

**Report for:** Pensions Committee and Board – 22 November 2022

**Title:** Haringey Pension Fund Actuarial Valuation Update

**Report authorised by:** Toyin Bamidele, Assistant Director of Finance (Deputy Section 151 Officer)

**Lead Officer:** Tim Mpofu, Head of Pensions and Treasury,  
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**Ward(s) affected:** N/A

**Report for Key/  
Non Key Decision:** Not applicable

## **1. Describe the issue under consideration**

- 1.1. This report provides the Pensions Committee and Board (PCB) with information regarding the 2022 actuarial valuation exercise which is currently underway, and which will be a recurring item for several of the upcoming PCB meetings.
- 1.2. The report covers the initial actuarial valuation results for the whole fund, an overview of the Funding Strategy Statement review, as well as a general update on the progress made to date.

## **2. Cabinet Member Introduction**

- 2.1. Not applicable

## **3. Recommendations**

The Pensions Committee and Board is recommended:

- 3.1. To note Haringey Pension Fund's draft Actuarial Valuation Results paper, prepared by the Pension Fund's Actuary, Hymans Robertson and appended as Confidential Appendix 1, and the advice contained therein.
- 3.2. To note the overview of the Funding Strategy Statement Review paper, appended as Confidential Appendix 2 to this report.

## **4. Reason for Decision**

- 4.1. Haringey Council, in its role as the Administering Authority for the Haringey Pension Fund, is required by law to undertake an actuarial valuation of the Pension Fund's assets and liabilities, every three years.

4.2. The Council has delegated the responsibility to exercise all the Council's functions as the Pension Fund's Administering Authority to the Pensions Committee and Board.

## **5. Other options considered**

5.1. All the relevant options under consideration are detailed in Haringey Pension Fund's draft Actuarial Valuation Results paper, appended as Confidential Appendix 1 to this report.

## **6. Background information**

6.1. The Pension Fund is required to undertake an actuarial valuation of the Pension Fund's assets and liabilities, every three years. This exercise, also referred to as the "triennial valuation", determines the contribution rates payable by the scheme's employers, which include Haringey Council, for the next three years from 1 April 2023. Scheme benefits and contributions payable by employees are determined by the Local Government Pension Scheme (LGPS) regulations.

6.2. As part of the actuarial valuation process, the Fund Actuary presents the funding position of the Haringey Pension Fund as at 31 March 2022. This involves comparing the Pension Fund's liabilities based on updated membership data and assumptions, with the Pension Fund's assets as at the valuation date.

6.3. However, it is important to note that the overall funding level does not directly drive individual employer contribution rates. This is done separately using a combination of numerous factors specific to each employer's particular position in the Pension Fund. This work will be undertaken in the coming weeks, and officers will consult with employers on their individual contribution rates prior to them being finalised.

### **Funding Position**

6.4. The funding position compares the future projected benefit payments for current members set against the Pension Fund's assets as at the valuation date. The initial results show that the Pension Fund's funding position at 31 March 2022 (113%) has improved significantly since the 2019 valuation exercise (100%).

6.5. The main factor driving the funding position improvement has been the stronger than expected investment returns over the past 3 years. Although the updated membership data has led to overall increases in the Pension Fund's liabilities, these have been more than offset by the strong investment performance over the period.

6.6. The PCB agreed a set of assumptions for the actuarial valuation, which were recommended by the Pension Fund's Actuary at its previous meeting. Compared to the 2019 valuation, the financial assumptions have increased, suggesting that the future outlook may be more challenging than the past.

- 6.7. The PCB will need to consider the Pension Fund’s investment strategy in this context, to ensure it is in alignment with the expected growth in the Pension Fund’s long-term obligations.
- 6.8. Further details regarding the draft actuarial valuation results is included in Confidential Appendix 1 to this paper.

**Funding Strategy Statement (FSS) Review**

- 6.9. Under the LGPS Regulations, all funds have a statutory obligation to produce an FSS. The FSS focuses on how employer liabilities are measured, the pace at which these liabilities are funded, and how employers pay for their own liabilities.
- 6.10. The FSS is therefore an integral part of the actuarial valuation and is prepared by the Pension Fund, in collaboration with the Fund Actuary. The 2022 review undertaken by the Fund Actuary has focused on adapting the FSS to the changing regulations and environment within which the Fund operates. The outcome of this review is detailed in Confidential Appendix 2 to this report.
- 6.11. LGPS Regulations require the FSS to be subject to formal consultation. This is expected to start by December 2022. The PCB will be asked to approve the final version of the FSS at a future meeting.

**High Level Valuation Timetable**

6.12. The table below outlines the high-level timetable for the valuation process.

**Table 2 – Actuarial Valuation Timetable**

Activity	Key Dates	Progress Update
<b>Assumptions advice and contribution rate modelling.</b> Hymans Robertson to provide training and present to the PCB on 12 September 2022.	September 2022	Completed
<b>Pension Fund data provision</b> to Hymans Robertson which includes fund membership, investment, and accounting data.	September 2022 – October 2022	Completed
<b>Whole Fund Results and Funding Strategy Statement.</b> Hymans Robertson to present the fund valuation results to the PCB on 22 November 2022.	November 2022	Completed
<b>Employer results and consultation.</b> Officers to consult with employers on proposed Funding Strategy Statement and contribution rates for the 3 years from 1 April 2023.	December 2022 – January 2023	On target



Activity	Key Dates	Progress Update
<b>Final valuation report and Funding Strategy Statement.</b> Hymans Robertson to present final reports to the PCB on either 23 January 2023 or 21 March 2023 (timing dependent on employer consultation process)	January 2023 – March 2023	On target

## 7. Contribution to Strategic Outcomes

7.1. Not applicable

## 8. Statutory Officer Comments (Director of Finance (including procurement), Head of Legal and Governance (Monitoring Officer), Equalities)

### Finance and Procurement

8.1. The advice on assumptions included in Hymans Robertson’s report has various financial implications on the Pension Fund and the employers participating in the Haringey Pension Fund Local Government Pension Scheme. Finance comments related to these implications are contained throughout the report.

### Comments of the Head of Legal and Governance (Monitoring Officer)

8.2. The Head of Legal and Governance (Monitoring Officer) has been consulted on the contents of this report. The Council, as administering authority must comply with certain obligations contained in the Local Government Pension Scheme Regulations 2013.

8.3. Under Regulation 58 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 where there are revisions, publish the statement as revised.

8.4. 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 2022.

### **Equalities**

8.5. Not applicable.

## 9. Use of Appendices

9.1. Confidential Appendix 1: Haringey Pension Fund Draft Actuarial Valuation Results

9.2. Confidential Appendix 2: Funding Strategy Statement Review

**10. Local Government (Access to Information) Act 1985**

10.1. Not applicable.