

PENSIONS BOARD 12 AUGUST 2021

Report title: Lambeth Pension Fund – Funding Issues Update

Wards: All

Portfolio: Cabinet Member for Finance and Performance: Councillor Andy Wilson

Report Authorised by: Strategic Director for Finance and Investment: Fiona McDermott:

Contact for Enquiries: Robert Browning, Head of Treasury and Pensions, 07394 402801, rbrowning@lambeth.gov.uk

REPORT SUMMARY

This report is an information item prepared and presented by the Fund's actuary, Hymans Robertson, to update members on important funding issues that have arisen since the last formal valuation was undertaken as at 31 March 2019.

FINANCE SUMMARY

There are no direct financial implications arising from this report outside of the issues raised in the report concerning the ongoing impact on the funding position of the Fund.

RECOMMENDATIONS

1. That the report, together with the information in the accompanying presentation prepared by the Fund's actuary, be noted.

1 CONTEXT

- 1.1 Regulation 62 of the Local Government Pension Scheme Regulations 2016 states that an administering authority must obtain an actuarial valuation of the assets and liabilities of its pension fund as at 31 March on a triennial basis. The valuation will determine the rate at which employers should contribute to the Fund to ensure that pension benefits can be paid as and when they arise.
- 1.2 The most recent valuation was undertaken by the Fund's actuary as at 31 March 2019, with the next falling due as at 31 March 2022. Advanced planning and preparation for the valuation will begin in this financial year, which will include separate valuation training arranged for Committee and Board members.
- 1.3 It is the Pensions Committee which has responsibility for setting the Fund's funding strategy, which in turn will impact the investment strategy of the Fund. The purpose of this paper is to update members on issues that have arisen since the last valuation and setting of the funding strategy, and which will need to be considered as part of the upcoming valuation process.

2 PROPOSALS AND REASONS

- 2.1 The attached paper, to be presented by the Fund's actuary, provides a brief introduction to pension scheme funding in the Local Government Pension Scheme (LGPS), sets out important updates on funding related issues, and outlines key topics to be aware of going forward.

3 FINANCE

- 3.1 This report sets out factors that are likely to impact the funding position of the Fund and its formal valuation as at 31 March 2022. There are no direct financial implications in agreeing to the recommendation of this report.

4 LEGAL AND DEMOCRACY

- 4.1 The Lambeth Pension Fund is run in accordance with the Local Government Pension Scheme Regulations 2013 enacted along with other Regulations under the Superannuation Act 1972 and the Public Service Pension Act 2013, and is for the benefit of Council employees and outside organisations which have entered into an agreement with Lambeth to provide pensions for their staff.
- 4.2 The Pensions Committee must be mindful of their fiduciary duty to obtain the best possible financial return on the investments it administers within the investment strategy framework.
- 4.3 There are no additional comments from Democratic Services.

5 CONSULTATION AND CO-PRODUCTION

- 5.1 Not applicable.

6 RISK MANAGEMENT

- 6.1 The contents of this report and accompanying presentation have been provided to assist in the management of risk pertaining to the Fund's liabilities.

7 EQUALITIES IMPACT ASSESSMENT

- 7.1 None for the purposes of this report.

8 COMMUNITY SAFETY

- 8.1 None for the purposes of this report.

9 ORGANISATIONAL IMPLICATIONS

Environmental

- 9.1 None for the purposes of this report.

Health

- 9.2 None for the purposes of this report.

Corporate Parenting

- 9.3 None for the purposes of this report.

Staffing and accommodation

- 9.4 None for the purposes of this report.

Responsible Procurement

- 9.5 None for the purposes of this report.

10 TIMETABLE FOR IMPLEMENTATION

- 10.1 Not Applicable.

AUDIT TRAIL				
Consultation				
Name/Position	Lambeth directorate/ division or partner	Date Sent	Date Received	Comments in para:
Councillor Andrew Wilson, Cabinet Member	Finance and Performance	22.06.2021	22.06.2021	
Fiona McDermott, Strategic Director	Finance and Investment	16.06.2021	24.06.2021	
Christina Thompson, Director of Finance	Finance and Investment	16.06.2021	23.06.2021	
Hamant Bharadia, Assistant Director of Finance	Finance and Investment	16.06.2021	22.06.2021	
Andrew Pavlou, Legal Services	Legal and Democratic Services	16.06.2021	23.06.2021	
Marianna Ritchie, Democratic Services	Legal and Democratic Services	16.06.2021	23.06.2021	

REPORT HISTORY	
Original discussion with Cabinet Member	N/A
Report deadline	16 June 2021
Date final report sent	
Part II Exempt from Disclosure/confidential accompanying report?	No
Key decision report	No
Date first appeared on forward plan	N/A
Key decision reasons	N/A
Background information	N/A
Appendices	<ul style="list-style-type: none"> Appendix One – Funding Issues Update July 2021