which is particularly important given the long-term nature of pension fund investments.

The forthcoming Investment Management Agreement (IMA) with London CIV requires each Fund to appoint a custodian as part of its operational structure to ensure secure safekeeping of assets, accurate investment accounting, and compliance with regulatory standards. Custodians play a critical role in safeguarding assets, managing fund transfers, collecting income, and providing performance measurement against benchmarks.

To maintain high standards and ensure value for money, objectives are set and monitored annually, with performance reviews covering areas such as asset security, reporting accuracy, and timeliness of actions. This approach ensures that service quality remains robust throughout the contract term and aligns with governance and fiduciary responsibilities.

(d) Review of Actuarial Service

The Committee noted the review of the Actuarial Service. In a valuation year the work with the actuary and reporting timescales are crucial to meeting statutory deadlines. All meetings, feedback and actions were carried out on time and to a high standard, including:

- Valuation: Updated 2022 valuation report; planning for 2025 valuation;
- McCloud remedy data work.
- Employers: Opening/cessation valuations, bond renewals, employer-specific advice.
- Accounting: IAS19, IAS26, and FRS102 disclosures for employers and academies.
- Administration & Governance: IDRP investigations, regulation research, governance support.
- Consulting & Training: Section 15 report, committee attendance, LGPS Online Learning Academy updates.

Procurement update

At the 5 November 2024 Pensions Committee meeting, members agreed the commencement of tendering for a new 10-year Actuarial

Services contract from the new LGPS National Framework, commencing July 2026 at the estimated cost of £1m.

A 10-year contract is considered standard practice within the LGPS framework, as regulations require administering authorities to undertake triennial valuations. Continuity with the same actuarial provider ensures a comprehensive understanding of the Fund's structure and long-term objectives. This consistency is particularly important because the actuary relies on detailed member data to perform valuations, including active, deferred, and pensioner records, salary progression, contribution history, and demographic assumptions such as mortality and retirement patterns. Accurate and consistent interpretation of this data enables the actuary to project future liabilities, assess funding levels, and recommend employer contribution rates. Maintaining a long-term relationship with the actuary supports robust planning, reduces the risk of data misinterpretation, and ensures that assumptions remain aligned with the Fund's experience and regulatory requirements.

The LGPS National Framework for Actuarial Services is underway, with a launch anticipated in January 2026. Havering will join the Framework once launched.

(e) Annual Report and compliance checklist

The Committee agreed the Annual Report which has now been sent to the Scheme Advisory Board (SAB) and uploaded to the scheme's website [Havering Pension Fund Annual Report 2024 to 2025 DRAFT](#), ahead of the statutory deadline of 1 December.

The Committee also noted the accompanying checklist which is included in the meeting pack to show compliance with SAB guidance which was issued in April 2024.

The Annual Report is now with the auditors who will carry out a consistency check against the Statement of Accounts. Any required amendments will be approved by the S151 officer and once the auditor provides their statement a final version will be uploaded to the website and submitted to the SAB.

(f) Risk Register

The Committee reviewed the risk register and questioned officers around the risks that were assessed as amber, i.e. requires oversight. Officers explained the mitigations in place.

Key risks and mitigations

PF1

Risk:	Key person dependency in both finance and administration
Impact:	<ul style="list-style-type: none">• Key person dependency in both finance and administration• Key work areas not completed.• Staff turnover increases due to workload. Lack of continuity and knowledge.• Non-compliance with good governance.
Mitigations:	Review of pensions teams, work plan and required resources to be undertaken.
Actions:	<ul style="list-style-type: none">• Develop training plan for officers.• Finance Section has a vacant post.• Head of Pensions and Treasury remains vacant.• LCIV PASS obtained for 1 year to aid the development of staff.• Consideration for decision making on LGPS matters to be prioritised.

