

# SURREY PENSION FUND COMMITTEE REPORT



**SURREY COUNTY COUNCIL**

**SURREY PENSION FUND COMMITTEE**

**DATE: 21 MARCH 2025**

**LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER**

**SUBJECT: ACTUARIAL UPDATE – SURREY PENSION FUND CASHFLOWS**

## **SUMMARY OF ISSUE:**

This report provides an update from the Surrey Pension Fund Actuary on cashflows.

## **RECOMMENDATIONS:**

It is recommended that the Pension Fund Committee:

1. Note the Surrey Pension Fund cashflow position.

## **REASON FOR RECOMMENDATIONS:**

The Pension Fund Committee agreed to receive an annual review of the cashflow position of the Fund.

## **DETAILS:**

### **Background**

1. The cashflow position of the Fund is sensitive to future levels of inflation. It is important to monitor the cashflow position regularly to identify if cash from assets are required to meet benefit payments. The actuary has updated the cashflow projections details of which are in the report at Annexe 1.
2. The Committee last reviewed the cashflow projections at its meeting on 15 December 2023 when the actuary reported that the Fund might become cashflow neutral in the 2023/24 financial year.
3. When the Fund's cashflow projections were reviewed in December 2022, there was heightened uncertainty related to inflationary expectations and the impact that it could have on the Fund's net cash flow position. Therefore, it was agreed to start taking income from the Fund's real estate mandate with CBRE and the multi-asset credit mandate managed by Border to Coast Pensions Partnership (BCPP). Given the realised cash flow position and current projections of a later than expected negative cashflow position for the Fund, this income is no longer being taken from these mandates.
4. The projection now is that the Fund is expected to become cashflow negative by 2028. This is due, in part, to the lower expected pension increase for April 2005 of 1.7%.

### **CONSULTATION:**

5. The Chair of the Pension Fund Committee and Chair of the Local Pension Board.

### **RISK MANAGEMENT AND IMPLICATIONS:**

6. Any relevant risk related implications have been considered and are contained within the report.

### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:**

7. Any relevant financial and value for money implications have been considered and are contained within the report. The cost of the resources necessary for implementing the changes recommended above and for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009).

### **LEGAL IMPLICATIONS:**

8. There are no legal implications or legislative requirements.

### **EQUALITIES AND DIVERSITY:**

9. There are no equality or diversity issues.

### **OTHER IMPLICATIONS:**

10. There are no other implications.

### **NEXT STEPS:**

11. None, there are no further steps required.

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**Contact Officer:** Colette Hollands, Head of Accounting & Governance

### **Annexes:**

1. Surrey Pension Fund Cashflow projections – Annexe 1

### **Sources/Background papers:**

1. None