




Haringey Council

Report for:	Corporate Committee 20 th March 2014	Item number	
Title:	Final Actuarial Valuation and Funding Strategy Statement		
Report authorised by :	 Assistant Director – Finance (CFO)		
Lead Officer:	George Bruce, Head of Finance – Treasury & Pensions George.bruce@haringey.gov.uk 020 8489 8621		
Ward(s) affected: N/A	Report for Non Key Decision		

1. Describe the issue under consideration

1.1 Final versions of the Actuarial Valuation report and funding strategy statement are presented.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 The Committee is invited to note the actuarial valuation report and schedule of contributions and agree the Funding Strategy Statement.

4. Other options considered

4.1 None.

5. Background information

5.1 The Actuarial Valuation and Funding Strategy Statements both discuss the measurement of liabilities and the setting of contribution rates.



The FSS determines the approach and the actuarial valuation applies these to determine the required contribution levels.

5.2 Contribution levels are set by the Actuary following consultation with the administering authority and individual employers. Consultation has taken place through the issue of individual employer results and a draft FSS, with meetings held with employers to discuss both. These reports are presented in their final versions.

6. Comments of the Chief Finance Officer & financial implications

6.1 The Actuary has determined the contribution rates for the next three years on the basis of the methodology and assumptions agreed with the Committee and reflected in the funding strategy statement. There has been a process of consultation with employers. No adverse comments were received.

7. Head of Legal Services and Legal Implications

7.1 The Council as administering authority is required under Regulation 36 of the Administration Regulations 2008 to obtain (a) an actuarial valuation of the assets and liabilities of the pension fund, (b) a report by the actuary in respect of the valuation and (c) a rates and adjustment certificate prepared by an actuary. This must be done every 3 years from the 31 March 2010.

7.2 The valuation report mentioned in (b) must contain a statement of the demographic assumptions used in making that valuation and these assumptions must relate to actual events that have occurred in relation to members of the LGPS since the last valuation.

7.3 The rates and adjustment certificate must specify a common employer contribution rate and any individual adjustments for each year of the 3 years period beginning on 1 April.

7.4 Members should note that only the valuation report is contained within this report.

7.5 The Funding Strategy Statement was prepared and published under Regulation 76A of the Local Government Scheme Regulations 1997. Under Regulation 35 of the Local Government Pension Scheme (administrations) Regulations 2008, the Administering Authority must maintain and reviews the Funding Strategy Statement having regards to the Chartered Institute of Public Finance and Accountancy's guidance entitled "Guidance on preparing and Managing a Funding Strategy Statement" and to the Fund's Statement of Investment Principles and to consult such persons as it considers appropriate.



7.6 The Funding Strategy Statement attached to this report complies with the obligations set out in the Regulations.

8. Equalities and Community Cohesion Comments

8.1 Not applicable.

9. Head of Procurement Comments

9.1 Not applicable.

10. Policy Implications

10.1 None.

11. Use of Appendices

Appendix 1: Actuarial Valuation Report
Appendix 2: Funding Strategy Statement

12 Local Government (Access to Information) Act 1985

12.1 Not applicable.

13. Actuarial Valuation Report

13.1 The pension fund is subject to an actuarial valuation every three years in which the actuary determines the cost of future benefits and also any adjustments required for under or over funding of past service liabilities.

13.2 The draft actuarial report was considered at the November Committee meeting. In particular the Committee reviewed the assumptions and methodologies used by the Actuary. Subsequent to that meeting, schedules of results for individual employers were issued and employers were invited to a meeting held during December in which the Actuary explained the background to the valuation and answered questions on individual results.

13.3 There have been no changes to the report, including assumptions, as a consequence of the consultation process.

13.4 The results in the report are for the fund as a whole and not individual employer. The final page discloses contributes rates set by the actuary for each employer.



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- 13.5 The fund as a whole results remain a deficit of £369 million and a funding level of 70%. The reported reasons for the movements since March 2011 are as previously discussed.
- 13.6 The Council contribution levels for the three years from 1 April 2014 shown on page 39 are expressed 17.1% of earnings plus a lump sum of £6.9 million rising to £8.6 million. The Council will pay 23.9% to 24.9% in the three years but monitor that the level of deficit contributions meets the level set by the Actuary.
- 13.7 Only one employer, Age Concern Haringey, has raised concern at the affordability of the contribution levels. A meeting was held and information requested to support the level payable, which is outstanding.
- 13.8 The outcome from the Government's consultation on pooling academies has not been issued. If pooling with local authorities is offered and accepted, the contribution rates for academies will change.
- 14. Funding Strategy Statement**
- 14.1 The Funding Strategy Statement (FSS) explains the funding objectives of the Scheme, in particular the measurement of liabilities and setting of contribution levels. The achievement of the twin objectives of solvency together with stability and affordability of contributions is discussed.
- 14.2 The Committee agreed at its prior meeting to circulate a draft funding strategy statement for consultation with employers. Consultation has taken place, including a meeting on 3rd March 2014. At the Committee's request the FSS was sent to all schools.
- 14.3 No feedback / questions have been received from the consultation and the attached version is unchanged.