



**Pensions Fund Sub-Committee**  
05 October 2022

**Report from the Corporate Director  
Finance and Resources**

**2022 Valuation - Whole Fund Results**

<b>Wards Affected:</b>	ALL
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	PART EXEMPT - Appendix 1 is exempt as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)"
<b>No. of Appendices:</b>	One <ul style="list-style-type: none"> <li>Actuarial valuation at 31 March 2022 (exempt from publication)</li> </ul>
<b>Background Papers:</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Minesh Patel, Corporate Director Finance and Resources Ravinder Jassar, Deputy Director of Finance Flora Osiyemi, Head of Finance Sawan Shah, Senior Finance Analyst Rubia Jalil, Finance Analyst

**1.0 Purpose of the Report**

1.1 The purpose of this report is to update members on the 2022 valuation initial results at 31 March 2022.

**2.0 Recommendation(s)**

2.1 The Committee is asked to note the progress of the valuation.

2.2 The Committee is asked to note the Whole Fund results and the improved funding position since the 2019 valuation.

### 3.0 Detail

- 3.1 The valuation results sets out the contribution rates of the various employers for the period 2022/23 through 2024/25. Its key document is the Funding Strategy Statement that sets out the Pension Fund's strategy to achieve an appropriate funding level and manage risk appropriately.
- 3.2 The whole fund results look at the overall funding level. Various employers will have different funding levels based on contribution rates in the past. Some will also have very different levels of risks, such as smaller bodies with no guarantee are a high risk whereas academies are guaranteed in effect by the Department for Education. Brent Council, as by far the largest employer in the Fund and has a funding level broadly consistent with the overall fund.
- 3.3 The report presents the funding position of the London Borough of Brent Pension Fund on the valuation date of 31 March 2022. It explains why the funding position has changed since the last valuation in 2019 and shows the sensitivity of the funding position.
- 3.4 The high level funding results are summarised below. These results are compared to the 2019 formal valuation to show how funding level has improved as at 31 March 2022. The liabilities have increased by £193m, asset values have increased by £278m and therefore the deficit has been reduced by £85m.

Valuation Date	31 March 2022 (£m)	31 March 2019 (£m)	31 March 2016 (£m)
Liabilities	1,297	1,104	1,238
Assets	1,134	856	676
Surplus/(Deficit)	(163)	(248)	(562)
Funding Level	87%	78%	55%

As shown in the table above, the overall funding level has improved to 87% compared to 78% at the previous valuation and 55% at the 2016 valuation. The increases to funding level reflect significant progress made in the overall financial health of the pension fund, reflecting higher than expected investment returns and improved data quality.

- 3.5 The Fund actuary, Hymans Robertson, will now focus on analysing data for individual employers within the Fund and issuing draft employer results. The Fund will also be holding an employers' forum in November 2022 to communicate the valuation results to the employers.
- 3.6 The below table outlines progress on the high-level valuation timetable.

<b>Date</b>	<b>Event</b>	<b>Status</b>
21 February 2022	Sub-committee meeting - Report to Pensions Sub-committee to review and agree key valuation assumptions	Complete
31 March 2022	Valuation date.	Complete
April 2022	Council contribution rate (comPASS) modelling.	Complete
April – May 2022	Employers submit their year-end returns.	Complete
June 2022	Resolve all queries arising from the year-end returns	Complete
July 2022	Provision of data to the Fund actuary by LPPA on behalf of the scheme manager.	Complete
August – September 2022	Whole fund results prepared and discussed with officers.	Complete
August - October 2022	Data validations, responding to data queries and Fund actuary sign off for data.	In progress
05 October 2022	Sub-committee meeting - Provision of initial whole fund results, Council contribution rate modelling results and employer contribution strategy proposal (draft FSS).	Complete
October 2022	Issue employer results together with draft Funding Strategy Statement for formal consultation.	On track
December 2022 – January 2023	Finalise Funding Strategy Statement following consultation.	On track
20 February 2023	Sub-committee meeting - Sign off 2022 valuation report and FSS.	On track
31 March 2023	Sign off rates and adjustments certificate with final employer contribution rates.	On track
01 April 2023	Implementation of new FSS and contribution rates.	On track

#### **4.0 Financial Implications**

4.1 These are discussed throughout the report. The triennial valuation will set employer contribution rates for the following three financial years. Employer contributions are the single largest component in the Pension Fund's yearly cash inflow. Appropriate contribution rates by the various employers are necessary for the Pension Fund to improve its funding level.

#### **5.0 Legal Implications**

5.1 The valuation is a statutory process conducted every three years that ensures the Pension Fund is both compliant with LGPS regulations and has a viable long-term funding strategy.

## **6.0 Equality Implications**

6.1 Not applicable.

## **7.0 Consultation with Ward Members and Stakeholders**

7.1 Not applicable.

## **8.0 Human Resources**

8.1 Not applicable.

**Report sign off:**

***Minesh Patel***

Corporate Director Finance and  
Resources