

## Bath & North East Somerset Council

MEETING:	<b>LOCAL PENSION BOARD</b>
MEETING DATE:	<b>16<sup>th</sup> February 2017</b>
TITLE:	<b>Avon Pension Fund Valuation Update</b>
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	

### 1 PURPOSE OF THE REPORT

This report summarises the results from the triennial valuation as at 31<sup>st</sup> March 2016 and the distribution of the results to scheme employers.

### 2 RECOMMENDATION

**That the Pension Board notes:**

2.1 The outcome of the actuarial valuation 2016.

### 3 FINANCIAL IMPLICATIONS

3.1 The actuarial valuation sets the contribution rates for employers for the 3 years commencing 1 April 2017.

### 4 ACTUARIAL VALUATION 2016 OUTCOME

4.1 The Local Government Pension Scheme (LGPS) Regulations require LGPS funds to have an actuarial valuation every three years. The 2016 valuation has a base date of 31 March 2016 with new employer rates effective from 1 April 2017.

4.2 The initial outcome of the valuation is as follows:

	2013	2016
Deficit	£876m	£581m
Funding Level	76%	87%
Value of assets	£3,147m	£3,737m
Value of Liabilities	£4,023m	£4,318m
Average employee contribution rate	6.3%	6.4%
Average future service rate (employer)	13.9%	15.2%
Average annual past service deficit payments	£43m	£37m
Past service recovery period (years)	20	17

4.3 The aim of the 2016 valuation was to maintain stable employer contribution rates where possible, and the Funding Strategy Statement (FSS), which was approved by the Avon Pension Fund Committee in September 2016, set out the parameters as to how this objective would be met.

4.4 The average deficit recovery period for the Fund reduced from 20 years (2013) to 17 years (2016) and the funding level has increased from 76% to 87%. On a Fund level, the employers' contribution rates have increased from an average of 13.9% to 15.2%.

## **5 COMMUNICATION WITH EMPLOYING BODIES**

5.1 An Investments Forum was held on 21 November where the Actuary explained the impact of the change in the discount rate (using expected return on assets relative to CPI), removal of the allowance of the 50/50 scheme and changes in other financial and demographic assumptions.

5.2 At the time of writing, the majority of employing bodies had been notified of their revised rates and officers are responding to queries from employers. In total 4 of the 283 employers have not received their valuation results due to some membership queries requiring further investigation.

5.3 All employer schedules were checked by officers who identified any significant increases in employer contribution rates. In order to assist affordability and to maintain stability on payments, three year phasing in line with our FSS was applied to the future service rate and deficit with the exception of Transferee Admission bodies due to their potentially limited participation in the LGPS.

5.4 The final 2016 actuarial report will be published by 31 March 2017.

## **6 RISK MANAGEMENT**

6.1 No significant issues to report, as this is an information report.

## **7 EQUALITIES**

7.1 An equalities impact assessment is not necessary.

## **8 CONSULTATION**

7.1 Report has been subject to consultation with S151 Officer.

<b>Contact person</b>	Liz Woodyard; Investments Manager 01225 395306
<b>Background papers</b>	Actuary reports and presentations
<b>Please contact the report author if you need to access this report in an alternative format</b>	