



<b>PENSIONS COMMITTEE</b> 30 October 2013	<b>REPORT</b>

<b>Subject Heading:</b>	<b>REVIEW OF THE PENSION FUND ACTUARY SERVICES 1<sup>ST</sup> APRIL 2012 – 31<sup>ST</sup> MARCH 2013</b>
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<b>Policy context:</b>	A review of the performance of the services provided by the Actuary demonstrates compliance against Myners principles
<b>Financial summary:</b>	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 1<sup>st</sup> April 2012 – 31<sup>st</sup> March 2013.

**RECOMMENDATIONS**

1. Members note the views of officers on the performance of the Actuary during the period 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013.

**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 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2014, with an option for a further one year's extension. Work has commenced to explore whether to re-tender the contract or take up the option to extend by one year to 31<sup>st</sup> March 2015.
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, provides 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/IAS19;
  - (b) admission of new bodies to the fund, including recommended employer contributions and bond assessments;
  - (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.
6. Since April 2012 the Actuary has undertaken the following:
  - (a) Commenced the 2013 triennial actuarial valuation preparatory work;

- (b) Attended the Pensions Committee and officer level meetings;
  - (c) Provision of data for government departments;
  - (d) Carried out a bulk ill health cost exercise
  - (e) Delivered Member training (Admitted Bodies, October 2012);
  - (f) Provided the actuarial statement for the statement of accounts;
  - (g) Produced IAS19 disclosure for the London Borough of Havering and 13 FRS17 disclosures for the Colleges and Academies;
  - (h) Delivered officer training (Annual Allowance checking); and
  - (i) Provided the calculation and provision of contribution rate assessments relating to -
    - i. four new Academies during 2012-13
    - ii. three actual or potential bond and employer rates for transferee admission body agreements
    - iii. the closing valuation for Homes in Havering
    - iv. bond rates and employer rates for Academies outsourcing contracts for traded Catering Services
7. Hymans have delivered a diverse range of advice and assistance to the Council over this period. They have also worked with the Council on a number of outsourced or potentially outsourced contracts. Service delivery response times are excellent. All relevant services required during the period 1<sup>st</sup> April 2012 – 31<sup>st</sup> March 2013 in both a timely way and to a good or excellent quality.
- Of specific note, Hymans continually provide briefings on changes to legislation, government consultations and changes to taxation etc. These are viewed as excellent and give Council officers a steering on most issues arising.
8. An area still being developed from last year is a review by officers to obtain 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 and to ensure future re-tenders include the increased volume of activity that has arisen from the increase in Academies. This has commenced and will be further taken forward in the current financial year.
9. In conclusion, officers are very satisfied with the service that Hymans Robertson are providing.

**IMPLICATIONS AND RISKS**

**Financial implications and risks:**

**Pensions Committee, 30 October 2013**

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 net costs of the actuarial services were:

to March 2013	£29,900
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The period from 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013 included additional fees for Member and officer training, together with the costs relating to the calculation for the contribution rate for 4 Academies and 4 contracts, of which 2 led to admission agreements.

During the period 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013 the fees included £38k of actuarial work that was recharged to other employers within the fund. The net costs of £29,900 were met from the Pension Fund.

**Legal implications and risks:**

No legal comments on it or express legal implications.

**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