

Report for: Pensions Committee and Board 5 March 2020

Title: 2019 Pension Fund Valuation

Report authorised by: Jon Warlow, Director of Finance (S151 Officer)

Lead Officer: Thomas Skeen, Head of Pensions, Treasury & Chief Accountant
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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key decision

1. Describe the issue under consideration

- 1.1. To note the final actuarial valuation report as at 31st March 2019, and to note and agree the final version of the Funding Strategy Statement, which has been updated, to take account of all developments during the 2019 triennial valuation. Consultation on the FSS has been taken place with employers of the fund.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

- 3.1. That the Committee note the final results of the triennial valuation of the Fund, as attached in the report at Appendix 1.
- 3.2. That the Committee approves the Funding Strategy Statement as attached at Appendix 2.

4. Reason for Decision

- 4.1. The Council is required by law to undertake an actuarial valuation of the Fund's assets and liabilities, currently every three years. The Pensions Committee and Board has agreed the underlying assumptions of the valuation and various policy decisions such as the approach to ill health early retirement liabilities at previous meetings. The final valuation results and final version of the FSS are now presented.
- 4.2. The Fund is required to keep the FSS under review and to update the statement when necessary. There is a legal obligation to consult on this document with employers, which has taken place.

5. Other options considered

5.1. None

6. Background information

6.1. The Council has appointed Douglas Green of Hymans Robertson as the Fund's Actuary. Hymans are required to carry out an actuarial valuation of the fund every three years (currently) to determine the funding level (comparison of assets with the value of promised future benefits) and the future contribution levels payable by the Council and other employers. The ongoing valuation is calculated as at 31st March 2019. Scheme benefits and the contributions payable by employees are determined by the Government.

6.2. The Pension Fund is required to maintain a Funding Strategy Statement (FSS) that sets out the basis on which contributions are set and in particular the plan to achieve and maintain sufficient assets to meet the pension liabilities. The FSS is normally updated prior to agreeing the triennial valuation report to ensure that the two documents are consistent. There is a requirement that changes to the FSS are consulted upon with scheme employers prior to implementation. Consultation has been carried out by officers.

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

8.1. The Fund's overall financial position is improved from the previous 2016 Valuation, owing largely to investment returns. The overall fund deficit has reduced from £276m to a small £6m surplus and as at 31/3/19 the fund overall had a 100% funding level.

8.2. Individual employer positions have generally improved, however there is a great deal of variation between these from employer to employer as is clear from the rates and adjustments certificate at Appendix 1 and the calculated employer contributions calculated for the 3 years from 1 April 2020 reflect these differences in demographics and covenant strength of employers.

Legal Services Comments

- 8.3. The Assistant Director of Governance has been consulted on the content of this report. The Council as administering authority must comply with certain obligations contained in The Local Government Pension Scheme Regulations 2013.
- 8.4. Under Regulation 58 the administering authority must have a written statement setting out its funding strategy and keep the statement under review and, after consultation with such person as it considers appropriate, make such revisions as are appropriate following a material change in the policy set out in the statement and where there are revisions, publish the statement as revised.
- 8.5. Regulation 62 requires the administering authority to obtain an actuarial valuation of the assets and liabilities of its pension funds on 31 March in every third year from 31 March 2016. The relevant date for the purpose of this report is the 31 March 2019. The administering authority must also obtain a report by an actuary in respect of the valuation; and a rates and adjustments certificate prepared by an actuary. These must contain the information required by the Regulation.

Equalities

- 8.6. None applicable.

9. Use of Appendices

- 9.1. Appendix 1: Final 2019 Valuation Report (pages 93 to 117)
- 9.2. Appendix 2: Final Funding Strategy Statement (pages 119 to 162)

10. Local Government (Access to Information) Act 1985

- 10.1. Not applicable.