



Havering
LONDON BOROUGH

PENSIONS COMMITTEE

09 NOVEMBER 2021

Subject Heading:

**PENSION FUND ACTUARIAL
SERVICES PERFORMANCE REVIEW -
1 October 2020 to 30 September 2021**

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	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

SUMMARY

This report reviews the service and performance of the Funds Actuary from the 1 October 2020 – 30 September 2021.

RECOMMENDATIONS

Members note the views of officers on the performance of the Fund's Actuary during the period 1 October 2020 to 30 September 2021.

REPORT DETAIL

1. The Fund appointed Hymans Robertson ("Hymans") with a contract start date of 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
2. Hymans have been with the Fund's Actuaries since April 2010.
3. An annual assessment of the Fund's Actuarial Services performance is in line with Myner's Principle number 4 on performance measurement.
4. Monitoring the contract meets post contract award procedures and ensures services are being delivered in accordance to the contract.
5. Actuarial services includes but are not limited to completion of the triennial valuation exercise, Funding Strategy Statement (FSS) 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.
6. The Actuary also provides advice on consultations regarding changes in legislation affecting the Local Government Pension Scheme (LGPS) and reviews guidance issued by the Department for Levelling Up, Housing & Communities (DLUHC), formerly known as Ministry of Housing, Communities and Local Government (MHCLG) and the Scheme Advisory Board (SAB). Some of these changes are highly technical and the Committee rely upon the Actuary to put forward suggestions that are in the interest of the Fund. They work closely with the Government Actuary Department (GAD) to support their work under Section 13 of the Public Service Pensions Act 2013 in connection with the actuarial valuations
7. Since September 2020 the Actuary has undertaken the following:

Valuation:

- Provision of inter valuation report as at 30 September 2020.
- Correspondence/discussions regarding Draft 2019 GAD Section 13 report

Employers:

- Bulk Transfer discussions/correspondence concerning transfer of Oasis to LPFA (including review of directions Order and opposition letter)
- Olive Dining - Provided indemnity and contribution rate report.
- Mercury Land holdings – Provision of indemnity and contribution rate report
- Atalian Servest Food Co – Provision of indemnity and contribution rate report
- Provision of Pensions Information Memorandum for Housing Repairs contract and FM cleaning
- Various Opening and Cessation calculations
- Correspondence regarding Bond Renewal for Lewis and Graves

Accounting:

- Produced statutory accounting disclosures (IAS19 and IAS26) for the London Borough of Havering and the Pension Fund.
- Produced the 2019/20 actuarial statement for the statement of accounts/Annual Report.
- Provided FRS102 reports for the academies.

General

- Factor Reviews – including early retirement strain factors and advice.
 - £95k Exit cap ongoing discussions
 - Further revisions to the FSS in light of regulations changes
 - Correspondence/Discussion regarding Good governance project
 - Provision of Employer Risk Report
8. 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 2020 – 30 September 2021 were delivered in both a timely manner and to a good or excellent quality.
9. Hymans continually provides briefings on changes to legislation, government consultations, and periodic LGPS updates. These are all welcomed, viewed as excellent, and give Council officers a steering on most issues arising. Hymans also shared responses to a number of Government consultations over the period.

10. There has been no disruption with officer's having contact with the actuaries as a result of COVID-19 working restrictions, Hymans are fully equipped for virtual, remote working and are able to conduct meetings on line. They have also ran online webinars on a number of LGPS issues.
11. In conclusion, officers are satisfied with the service that Hymans 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:

Fees include included actuarial work that was recharged to other employers within the Fund

Summary of Fees can be seen in the following table:

Table 1 - Fees

	2020/21	2019/20
Gross Costs	59,580	112,563
Recharges	28,825	47,100
Net Cost	30,755	65,463

The total **net costs for the period was £30,755** (Oct 19 to Sep 20 £65,463) is met from the Pension Fund.

The decrease in net costs from the prior year is mainly attributable to the cost of the 2019 valuation.

Hymans were appointed using the 2016 Actuarial, Benefits and Governance Consultancy Framework and one of the advantages of this was the possibility to benefit from the cumulative rebate, based on the overall value of work awarded to a supplier under the Framework.

The value of the rebate has not yet been calculated for the financial year ending 31 March 2021.

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 and Health Impact Assessment (EqHIA) will normally be required. Where the Equalities and Health Impact Assessment suggests that there is a significant impact upon ANY of the "protected characteristics", the EqHIA must be an appendix to the report. In all other cases, the EqHIA must be treated as a background paper.

An EqEIA 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