



West Northamptonshire Council

Local Pension Board

24/01/2023

Mark Whitby – Head of Pensions

Report Title	Valuation Update
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Contributors/Checkers/Approvers

Head of Pensions	Mark Whitby	13 January 2023
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List of Appendices

None

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 and setting of employer contribution rates.
- 2.2 Good progress has been made with the project. Officers are currently discussing individual rates with employers where a request has been received to do so. The project is on track to complete these discussions by 31 January and all other required activities by the 31 March 2023 deadline.
- 2.3 No consultation responses were received on either the Funding Strategy Statement or the new Cessations policy. The Cessations policy was approved by the Pensions Committee, as drafted, at its December meeting. The Funding strategy statement will be presented for approval at the March meeting.

3. Recommendations

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

4. Report Background

- 4.1 This report builds on previous updates to the Board and provides a summary of progress made so far on completing the valuation of the Pension Fund and setting of employer contribution rates.
- 4.2 The Funding Strategy Statement (FSS) sets out how contribution rates will be set for different employers in the Fund and a draft statement was issued to employers for consultation in November.
- 4.3 A new Cessations Policy was drafted setting out the Fund's proposed approach to calculating the funding position of employers when they stop participating in the Fund and was issued for consultation alongside the FSS and individual employer results.

5. Issues and Choices

Valuation Progress

- 5.1 The project has progressing well and officers are now in the advanced stages of setting and agreeing individual employer contribution rates. Individual draft results were issued throughout November as planned and discussions have been taking place with those employers who have requested them. A few employers who do not need to offer the LGPS to their employees are investigating exiting the Fund whilst funding levels are positive. Employers are being asked to agree their contribution rates by 31 January.
- 5.2 The FSS and new Cessations policy were both issued to employers for consultation alongside their proposed contribution rates. No responses were received regarding either document.
- 5.3 The Committee approved the new policy for immediate implementation, as originally drafted, at its December meeting. The Committee will be asked to approve the FSS at its March meeting following the end of the contribution rate consultation process. This allows scope for any unintended consequences to be discovered and the FSS updated accordingly.
- 5.4 The final Valuation report including the Rates and Adjustments certificate (certifying employer contribution rates) will also be presented to the Committee in March. The publishing of the valuation report and R&A certificate represents the end of the Valuation project and we are on track for completion by the deadline of 31 March.

6. Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 As the process for calculating the funding position of exiting employers will be more complex, the actuarial fees for this work will increase. These fees are met by the exiting employer.

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

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

6.5.2 Consultation with employers over the draft FSS and draft cessations policy was undertaken.

7. Background Papers

7.1 Not applicable