



PENSIONS COMMITTEE

21 NOVEMBER 2017

Subject Heading:

REVIEW OF THE PENSION FUND
ACTUARY SERVICES 1 OCTOBER 2016
– 30 SEPTEMBER 2017

SLT Lead:

Debbie Middleton

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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

Communities making Havering
Places making Havering
Opportunities making Havering
Connections making Havering

[X]
[X]
[X]
[X]

SUMMARY

The report reviews the performance of the Actuary from the 1 October 2016 – 30 September 2017.

RECOMMENDATIONS

1. Members note the views of officers on the performance of the Actuary during the period 1 October 2016 to 30 September 2017.

REPORT DETAIL

1. 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. Hyman's have been the Funds Actuary since April 2010 and no changes were made to the Hymans contacts as part of joining the Croydon framework however benefits from savings in procurement costs and fees were achieved.
2. Members have adopted the procedure to undertake an annual assessment of the Investment Adviser performance which is in line with Myner's Principle number 4 on performance measurement.
3. 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 last valuation was 31 March 2016 and the results were provided in March 2017 in time for new employer rates to be implemented for April 2017.
4. 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.
5. Since September 2016 the Actuary has undertaken the following:

2016 Formal Valuation

- Continued work for the 2016 valuation
- Attendance at meetings for valuations and presenting results.
- Provision of training for committee and officers

- Continued liaison with Government Actuary Department (GAD) and software providers regarding the new universal data capture, including testing and feedback
- Provision of salary growth analysis paper to evidence changes to the salary assumption
- Whole Fund data reconciliation, calculations and initial results
- Asset liability modelling to assist setting the Council contribution rates and checking the investment strategy continues to underpin the contribution plan
- Further asset liability modelling of alternative scenarios
- Calculation of Scheme Advisory Board (SAB) standard funding ratio, including provision of actuarial certificate before the SAB deadline

Employers

- Final cessation valuations for Family Mosaic
- Advice on cessation valuation options for May Guerney
- Provision of bond and contribution rate assessments, including ill-health budgets, relating to Harrison Catering Services
- Provision of contribution rate assessments for academies, including ill-health budgets, relating to Olive Academy, Concordia Academy, Royal Liberty Academy, Marshalls Park Academy, Scargill Infant & Junior Academies, Whybridge Junior Academy.
- Work over the period to complete information on a possible bulk transfer of Havering College of Further & Higher Education to London Borough of Barking and Dagenham Pension Fund

Training

- Delivered training for members of Pension Board and officers

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

- Review /Production of Funding Strategy Statement
- Reviewed early retirement factors
- Production of TUPE Manual and Admission Policy
- Advice on impact of changes in regulations
- Actuarial support in respect of fund matters
- Engagement with GAD to meet the requirements of 2013 section 13

6. 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 2016 – 30 September 2017 were delivered in both a timely manner 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.

7. In conclusion, officers are very satisfied with the service that Hymans Robertson is providing.

The contract is due to expire 31 March 2018 and therefore a requirement to procure Actuarial Services will need to take place. A separate report will be submitted to advise on the procurement of future Actuarial, Benefits and Governance provision.

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 October 2016 to March 2017	£80,400
1 April 2017 to 30 September 2017	£61,130
	<u>£141,530</u>

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

1 October 2016 to March 2017	£39,595.
1 April 2017 to 30 September 2017	£20,980.
	<u>£60,575</u>

The total net costs of £80,955.00 are met from the Pension Fund.

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:

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

BACKGROUND PAPERS