PF3

Risk:	Poor Pension fund administration by the outsourced service LPPA.
Impact:	Service Delivery failure leading to client/customer complaints, fines and reputational damage.
Mitigations	<ul style="list-style-type: none">• Formal agreement in place with LPPA, working to SLA's.
Actions:	<ul style="list-style-type: none">• Contract monitoring in place• LPPA have provided their AAF (Audit and Assurance Faculty) 01/20 "Type II" report, which provides an independent audit on the LPPA internal controls focusing on operational and financial processes.

PF10

Risk:	Where MATS hold membership across various funds, they may opt to consolidate to a single Pension Fund.
Impact:	<ul style="list-style-type: none">• Current proposal to remove Secretary of State approval for MAT's to consolidate into a single administering authority.• Approx 10% of fund assets and liabilities are allocated to academies
Mitigations	Robust cash flow modelling to ensure sufficient cash to meet benefits obligations.
Actions:	<ul style="list-style-type: none">• Continue to monitor the consultation and be aware of changes in legislation.• Seek support from Administrator and Actuary as required.

PF11

Risk:	Cyber-attack to either the Council or the Administrator leading to critical service delivery failure to undertake tasks
Impact:	<ul style="list-style-type: none"> • Financial loss • Reputational damage • Unable to pay benefits on time
Mitigations	<ul style="list-style-type: none"> • Key mitigations in place to protect entry points to our network (MFA, SOC etc.). • Backups to enable the council to recover its data in the event of a cybersecurity incident. This reduces the likelihood of an attack being successful. • 24/7 monitoring via Security Operations Centre (SOC) contract. • Regular scanning and patching of IT vulnerabilities. • Regular mandatory training on cyber security for all staff. • Regular vulnerability scanning of the network and remediation as needed on all high/critical risks.
Actions:	<ul style="list-style-type: none"> • Work is underway to further mitigate as part of future 3rd party partner contractual arrangements and plans to move on premise infrastructure to the cloud. • Staff and councillor training and awareness activities around cyber security best practices continue on an ongoing basis to strengthen our posture. • Services to have specific Business Continuity Plans detailing how they would approach service delivery when facing continued lack of IT. • Regular testing of Disaster Recovery processes. • Review and update on conditional access policies as part of Havering sovereign Microsoft tenancy optimisation. • LPPA have the Cyber Essentials Plus accreditation alongside the ISO 27001 accreditation which provides assurance of robust cyber defence and response mechanisms

PF17

Risk:	Climate Risk / Responsible investment considerations
Impact:	Climate change could impact negatively on financial outcomes e.g. stranded assets, carbon taxes etc.
Mitigations:	The Committee have developed a set of Investment beliefs that recognises that climate change and the expected transition to a low carbon economy represents a long –term financial risk to Fund outcomes and these beliefs are incorporated as part of the ongoing implementation of investment strategy
Actions:	Workshop to assess progress against Responsible Investment beliefs held 29/09/2025 – recommendation paper to follow.

PF24

Risk:	Conflict of interest between council and the Fund
Impact:	Decisions may be taken in the best interest of either party.
Mitigations:	Be clear in requirements of the Fund/Council and roles and responsibilities of all entities.
Actions:	Fund to follow advice in the SAB good governance once published.

The Committee agreed the risk register.

(g) Governance Compliance Statement

The Committee agreed the Governance Compliance Statement, a statutory document which has been uploaded to the scheme's website.
[Pension governance compliance statement | London Borough of Havering](#)

The committee noted the officers rating and observations;

- Fully compliant with Secretary of State's governance principles.
- No secondary committee/panel (hence some principles marked N/A).

2. Pensions Committee 9 December 2025

(a) Valuation – Whole Fund Results

Following a training session held by the Actuary, the Committee noted the whole fund results, including the proposed assumptions and the prudence levels which will be set at 85% (2022 80%) and the resulting discount rate of 5.5% (2022 3.5%).

