

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 5

TRIENNIAL ACTUARIAL VALUATION 2019

Reason for this Report

1. The next Triennial Actuarial Valuation of the Cardiff & Vale of Glamorgan Pension Fund will be as at 31 March 2019. This report provides an overview of the valuation process and timetable.

Background

2. Regulation 62 of the Local Government Pension Scheme (LGPS) Regulations 2013 requires an administering authority to obtain an actuarial valuation of the assets and liabilities of its pension fund every three years. The next valuation will therefore be as at 31 March 2019.
3. The results of each valuation must be reported to the authority within twelve months of the valuation date.

Issues

4. To carry out the valuation the actuary must confirm the total value of the Fund's assets as at the valuation date. The asset value is normally taken from the Fund's audited statement of accounts.
5. The actuary must also estimate the present value of the Fund's liabilities i.e. the pension benefits which are due to the members of the Fund and their spouses, partners and other beneficiaries as defined by the LGPS Regulations. The process uses the relevant data from the Fund's administration system and financial accounts together with demographic and financial assumptions (e.g. life expectancy, incidence of ill health retirements, inflation and interest rates, returns on investments) to calculate the liabilities. If the Fund's assets exceed its liabilities, there is a funding surplus as at the valuation date; if the liabilities exceed the assets there is funding deficit.
6. The actuary will advise the contribution rates that will be required from Fund employers in order to meet the costs of pension benefits accruing in the future. Any funding surplus or deficit for an individual employer will be repaid or recovered either through an adjustment to the contribution rate or as monetary amounts due each financial year.

7. The key governance document for the valuation is the Fund's Funding Strategy Statement (FSS). Each LGPS administering authority is required by the LGPS Regulations to prepare, publish and maintain a FSS. The FSS sets out the processes by which the authority aims to meet the Fund's pension liabilities, complying with the regulatory requirements to maintain stable contribution rates whilst ensuring the solvency and long-term cost efficiency of the Fund. It includes the authority's approach to matters such as notional apportionment of Fund assets to each employer and recovery of funding deficits. The FSS is normally reviewed during the valuation process in consultation with the Fund actuary and employers. Approval of the FSS falls within the remit of the Pensions Committee.
8. The expected timetable for the 2019 Valuation is shown in the table below:

Date	Event/Process
November 2018	Commencement of new actuarial contract
November 2018 – March 2019	Initial discussions with actuary and review of life expectancy trends
31 March 2019	Valuation Date
April – June	Update of pensions database for 2018/19 financial year Production of draft Statement of Accounts
May – June	Further discussions with actuary re financial assumptions
July/August	Supply of data to actuary – consistency checks and data cleansing
September	Completion of Audit and approval of Statement of Accounts Initial Results (Whole of Fund and 2 local authorities)
October – November	Detailed Results – all employers
November – December	Consultation on Funding Strategy Statement
January – February 2020	Approval & Publication of Funding Strategy Statement
February	Draft Actuarial Report
March	Final Actuarial Report

9. The Committee will receive regular update reports during the valuation process. The Funding Strategy Statement will be presented to the Committee for approval following the consultation period towards the end of 2019. It is anticipated that the Fund Actuary will be invited to present the results to the Committee early in 2020.

Legal Implications

10. The legal implications are set out in the body of the report.

Financial Implications

11. There are no direct financial implications arising from this report.

Recommendations

12. That the Committee notes the report.

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CORPORATE DIRECTOR RESOURCES

Background Papers

Funding Strategy Statement 2017

<https://www.cardiff.gov.uk/ENG/Your-Council/Council-finance/Pensions/Documents/Funding%20Strategy%20Statement%202017%20FINAL.pdf>

Report of Actuarial Valuation as at 31 March 2016

[https://www.cardiff.gov.uk/ENG/Your-Council/Council-finance/Pensions/Documents/Actuarial%20valuation%20as%20at%2031%20March%202016%20\(Final\).pdf](https://www.cardiff.gov.uk/ENG/Your-Council/Council-finance/Pensions/Documents/Actuarial%20valuation%20as%20at%2031%20March%202016%20(Final).pdf)