## **FLINTSHIRE COUNTY COUNCIL**

REPORT TO: CLWYD PENSION FUND COMMITTEE

DATE: 26<sup>th</sup> NOVEMBER 2015

REPORT BY: CHIEF OFFICER (PEOPLE AND RESOURCES)

SUBJECT: 2016 ACTUARIAL VALUATION

#### 1.00 PURPOSE OF REPORT

1.01 To update Committee Members on the actuarial valuation project, including key milestones, communications with employers and other events.

1.02 This is the first report of what is anticipated to be a series of regular reports for all Committee meetings throughout 2016/17 until the conclusion of the project. Future reports will be updated as progress is made and developments occur.

## 2.00 BACKGROUND

- 2.01 Legislation requires that every three years, an actuarial valuation is performed by the Fund Actuary in order to assess the overall funding position of the Fund, and to determine the employer contributions for the following three years.
- 2.02 The actuarial valuation represents a major activity in managing the Clwyd Pension Fund and acts as a key Governance tool to shape its direction. It will be the first actuarial valuation completed following the implementation of the new CARE scheme structure, and will also be the first one completed under the new Governance structure of the Clwyd Pension Fund.
- 2.03 This will also be the first actuarial valuation completed under the new Public Service Pensions Act 2013 (PSPA) which requires the Government Actuary's Department (GAD) to undertake its own valuation of the aggregate LGPS (ie all Funds) on behalf of HM Treasury and the DCLG/Scheme Advisory Board at the same date. This will allow analysis of the effects of experience on the overall cost of the scheme and the results will feed into the Cost Management considerations.
- 2.04 Alongside this (although technically a separate exercise), a key change at this valuation is that there will be a further degree of scrutiny for individual Funds carried out under Section 13 of the PSPA. GAD will review the individual Fund valuations to assess the adequacy of the employer contributions set and the robustness of the funding strategy as regards ensuring each Fund's solvency (ie the ability to pay all Fund benefits as they fall due) and "cost efficiency" as set out in the PSPA.

- 2.05 The effective date of the actuarial valuation is 31 March 2016, and the employer contributions that will be certified by the Fund Actuary will be for the three-year period 2017/20.
- 2.06 During previous valuations, the Clwyd Pension Fund Officers and the former Clwyd Pension Fund Panel have conducted the process in an open and transparent way by working closely with key stakeholders at the Fund employers. This has worked well from all perspectives, and it is planned that the same, partnership-orientated approach will be adopted for the 2016 valuation.

# 3.00 CONSIDERATIONS

- 3.01 The valuation project can generally be split into three categories:
  - Initial planning and strategy for the Fund and employers, includes the review and update of the Funding Strategy Statement (FSS) in light of the discussions.
  - Data provision and actuarial calculations, including renewal data from the employers, quality testing and then the actuarial calculations,
  - Finalise results and formally certify contribution requirements, includes the conclusion of the FSS consultation and its ratification by the Committee. The employers can consider their results and liaise with the Fund (including the actuary as required) to arrive at the final results within agreed parameters as documented in FSS.

3.02 Broadly, the timeframes for the three categories are:

•	Start	End
Initial planning & strategy	October 2015	May 2016
Data provision & calculations	April 2016	October 2016
Finalise results & certify contribution requirements	October 2016	March 2017

- 3.03 As indicated by the timeframes above, the first stages of the actuarial valuation project have effectively already begun. The Fund Actuary has completed an initial Funding Review exercise as at 30 September 2015, including a number of scenarios. An update was also presented to the **Annual Joint Consultative Forum** in October.
- 3.04 A **Steering Group meeting** is taking place on 16<sup>th</sup> November, in order to discuss the results of the Funding Review with representatives of the major employers in order to enable them to plan for the results likely to emerge when the calculations are performed next year. The Steering Group will be attended by the Fund Actuary, along with:

Section 151 Officers of Denbighshire CC

Wrexham CBC

Flintshire CC

Flintshire Chief Executive Clwyd Pension Fund Manager, and the Pensions Finance Manager.

- 3.05 It is anticipated that an employer meeting/workshop will be held as soon as is practicable after 31 March 2016, in order to provide more information on the strategic direction of the Fund and the results likely to emerge at whole Fund level. Invitations will be extended to further groups of participating employers (eg Colleges and Town and Parish Councils) at this stage.
- 3.06 Detailed employer results are planned to be provided to all employers around October 2016, alongside an invitation to feed in comments on the draft Funding Strategy Statement.

## 4.00 RECOMMENDATIONS

4.01 It is recommended that all Committee members note this report and the intention to add it to the regular reports produced until the actuarial valuation is completed.

# 5.00 FINANCIAL IMPLICATIONS

5.01 None directly as a result of this report.

## 6.00 ANTIPOVERTY IMPACT

6.01 None directly as a result of this report.

#### 7.00 ENVIRONMENTAL IMPACT

7.01 None directly as a result of this report.

#### 8.00 EQUALITIES IMPACT

8.01 None directly as a result of this report.

#### 9.00 PERSONNEL IMPLICATIONS

9.01 None directly as a result of this report

#### 10.00 CONSULTATION REQUIRED

10.01 None directly as a result of this report

#### 11.00 CONSULTATION UNDERTAKEN

11.01 None directly as a result of this report

## 12.00 APPENDICES

12.01 None

# **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

Background Papers: None

Contact Officer: Philip Latham, Clwyd Pension Fund Manager

Tel: 01352 702264 Fax:01352 702279

e-mail: philip.latham@flintshire.gov.uk