

Pension Fund Committee

Meeting to be held on 29 November 2013

Electoral Division affected: None

Actuarial Valuation of the Lancashire County Pension Fund 2013

(Appendix 'A' refers)

Contact for further information:

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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 based on the assets and liabilities at 31 March 2013 and 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 and proposals in relation to this are set out at 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:

- i. Note the results of the actuarial valuation;
- ii. Approve the measures in relation to the setting of contribution rates 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. This report and the accompanying presentation by the actuary set out the results of the latest valuation and proposals for setting contribution rates in the light of the results.

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.

Implications:

This item has the following implications, as indicated:

Risk management

The setting of contribution rates and valuation assumptions involves a range of risks, for example assumptions around take up of the new 50/50 option within the 2014 scheme. 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.

List of Background Papers

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