

Pension Fund Committee

Meeting to be held on Friday, 2 December 2016

Electoral Division affected:
(All Divisions);

2016 Actuarial Valuation of Lancashire County Pension Fund

(Appendix 'A' refers)

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Executive Summary

Every three years the Fund's actuary is required to undertake a formal valuation of the Fund in order to set employer contribution rates for the coming three years. The detailed valuation of the Fund is based on the assets and liabilities at 31 March 2016. John Livesey from Mercer (the Fund's actuary) will be presenting the results to the Committee.

Following the Valuation the Committee needs to determine the way in which the Fund will achieve both the bridging of the deficit within the Fund and a sustainable contribution plan for employers. Proposals in relation to this are set out in the attached Appendix 'A'.

If agreed with stakeholders following consultation, these proposals will form the core of the Funding Strategy Statement which the Fund is required to produce after each valuation.

Recommendation

The Committee is asked to:

1. Note the results of the actuarial valuation;
2. Approve the measures in relation to the setting of contribution rates as set out in Appendix 'A' for consultation with stakeholders as part of the preparation of the Funding Strategy Statement.

Background and Advice

It is a statutory requirement that every three years the actuary undertake a valuation of the Pension Fund in order to set appropriate levels of employer contributions for the coming three years. The report in Appendix 'A' presents the results of the 2016 actuarial valuation process at whole Fund level for consideration by the Committee in

order to enable formal consultation with stakeholders on issues to be included in the revised Funding Strategy Statement (FSS).

At its meeting in March the Committee agreed the following proposals:

- To offer existing, and any future, Multi-Academy Trusts with more than one school within the Fund a common contribution rate;
- To continue the Fund's current policy in relation to not allowing reductions in contribution rates for employers who continue to have a deficit within the Fund.

These proposals are have been built into the results and consultation has already begun with individual employers in order to fit in with the budgetary timetables which they adopt.

Consultations

Agreement of this report and the proposed framework for setting contribution rates will result in the beginning of a process of consultation with stakeholders. The fund Actuary is involved throughout the consultation process.

Implications:

This item has the following implications, as indicated:

Risk management

The setting of contribution rates and valuation assumptions involves a range of risks. Analysis of these risks is reflected in coming to an overall contribution plan and package of assumptions.

There is a clear risk that the results of the valuation process may make the scheme unaffordable for some employers (particularly smaller ones) and the Fund's officers will take steps to handle this situation where it occurs in a sensitive way that protects the interests of all parties to the greatest possible extent.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
N/A		
Reason for inclusion in Part II, if appropriate		
N/A		