

CAMBRIDGESHIRE PENSION FUND

Agenda Item: 6

Pension Fund Board

Date: 4th October 2019

Report by: Head of Pensions

Subject:	Valuation of the Pension Fund
Purpose of the Report	To provide the Local Pension Board with a brief update on the Pension Fund valuation.
Recommendations	The Board are asked to note the valuation update.
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1. Background

- 1.1 The Pension Fund is valued every three years. This valuation will be carried out throughout the 2019/2020 scheme year culminating with the publishing of the valuation report and rates and adjustments certificate by 31 March 2020.
- 1.2 This report is to provide an update on progress of some of the key activities of the valuation.

2. Engagement with employers

- 2.1 A principles based consultation was held with Resolution Bodies and Small Admitted Bodies over the continuation of their respective pools. The responses to that consultation have been assessed and the Pension Fund Committee is being asked to make a decision on the future of this pool at its October meeting.
- 2.2 Individual employer valuation results will be released to employers at the end of November alongside a consultation over the Fund's draft Funding Strategy Statement. This is so the employers can understand both the background to the results, detailed by the statement and the effect that the provisions within the statement has on their results.
- 2.3 An Employer's Forum has been booked to be held at Girton College on Wednesday 4th October. This will deal primarily with the results of the valuation and provide employers with the opportunity to discuss their results with officers and the Fund Actuary.

3. Pre-valuation activities

- 3.1 Since the last meeting of the Pension Fund Committee, Fund officers have completed the processing of membership data from Scheme employers, carried out various data cleansing activities and provided acceptable membership data, at whole Fund level, to the Fund Actuary.

- 3.2 This data has been used by the Actuary to calculate draft whole Fund valuation results. The Actuary will present the results to the Pension Fund Committee at its October meeting which will show the proposed current funding level for the Fund.
- 3.3 A draft Funding Strategy Statement has been produced detailing how the Fund will set contribution rates for different types of employers. This is being presented to the Committee in October to seek approval to release the draft statement for consultation with employers.
- 3.4 The next step will be to validate the membership and cash flow data for each individual employer so that individual employer valuation results can be produced. These results will be based on individual employer data and the principles within the agreed draft Funding Strategy Statement. These results are expected to be received at the end of November and will be released alongside the consultation over the Funding Strategy Statement.
- 3.5 The Actuary has completed the initial risk profiling of employers within the Fund and officers have considered next steps and which employers require deeper covenant assessments.

4. Relevant Pension Fund Objectives

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. <i>(Objective no 1)</i>
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. <i>(Objective 2)</i>
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. <i>(Objective no 3)</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>(Objective no 5)</i>
Ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer. <i>(Objective no 9)</i>
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund. <i>(Objective no 15)</i>

5. Finance and Resources Implications

- 5.1 None

6. Risk Management

- 6.1 The Fund carries out an actuarial valuation of all Fund members every three years. The Pension Committee and Local Pension Board are expected to be involved in this process and make informed decisions where necessary.
- 6.2 The risks associated with failing to be involved in the process and make required decisions have been captured in the Fund's risk register as detailed below.

Risk register	Risk mitigated	Residual risk
Governance (risk 2)	Those charged with the governance of the Fund are unable to fulfil their responsibilities effectively.	Green
Governance (risk 18)	Failure to provide adequate information to the Committee and Board.	Green
Administration and Communication (risk 33)	Failure to act upon expert advice or risk of poor advice.	Green
Administration and Communication (risk 40)	Failure to apply and demonstrate fairness in the differentiated treatment of different fund employers by reference to their own circumstances and covenant.	Green

6.3 A full version of the Fund risk register can be found at the following link – <http://pensions.northamptonshire.gov.uk/governance/key-documents/northamptonshire/>

7. Communication Implications

Direct Communications	Not applicable
Website	Not applicable

8. Legal Implications

8.1 Not applicable

9. Consultation with Key Advisers

9.1 Consultation with the Fund Actuary has been undertaken throughout the valuation process.

10. Alternative Options Considered

10.1 Not applicable

11. Background Papers

11.1 Not applicable

Checklist of Key Approvals	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	N/A

Has this report been cleared by Head of Pensions?	Mark Whitby – 18/9/2019
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