

LONDON BOROUGH OF HAMMERSMITH AND FULHAM

Report to: Pension Fund Committee

Date: 17 March 2026

Subject: Triennial Valuation

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Responsible Director: Phil Triggs, Tri-Borough Director of Treasury and Pensions

SUMMARY

This paper introduces the final results of the 2025 triennial actuarial valuation process for the London Borough of Hammersmith and Fulham (LBHF) Pension Fund, which are further discussed in Appendix 1. This paper builds on the initial draft valuation brought to the Pension Fund Committee as an appendix to the quarterly update item of the 26 November 2025 meeting.

The key highlights are:

- The Fund's funding level has risen to 113% from the 105% level in 2022, which is broadly due to the good investment returns over the period.
- The two major changes to the assumptions are an increase in the discount rate and an increase in the prudence level.

RECOMMENDATIONS

1. The Committee is requested to approve the final 2025 Triennial Valuation for the Pension Fund set out at Appendix 1.
2. Delegate agreement of the final revisions to the Chair and the Tri-Borough Director of Treasury and Pensions.

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and the council taxpayer.

Financial Impact

The Triennial actuarial valuation shows the scheme to currently be 113% funded.

Legal Implications

None.

DETAILED ANALYSIS

Final Actuarial Results

1. In the period from 31 March 2022 to 31 March 2025, the Pension Fund has increased its overall funding level from 105% to 113%.
2. The funding level for Hammersmith and Fulham (as a single employer) stands at 111%, improving from 103% previously.
3. Due to the much improved funding level the Council, as a single employer within the fund, will pay a reduced contribution rate of 19.4%.

Changes to Actuarial Assumptions

4. Several assumptions are made during the triennial actuarial valuation process, with the most significant being the discount rate used to value future pensions liabilities.
5. The real discount rate, a proxy for the real investment return, has increased to 5.3% from 4.6%. The discount rate is set with reference to the likelihood of the Fund's investment return achieving a certain level of return over the next 20 years. Based on the Hymans analysis as at 31 March 2025, the Fund's assets have a 83% likelihood of returning 5.3% per annum over the next 20 years. This significant change in prudence level reflects the current market conditions.
6. On average, employer total contribution rates (i.e., Primary plus Secondary) have reduced mainly due to higher assumed future investment returns at 2025 compared with 2022.
7. Employers have been consulted on their employer contribution rates ahead of the new financial year and have been provisionally agreed.
8. The Funding Strategy Statement (FSS) was circulated to employers on 12 December 2025 for a six-week period for consultation.

LIST OF APPENDICES

Appendix 1: LBHF Pension Fund 2025 Final Triennial Valuation Report (EXEMPT)