



## PENSIONS COMMITTEE

07 NOVEMBER 2023

**Subject Heading:**

**PENSION FUND ACTUARIAL  
SERVICES PERFORMANCE REVIEW -  
1 October 2022 to 30 September 2023**

**SLT Lead:**

Kathy Freeman

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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 Havering Pension Fund's ("the Fund") Actuary from the 1 October 2022 – 30 September 2023.

**RECOMMENDATIONS**

That the Committee:

1. Note the views of officers on the performance of the Fund's Actuary during the period 1 October 2022 to 30 September 2023.

**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 2025.
2. Hymans have been 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 of Fund employers (in accordance with Financial Reporting Standards (FRS) 102/ International Accounting standards (IAS)19 and 26 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's position and 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) 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. During this period of review, the Actuary has undertaken the following:

**Valuation:**

- Preparation and attendance at valuation employer results meeting in October 2022
- Various activities for 2022 Valuation (including data cleansing queries, asset liability modelling, employer level calculations, Section 13/Scheme Advisory Board valuation formats and reporting).
- Section 13 dashboard for Government Actuary Department
- Employer valuation reports for Harris Academy Trust and Oasis
- Produced Funding Strategy Statement (FSS)
- Produced updated FSS to reflect Department for Education Guarantee

**Employers:**

- Provision of Indemnity & Contribution Rate Reports (Mears, Ardleigh Green, May Harris, Caterlink and Success for All Education Trust Cleaning)
- Provision of Pension Information for bidders report
- Cessation of Breyers
- Employer Risk Modelling report
- Urbaser further information

**Accounting:**

- Produced statutory accounting disclosures - IAS19 for the London Borough of Havering and Mercury Land Holdings 31 March 2023
- Produced IAS26 statement and actuarial statement for the Pension Fund 31 March 2023
- Restated IAS26 and IAS19 disclosures 31 March 2022
- Provided August 2022 FRS102 reports for the academies.
- Cash Flow Modelling

**General**

- Internal Dispute Resolution Procedure (IDRP) investigations
- Governance Support
- Various Client discussions and general advice

**Training**

- LGPS Online Academy
- Annual Allowance training 29 September 2023
- Valuation results training 5 December 2022

8. Hymans has delivered a diverse range of advice and assistance to the Council over this period. Service delivery response times are excellent. All relevant services required during the period 1 October 2023 – 30 September 2023 were delivered in both a timely manner and to a high quality.
9. Hymans continually provides timely briefings on changes to legislation, government consultations, and periodic LGPS updates. These are all welcomed, viewed as excellent, and give Council officers a steer on issues arising. Hymans also share Government consultations.
10. In conclusion, officers are satisfied with the service that Hymans is providing.
11. 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 actuarial work that was recharged to other employers within the Fund.

Variations in fees will be due to requests for one-off papers or specific functions, for example, Data Improvement Plan, COVID 19 impacts, Asset Liability Modelling, Cash Flow forecasts and Employer Risk Modelling.

Summary of Fees, since commencement of contract in July 2018, can be seen in the following table:

**Table 1 - Fees**

<b>Time Period</b>	<b>Gross Costs</b>	<b>Recharges</b>	<b>Net Cost</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Jul 18 to Sep 18	35,009	27,950	<b>7,059</b>
Oct 18 to Sep 19	104,400	60,950	<b>43,450</b>
Oct 19 to Sep 20	112,563	48,250	<b>64,313</b>
Oct 21 to Sep 21	59,580	28,825	<b>30,755</b>
Oct 21 to Sep 22	45,607	9,970	<b>35,637</b>
Oct 22 to Sep 23	186,779	77,280	<b>109,499</b>
<b>Total</b>	<b>543,938</b>	<b>253,225</b>	<b>290,713</b>

The total net costs for the period of review (Oct 22 to Sep 23) was £109,499.

The total **net costs since commencement from July 2018 until September 2023 totals £290,713**. These costs are made up of charges for the core elements, as set out in a paragraph 5 above and costs are in line with expected contract costs. The non-core elements are usually one-off pieces of work driven by a requirement to address unforeseen events i.e. COVID risks, and Legislation changes. These costs have been charged in line with the hourly rate as set out in the contract.

Net costs are met from the Pension Fund.

Hymans were appointed in 2018 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 Fund has received rebates, as follows:

**Table 2 - Rebates**

<b>Rebate Year</b>	<b>£</b>
2019/20	4,736.99
2020/21	2,402.22
2021/22	1,186.13
2022/23	5,011.44
<b>Total</b>	<b>11,174.78</b>

These rebates have been received and reflected in Table 1- fees above.

**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.

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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

An EqHIA is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected

**BACKGROUND PAPERS**

None