



Brent Pension Fund Sub-Committee
26 July 2017

Report from the Chief Finance Officer

For Information

Wards Affected:
ALL

Outcome of the Triennial Review

1.0 SUMMARY

- 1.1 This report updates members on the outcome of the 2016 Triennial Review for the Brent Pension fund.

2.0 RECOMMENDATIONS

- 2.1 Members are asked to note the report.

3.0 DETAIL

- 3.1 The Local Government Pension Scheme (Administration) Regulations 2013 (the Regulations) require administering authorities in England and Wales to obtain a valuation of their pension funds on a triennial basis, the last valuation of the Brent Pension Fund was at 31 March 2016. Administering authorities are required to obtain:

- an actuarial valuation of the assets and liabilities of the pension fund;
- a report by an actuary in respect of the valuation; and
- a rates and adjustments certificate prepared by the actuary setting out the individual contributions for each employer in the pension fund.

- 3.2 The main purpose of the valuation is to:
- assess the solvency of the Pension Fund as a whole and the level of solvency for each participating scheme employer;
 - assess the effectiveness of the Funding Strategy both retrospectively and how this applies for future years;
 - comment on the main risks to the Pension Fund that may result in future volatility in the funding position or to scheme employers' contributions;
 - determine scheme employers' contribution rates for a three year period. The 2016 Triennial Valuation will determine scheme employers'

contribution rates for the financial years 2017/18, 2018/19 and 2019/20;
provide certificates and statements as required by the Regulations.

- 3.3 As reported to members in February 2017, the 2016 valuation revealed that the Fund's assets, which at 31 March 2016 were valued at £676m, were sufficient to meet 56% of the £1,211m liabilities (i.e., the present value of promised retirement benefits) accrued up to that date. This corresponded to a deficit of £535m (2013 valuation the deficit was £442m). That said, the Fund is still on track to achieve full funding in the anticipated 19 years (As per the funding policy set out in the Funding Strategy Statement which was reviewed as part of the 2016 valuation).
- 3.4 During 2016/17, the most commonly applied employer contribution rate within the Brent Pension Fund was 30.0% of pensionable pay and this will increase to 32.5% in 2017/18. Other employers have different rates of contributions depending on their past experience, their current staff profile, and the recovery period agreed with the Administering Authority. The contribution rate for the next three financial years for Brent Council is 32.5% for 2017/18, 33.8% for 2018/19 and 35.0% for 2019/20.
- 3.5 Full details of the contribution rates payable can be found in the 2016 actuarial valuation report and the funding strategy statement contained within the Pension Fund Annual Report.
- 3.6 On conclusion of the valuation, Hymans and the Council have reviewed the valuation process end to end (from both employer and actuary perspectives), noted the functions and activities that need be improved and put in place a plan of action to ensure lessons are learned. Appendix A gives a brief overview of the key issues and proposed next steps.

4.0 FINANCIAL IMPLICATIONS

4.1 None.

5.0 DIVERSITY IMPLICATIONS

5.1 None.

6.0 STAFFING IMPLICATIONS

6.1 None.

7.0 LEGAL IMPLICATIONS

7.1 None.

8.0 BACKGROUND INFORMATION

8.1 None

9.0 CONTACT OFFICERS

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