



LOCAL PENSIONS BOARD

14 April 2026

Subject Heading:

Review of Pension Committee Papers

Finance Lead:

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Policy context:

Oversight and scrutiny of decisions made by the Pension Committee

Financial summary:

None directly

SUMMARY

This report provides the Local Pension Board with a structured summary of the key discussions, decisions and oversight matters arising from the Pensions Committee meeting held on 17 March 2026.

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

RECOMMENDATIONS

That the Board notes the contents of this report, including the decisions made by the Pensions Committee on 17 March 2026.

REPORT DETAIL

1. Background

1.1 The papers from the most recent Pension Committee meeting are available online on the council's website: [Pensions Committee papers 17 March 2025](#) with the exception of exempt papers, which can be made available on request. The key outcomes and decisions of all the papers are covered below:

2. 2025 Actuarial Valuation – Final Results

2.1 The Local Government Pension Schemes Regulation 2013 require administering authorities to 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

2.2 At the meeting, the Committee approved:

- the Draft 2025 Valuation Report which included the rates and adjustments certificate prepared by the fund actuary, Hymans Robertson.
- delegated authority to the Chair and the Strategic Director of Resources (S151) to publish the final version by 31 March 2026.
- the 2026 Funding Strategy Statement (FSS)

Key outcomes from the 2025 Actuarial Valuation

2.3 The fund actuary presented the Committee with the 2025 actuarial valuation results. The Committee noted the following main points:

Valuation Date		31 March 2025 £m	31 March 2022 £m
Assets		1,008	920
Liabilities	Actives	397	316
	Deferreds	225	171
	Pensioners	508	527
Surplus/(Deficit)		13	(229)
Funding Level		101%	80%

- 2.4 **Major driver of improvement:** higher future investment return assumptions , discount rate 5.5% p.a (2022 3.5%) with prudence increased to 85% (2022 80%).
- 2.5 **Contribution outcomes:** the average combined contribution rate reduced by 3%.
- 2.6 The committee noted the key funding risks as being sensitivity to inflation, salary growth, longevity and investment volatility.

Funding Strategy Statement (FSS)

- 2.7 Regulation 58 of the Local Government Pension Schemes Regulation 2013 also require administering authorities to publish a Funding Strategy Statement following a consultation with employers participating in the scheme.
- 2.8 The Draft Funding Strategy Statement was approved at the Pensions Committee held on 9 December 2025. Having responded to the FSS consultation which closed in January 2026, minor amendments were included in the final document.
- 2.9 The FSS was formally approved by the Committee with effect from 1 April 2026 and was subsequently published on the Council's website, in accordance with scheme regulations.

3. 2026 Investment Strategy Report

- 3.1 The draft Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026 require administering authorities to formulate and publish an Investment Strategy Statement (ISS) within 18 months of each valuation date and to keep that strategy under regular review.
- 3.2 The Fund's investment advisor, Hymans Robertson, presented the revised draft Investment Strategy Statement (ISS) which has updated in accordance with the draft 2026 regulations.
- 3.3 At the meeting, the Committee approved:
- the draft Investment Strategy Statement, which is currently undergoing a consultation until 30 April 2025.
 - delegated authority to the Chair and the Strategic Director of Resources (S151) to finalise the ISS following the consultation and publish on the Fund's website.
- 3.4 After receiving investment strategy advice from the fund's advisors, Hymans Robertson, the Committee approved the following strategic asset allocation and tolerance ranges.

Table 1: Changes to the Strategic Asset Allocation

Asset Class	Current Strategic Asset Allocation	Revised Strategic Asset Allocation	Change
Listed Equity	40.0%	40.0%	-
Private Equity	-	2.5%	+2.5%
Other Alternatives	12.5%	10.0%	-2.5%
Property / Real Estate	10.0%	12.5%	+2.5%
Infrastructure	12.5%	12.5%	-
Private Credit	7.5%	10.0%	+2.5%
Credit	12.5%	10.0%	-2.5%
UK Government Bonds	5.0%	2.5%	-2.5%
Cash	0.0%	0.0%	-

- 3.5 The draft Guidance on Preparing and Maintaining an Investment Strategy Statement requires administering authorities to seek views of the relevant parties, including employers and members through the local pension board, during the drafting process.
- 3.6 Members of the Havering Local Pension Board were invited to the investment strategy training session held on 17 March 2026. The Board is invited to provide its views on draft Investment Strategy Statement, which is included as item 6 of the Pensions Committee meeting pack.
4. The Committee was satisfied that the review and update of the Investment Strategy Statement (ISS) aligns with the draft Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026. The draft ISS has been updated following the 2025 actuarial valuation, informed by advice from the Fund’s investment adviser, and reflects the revised strategic asset allocation, approach to pooling and stewardship priorities.

