



PENSIONS COMMITTEE 31 October 2012	

Subject Heading:	REVIEW OF THE PENSION FUND ACTUARY SERVICES 1ST APRIL 2010 – 31ST MARCH 2012
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Policy context:	A review of the performance of the services provided by the Actuary demonstrates compliance against Myners principles
Financial summary:	Actuarial costs are met from the Pension Fund or from scheme employers where rechargeable

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

Clean, safe and green borough	<input type="checkbox"/>
Excellence in education and learning	<input type="checkbox"/>
Opportunities for all through economic, social and cultural activity	<input type="checkbox"/>
Value and enhance the life of every individual	<input checked="" type="checkbox"/>
High customer satisfaction and a stable council tax	<input type="checkbox"/>

SUMMARY

The report reviews the performance of the Actuary from the 1st April 2010 – 31st March 2012.

RECOMMENDATIONS

1. Members note the views of officers on the performance of the Actuary during the period 1st April 2010 to 31st March 2012.
2. Members note that future performance reviews of the Actuary are reported to the Committee on an annual basis.

REPORT DETAIL

1. Following a competitive tendering process Hymans Robertson were appointed to provide actuarial services to Havering in respect of the Pension Fund. Hymans were appointed for the period 1st April 2010 to 31st March 2014.
2. The production of the triennial valuation is the key deliverable from the Actuary, together with regular funding updates and annual calculations required for the Council's statement of accounts under the Code of Practice on Local Authority Accounting.
3. The Actuary also provides advice regarding changes in legislation affecting the Pension Fund, reviews guidance, provide scheduled and admitted body contribution rates and other calculations as required.
4. The following criteria were used for the contract evaluation:
 - (a) Internal quality control procedures;
 - (b) Management processes that maintain the knowledge and expertise in depth to support the contract;
 - (c) Ability to work to tight deadlines; and
 - (d) Demonstrate long term commitment to Local Government.
5. The contract set out a detailed service specification for the Actuarial Valuation Service and other actuarial services required. Other actuarial services include:
 - (a) meeting the requirements of FRS 17;
 - (b) admission of new bodies to the fund, including recommended employer contributions and bond calculations;
 - (c) providing actuarial factors to enable the calculation of early or ill health retirements; and
 - (d) advice and the provision of up-to-date information on topical issues.

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6. Since April 2010 the Actuary has undertaken the following:
 - (a) Completed the 2010 triennial actuarial valuation;
 - (b) Attended the Pensions Committee and officer level meetings;
 - (c) Provided data to the fund's investment adviser in preparation for their Asset Liability modelling;
 - (d) Provision of data for government departments;
 - (e) Produced a revised Internal Dispute Resolution Process Guide and form;
 - (f) Delivered Member training; and
 - (g) Provided the calculation and provision of contribution rate assessments relating to the seven new Academies during 2011-12.
7. Hymans have delivered all relevant services required during the period 1st April 2010 – 31st March 2012 in both a timely way and to a good quality.
8. An area to be more thoroughly reviewed by officers is a more detailed understanding of the pricing for the provision of general Actuarial services that are requested from time to time, this it to ensure that the Pension Fund is fully obtaining the benefits of the contract.
9. In conclusion, officers are very satisfied with the service that Hymans Robertson are providing.

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 triennial valuation attracts an additional agreed charge.

The gross and net costs of the actuarial services are set out in the table below:

Period	Gross	Net
1.4.10 – 31.3.11	£53,366	£52,636
1.4.11 – 31.3.12	£43,725	£9,525

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The period from 1st April 2010 to 31st March 2011 included the fees for the Triennial Valuation. In addition to the valuation, there was a one off project for asset liability modelling to be used to project liabilities forward for the Investment Strategy, and there were costs relating to the calculation for the contribution rate for 4 Academies.

The period from 1st April 2011 to 31st March 2012 included Member training and work supporting the closure of accounts.

The difference between the gross and net fees relate to actuarial work that is chargeable to other employers within the fund.

The net costs are met from the Pension Fund.

Legal implications and risks:

None arising directly.

Human Resources implications and risks:

None arising directly.

Equalities implications and risks:

None arising directly.

BACKGROUND PAPERS

Contract for the provision of Actuarial Services

Combined officer reviews working paper