

PE43. Pension Fund Valuation Update

The Committee and Board considered a report by the Director of Corporate and Housing Services providing an update on the Pension Fund Valuation as at 31 March 2017.

The rules of the Local Government Pension Scheme require that a fund valuation is undertaken every three years by an independent actuary. Accordingly, a valuation at 31 March 2017 is being conducted by the Fund's actuary, Hymans Robertson.

The purpose of the valuation is to establish the financial position of the Fund in terms of its assets and liabilities and, in terms of this valuation, to set employer contribution rates for the three years' commencing 1 April 2018.

Since December, the Hymans Robertson team and the Pensions Section have held 25 face to face meetings with employers to discuss their individual funding plans, Contributions rates have now been agreed with most Fund employers. A small number of employers have however indicated that contribution rates are not sustainable for them in the long term at the level being requested.

It is proposed to approach the three Councils, in whose areas the "at risk" organisations operate, to ascertain whether they would be prepared to accept the transfer of liabilities. The Councils would gain the assets (including the modest surplus) but in return would be responsible for the meeting the liabilities, including the risk that future investment returns might be insufficient to cover those liabilities. Given that the transferred assets would be fully funded, the additional risk the Councils would be asked to bear is considered negligible. Acceptance of the liabilities would nonetheless be a decision for each of the Councils to make.

Decision

The Committee and Board noted the outcome of the 2017 Fund Valuation exercise and the proposals for transferring the liabilities for certain smaller fund employers.