

Committee	Pensions Committee
Officer Reporting	Tunde Adekoya, Finance Pete Carpenter, Finance
Papers with report	1. Draft Valuation Report 2. Funding Strategy Statement

BACKGROUND

Hillingdon Council as the administering authority of the Hillingdon Pension Fund is required under Regulation 62 (1) of LGPS Regulations 2013 to carry out a triennial valuation to review the current funding strategy and ensure that there is an effective contribution plan and investment strategy to pay benefits to members as they fall due.

The triennial valuation assumptions for March 2025 were approved at the September 2025 Committee. The draft Funding Strategy Statement was also approved by the Committee for consultation. The triennial valuation is now complete, and the results attached. Craig Alexander from Hymans Robertson, the Pension Fund Actuary will present the final results to the Committee.

RECOMMENDATION

It is recommended that pensions Committee:

- 1. Agree the draft Triennial Valuation Report.**
- 2. Approve the Funding Strategy Statement for the London Borough of Hillingdon Pension Fund.**

SUMMARY OF THE VALUATION RESULTS

Funding position

The table below summarises the funding position as of 31 March 2025 in respect of benefits earned by members up to this date (along with a comparison at the last formal valuation on 31 March 2022).

Past Service Position	31 March 2022	31 March 2025
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	(£m)	(£m)
Past Service Liabilities	1,430	1,199
Market Value of Assets	1,263	1,410
Surplus / (Deficit)	(167)	211
Funding Level	88%	118%

There has been an improvement in the funding level since the last valuation in March 2022 from 88% to 118%, moving from a deficit of (£167m) to a surplus of £211m. The improvement in funding position between 2022 and 2025 is mainly due to expectations of higher investment returns, thus reducing the liabilities and investment performance over the period resulting in an increased asset value of £147m. The liabilities have also decreased over the period by £231m. The likelihood of the Fund achieving the required return has improved from 62% in 2022 to 84% in 2025.

Contribution rates

The table below shows the contribution rate for the whole fund of March 2025. The Primary rate is the payroll weighted average of each individual employer primary rate. The secondary rate is the total of each individual employer rate expressed in monetary terms, calculated in accordance with the Regulations and CIPFA guidance.

	Valuation 31 March 2025		Valuation 31 March 2022	
Primary rate (% of pay)	19.5% of pay		19.6% of pay	
	Year	£	Year	£
Secondary Rate £	2026/27	-1,028,000	2023/24	6,682,000
	2027/28	-1,057,000	2024/25	6,897,000
	2028/29	-1,087,000	2025/26	7,120,000

The average % rate overall has reduced from 23.7 % (Primary 19.6%, Secondary 4.1%) to 19.0% ((Primary 19.5%, Secondary –0.5%).

The Primary rate above includes an allowance for administration expenses of 0.8% of pensionable pay (also 0.8% at 2022 valuation). The average employee contribution rate is 6.6% of pensionable pay (6.7% at 2022 valuation).

Broadly, contributions required to be made by employers in respect of new benefits earned by members (the primary contribution rate) have decreased as future expected investment returns have improved. Changes to employer contributions targeted to fund the deficit have been variable across employers.

The schedule of contributions to be paid by each employer, commencing 1 April 2026 to 31 March 2029 are set out in the Rates and Adjustment Certificate included in the valuation report.

Missing Information

There is missing information in this final draft document. The information is on the Gender Pension Gap analysis (the results of which will also form its own Appendix 9 of the final document). The Gender Pensions Gap (GPeG) guidance has only recently

been released by (Government Actuaries Department) GAD and Hymans are working through the analysis and requirements for all their LGPS Funds now. This must and will be completed and included in the final valuation report by 31 March 2026.

FUNDING STRATEGY STATEMENT

The Local Government Pension Scheme Regulations 2013 (58)(1) require the administering authority to prepare, maintain and publish a statement setting out its funding strategy (FSS).

The regulations also require the authority to keep the statement under review and, make such revisions as are appropriate following any material change in its policy after consultation with appropriate stakeholders. The revised FSS should then be published.

The FSS sets out the processes the Council, in its role as Administering Authority uses to:

- establish a clear and transparent fund-specific strategy identifying how employers' pension liabilities are best met going forward
- support the desirability of maintaining as constant and stable primary contribution rate as possible, as defined in Regulation 62(5) of the LGPS Regulations 2013
- ensure that the regulatory requirements to set contributions to ensure the solvency and long-term cost efficiency of the fund are met
- explain how the fund balances the interests of different employers
- explain how the fund deals with conflicts of interest and references other policies/strategies.

The Funding Strategy Statement for the Hillingdon Pension Fund has been reviewed and updated following the 2025 triennial valuation. The draft was approved for consultation at the Pensions Committee of 24 September 2025 and was sent to employers on 20 November 2025. The consultation period ended on 12 December 2025. There were no changes arising from the consultation. The FSS is now being presented back to Committee for final approval.

FINANCIAL IMPLICATIONS

The financial implications are included in the body of the report.

LEGAL IMPLICATIONS

The legal implications are included in the body of the report.