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**MINUTES OF A MEETING OF THE
PENSIONS COMMITTEE
Appointment Centre Rooms 7 & 8 - Town Hall
9 December 2025 (7.05 - 8.02 pm)**

Present:

COUNCILLORS

Conservative Group Viddy Persaud

**Havering Residents'
Group** James Glass and Stephanie Nunn (Vice-Chair)

Labour Group Keith Darvill

The Chairman reminded Members of the action to be taken in an emergency.

40 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

Apologies were received for the absence of Joshua Chapman and John Crowder.

41 DISCLOSURE OF INTERESTS

There were no disclosures of interests.

42 MINUTES OF THE MEETING

The minutes of the previous meeting held on 11th November 2025 were agreed as a correct record and signed by the Chairman.

43 EXCLUSION OF THE PUBLIC

The Chairman notified members that there were exempt appendices to items 6 and 7 and therefore any discussion on those documents would need to be in a closed session.

The Committee were content with this.

44 VALUATION UPDATE AND DRAFT FUNDING STRATEGY STATEMENT

The Committee received a report on the Valuation Update and Draft Funding Strategy Statement (FSS).

The actuaries reported that the fund had moved into surplus for the first time. Assets were reported at approximately £1.008bn as at 31 March 2025, with liabilities reduced to just under £1bn, driven primarily by a higher

long-term expected return of around 5.5% per annum following the sharp increase in interest rates. The formal valuation report was noted as due by 31 March 2026.

The statutory FSS was presented to members for review. Officers confirmed that there were no substantive changes, but highlighted clarifications to three policies; Contribution rate reviews between valuations, cessation policy for employers exiting the fund, and the 'pass-through' approach for contractors which simplifies admission and places risk with the awarding body. Members noted that academy outsourcing under pass-through posed no risk to the Council. It was agreed that explanatory material would accompany the FSS for employer consultation.

The Committee:

1. **Noted** the Initial Whole Fund Results Report including;
 - a. the proposed valuation assumptions;
 - b. Prudence level of 85% is adopted (2022 80%), which results in a future investment return assumption ('discount rate') of at least 5.5% per annum (2022 3.5%);
 - c. the potential impact of post 31 March market volatility and that the proposed assumptions and employer funding plans remain appropriate for the 2025 valuation.
2. **Approved** the draft Funding Strategy Statement

45 **PENSION FUND PERFORMANCE MONITOR FOR THE QUARTER ENDED SEPTEMBER 2025**

The Committee received a report on the Pension Fund Performance for Quarter End September 2025.

Members noted a positive quarter with a 5% return, outperforming both the tactical benchmark and the longer-term strategic benchmark. Fund assets rose to just under £1.1bn at quarter-end and returns were driven by strong global equity markets amid easing trade tensions and positive growth indicators. Shorter-term yields fell slightly while longer-term yields rose marginally with core inflation edged down. The increase in equity values marginally raised the allocation to growth assets above target, with income-oriented allocations slightly below target.

Members noted no immediate rebalancing was required and the migration of assets into the pool would be considered alongside rebalancing in due course. Equity managers were reported as positive over the quarter. Within income assets, officers explained that the CBRE property fund remained behind longer-term expectations and the renewable energy infrastructure allocation was noted as early-stage and to be judged over a longer period. Members noted that expectations for income assets (e.g., CPI+5%) were stretching given recent inflation. On concentration risk, it was noted that the global equity index exposure to US equities was around 65% for the passive global fund.

The Committee:

- 1) **Considered** Hymans Performance Report
- 2) **Noted** the analysis of the cash balances
- 3) **Considered** the quarterly reports sent electronically, provided by each fund manager.

46 **TASKFORCE FOR CLIMATE - RELATED FINANCIAL DISCLOSURES YEAR ENDING 31 MARCH 2025**

The committee received the annual voluntary TCFD report.

Members noted it was structured around governance, strategy, risk management, and metrics/targets. Members noted the prior scenario analysis undertaken at the last valuation would be refreshed as part of the current valuation cycle. Officers described engagement with asset managers, including via the London CIV, allocations with explicit climate considerations, for example the Paris-aligned equity mandates and renewable energy infrastructure, and measurement of emissions-related and carbon-intensity metrics alongside exposures to climate risks/opportunities.

The Committee discussed the importance of directing capital towards long-term transition solutions and using engagement and voting to hold companies to account.

The Committee **agreed** the 31 March 2025 TCFD report.

47 **FIT FOR THE FUTURE UPDATE**

The Committee received an update on Fit for the Future.

Officers reported receipt of three pieces of draft guidance; pooling, investment strategy, and governance. It related to forthcoming LGPS legislation expected to take effect from 31 March 2026. The guidance reflected a significant strengthening of pooling, with implementation of investment strategy to be delegated to the London CIV asset pool. From April 2026, investment advice would principally come via the pool, and the Council would be required to designate a senior LGPS officer responsible for investments and administration. Members noted that the fund was already around 40% pooled.

Members noted the next step was to enter into an Investment Management Agreement (IMA) with the London CIV to authorise them to buy and sell on the Council's behalf within the committee-set strategic asset allocation and ranges. The committee was asked to delegate authority to the Strategic Director of Resources to finalise and sign the IMA and report back to committee. A service level description, including dispute resolution, would

be incorporated, and the committee would appoint an independent adviser with expertise across investments and administration.

The Committee **agreed** to delegate authority to the Strategic Director of Resources in consultation with the Chair of the Committee to oversee the finalisation and approval of the Investment Management Agreement (IMA) with the London CIV and associated asset transition plans, to comply with the LGPS regulations.

Chairman