



# Committee Report

<b>Decision Maker:</b>	<b>PENSION FUND COMMITTEE</b>
<b>Date:</b>	<b>24 June 2021</b>
<b>Classification:</b>	<b>Public</b>
<b>Title:</b>	<b>Government Actuaries Department (GAD) LGPS Draft Triennial Report of 2019</b>
<b>Wards Affected:</b>	<b>All</b>
<b>Policy Context:</b>	<b>Effective control over council activities</b>
<b>Financial Summary:</b>	<b>There are no immediate financial implications arising from this report, although investment performance has an impact on the Council's employer contribution to the Pension Fund and this is a charge to the General Fund.</b>
<b>Report of:</b>	<b>Phil Triggs</b> <b><i>Tri-Borough Director of Treasury and Pensions</i></b> <a href="mailto:ptriggs@westminster.gov.uk">ptriggs@westminster.gov.uk</a> <b>020 7641 4136</b>

## **1. Executive Summary**

- 1.1 This report and appendix provide the Pension Fund Committee with the Government Actuary's Department's (GAD) draft report on the 2019 LGPS triennial actuarial valuation.

## **2. Recommendation**

- 2.1 The Committee is asked to note the initial findings.

## **3. Background**

- 3.1 Section 13 of the Public Service Pension Schemes Act 2013 requires a "suitably qualified person" appointed by the Secretary of State to carry out a review of the triennial actuarial valuations of funded public service pension schemes. This requires the Government Actuary to report on whether a scheme has achieved the following four aims:

- Whether the fund's valuation is in accordance with the scheme regulations.
- Whether the fund's valuation has been carried out in a way which is not inconsistent with the other fund valuations within the LGPS.
- Whether the rate of employer contributions is set at an appropriate level to ensure the solvency of the pension fund.
- Whether the rate of employer contributions is set at an appropriate level to ensure the long-term cost efficiency of the scheme, so far as relating to the pension fund.

3.2 GAD has carried out its initial review and has provided a two-page summary for the City of Westminster Pension Fund (Appendix 1). The initial findings on the individual funds have resulted in some warning flags across a few LGPS funds. However, Westminster is not one of those funds.

#### **4. City of Westminster Pension Fund: GAD position**

- 4.1 The Westminster City Council received green flags across the spectrum on the GAD's various different financial tests. This reflects the Fund is in a relatively strong position.
- 4.2 The funding level of the Pension Fund, as per the triennial valuation, has increased from 80% as at 31 March 2016 to 100% as at 31 March 2019. The main drivers for this improvement were the significant investment returns of £209m above what was assumed in the 2016 valuation. The best estimate funding level for the Fund based on the GAD assessment is 110.6%, which puts the Fund comfortably in a surplus position.
- 4.3 The City of Westminster Fund is ranked top out of 87 LGPS funds for required investment return to achieve full funding in 20 years' time on the standardised market consistent basis, with a 0.3% return required. Additionally, the Fund is also ranked first for required investment return rates, compared with the Fund's expected best estimate future returns assuming current asset mix maintained.

**If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:**

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**BACKGROUND PAPERS:** None

**APPENDICES:**

Appendix 1: GAD Initial Summary 2019