



Brent Pension Fund Sub-Committee

08 October 2025

Report from the Corporate Director, Finance and Resources

2025 Triennial Valuation – Whole Fund Results and Funding Strategy Statement Update

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
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 - 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:	Three: Appendix 1: Actuarial valuation on 31 March 2025 - Initial Results (Exempt) Appendix 2: Funding Strategy Statement (FSS) – September 2025 Hymans Robertson update (Open) Appendix 3: Draft Funding Strategy Statement 2026 (Open)
Background Papers:	One: 2023 Funding Strategy Statement
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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 reports from the Fund Actuaries, Hymans Robertson, on the initial results and review of the Funding Strategy Statement (FSS).

2.0 Recommendation(s)

The Committee is asked to:

- 2.1 Note the update on the 2025 valuation.
- 2.2 Note the initial results and the improved funding position since the 2022 valuation.
- 2.3 Note the key changes for the 2025 Funding Strategy Statement (FSS), that the draft FSS will be consulted with employers as required by LGPS Regulations, and that the FSS will come back to the committee in February 2026 for formal ratification.

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%.

3.3 **Timetable**

3.3.1 The 2025 valuation process has commenced, below is an indicative timeline for the valuation process:

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

3.4 Initial Results

- 3.4.1 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.
- 3.4.2 The initial results of the 31 March 2025 triennial valuation have been received from the Fund Actuary, Hymans Robertson and are attached in restricted Appendix 1. They also explain why the funding position has changed since the last valuation in 2022.
- 3.4.3 The high level funding results are summarised below.

Valuation Date	31 March 2025 (£m)	31 March 2022 (£m)	31 March 2019 (£m)
Liabilities	1,162	1,296	1,104
Assets	1,313	1,134	856
Surplus/(Deficit)	151	(162)	(248)
Funding Level	113%	87%	78%

- 3.4.4 The results show an improvement in the Fund's funding position since the last valuation in 2022. The Fund is now in a surplus position, meaning the value of its assets is higher than the estimated value of its long-term pension liabilities. The overall funding level has improved to 113% compared to 87% at the previous valuation and 78% at the 2019 valuation.
- 3.4.5 The next stage of the valuation process will focus on analysing data at the individual employer level to set individual employer contribution rates from 1 April 2026. Draft employer results will be issued later in the Autumn and the Fund will also be holding an employers' forum in November 2025 to communicate the valuation results to the employers.

3.5 Funding Strategy Statement

- 3.5.1 A 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.
- 3.5.2 In January 2025, updated guidance for preparing and maintaining a FSS was published by Ministry of Housing, Communities and Local Government (MHCLG), the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Scheme Advisory Board's (SAB's) Compliance and Reporting committee published new guidance for LGPS funds when preparing the FSS. It replaces the 2016 guidance produced by CIPFA and developments include:

- Funds must now write their FSS in clear, non-technical language and adopt a common structure and terminology.
- Employer Lifecycle Coverage – Each FSS must explain how contribution rates are set when an employer joins the fund, at each valuation, and as the employer approaches exit. It should also outline how exit debts or credits will be managed.
- Stronger Consultation Requirements – The guidance sets out best practice for meaningful consultation, including early publication of a timetable, concise materials, and engagement with all relevant stakeholders such as employers, guarantors and the Local Pensions Board.
- Funds should also provide more information in the FSS to explain the impact of employers being in surplus or deficit, recognising a varying effect across different employer groups.

3.5.3 A full review of the FSS document has been carried out to ensure the document is compliant with the updated guidance and attached in Appendix 2 is an update from the Fund Actuary to highlight the key changes being considered for the 2025 FSS review. These include:

- Structural changes – two new parts to the FSS - Key Funding Principles and Employer Events
- Effective date and coverage: Revised FSS takes effect 1 April 2026, following the 31 March 2025 valuation, and governs contribution rates for 1 April 2026–31 March 2029
- Recommendation of regular annual reviews of the FSS

3.5.4 In addition, a new policy has been introduced to the FSS to outline how individual employer contribution rates may be reviewed in-between valuations. The Fund may consider a review of employer contribution rates in such circumstances which could materially impact its funding position. This may be when an employer is exiting the Fund earlier than expected, substantial changes in membership structure, or failure to pay the required level of contributions to the Fund. It also outlines the Fund's policy on employer requests for contribution rate reviews.

3.5.5 The draft FSS for April 2026 is attached as Appendix 3.

3.5.6 In line with LGPS regulations, the FSS will be subject to formal consultation with employers. This is currently scheduled for autumn 2025. The final version of the FSS will be presented to the Sub-committee at the February 2026 meeting for approval and will incorporate any amendments from comments received during the consultation period.

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. 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 stability of the Pension Fund.
- 5.2 The Fund is required to produce an FSS which sets out the underlying assumptions and principles that are adopted when valuing the Fund's liabilities and setting contribution rates.

6.0 Legal Considerations

- 6.1 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.

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.

Related document for reference:
2023 Funding Strategy Statement

Report sign off:

Minesh Patel

Corporate Director, Finance and Resources