



West Northamptonshire Council

Local Pension Board

30/6/2022

Mark Whitby – Head of Pensions

Report Title	Valuation Update
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Contributors/Checkers/Approvers

Head of Pensions	Mark Whitby	10 June 2022
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List of Appendices

Appendix A – Valuation “Plan on a Page”

1. Purpose of Report

- 1.1. To provide the Board with an update on the Pension Fund Valuation

2. Executive Summary

- 2.1 This report sets out the progress made so far on completing the valuation of the Pension Fund, confirming the completion of all pre-valuation activities and initial contribution rate discussions with the large scheduled bodies in the Fund.
- 2.2 The report also provides a high-level overview for the timeline for the remainder of valuation activities including the decisions that will need to be made by the Committee and at which meeting these will be presented.

3. Recommendations

- 3.1 The Pension Board is asked to note the contents of the report.

4. Report Background

- 4.1 The administering authority is required, under the Local Government Pension Scheme Regulations 2013 (the Regulations), to obtain an actuarial valuation of the Pension Fund every three years. The administering authority is also required to obtain, before the first anniversary of the valuation date, a report, by an actuary, in respect of the valuation and a rates and adjustments certificate, certifying the contribution rates to be paid by each employer participating in the Fund.
- 4.2 The valuation date was 31 March 2022, meaning the valuation must be completed and documents obtained by 31 March 2023.
- 4.3 This report provides the Committee with an update on the progress of valuation activities so far.

5. Issues and Choices

- 5.1 All pre-valuation activities have been completed. This includes:
- Initial data cleansing activities
 - Engagement with employers subject to strength of covenant assessments
 - Analysis and approval of key demographic and financial assumptions
 - Training for officers and Committee members
 - Initial project planning sessions and project kick off meeting with officers
- 5.2 Following a presentation from the Fund Actuary at their last meeting, the Pension Fund Committee agreed the stabilisation approach to be used for setting contribution rates for the two unitary authorities and the Police and Fire Services.
- 5.3 As a result of the secure nature and long-term statutory participation of these employers, a different approach, known as stabilisation, is taken when setting employer contribution rates. This restricts the amount by which contribution rates can increase or decrease from year to year and from one valuation to the next.
- 5.4 A meeting has been held with the Chief Financial Officers of these employers to discuss the options available for their contribution rates from 1 April 2023 to 31 March 2026, with rates to be agreed in due course.
- 5.5 Project management meetings are being held every fortnight to ensure progress is being made within each workstream and to identify any risks or issues at the earliest opportunity.
- 5.6 An outline “Plan on a Page” has been included as appendix 1 to this report for information. The plan sets out the key dates and activities of each workstream and sets out the agenda for Committee decisions required throughout the remainder of the project and when those decisions will be taken. The schedule is as follows:

Meeting	Valuation agenda items
October 2022	<ul style="list-style-type: none">• Approve draft funding strategy statement for consultation with employers.• Note whole Fund valuation results.
December 2022	<ul style="list-style-type: none">• Approve final funding strategy statement.• Note trends from employer contribution rate assessments.
March 2023	<ul style="list-style-type: none">• Approve final valuation report and rates and adjustments certificate.

6. Implications (including financial implications)

6.1 Resources and Financial

6.1.1 There are no resources or financial implications arising from this report.

6.2 Legal

6.2.1 There are no legal implications arising from the proposals.

6.3 Risk

6.3.1 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below -

Risk	Residual risk rating
Failure to respond to changes in economic conditions.	Amber
Fund assets are not sufficient to meet obligations and liabilities.	Green
Failure to administer the scheme in line with regulations and guidance	Green
Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green

The Fund's full risk register can be found on the Fund's website at the following link:

[Northamptonshire Risk Register](#)

6.4 Relevant Pension Fund Objectives

6.4.1 The following objectives have been considered in this report -

- To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer.
- Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.

6.5 Consultation

Consultation with the Fund's actuarial adviser has been undertaken throughout the project.

7. Background Papers

7.1 Not applicable