

London Borough of Hammersmith & Fulham

Report to: Pension Fund Committee

Date: 26 November 2024

Subject: Section 13 Valuation

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

Summary

This report and appendices provide the Pension Fund Committee with an update on the Government Actuary's Department's (GAD) Section 13 (S13) report on the 2022 LGPS triennial actuarial valuation.

Recommendations

The Committee is asked to note the Section 13 report for the 2022 triennial valuation.

Wards Affected: None

LBHF Priorities

Please state how the outcome will contribute to our priorities

Our Priorities	Summary of how this report aligns to the LBHF priorities
<ul style="list-style-type: none">Building shared prosperity	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the council and the council tax payer.

Financial Impact

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.

Legal Implications

None.

1. DETAILED ANALYSIS

- 1.1 Section 13 of the Public Service Pension Schemes Act 2013 requires a “suitably qualified person” assigned by the Secretary of State to carry out a review of the triennial actuarial valuations of funded public service pension schemes. To this end, the Government Actuary’s Department (GAD) was appointed to perform this analysis of the LGPS.
- 1.2 Section 13 requires the Government Actuary to report on the following:
- 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 consistent 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.
- 1.3 The S13 report is based on the actuarial valuations of LGPS funds, data provided by funds and actuaries, and engagement exercises with relevant funds. This is the third formal section 13 report, with the first as at 31 March 2016 and a second exercise undertaken as at 31 March 2019.
- 1.4 The 2022 section 13 report indicates that fund valuations were compliant with relevant regulations, resulting in a higher funding level compared with 2019 (119% aggregated funding level at 2022), with strong asset returns over the three-year period. The average total contribution rates have also decreased, resulting from a decrease in the number of funds in deficit, although primary contribution rates have generally increased.
- 1.5 GAD has made three recommendations as part of the 2022 S13 report, in relation to the Scheme Advisory Board (SAB) and its review of the guidance on the Funding Strategy Statements (FSS).
- 1.6 The GAD review of LGPS fund valuations as at 31 March 2022 under Section 13 is attached at Appendix 1.

2. LONDON BOROUGH OF HAMMERSMITH AND FULHAM PENSION FUND GAD POSITION

- 2.1 The LBHF Pension Fund received green flags across the board on the GAD’s various different tests, reflecting that the Fund is in a strong position, with a funding level of 110%.
- 2.2 The Section 13 report for the London Borough of Hammersmith and Fulham Pension Fund at 31 March 2022 can be found attached at Appendix 2.

BACKGROUND PAPERS

None.

APPENDICES:

- Appendix 1: Review of LGPS fund valuations as at 31 March 2022 under Section 13
- Appendix 2: LGPS Section 13 Report at 31 March 2022 for London Borough of Hammersmith and Fulham Pension Fund