

PENSIONS COMMITTEE

7 DECEMBER 2016

ACTUARIAL VALUATION

Recommendation

- 1. The Chief Financial Officer recommends that:**
 - a) the results of the Actuarial Valuation be noted; and**
 - b) the Funding Strategy Statement be approved.**

Background

2. Every three years, in line with legislation, the Fund Actuary, Mercer, carries out a full Actuarial Valuation of the Fund to calculate how much the employers in the Scheme need to contribute going forward to ensure that its liabilities, the pensions due to current and future pensioners, will be paid as they fall due.
3. The purpose of the Funding Strategy Statement ("FSS") is to set out a clear and transparent funding strategy that will identify how each Fund employer's pension liabilities are to be met going forward.

Actuarial Valuation

4. The results at a total Fund level are shown in Appendix 1 to this report. The Fund's funding level has increased from 69% funded at 31 March 2013 to 76% at 31 March 2016. Total contributions are expected to increase for 2017/18 above those planned following the 2013 Actuarial Valuation by £1.0m (£87.6m compared to £86.6m).

Funding Strategy Statement

5. The Funding Strategy Statement is attached as Appendix 2 to this report. The key points of the statement are shown below:
 - The target recovery period for the Fund as a whole is 18 years at this valuation which is 3 years shorter than the corresponding recovery period from the previous valuation. Subject to affordability and other considerations, individual employer recovery periods would also be expected to reduce by 3 years at this valuation.
 - Following a key change to the method of valuing the Fund's liabilities from Gilts+ to CPI+, it is proposed at this valuation the real return over CPI inflation for determining the past service liabilities is 2.15% per annum and for determining the future service ("Primary") contribution rates is 2.75% per annum.

Contact Points

County Council Contact Points

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Supporting Information

- Actuarial Valuation Results Presentation (Appendix 1)
- Funding Strategy Statement (Appendix 2)

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to the subject matter of this report.