



PENSIONS COMMITTEE

13 NOVEMBER 2018

Subject Heading:

REVIEW OF THE PENSION FUND
ACTUARY SERVICES 1 OCTOBER 2017
– 30 SEPTEMBER 2018

SLT Lead:

Jane West

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Policy context:

A review of the performance of the services provided by the Actuary demonstrates compliance against Myners principles and contract procedure rules.

Financial summary:

Actuarial net costs in the region of £30,000 are met from the Pension Fund or from scheme employers where rechargeable.

The subject matter of this report deals with the following Council Objectives

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

SUMMARY

The report reviews the performance of the Actuary from the 1 October 2017 – 30 September 2018.

RECOMMENDATIONS

Members note the views of officers on the performance of the Actuary during the period 1 October 2017 to 30 September 2018.

REPORT DETAIL

1. The Havering Pension Fund (the 'Fund') joined the Croydon Framework in March 2015 to obtain Actuarial and Benefits Consulting Services. Hymans Robertson was the appointed Actuary under this framework agreement and that contract expired on 31 March 2018.
2. At the Pensions Committee held on the 21 November 2017 members agreed to join the National LGPS Framework for Actuarial, Benefits and Governance Consultancy Services. They also agreed that the Pensions Committee delegate: to officers to undertake the procurement of the actuarial service provider and delegate the Statutory Section 151 officer to award the actuarial services contract at the completion of the procurement exercise.
3. The Fund, following a further mini competition exercise, appointed Hymans Robertson under Lot 1 (Actuarial Services). The contract commenced on the 16 July 2018 and terminates on the 15 July 2023 with an option to extend up to a further two years to 15 July 2025 if required (contract variations were approved to cover the period from April 2018 until July 2018).
4. Service continuity remains as there have not been any changes to the day to day contacts at Hymans.
5. Hymans Robertson are the incumbent actuary for Havering Pension Fund and been with the Fund since April 2010.
6. Members require an annual assessment of the Investment Adviser performance which is in line with Myner's Principle number 4 on performance measurement.
7. Monitoring the contract meets post contract award procedures and ensures services are being delivered in accordance to the contract.
8. Actuarial services includes but are not limited to completion of the triennial valuation exercise, Funding Strategy Statement preparation and advice, annual accounting valuations of pensions liabilities (in accordance with Financial Reporting Standards (FRS) 102/ International Accounting standards (IAS)19 requirements, the provision of carrying out opening valuations for new scheme employers; closing valuations for exiting scheme employers; benefit administration advice and ad-hoc advice and guidance which takes account of their knowledge of the fund position and fund strategies.
9. The Actuary also provides advice regarding changes in legislation affecting the Pension Fund, reviews guidance, and provides scheduled and admitted body contribution rates and other calculations as required.

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10. Since September 2017 the Actuary has undertaken the following:

Valuation

- Preparation and attendance at meeting to discuss Council funding including like for like comparisons with other London boroughs.
- Interim Fund valuation
- GAD/S13 report

Employers

- Accent Catering – Revision of valuation
- Review of Caterlink employer contribution rate
- Harrow Lodge school – opening position and calculation of employer contribution rate
- Frances Bardsley Cleaners – Provision of Pension Information Memorandum.
- College mergers
- Breyer's Indemnity Renewal reports
- Gaynes Academy – New employer contribution rate and opening position report.
- Broadford School – Provided Pensions Information Memorandum report in respect of cleaning contract for the school
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Training

- Delivered training for members on TUPE

Accounting

- Produced statutory accounting disclosures (IAS19 and IAS26) for the London Borough of Havering and FRS17/102 disclosures for the Colleges and Academies.
- Produced the actuarial statement for the statement of accounts.

General

- Meeting and correspondence with Local Pensions Partnership
- Update to Admission Policy
- Single Fraud Investigation Services – correspondence and calculations for a reversal of a transfer
- Actuarial support in respect of fund matters – including advice on employment tribunal and mortality assumptions, ill health early retirements.
- Provided a briefing on Pass through and risk sharing arrangements.
- Preparation and attendance at a meeting to discuss surplus on cessation following legislation changes

11. Hymans has delivered a diverse range of advice and assistance to the Council over this period. Service delivery response times remain excellent. All relevant services required during the period 1 October 2017 – 30 September

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2018 were delivered in both a timely manner and to a good or excellent quality.

12. Hymans continually provides briefings on changes to legislation, government consultations, conference feedback and commentary on related news articles. These are viewed as excellent and give Council officers a steering on most issues arising.
13. In conclusion, officers are very satisfied with the service that Hymans Robertson is providing.
14. Officers have shared the outcome of the service performance review with Hymans which is set out above.

IMPLICATIONS AND RISKS

Financial implications and risks:

Fees are charged for the time spent on services, taking into consideration the complexity of the services provided:

The gross costs of the actuarial services were:

1 October 2017 to June 2018 (old contract)	£28,160
1 July 2018 to 30 September 2018(new contract)	£51,859
	£80,019

Fees included actuarial work that was recharged to other employers within the fund, as follows:

1 October 2017 to June 2018 (old contract)	£ 9,960
1 July 2018 to 30 September 2018 (new contract)	£39,750
	£49,710

The total net costs of £30,309 are met from the Pension Fund. Prior year costs for the period Oct 16 to Sep 17 was £80,955.00 (prior year costs were higher as they included charges for the triennial valuation and various one off projects and meetings).

Legal implications and risks:

There are no direct legal implications and risk arising from this report.

Human Resources implications and risks:

There are no direct human resource implications and risk arising from this report.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- i. the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- ii. the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- iii. foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment/identity.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants

Note here the equalities and social implications of, and risks relating to, the proposed decision.

An Equalities Assessment (EA) will normally be required. Where the EA suggests that there is a significant impact upon ANY of the "protected characteristics", the EA must be an appendix to the report. In all other cases, the EA must be treated as a background paper.

An EIA is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected.

There are no direct equalities implications and risk arising from this report.

BACKGROUND PAPERS

None.