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|  | <h2 style="margin: 0;">Pension Fund Committee</h2> <h3 style="margin: 0;">26 March 2019</h3> |
| Title | Planning for the 2019 Triennial Valuation |
| Report of | Director of Finance |
| Wards | N/A |
| Status | Public |
| Urgent | No |
| Key | No |
| Enclosures | Appendix A – Valuation timeline |
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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 attend the meeting and discuss the valuation timetable. The meeting will be preceded by training that focuses on the selection of the assumptions used in the valuation.

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 attended the October 2018 meeting and discussed the actuarial process and a draft timetable for the triennial valuation. The timetable (appendix A) has been updated to reflect the points of interaction between the Committee, employers, administrator and the Actuary. The Actuary will discuss the updated timetable with the Committee.
- 1.4 The completion of the valuation requires that the Actuary receives timely and accurate data covering fund values, cash movements (contributions and benefits) and the service records for each employee. The Committee will be aware that the Administrator has a data improvement plan in place and that the Actuary, Auditor and Regulator have all raised concerns with the quality of the membership data. Data quality is being measured partly by submissions and validation by the Actuary's data portal. The Actuary is attending the meeting to discuss the latest data validation and there is a separate agenda item on data quality.
- 1.5 There will be training prior to the meeting that will focus on the assumptions used during the valuation and in particular the process to select each assumption.

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 will pay £48 million of contributions into the pension scheme in 2018/19. 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 Pension Fund Committee 16th October 2018, agenda item 8.

