



PENSIONS COMMITTEE

12 NOVEMBER 2019

Subject Heading:

PENSION FUND ACTUARIAL
SERVICES PERFORMANCE REVIEW- 1
October 2018 to 30 September 2019

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 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

This report reviews the performance of the Actuary from the 1 October 2018 – 30 September 2019.

RECOMMENDATIONS

Members note the views of officers on the performance of the Actuary during the period 1 October 2018 to 30 September 2019.

REPORT DETAIL

1. 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).
2. Hymans Robertson are the incumbent actuary for Havering Pension Fund and been with the Fund since April 2010.
3. Service continuity remains as there have not been any significant changes to the day to day contacts at Hymans.
4. An annual assessment of the Fund's Actuarial Services performance is in line with Myner's Principle number 4 on performance measurement.
5. Monitoring the contract meets post contract award procedures and ensures services are being delivered in accordance to the contract.
6. 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.
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 September 2018 the Actuary has undertaken the following:

Valuation 2019:

- Preparation and attendance at pre valuation meeting
- Discount rate modelling
- 2016 results GAD Section 13 Valuation paper
- Attendance at valuation results meeting
- Formal Valuation 2019 activities

Employers:

- New Academies – calculation of opening position and contribution for - Dame Tipping, Hacton and Sanders.
- Cessation reports for - Family Mosaic and Caterlink
- Continued work in respect of College mergers
- Provided new contribution rates and indemnity reports for - Lewis & Graves and Essex Cares.
- Sodexo Catering – revised opening position and Cessation report
- Provided Pensions Information Memorandum report for LIFE Education Trust and Public Realm

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

- Actuarial support in respect of fund matters – including advice on early retirement factors, ill health, Scheme Advisory Board (SAB) Cost Management Valuation, McCloud, Guaranteed Minimum Pension (GMP), pass-through.
 - Revised Funding Strategy Statement in respect of cessation exit credits
 - Provision of Funding Strategy Statement 2019
 - Provided a briefing paper on pre-funding employer lump sum secondary contributions.
 - Data improvement plan – General discussion, preparation and attendance at workshop, provision of template and initial population of template.
9. 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 2018 – 30 September 2019 were delivered in both a timely manner and to a good or excellent quality.
10. 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. Shared consultation responses with the Fund – “Changes to the local valuation cycle & management of risk”, “Fair Deal – Strengthening Pension Protection” and “Restricting exit payments in the Public Sector”.
11. In conclusion, officers are satisfied with the service that Hymans Robertson is providing.

12. 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 actual costs of the actuarial services for the period was £104,400 (Oct 17 to Sep 18 £80,019).

The above fees included actuarial work that was recharged to other employers within the fund to the sum of £56,150 (Oct 17 to Sep 18 £49,710).

The total net costs of £48,250 for the period 1 October 18 to September 19 (Oct 17 to Sep 18 £30,309) are met from the Pension Fund.

The higher costs during 1 October 2018 to 30 September 2019 are reflective of the work requested and mainly attributable to one off projects i.e. data improvement plan

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