

PENSIONS COMMITTEE

17 March 2026

Subject Heading:	2025 Actuarial Valuation Report
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Policy context:	To meet Regulation 62 of the Local Government Pension Scheme Regulations 2013
Financial summary:	The funding level is a snapshot at a point in time. It is sensitive to the assumptions used for the valuation

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

People - Supporting our residents to stay safe and well	<input checked="" type="checkbox"/>
Place - A great place to live, work and enjoy	<input checked="" type="checkbox"/>
Resources - Enabling a resident-focused and resilient Council	<input checked="" type="checkbox"/>

SUMMARY

This report presents the final results of the 2025 Actuarial Valuation of Havering Pension Fund, along with the updated Funding Strategy Statement (Appendix A).

The key point to note from the valuation is the improved funding position.

Table 1 – Funding position

	31 March 2022 £m	31 March 2025 £m
Total Liabilities	1,149	1,008
Total Assets	920	995
Surplus/(Deficit)	(229)	13
Funding Level	80%	101%

RECOMMENDATIONS

The Committee is asked to:

1. Note the funding position of 101% and the surplus of £13m as set out in the Draft Valuation Report (Appendix A).
2. Approve the 2025 Draft Actuarial Valuation Report (Appendix A).
3. Delegate authority to the Chair and the Strategic Director of Resources (S151) to publish the final version by 31 March 2026.
4. Approve the 2026 Funding Strategy Statement (Appendix B).

REPORT DETAIL

1. Regulations

1.1. The Local Government Pension Schemes Regulations 2013, paragraph 62 states that

(1) an administering authority must obtain:

(a) an actuarial valuation of the assets and liabilities of each of its pensions funds as at 31st March 2016 and on 31st March XXXX in every third year afterwards;

(b) a report by an actuary in respect of the valuation; and

(c) a rates and adjustments certificate prepared by an actuary.

(2) Each of those documents must be obtained before the first anniversary of the date ("the valuation date") as at which the valuation is made or such later date as the Secretary of State may agree.

(3) A report under paragraph (1)(b) must contain a statement of the demographic assumptions used in making the valuation; and the statement must show how the assumptions relate to the events which have actually occurred in relation to members of the Scheme since the last valuation.

(4) A rates and adjustments certificate is a certificate specifying —

(a) the primary rate of the employer's contribution; and

(b) the secondary rate of the employer's contribution,

for each year of the period of three years beginning with 1st April in the year following that in which the valuation date falls.

(5) The primary rate of an employer's contribution is the amount in respect of the cost of future accruals which, in the actuary's opinion, should be paid to a fund by all bodies whose employees contribute to it so as to secure its solvency, expressed as a percentage of the pay of their employees who are active members.

(6) The actuary must have regard to —

(a) the existing and prospective liabilities arising from circumstances common to all those bodies;

(b) the desirability of maintaining as nearly constant a common rate as possible;

(c) the current version of the administering authority's funding strategy mentioned in regulation 58 (funding strategy statements); and

(d) the requirement to secure the solvency of the pension fund and the long term cost efficiency of the Scheme, so far as relating to the pension fund.

(7) The secondary rate of an employer's contributions is any percentage or amount by which, in the actuary's opinion, contributions at the primary rate should, in the case of a Scheme employer, be increased or reduced by reason of any circumstances peculiar to that employer.

(8) A rates and adjustments certificate must contain a statement of the assumptions on which the certificate is given as respects —

(a) the number of members who will become entitled to payment of pensions under the provisions of the Scheme; and

(b) the amount of the liabilities arising in respect of such members, during the period covered by the certificate.

(9) The administering authority must provide the actuary preparing a valuation or a rates and adjustments certificate with the consolidated revenue account of the fund and such other information as the actuary requests.

2. Compliance Statement

2.1. The attached Draft Final Valuation Report has been prepared to fulfil the requirements of LGPS Regulation 62. It confirms the Fund's 31 March 2025 valuation, provides the actuary's report and sets out the basis for the Rates & Adjustments Certificate; the final certificate will be issued within the regulatory timeframe.

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3. Appendix A is a summary of the 2025 valuation. As mentioned above, under Regulation 62 (2) the Final version of the 2025 Actuarial Valuation Report must be produced before the first anniversary of the valuation date, this being 31 March 2026.
4. Whilst Appendix A sets out the final results for the Fund it will be classified as draft until it is signed at the end of March. There are some areas of the valuation process where work continues, these can be seen by 'tbc' in the body of the appendix e.g. primary and secondary rate for some employers, climate analytics and finalising some employer results.
5. Final employer contribution rates will be issued in the signed valuation certificate.
6. The triennial actuarial valuation is an important part of the Fund's risk management framework. Its main purpose is to ensure that the Fund continues to have a contribution plan and an Investment Strategy that will achieve the objectives set out in the Funding Strategy Statement (FSS).
7. The contribution plan is formed having assessed the amount of money needed to meet the benefits owed to its members as they fall due for payment and setting employer contribution rates to fund these payments. Whilst the actuary is yet to finalise the employer contribution results, indicative results show contribution rates to have reduced by 3% on average, due to higher assumed future investment returns compared to the 2022 valuation.
8. The Draft Funding Strategy Statement (FSS) was approved at the Pensions committee on the 09 December 2025. The consultation period closed on the 30 January 2025, two responses were received, both resulted in minor amendments.
9. Changes from the draft version to the final version include additional narrative on the gender pay gap and the insertion of the cessation policy, contribution review policy and the pass-through policy, all of which remain unchanged from the earlier FSS.
10. Once approved the FSS will be published on the website.
11. The improved funding position is mainly driven by higher assumed future investment returns.

IMPLICATIONS AND RISKS

Financial implications and risks:

The valuation underpins the Funding Strategy Statement (Regulation 58) and informs the Investment Strategy, employer contributions and the long-term financial management of the Pension Fund.

The valuation results depend on actuarial assumptions that are made about the future which cannot be predicted with certainty, and it is unlikely that future experience will match the assumptions used.

Required return to be 100% funded: 5.5%
Likelihood of achieving this return: 88%

Sensitivity and risk analysis are included within the report on pages 13-15 (Appendix A).

To date the cost of undertaking the valuation and associated additional tasks e.g. Asset Liability Modelling, ill health provisions and data validation, is £0.055m and will be met from the Pension Fund.

Legal implications and risks:

There are no legal implications other than those referenced in the report, which is aimed at ensuring legal compliance.

Human Resources implications and risks:

There are no immediate HR implications.

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.