



Committee Report

Decision Maker:	PENSION FUND COMMITTEE
Date:	10 December 2018
Classification:	General Release
Title:	Government Actuaries Department (GAD) Local Government Pension Scheme Triennial Report of 2016
Wards Affected:	All
Policy Context:	Effective control over council activities
Financial Summary:	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.
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1. Executive Summary

- 1.1 This report and appendices provide the Pension Fund Committee with an update on the Government Actuary's Department's (GAD) report on the 2016 Local Government Pension Scheme (LGPS) triennial actuarial valuation.

2. Recommendation

- 2.1 The Committee is asked to note the update.

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. In this instance, it is the LGPS scheme on which the report will focus.

- 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 The GAD was therefore called upon to perform the analysis of the LGPS. Their initial report and the tests they first used on the individual Funds resulted in a number of warning flags across a large range of funds, prompting a response from the various actuarial firms in a collective challenge to the findings.

3.3 The original report was not complimentary of the LGPS's management and not reflective of the majority of LGPS Funds being in a strong position. Some of the tests were regarded by the LGPS actuaries as not being fit for purpose. It was observed that some LGPS Funds that were in a better funding position were flagged as being higher risk due to the counterintuitive nature of their design (the asset shock test being a prime example).

3.4 Upon receiving these challenges, the GAD revised their report and it now shows the LGPS in a more positive light, reflecting the improving funding positions across the spectrum.

3.5 The GAD report and the actuaries' response are attached in the appendices to this report.

4. City of Westminster Pension fund GAD position

4.1 The Westminster City Council received green flags across the board on the GAD's various different tests. This reflects the Fund is in a relatively strong position.

4.2 On the Scheme Advisory Board's like-for-like valuation basis, the Westminster Pension Fund is in the 47th percentile best funded, improving from 60th on the locally derived basis as at the valuation date 31 March 2016.

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: Section 13 GAD report 2016

Appendix 2: Actuaries response to Section 13 GAD Report