


| | |
|---|---|
|  | Pension Fund Committee 16 October 2018 |
| Title | Planning for the 2019 Triennial Valuation |
| Report of | Director of Finance |
| Wards | All |
| Status | Public |
| Urgent | No |
| Key | No |
| Enclosures | Appendix A – Valuation timeline Appendix B – Hymans Robertson slides |
| Officer Contact Details | George Bruce, Head of Treasury & Pensions 0208 359 7126 george.bruce@barnet.gov.uk |

Summary

The funding position of the Pension Scheme and rate of contributions paid by employers is assessed every three years by the Scheme Actuary. The next review date is 31 March 2019. The Actuary will be attending the meeting to discuss the role of the Actuary, the interaction between the Actuary, the Committee and Employers and the valuation timetable.

Recommendations

1. That the Pension Fund Committee note the triennial valuation timetable and raise any questions to the Actuary.

1. WHY THIS REPORT IS NEEDED

- 1.1 The Committee are responsible for appointing a scheme actuary and commissioning a triennial actuarial valuation in addition to formulating long term funding and investment strategies that ensure that the scheme has sufficient assets to pay benefits as they fall due.
- 1.2 Every three years the Actuary assesses the funding position of the Pension Fund and determines the contributions payable by each employer for the next three years. The next valuation will be as at 31 March 2019 and the new contribution schedule will be effective from 1st April 2020.
- 1.3 The Actuary's primary responsibilities are to ensure that the scheme's funding plan will realistically achieve full funding and that the schedule of contributions doesn't incur additional costs through delaying the timing of when contributions are paid. The Actuary may also seek to smooth changes in the contribution rate but this is now a secondary objective.
- 1.4 The Committee has an involvement in the valuation process through the preparation of the funding strategy statement that sets out the basis for the actuarial calculations. The Committee will also be consulted throughout the valuation process.
- 1.5 The attached timetable set out the various steps in preparation for and during the valuation process. The Actuary will be attending the meeting to discuss the timetable with the Committee. The 2016 valuation did not progress as smoothly as it should and the Actuary is proposing that prior to the valuation date that the quality of the membership data is reviewed via submission to Hymans data portal. There is no charge for this process. The timetable has been discussed and agreed with the Administration team.

2. REASONS FOR RECOMMENDATIONS

- 2.1 No action is required as a consequence of the update.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None - statutory function

4. POST DECISION IMPLEMENTATION

- 4.1 The actions set out in the timetable will be followed.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 Employers paid £48 million of contributions into the pension scheme in 2017/18. Changes in contribution rates can have a significant cashflow implication for employers and will impact on the Council's ability to spend in other areas.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 There are no immediate financial implications from the report. However, higher deficits (particularly if sustained) may translate into higher contributions from the Council and other employers. Engaging with the Scheme Actuary in advance of the 2019 triennial valuation will enable the Committee to identify ways to stabilise future contribution rates.

5.3 Social Value

- 5.3.1 Contributing to the Pension Fund ensures that contributing members have a secured income on retirement.

5.4 Legal and Constitutional References

- 5.4.1 The Council's Constitution (Article 7) – includes within the responsibilities of the Pension Fund Committee,

“To consider actuarial valuations and their impact on the Pension Fund.”

- 5.4.2 The Local Government Pension Scheme Regulations 2013 (regulation 62) requires the Council to obtain an actuarial valuation of the assets and liabilities of each of its pension funds as at 31 March 2016 and as at 31 March in every third year afterwards. Regulation 58 requires the administering authority to prepare a funding strategy statement.

5.5 Risk Management

- 5.5.1 The accuracy of the valuation relies on the accuracy of the data provided to the actuaries. Any errors in the provision of the data could have a significant impact on the required contribution rates, particularly for the smaller scheduled and admitted bodies.

- 5.5.2 The value of the Pension Fund assets at any point in time is determined by the

market and a large movement in the markets could have a significant impact on the surplus or deficit of the fund.

5.6 Equalities and Diversity

- 5.6.1 Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

5.7 Consultation and Engagement

- 5.7.1 Not required.

5.8 Insight

- 5.8.1 The report provides insight into the future direction of employers' contribution rates.

6. BACKGROUND PAPERS

- 6.1 None