



Brent Pension Fund Sub-Committee

24 June 2025

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

**Lead Member – Deputy Leader &
Cabinet Member for Finance &
Resources
(Councillor Mili Patel)**

2025 Triennial Valuation and Actuarial Assumptions

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Part Exempt – Appendix 2 is not for publication as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: "Information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)"
List of Appendices:	Two: Appendix 1: Assumption setting for the 2025 valuation (Summary) Appendix 2: (exempt) Advice on assumptions
Background Papers:	N/A
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1.0 Executive Summary

- 1.1 The purpose of this report is to update the committee on the 2025 Triennial Valuation and to introduce the report from the Fund Actuaries, Hymans Robertson, on the key assumptions.

2.0 Recommendation(s)

- 2.1 The Committee is asked to note the update on the 2025 valuation.
- 2.2 The committee is asked to note and agree the key assumptions for the 2025 valuation as summarised in Appendix 1 and detailed in full in Appendix 2.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

- 3.1.1 The work of the Pension Fund is critical in ensuring that it undertakes statutory functions on behalf of the Local Government Pension Scheme and complying with legislation and best practice. Efficient and effective performance and service delivery of the Pension Fund underpins all Borough Plan priorities.

3.2 Background

- 3.2.1 Every three years, a formal valuation of the whole Fund is carried out under Regulation 62 (1) of LGPS Regulations 2013 to assess and examine the ongoing financial position of the Fund.

- 3.2.2 Its purpose is to:

- Compare actual experience against assumptions made at the last valuation;
- Value the assets and liabilities of each individual employer and the pension fund as a whole using data from the Fund's administration system and financial records;
- Set employer contribution rates, including for the Council, for the next 3 years (1 April 2026 to 31 March 2029);
- Review the Funding Strategy Statement (FSS);
- Perform a health check on the Fund's solvency.

- 3.2.3 The last valuation took place as at 31 March 2022 and the next one is to be carried out as at 31 March 2025. The results of each valuation must be reported to the administering authority within twelve months of the valuation date.

- 3.2.4 The actuary calculates the funding level at each valuation. This is calculated as the ratio of the market value of the assets and the value of the benefits built up to the valuation date for the employees and ex-employees. If this is less than 100% then it means there is a shortfall, therefore there is a deficit; if it is more than 100% then there is said to be a surplus. The previous valuation showed that the Brent Pension Fund overall had a funding position of 87%.

- 3.2.5 The key governance document for the valuation is the Fund's Funding Strategy Statement (FSS). The FSS sets out the underlying assumptions and principles that are adopted when valuing the Fund's liabilities and setting contribution rates. The FSS also addresses the fact that different employers within the fund have different objectives and it includes deficit recovery periods for different employers. The FSS is normally reviewed during the valuation process in consultation with the Fund actuary and employers.
- 3.2.6 The 2025 valuation process has commenced, below is an indicative timeline for the valuation process:

Date	Event
August 2024	2025 Valuation planning begins
January 2025	Advanced data review - holistic review of all data required for the actuarial valuation
February – April 2025	Review funding plans for long-term stable employers
31 March 2025	Valuation date
April 2025	Council contribution rate (comPASS) modelling.
April 2025	Employers submit their month return for March 2025.
June 2025	Resolve all queries arising from monthly returns.
24 June 2025	Sub-committee meeting - Report to Pensions Sub-committee to review and agree key valuation assumptions.
July 2025	Provision of membership data to the Fund actuary by LPPA on behalf of the scheme manager.
August 2025	Data validations, responding to data queries and Fund actuary sign off for data.
August – September 2025	Whole fund results prepared and discussed with officers.
08 October 2025	Sub-committee meeting - Provision of initial whole fund results, Council contribution rate modelling results and employer contribution strategy proposal (draft FSS).
October 2025	Issue employer results together with draft Funding Strategy Statement for formal consultation.
November 2025	Hold employer forum and employer surgeries.
December 2025 – January 2026	Finalise Funding Strategy Statement following consultation. Agree any changes to employer contribution rates.
23 February 2026	Sub-committee meeting - Draft valuation report and rates and adjustments certificate. Sign off FSS.
31 March 2026	Sign off rates and adjustments certificate with final employer contribution rates.
01 April 2026	Implementation of new FSS and contribution rates.

3.2.7 The key financial and demographic assumptions proposed for use in the 2025 valuation process are set out in Appendix 1 to this report. The overall valuation outcome is sensitive to the financial and demographic assumptions used as they directly influence the calculation of liabilities and funding levels for both the overall Fund and individual employers. They include:

- The discount rate – used to value liabilities to be paid out in the future;
- Future investment returns - this is the interest rate we can assume to achieve in the future;
- Future price inflation (CPI);
- Salary expectations;
- How long pensions will be paid for (longevity);
- Other demographic assumptions.

3.2.8 The assumptions have been developed in consultation with the Fund actuary and reflect both current market conditions and long-term expectations. They are benchmarked against industry standards and LGPS-wide trends to ensure consistency and prudence. Fund officers met with Hymans Robertson to discuss the assumptions in detail on 10 June 2025. The Fund Actuary will attend the meeting to present Appendix 1 to the committee.

3.2.9 Further detail is provided in the full advice report attached in restricted Appendix 2. The committee is asked to note and agree the key assumptions for the 2025 valuation.

3.2.10 Brent Council, in its role as the administering authority, will be assisting employers through this process. Support will be provided in the form of employer forums and training. The Fund will consult with employers through the valuation process and the draft employer results and FSS will be issued for formal consultation. This is currently anticipated for early October 2025. The Fund will also hold an employer forum in autumn 2025 following issue of the draft employer results and FSS. There will also be the opportunity to arrange 1-1 meetings with the actuary and Brent officers.

3.2.11 Complete and accurate membership data is critical in ensuring the valuation results are accurate. If the Fund actuary is concerned about the quality of the underlying data, they will usually add a margin of prudence into their assumptions to accommodate data inaccuracies. The Fund has commissioned several data cleanse projects to improve the data quality in recent years. The results of these projects have been reported to previous Pension Sub-committee and Pension Board meetings.

3.2.12 The valuation process will be completed by 31 March 2026 with new contribution rates payable by employers from 1 April 2026.

4.0 Stakeholder and ward member consultation and engagement

4.1 In view of the nature of the report, there has been no consultation or engagement with stakeholders or ward members to date.

5.0 Financial Considerations

5.1 These are discussed throughout the report.

6.0 Legal Considerations

6.1 There are no legal considerations arising out of this report.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 There are no adverse equality considerations arising out of this report.

8.0 Climate Change and Environmental Considerations

8.1 There are no climate change or environmental considerations arising out of this report.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 There are no HR or property considerations arising out this report

10.0 Communication Considerations

10.1 There are no communication considerations arising out of this report.

Report sign off:

Minesh Patel

Corporate Director, Finance and Resources