Fund Performance – Q4 2025

- 4.1 The Pension Committee reviews the performance of the investment portfolio at each quarterly meeting to assess whether the Fund’s investment objectives are being met.
- 4.2 The Committee noted the quarterly investment performance and the cash flow balance. The key highlights from the report are covered in the following paragraphs.
- 4.3 Over the quarter to 31 December 2025, the Fund’s asset value increased by £22.5m to £1,118.9m largely driven by an increase in the fund’s global equities allocation.

Table 2: Tactical Investment Performance

Table 1: Tactical Performance

	Quarter to 31/12/2025 %	12 Months to 31/12/2025 %	3 Years to 31/12/2025 %	5 years to 31/12/2025 %
Fund	2.04	9.45	8.20	4.94
Benchmark	2.76	10.30	10.58	7.76
*Difference in return	-0.72	-0.86	-2.38	-2.81

Source: Northern Trust Performance Report

Investment Performance Commentary

- 4.4 Over the 3-month period to 31 December 2025, the Fund delivered a positive return of 2.0% p.a., which is behind both the tactical and strategic benchmarks. Over the 12-month and 3-year periods, the Fund has continued to experience positive asset growth, with investment returns of 9.5% p.a. and 8.2% p.a., respectively, outperforming the strategic benchmark, albeit lagging the tactical benchmark.
- 4.5 Measured against the strategic benchmark which is an approximation for the changing value of the liabilities, relative performance is susceptible to short term movements in real yields. Falling real yields over the quarter resulted in the Fund falling short of the strategic benchmark performance. However, over the longer such and considering 12-month and 3-year periods, the Fund has significantly outperformed the strategic benchmark.
- 4.6 The tactical benchmark represents the composite of the specific investment managers benchmarks and target returns which, in some cases (particularly where CPI+ targets are used) reflect more stretching return goals rather than benchmarks to be beaten. Over the quarter, the primary drag, on performance against the tactical has been the LCIV Global Alpha Growth Paris Aligned Fund which underperformed its benchmark by 4.8%, this contributing approximately 0.6% to relative underperformance. Most other mandates delivered performance in line with expectations.

Key Performance Drivers:

- Global equities positive
- Income assets below target
- Index-linked gilts rose as real yields fell

5. Voting and Engagement Report 2025

- 5.1 All managers continue to exercise >99% of voting rights.
- 5.2 Themes dominated by climate, social responsibility and supply-chain issues.

Examples of significant votes:

- Support for AI/data governance at Microsoft

- Climate proposals at Meta & Alphabet
- Workforce safety at Amazon

6. Fit for the Future – Governance & Regulation

- 6.1 The Pensions Committee received a report summarising the key legislative and regulatory changes to the Local Government Pension Scheme (LGPS) expected to take effect from 1 April 2026, subject to the passage of the Pension Schemes Bill through Parliament.
- 6.2 As at the time of writing, the Government had not yet issued the final regulations, nor provided an update on the anticipated timescales for the Pension Schemes Bill to receive Royal Assent.

Asset Pooling

- 6.3 As of 31 December 2025, approximately 40% of the Pension Fund's assets were directly invested through London CIV. Approximately, 31.5% of assets which include listed equity investments with LGIM and CBRE were considered under pooled management. The remaining 28.5% of assets are currently invested in off-pool assets.
- 6.4 As part of the Fund's asset pooling plan, a transition of the Index-Linked Gilts mandate to L&G was completed in March 2026, delivering an estimated £95k in annual fee savings.

Investment Management Agreement

- 6.5 The Committee has received regular updates on the progress of the Pension Schemes Bill through Parliament. It has also noted the progress of engagement between Fund officers and London CIV to agree a high-level asset transition plan, to ensure that all assets are pooled in line with the Government's timelines. These discussions have largely concluded, with focus now turning to the finalisation and execution of the Investment Management Agreement (IMA) between London CIV and the Havering Pension Fund.
- 6.6 Following internal legal advice, the Fund has determined to enter into an IMA with London once the Pension Schemes Bill has received Royal Assent. Upon agreeing the IMA, London CIV will be responsible for implementing the Fund's investment strategy including:
- day-to-day management (in time)
 - manager appointments
 - rebalancing within tolerance ranges
 - climate and stewardship reporting
- 6.7 The Pension Fund will retain its responsibility setting the investment strategy in accordance with regulations.

6.8 At the held on 9 December 2026, the Committee delegated the finalisation of the IMA to the Executive Director of Resources (s151) in consultation with the Chair of the Pensions Committee.

Fund Governance Requirements

6.9 The Committee also noted the Fit for the Future: Fund Governance requirements that the Fund will be required to implement as part of the forthcoming regulatory requirements. This includes:

- appointment of an LGPS Senior Officer by 30 September 2026
- appointment of an Independent Person 30 September 2026
- a review of the Fund's governance and training strategies

6.10 The Committee will receive a further report confirming the details of the legislation once finalised, at a future meeting.