

**Report for: Pension Fund  
Committee**

---

<b>Date of Meeting:</b>	29 March 2023
<b>Subject:</b>	Triennial Valuation 2022 – Final Report
<b>Responsible Officer:</b>	Dawn Calvert – Director of Finance and Assurance
<b>Exempt:</b>	No
<b>Wards affected:</b>	None
<b>Enclosures:</b>	<b>Appendix 1:</b> Actuary’s Final Report  <b>Appendix 2:</b> Actuary’s Presentation Slides  <b>Appendix 3:</b> Funding Strategy Statement

**Section 1 – Summary and Recommendations**

---

This report provides the Committee with the Actuary’s final report on the valuation, and requests approval of the Funding Strategy Statement following the consultation with stakeholders on the draft reported to the Committee in November 2022.

**Recommendations:**

The Committee is recommended to:

1. Note the actuary’s final report on the valuation.
2. Approve the Funding Strategy Statement and associated policies as set out in Appendix 3.

## Section 2 – Report

1. The LGPS Regulations require each LGPS Fund to carry out a triennial valuation of its assets and liabilities. As previously reported, the valuation of the Fund's position at 31 March 2022 and the setting of employer contribution rates for the period 1 April 2023 to 31 March 2026 has been done by the Fund's Actuary, Steven Law, of Hymans Robertson LLP.
2. At the end of the process, the actuary is required to produce a report setting out details of the Fund's assets and liabilities at the valuation date, and the probability of the scheme being fully funded in the future, and to issue a Rates and Adjustments Certificate, which sets out details of the required employer contributions for each of the Fund's employers for the three years 1 April 2023 to 31 March 2026. The final report is attached at **Appendix 1** and will be formally certified by the statutory deadline of 31 March 2023. The Committee should note that the final section of the report – the Government Actuary's Department (GAD) Section 13 review – will be circulated as later material. The reason is that Hymans Robertson were awaiting some details from GAD which were not available in time for publication with the main agenda.
3. The final report will be published on the Scheme Advisory Board's website (this is a requirement for all LGPS Funds following the valuation) shortly after the end of March. Steven Law will present the final report to the meeting – his slide deck is attached at **Appendix 2**.
4. The Committee has previously received briefings and reports about the Valuation process as follows:
  - before the meeting on 24 November 2021, a training session setting out the process and timetable for the valuation.
  - 9 March 2022 a report and presentation covering the key assumptions to be used in the Valuation
  - 12 October 2022 a report and presentation detailing the initial "whole fund" results and a proposed contribution strategy for the Council (the main employer, accounting for over 80% of scheme members)
  - 29 November 2022 – a report and presentation about the draft Funding Strategy Statement and associated key policies (see below) and approved the draft for consultation with stakeholders.
5. Since the last meeting, an employers' meeting was held in December, at which the actuary presented on the valuation results and the draft Funding Strategy Statement as part of the consultation process.
6. Following that meeting, results, including contribution rates from 1<sup>st</sup> April 2023, were circulated to most "Non LBH" employers during December, and after the resolution of a small number of outstanding queries, the remaining employers received details of their proposed contribution rates in January 2023. As previously advised, the valuation results have led to a reduction in contribution rates for most employers.

7. As previously advised, once the valuation outcome is known, the Fund is required to approve a Funding Strategy Statement (FSS) – this document sets out how the Fund proposes to ensure that, over the life of the Fund it will be able to meet its present and future liabilities in full. Hymans Robertson have prepared a draft FSS which was presented at the Committee’s last meeting. As reported, to simplify the FSS, some items previously included in the body of the Statement are now in appendices as follows:

- Regulatory Framework
- Roles & responsibilities
- Risks and Controls
- Actuarial assumptions

8. In addition, the FSS includes some key policies as appendices:

- Cessations
- Contribution Reviews
- Pass Through Arrangements

These policies clarify and standardise arrangements with any admitted bodies.

9. Before finally approving the FSS, the LGPS Regulations require the Fund to consult with “*persons the administering authority considers appropriate*”, and that this must include “*...meaningful dialogue with representatives of other participating employers*”. The Fund has met this requirement with the employers’ meeting on 8<sup>th</sup> December, the document was circulated to employers not represented at the meeting and was reviewed by the pension board at its meeting on 2 March 2023. A small number of comments were received – these are reflected in the updated FSS attached at **Appendix 3** for the Committee’s approval. Once approved the FSS will be published on the Pension Fund’s website.

## **Next Steps**

10. This report concludes the formal valuation process. As discussed at the last meeting, the actuary has produced a long term cash flow forecast. This highlights the likely impact of the 10.1% “inflation” increase in benefits payable and the reductions in employer contribution rates from April 2023. This is being used to inform work on the Investment Strategy Review which is the subject of a separate report elsewhere on this agenda.

## **Legal Implications**

11. There are no direct legal implications arising from this report.

12. The Pension Fund Committee has the following powers and duties:

- i. to exercise on behalf of the Council, all the powers and duties of the Council in relation to its functions as Administering Authority of the LB

Harrow Pension Fund (the fund), save for those matters delegated to other Committees of the Council or to an Officer;

- ii. the determination of applications under the Local Government Superannuation Regulations and the Teachers' Superannuation Regulations;
- iii. to administer all matters concerning the Council's pension investments in accordance with the law and Council policy;
- iv. to establish a strategy for the disposition of the pension investment portfolio; and
- v. to appoint and determine the investment managers' delegation of powers of management of the fund;
- vi. to determine cases that satisfy the Early Retirement provision under Regulation 26 of the Local Government Pension Scheme Regulations 1997 (as amended), and to exercise discretion under Regulations 8 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended, subject to the conditions now agreed in respect of all staff, excluding Chief Officers;
- vii. to apply the arrangements set out in (vi) above to Chief Officers where the application has been recommended by the Chief Executive, either on the grounds of redundancy, or in the interests of the efficiency of the service, and where the application was instigated by the Chief Executive in consultation with the leaders of the political groups.

## **Financial Implications**

13. The financial health of the Pension Fund directly affects the level of employer contribution which, in turn, affects the resources available for the Council's priorities. The impact of any change in the employer contribution rate will be reflected in the Council's budget and medium-term plan.

## **Risk Management Implications**

14. The Pension Fund's Risk Register is reviewed regularly by both this Committee and by the Pension Board. The most recent review was considered at the 23 November 2022 meeting of the Committee.
15. There are no specific risk management implications arising from this report. The level of risk to which its investments are exposed is a key component in developing the Fund's investment strategy.

## **Equalities implications / Public Sector Equality Duty**

16. Was an Equality Impact Assessment carried out? No  
There are no direct equalities implications arising from this report.

### **Council Priorities**

17. The performance of the Pension Fund directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities.

## **Section 3 - Statutory Officer Clearance**

**Statutory Officer: Dawn Calvert**  
Signed by the Chief Financial Officer  
**Date: 10/03/2023**

**Statutory Officer: Sharon Clarke**  
Signed on behalf of the Monitoring Officer  
**Date: 08/03/2023**

**Chief Officer: Dawn Calvert**  
Signed on behalf of the Chief Executive  
**Date: 10/03/2023**

## **Mandatory Checks**

**Ward Councillors notified: Not applicable**

## **Section 4 - Contact Details and Background Papers**

**Contact:** Jeremy Randall – Interim Pensions Manager  
Email: [Jeremy.randall@harrow.gov.uk](mailto:Jeremy.randall@harrow.gov.uk)  
Telephone 020 8736 6552

**Background Papers:** None