



## Pension Fund Committee

9 September 2019

**Title** 2019 Triennial Valuation

**Report of** Director of Finance

**Wards** N/A

**Status** Public

**Urgent** No

**Key** No

**Enclosures** Appendix 1 – Triennial valuation timetable

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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 triennial valuation as at 31 March 2019 is progressing. The Actuary is intending to discuss the 'whole fund results' with the Committee. However, this is dependent on all data queries having been resolved. It will not be possible to circulate any reports prior to the meeting.

### Officers Recommendations

1. That the Pension Fund Committee note the Actuary's comments on the 2019 triennial valuation whole fund results.

## **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 1<sup>st</sup> April 2020.
- 1.3 The Actuary has presented to the July meeting (data quality) and the March meeting (overall timetable). If the timetable (see appendix 1) is achieved the Actuary will present the whole fund position (funding level and aggregate employer contributions) to this meeting. This will give the Actuary an opportunity to outline the assumptions used in deriving the results that will then be used to determine individual employers' contribution rates for the next three years. It is intended to present individual employer results to the Committee at the November meeting before commencing the process of consultation. At the time of writing the paper, the Actuary is finalising the review of the data received and whole fund results may not be available for 9<sup>th</sup> September. In this eventuality, the Committee may wish to schedule an additional discussion with the Actuary to ensure that the overall timetable can be achieved.

## **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 actuarial 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 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 during 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 Equality 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 Corporate Parenting**
- 5.7.1 Not applicable in the context of this report.
- 5.8 Consultation and Engagement**

5.8.1 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 N/A.