

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Pension Fund Committee

**Date:** 17 March 2026

**Subject:** Funding Strategy Statement

**Report author:** Siân Cogley, Pension Fund Manager

**Responsible Directors:** Phil Triggs, Director of Treasury and Pensions  
Eleanor Dennis, Head of Pensions

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## SUMMARY

Following the 2025 triennial actuarial valuation, the Fund's actuary (Hymans Robertson) has produced a draft Funding Strategy Statement (FSS). The purpose of the FSS is to establish a clear and transparent strategy on how to meet pension liabilities going forward.

The purpose of the FSS is as follows:

- Establish a clear and transparent fund-specific strategy that will identify how employers' pension liabilities are best met going forward;
  - Support the desirability of maintaining as near constant a primary contribution rate as possible, as required by Regulation 62(6) of the Regulations;
  - Ensure that the regulatory requirements to set contributions to meet the future liability to provide scheme member benefits in a way that ensures the solvency and long-term cost efficiency of the Fund are met; and
  - Take a prudent, longer-term view of funding those liabilities.
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## RECOMMENDATIONS

1. The Committee is requested to approve the draft Funding Strategy Statement and subject to any comments or amendments, delegate final approval to the Director of Treasury and Pensions in consultation with the Chairman.
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**Wards Affected:** None

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Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	The result of the triennial valuation shows an improved funding level, with the Council (as a single employer within the fund) now being 111% funded at the 2025 valuation.

## Financial Impact

Due to the much improved funding level the Council (as a single employer within the fund) pay a reduced rate of primary contributions (19.4%) with no secondary contribution rate to the Fund from 1 April 2026.

## Legal Implications

None

## DETAILED ANALYSIS

### 1. Funding Strategy Statement

- 1.1 Regulation 58 of the LGPS Regulations 2013 sets out the requirement for every LGPS fund to maintain a Funding Strategy Statement. The regulation requires the Fund to have regard to the guidance published by CIPFA and to consult with parties it considers appropriate when updating it. The current version of the statement was approved by the Pension Fund Committee in February 2023. Attached at Appendix 1 is a draft Funding Strategy Statement for 2026, which reflect the results of the 2025 actuarial valuation.
- 1.2 The financial assumptions adopted for the 2025 valuation show an increase in the discount rate applied. The actuarial analysis also suggests a long-term trend of 1.5% annual improvements in longevity, when adjusted for the LGPS this leads to a reduction in liability values
- 1.3 The FSS incorporates the funding approach of the admitted and scheduled bodies, including admissions, new academies, bulk transfers and cessations. The strategy also takes into consideration the impact which the McCloud case judgement may have on the pension liabilities. Benefits are valued in line with the regulations in force at the time of the valuation, with an exception relating to the McCloud ruling. The benefits of members likely to be affected by the McCloud ruling have instead been valued in line with the expected regulations, reflecting an underpin as directed by the department (DLUHC).
- 1.4 The major risks to the funding strategy are financial, although there are other external factors including maturity risks, demographic risks, employer risks, regulatory risks and governance risks. Whilst the FSS attempts to satisfy the funding objectives of ensuring sufficient assets to meet pension liabilities and stable levels of employer contributions, it is recognised that these risks may impact on the ability of the strategy to meet the funding objectives.

## **2. Reasons for Decision**

- 2.1 The Fund is required to regularly review the FSS and to have regard to the CIPFA 2016 guidance, Preparing and Maintaining a Funding Strategy Statement in the Local Government Pension Scheme (LGPS).

## **3. Equality Implications**

- 3.1. None.

## **4. Risk Management Implications**

- 4.1. None.

## **5. Other Implications**

- 5.1. None.

## **6. Consultation**

- 6.1. Consultation has been undertaken with all employer bodies of the Fund.
- 6.2. 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: Draft LBHF Funding Strategy Statement 2025