Funding Position (Whole Fund)

- Funding Level: 101% (up from 80% in 2022).
- Surplus: £13m (previously £229m deficit).
- Assets: £1,008m (up from £920m).
- Liabilities: £995m (down from £1,149m).
- Required return to remain 100% funded: 5.5% p.a. (was 4.8%).
- Likelihood of achieving required return: 88% (up from 66%).

Draft Funding Strategy Statement

The Committee approved the Draft Funding Strategy Statement (FSS) for consultation. In accordance with the Local Government Pension Scheme (LGPS) Regulations, the next stage is to undertake a formal consultation with all scheme employers. Employer engagement commenced on 10 December 2025, and the consultation period will run until 30 January 2026. To facilitate understanding and encourage meaningful participation, a comprehensive briefing paper will accompany the consultation

documents. Feedback received during this process will be carefully considered prior to presenting the final version of the FSS to the Committee for approval.

(b) 2025 Q3 Performance Monitoring

The investment consultant presented the quarterly monitoring report. The committee noted the performance of 5% over the quarter ending 30 September 2025.

The increase is largely due to the Fund's allocation to growth assets as equities continued to gain, primarily driven by easing trade tensions, continued momentum in the AI space and supportive central bank rate cuts.

The Committee noted the cash position as at 30 September 2025 and the forecast for the subsequent three years. The operational cash balance at the end of September stood at £17.7 million. In preparation for the transition of all Fund assets, including investment cash, to the London CIV pool on 31 March 2026, the Fund will maintain higher cash balances. This approach is intended to mitigate any potential delays in withdrawals during the implementation of new pooling arrangements and associated policies.

Due to the size and quantity of the quarterly reports of each fund manager these are circulated to committee members by email and noted.

(c) Task Force for Climate Related Disclosure Report

The investment consultant presented the TCFD Report which set out what the Committee have achieved in the year to 31 March 2025 and the plans for 2025/26.

As part of the plan for 2025/26 committee members have attended an Investment Beliefs Workshop and training on Local Investment. The investment advisor has recorded the views of members and these will be incorporated in the Investment Strategy Statement which will be presented at the March 2026 Pensions Committee meeting.

The Committee agreed the climate-related disclosure report for year ending 31 March 2025 and noted plans for 2025/26.

(d) Fit for the Future – Preparations

On 20 November 2025, the Government launched the LGPS: Fit for the Future – technical consultation, seeking views on 2 draft statutory instruments.

The 'Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026'. Key requirements include:

- Administering authorities (AAs) must delegate investment strategy implementation to their asset pool.
- AAs must take principal investment advice from the pool.
- All assets to be managed by the pool.
- Secretary of State empowered to direct participation in pools.
 - Pools must meet minimum standards (FCA authorisation, capacity for local investment).

The Local Government Pension Scheme (Amendment) Regulations 2026 will implement the proposals in the Governance chapter of the consultation, key requirements

- Administering authorities will be required to carry out regular governance reviews aligned with valuation cycles.
- A new requirement for each administering authority to appoint a Senior LGPS Officer with overarching responsibility for all pension functions. The first appointment must be made by 1 October 2026, with subsequent appointments within six months of a vacancy.

MHCLG and the SAB are expected to publish statutory guidance in January 2026 to accompany these regulations. Compliance with these regulations is set to come into effect from 1 April 2026, subject to passage of the Pension Schemes Bill.

Implementation Plan

Officers have been working with London CIV to plan the transition of assets and finalise the Investment Management Agreement (IMA). The IMA will be the formal contract between London CIV and each Partner Fund which establishes the terms under which London CIV will assume investment responsibilities for each Funds off-pool investments.

Collectively the London Boroughs have engaged Brabners to review the IMA documentation.

The committee delegated authority to the Strategic Director of Resources in consultation with the Chair of the Pensions Committee to oversee the finalisation and approval of the Investment management Agreement with the London CIV and the associated asset transition plans, to comply with LGPS regulations.