



Brent Pension Fund Sub-Committee

18 February 2026

Report from the Corporate Director, Finance and Resources

2025 Triennial Valuation Results and Funding Strategy Statement

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 – Appendix 3 is classified as exempt as it contains the following category of exempt information 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: Valuation Report Appendix 2: Funding Strategy Statement (FSS) Appendix 3: (Exempt) Valuation Report – draft appendices
Background Papers:	N/A
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1.0 Executive Summary

- 1.1 This report sets out the results of 2025 triennial actuarial valuation and the Funding Strategy Statement (FSS) to the Committee for consideration and approval.

2.0 Recommendation(s)

The Committee is asked to:

- 2.1 Note, comment and agree the draft valuation report at Appendix 1.
- 2.2 Delegate authority to the Corporate Director, Finance and Resources to finalise the valuation report before 31 March 2026.
- 2.3 Notes the proposal to reduce the employer contribution rate for the next three financial years for Brent Council, local authority schools and the majority of academies to 23.0% (from 30.5% in 2025/26).
- 2.4 Approve the Funding Strategy Statement (FSS) as set out in section 3.5 of this report and 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.

3.3 Detail

- 3.3.1 Hymans Robertson, the Fund actuary, attended the October 2025 meeting of the Sub-Committee outlining the valuation process, and the initial results the review of the Funding Strategy Statement (FSS).
- 3.3.2 In this previous meeting, the Fund actuary delivered a presentation of the whole fund results including the funding level, assets, liabilities and the overall deficit level. It was explained why the funding level had improved since the last valuation 3 years ago with the main driver being the significantly improved investment outlook. It was also explained that different employers within the Fund will have different funding levels due to the profile of their members and contribution rates in the past.
- 3.3.3 The results show that has significantly improved from the last valuation at 31 March 2022. The improvement in funding level is primarily due to higher assumed future investment returns.

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

- 3.3.4 As a result, combined employer contribution rates have reduced from 30.6% of pay in financial year 2025/26 to 22.9% of pay for the next 3 financial years.
- 3.3.5 Since that meeting, draft valuation results schedules, which provide the contribution rate for each employer for the next three financial years, have been produced for the Council and all employers within the Fund. These have been communicated to employers. The Fund also held an employers' forum in November 2025 to present the valuation results to the employers.
- 3.3.6 The draft valuation report, attached in Appendix 1, summarises the process that has taken place and presents the valuation results, funding position and employer contribution rates for 2026/27 to 2028/29. Within the draft valuation report Appendices 4 (Climate change scenario analysis), 5 (Section 13 dashboard) and 8 (Rates and Adjustments Certificate) are yet to be finalised and are attached in restricted Appendix 3. This report recommends the committee to note, comment and agree the draft valuation report and delegate

authority to the Corporate Director, Finance and Resources to finalise the report before 31 March 2026.

3.3.7 The below table outlines progress on the valuation timetable:

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).	Complete
October 2025	Issue employer results together with draft Funding Strategy Statement for formal consultation.	Complete
November 2025	Hold employer forum and employer surgeries.	Complete
December 2025 – January 2026	Finalise Funding Strategy Statement following consultation. Agree any changes to employer contribution rates.	Complete
18 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 Revised Contribution Rates

- 3.4.1 As noted above, in October 2025, the Pension Fund Sub-Committee were given an update on the Fund's early whole fund asset liability modelling exercise carried out by the Fund actuary in Q1 2025 (and which had an effective date of 31 March 2024) and the whole fund results of the 31 March 2025 triennial funding valuation.
- 3.4.2 Using all available information to date, the Pension Fund Sub-Committee were asked to note a proposal to reduce the employer contribution rate for the next three financial years for Brent Council, local authority schools and the majority of academies to 26.0% (from 30.5% in 2025/26).
- 3.4.3 The next stage of the valuation was then for the Fund actuary and officers to work through the detailed individual employer results calculations, including mini asset liability modelling (with an effective date of 31 March 2025) for each employer. This work was carried out during October and November.
- 3.4.4 The results from this individual employer results stage showed further marked improvement of the key funding metrics when compared to the early asset liability modelling results.
- 3.4.5 When considering the improved individual employer results alongside the Funding Strategy Statement funding parameters agreed with committee in October, the officers and Fund actuary believe it is prudent and appropriate to apply an additional reduction (3.0%) to the originally proposed contribution rate of 26.0%. Therefore, a contribution rate of 23.0% will apply from 1 April 2026 for the next three financial years.
- 3.4.6 Importantly, this contribution rate of 23.0% gives at least an 80% likelihood of being 100% funded at the end of the 20 years funding time horizon with an acceptable Risk of Regret.

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 At the October 2025 Sub-Committee meeting, the draft FSS was presented prior to consultation with employers. The Sub-Committee noted that a full review of the FSS document has been carried out to ensure the document is compliant with the updated guidance including two new parts to the FSS: Key Funding Principles and Employer Events. In addition, a new policy has been introduced to outline how individual employer contribution rates may be reviewed in-between valuations.

3.5.4 The consultation was conducted in December 2025 and January 2026 and the final FSS is provided in Appendix 2 for Sub-Committee approval. The main change made since the draft FSS is to update section 2.3 on the approach for stabilised employers to reflect the one-off change to contribution strategy at this valuation.

4.0 Stakeholder and ward member consultation and engagement

4.1 As required by the LGPS regulation 58, the revised Funding Strategy Statement was consulted with employers in the pension fund during December 2025 and January 2026.

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 triennial valuation process for the Local Government Pension Fund (LGPS) is governed by Regulation 62 of the Local Government Pension Regulations 2013. This regulation mandates that administering authorities must obtain an actuarial valuation of the assets and liabilities of each pension fund as at March every three years, along with a report by an actuary and a rates and adjustments certificate. The Funding Strategy Statement (FSS) plays a critical role in the valuation process, as the actuary must consider the current version of the FSS when determining the primary rate of employer contributions. To ensure compliance with current legislation, the FSS and Investment Strategy Statement should align with the requirements of Regulation 62 and other relevant provisions, such as Regulation 58, which governs the preparation and maintenance of the FSS.

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 of 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