LONDON BOROUGH OF CAMDEN	WARD: ALL
REPORT TITLE: Triennial Valuation – Initial Whole Fund Results	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Pension Committee	**DATE:** 22 October 2025

SUMMARY OF REPORT:

This report presents the initial whole fund results of the triennial valuation from the Pension Fund's actuary (Hymans Robertson).

Local Government Act 1972 – Access to Information
No documents required to be listed were used in the preparation of this report.

Contact Officer: Saul Omuco
Head of Finance Treasury and Pensions
Finance
Corporate Services
5 Pancras Square
London N1C 4AG

Telephone 0207 974 7116
Email saul.omuco@camden.gov.uk

RECOMMENDATIONS:

The Committee is requested to note the contents of this report.

Signed by

Director of Finance ……………**Agreed** …………...

Date ……**10/10/2025**……………….

1. INTRODUCTION AND BACKGROUND

1.1. Every three years the Fund's assets and liabilities must be valued by a qualified actuary as set out in the regulations which govern the Local Government Pension Scheme (LGPS). The last valuation was undertaken in 2022 by our actuaries who are Hymans Robertson (Hymans).

1.2. The primary purpose of a valuation is to determine whether the Pension Fund has sufficient assets to meet its long-term pension liabilities. A scheme that is 100% funded would have sufficient assets (over time) to meet its current pension promises in the future, assuming the current assumptions are borne out in practice.

1.3. The actuary is required to certify the appropriate contribution rates each employer in the Fund must make over the next three years. This involves setting rates for all employers in the Fund (not just the Council) whose employees participate in the Fund whether these are academies, community admission bodies (typically charities) or transferee admission bodies (typically contractors whose employees are entitled to public sector pensions) using the Local Government Pension Scheme (LGPS) regulations to determine benefits.

1.4. This report builds on the report to the July Committee setting out work reviewing the appropriateness of the discount rate used (5.7% per annum), salary increases (CPI + 0.5% per annum) and the CPI inflation assumption (2.3% per annum). These assumptions build on thinking from previous valuations and give consistency whilst being prudent and realistic.

1.5. Appendix A includes the full report from Hymans and is not for publication (as it contains commercially sensitive information and Hymans' intellectual property). This forms the initial valuation report from Hymans of the Fund's assets and liabilities as at 31 March 2025. The final results which will follow, and contributions rates must be finalised for all employers and the Council before 31 March 2026. Once agreed the actuary will issue the final valuation report with a rates and adjustments schedule detailing each employer's individual contribution rate over the next three years starting with 2026/27.

2. RESULTS

2.1. The initial results of the triennial valuation from our actuary, Hymans Robertson, are attached in Appendix A. The Fund is grateful to the Pensions Shared service for preparing and submitting good quality data and the actuary for testing the veracity of this data and confirming the data is of a good standard and fit for the purposes of the valuation.

2.2. Hymans have modelled the potential future investment returns of the Fund's current investment strategy and shown the funding level results on a range of different discount rate (investment return) assumptions. However, the Fund is required to publish one funding level position and therefore needs to choose one discount rate. At the July Committee meeting, it was noted that the Fund had chosen to use the discount rate which has an 80% chance of being achieved. The discount rate used is 5.7% per annum and assumes that over that period the investment strategy is not significantly changed or returns diluted by for example a move to a lower risk strategy (more bond type investments) which would result in lower returns.

2.3. Table 1 below shows that the value placed on the liabilities has decreased since the last triennial valuation by £143m to £1.598bn. However, the assets have increased by £198m to £2.171bn. This means the reported surplus has increased from £233m in 2022 to £573m as at 31 March 2025.

TABLE 1 FUNDING LEVEL

	2022	2025	Change
	£m	£m	£m
Liabilities	*-1,741*	-1,598	-143
Assets	*1,973*	2,171	+198
Surplus/ (Deficit)	*233*	573	+340
Funding level	**113%**	**136%**	

2.4. The reported funding level has increased from 113% to 136%.

2.5. The implicit required investment return is now 3.8% per annum to reach 100% funding versus 3.7% per annum at the last valuation.

2.6. The likelihood of the Fund's investment strategy meeting the required investment return has improved from 78% at the last valuation to 93% now.

2.7. The driving force behind the stronger funding level has been a significant increase in expectations of future investment returns at the 2025 valuation, which have reduced the value of the liabilities. This is despite high inflation over the period since the last valuation.

2.8. At the last triennial valuation, the discount rate was 4.4% per annum (used to place a value in today’s terms on liabilities that stretch out over decades). The assumption used at this valuation was 5.7% per annum. Hymans estimate that there is an 80% likelihood of achieving this future investment return and represents an increase in prudence (4.4% per annum at the last valuation represented a 70% prudence level).

2.9. Hymans also show the sensitivity of the funding level to changes in inflation (consumer price inflation or CPI) and changes to longevity (how long members live). These are two key actuarial assumptions that impact the valuation and funding level.

3. NEXT STEPS

3.1. After this report has been noted, the actuary will proceed to assess each individual employer’s contribution rates for the coming three financial years.

3.2. In the coming months the actuary and officers will be meeting collectively and individually with employers to set out the results of the triennial valuation and what this means for each employer and their contribution rates.

3.3. Once a set of final contribution rates have been agreed for all employers Hymans will issue a final valuation report with the official rates and adjustments certificate detailing individual employers' contributions. This must be issued by 31 March 2026.

4. RESPONSIBLE INVESTOR COMMENT

4.1. The Fund is very keen to understand and ensure that environmental risks are identified and considered by investment managers and underlying companies. These risks if not properly identified and mitigated could impact on the funds value and approach to deficit recovery and full funding.

5. ENVIRONMENTAL IMPLICATIONS

5.1. The Climate emergency will impact on investment strategy and increasingly presents risks in strategies, mandates and company business models which may impact on future value. The Fund is very conscious of these risks and tracks them in its risk register and lobbies managers and companies to ensure these risks are understood and managed.

6. FINANCE COMMENTS OF THE DIRECTOR OF FINANCE

6.1. The comments of the Director of Finance have been incorporated into this report.

7. COMMENTS OF THE BOROUGH SOLICITOR

7.1. The Local Government Pension Scheme Regulations 2013 requires an Administering Authority to obtain an actuarial valuation of its fund every three years. The administering authority must obtain a report by an actuary in respect of the valuation, and a rates and adjustments certificate provided by the actuary. The report must contain a statement of the demographic assumptions used in producing the valuation, and how these assumptions relate to events which have actually occurred in relation to the scheme membership. This report is to assist the committee to meet these requirements.

8. APPENDICES

APPENDIX A – 2025 Actuarial Valuation Initial Results – (NOT FOR PUBLICATION)