



Pensions Fund Sub-Committee
21 February 2022

Pension Board
24 March 2022

Report from the Director of Finance

Actuarial Assumptions

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	PART EXEMPT - as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)"
No. of Appendices:	Two <ul style="list-style-type: none"> • Actuarial valuation at 31 March 2022 - Advice on assumptions (Summary) • Actuarial valuation at 31 March 2022 - Advice on assumptions (Full Report – exempt from publication)
Background Papers:	<ul style="list-style-type: none"> ▪ N/A
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Flora Osiyemi, Head of Finance Sawan Shah, Senior Finance Analyst Rubia Jalil, Finance Analyst

1.0 Purpose of the Report

- 1.1 This report provides an update on the 2022 valuation process, in particular on the key financial and demographic assumptions that drive the overall funding level and employer contribution rates.

2.0 Recommendation(s)

2.1 The committee is asked to note and agree the key assumptions for the forthcoming 2022 valuation as summarised in Appendix 1 and detailed in full in Appendix 2.

3.0 Detail

3.1 Every three years, a formal valuation of the whole Fund is carried out under Regulation 62 (1) of LGPS Regulations 2013 to assess and examine the ongoing financial position of the Fund. Its purpose is to value the assets and liabilities of each individual employer and the pension fund as a whole, with a view to setting employer contribution rates which will result in each employer's liabilities becoming as close to fully funded as possible over the agreed recovery period outlined in the Funding Strategy Statement (FSS).

3.2 It is best practice to review the actuarial assumptions at each funding valuation to make sure they're relevant to the financial, demographic and regulatory environment. The overall valuation outcome is sensitive to the financial and demographic assumptions made and therefore can impact the Fund's overall funding level.

3.3 The summary covers the key assumptions, which will be used in 2022 valuation:

- Discount rate;
- Future investment returns;
- CPI inflation;
- Salary expectations;
- Future improvement in longevity; and
- Other demographic assumptions.

3.4 Further detail is provided in the full version of this report attached in restricted Appendix 2.

4.0 Financial Implications

4.1 Not applicable.

5.0 Legal Implications

5.1 Not applicable.

6.0 Equality Implications

6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance