



PENSIONS COMMITTEE

24 November 2015

Report

Subject Heading:

REVIEW OF THE PENSION FUND
ACTUARY SERVICES 1 APRIL 2014 –
31 MARCH 2015

CMT Lead:

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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

Havering will be clean and its environment will be cared for	<input type="checkbox"/>
People will be safe, in their homes and in the community	<input type="checkbox"/>
Residents will be proud to live in Havering	<input checked="" type="checkbox"/>

SUMMARY

The report reviews the performance of the Actuary from the 1 April 2014 – 30 September 2015.

RECOMMENDATIONS

Members note the views of officers on the performance of the Actuary during the period 1 April 2014 to 30 September 2015.

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 was appointed for the period 1 April 2010 to 31 March 2014, with an option for a further one year extension. The contract was extended by one year and expired on the 31 March 2015.
2. The Havering Pension Fund joined the Croydon Framework in March 2015 to obtain Actuarial and Benefits Consulting Services. Hymans Robertson is the appointed Actuary under this framework agreement. The contract expires on 31 March 2018. Hymans has been the Funds Actuary since April 2010 and no changes were made to the Hymans contracts as part of joining the Croydon framework but benefits from savings in procurement costs and fees.
3. The framework also addresses the issues of:
 - allowing authorities the opportunity to work together on a range of projects, sharing knowledge and costs to achieve common goals at a fraction of the costs that would otherwise be incurred and to focus;
 - meeting the governments encouragement for greater efficiencies in the administration of pensions and the Framework is designed to help meet those efficiencies together as part of the Croydon Framework.
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 which include:
 - (a) meeting the requirements of FRS 17/IAS19;
 - (b) admission of new bodies to the fund, including recommended employer contributions and bond assessments; and

Pensions Committee, 24 November 2015

- (c) advice and the provision of up-to-date information on topical issues.
6. 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. The next valuation will take place 31 March 2016.
 7. 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.
 8. Since April 2014 the Actuary has undertaken the following:
 - (a) Attended officer level meetings;
 - (b) Provision of data for government departments;
 - (c) Delivered Member training –
 - i. Pensions Committee Induction 24 June 2014;
 - ii. Local Pension Board Induction Training 8 June 2015;
 - (d) Provided the actuarial statement for the statement of accounts;
 - (e) Produced a mid-valuation funding update report;
 - (f) Participated in the setting up of Local Pension Board;
 - (g) Produced 'like for like' analysis of 2013 valuation
 - (h) Produced IAS19 disclosure for the London Borough of Havering and FRS17 disclosures for the Colleges and Academies;
 - (i) Produced a report on workforce modelling (potential impact on the fund for changes in payroll and staffing);
 - (j) Provided modelling for 'Freedom and Choice' and fund implications;
 - (k) Provided actuarial factors to calculate the strain costs of early or ill health retirements
 - (l) Provided the calculation and provision of contribution rate assessments relating to -
 - i. 4 new Academies and 1 Technical College during 2014-15. Plus 1 new Academy and 1 Free School up to September 2015.
 - ii. Provision of pension information memorandum including potential bond and employer rates for Leisure Services contract renewal.
 - iii. Bond rates and employer rates for Academies outsourcing contracts for traded Catering Services.
 - iv. Provision of newsletters and help with publications including, Discretions, TUPE manual, Freedom and Choice, High Earner and Changes to pension taxation factsheets.
 - v. Regular legislative updates, 60 second briefings
 9. Hymans have been appointed to carry out Stage One of the Internal Disputes Resolution Procedure, and have reviewed one case in the period April 2014 to September 2015 which they found in the Councils favour.
 10. Hymans has 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 remain excellent. All relevant services required during the period 1 April 2014 – 30 September 2015 were delivered in both a timely way and to a good or excellent quality.

Hymans continually provides 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. Through the Collaborative Officers Group (COG) meetings, many publications are drafted and offered to Administering Authorities to purchase and the cost is shared dependant on the number of administering authorities take up the offer.

11. In conclusion, officers are very satisfied with the service that Hymans Robertson is 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 net costs of the actuarial services were:

1 April 2014 to March 2015	£29k
1 April 2015 to September 2015	£18k

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

1 April 2014 to 31 March 2015	£17k
1 April 2015 to September 2015	£25k

The total net cost of £47k is 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

Not Applicable