



Committee report

Committee	ISLE OF WIGHT PENSION FUND COMMITTEE
Date	13 MARCH 2020
Title	TRIENNIAL VALUATION COMPLETION
Report of	TECHNICAL FINANCE MANAGER

EXECUTIVE SUMMARY

1. This report presents the final report from the fund's actuaries, Hymans Robertson LLP, in respect of the 2019 valuation.
2. Hymans Robertson will attend the committee meeting to present the results and the valuation report.
3. The committee is asked to note the completion of the 2019 valuation exercise, to note the content of the valuation report and to agree the employer contribution rates payable for the three years commencing 1 April 2020.

BACKGROUND

4. At its last meeting, the committee received an update on the progress of the triennial valuation, including the process by which employers were informed of the proposed employer contribution rates for the next three years.
5. The draft results and proposed contribution rates were sent to employers on 23 December 2019. Employers were asked to confirm their acceptance of the proposed contribution rate by 31 January 2020. By 2 March 2020, all employers had confirmed acceptance of the employer contribution rate.
6. The final valuation report is attached as Appendix 1 to this report; the final rates and adjustment certificate, which specifies the minimum contribution rates payable by each of the fund's employers, is included as Appendix 3 to the final valuation report.
7. A representative from Hymans Robertson will be attending the committee meeting to present an overview of the valuation exercise and the final report.

STRATEGIC CONTEXT

8. The primary objective of the fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, in accordance with the Local Government Pension Scheme

(LGPS) regulations and statutory provisions. The committee aims to operate the fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.

9. The completion of the valuation in accordance with statutory deadlines fulfils the fund's agreed governance objective *to ensure compliance with the LGPS regulations, other relevant legislation and the Pensions Regulator's codes of practice.*

CONSULTATION

10. The process by which employers were informed of the proposed contribution rates for the next three years is set out in paragraph 5 above.
11. Employers were offered meetings and telephone calls, as well as email communication channels, to support them in their understanding of the process and support their acceptance of the contribution rates.

FINANCIAL / BUDGET IMPLICATIONS

12. The cost of the triennial valuation will be borne directly by the pension fund, and will have no impact on the council's budget. The cost is consistent with the value included in the pricing considerations when the actuarial services contract was procured in 2018.
13. The triennial valuation is a planning exercise for the fund, to assess the monies needed to meet the benefits owed to its members as they fall due. It estimates the cost of future liabilities for the members of the fund, and allows the fund to determine the appropriate investment strategy and employer contributions required to ensure that there are sufficient assets to meet those liabilities as they fall due.
14. The setting and agreement for affordable and sustainable employer contribution rates is part of this exercise.

LEGAL IMPLICATIONS

15. Regulation 62 of the Local Government Pension Scheme (LGPS) Regulations 2013 requires that each administering authority must obtain an actuarial valuation of the assets and liabilities of each of its pension funds as at 31 March 2016 and on 31 March in every third year afterwards.

EQUALITY AND DIVERSITY

16. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

17. The completion of the triennial valuation of the fund, and the agreement of employer contribution rates, has no impact on any of the protected characteristics.

RISK MANAGEMENT

18. In completing the triennial valuation of the pension fund, including the preparation and publication of the funding strategy statement, the administering authority is ensuring compliance with regulations.
19. As noted above, the triennial valuation is a planning exercise for the fund, to assess the monies needed to meet the benefits owed to its members as they fall due. Detailed consideration of a number of risks is included within this exercise, which are detailed in the final valuation report (presented herein) and the funding strategy statement (presented elsewhere at this meeting).

RECOMMENDATION

20. The committee is asked to note the completion of the fund's triennial valuation as at 31 March 2019, and the valuation report presented at Appendix 1.
21. The committee is asked to approve the employer contribution rates as set out in the rates and adjustments certificate, presented as Appendix 3 of the valuation report.

APPENDICES ATTACHED

22. [Appendix 1](#) - Isle of Wight Council Pension Fund Valuation Report – 31 March 2019

BACKGROUND PAPERS

23. Isle of Wight Pension Fund Committee - 14 February 2020 (Paper B)
https://www.iow.gov.uk/Meetings/committees/IW%20Pension%20Fund/14-2-20/PAPER_B.pdf

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