



City of Westminster

# Committee Report

<b>Decision Maker:</b>	<b>PENSION FUND COMMITTEE</b>
<b>Date:</b>	<b>21 March 2017</b>
<b>Classification:</b>	<b>Public</b>
<b>Title:</b>	<b>Final Actuarial Valuation Report</b>
<b>Wards Affected:</b>	<b>None</b>
<b>Policy Context:</b>	<b>Effective control over Council Activities</b>
<b>Financial Summary:</b>	<b>This is the final report of the 2016 Actuarial process and sets out the rates that the Council and other Admitted and Scheduled bodies must use over the next three year period for Pension Fund contributions.</b>
<b>Report of:</b>	<b>Steven Mair</b> <i>City Treasurer</i> <a href="mailto:smair@westminster.gov.uk">smair@westminster.gov.uk</a> <b>020 7641 2904</b>

## 1 Executive Summary

- 1.1 The Fund Actuary, Graeme Muir presented his initial findings and proposals for deficit reduction for the City of Westminster Pension Fund to the meeting on the 15<sup>th</sup> November. This report is the final report of the process. It sets out the contributions that have been set that in the Actuaries opinion meet the Regulatory requirements and the funding objectives set out in the Fund's Funding Strategy Statement.

## 2 Recommendation

- 2.1 That the Committee note and agree the final Actuarial Report for 2016 which summarised the process that have taken place and the final contribution rates for Future and Past service contributions for Westminster City Council and all Admitted and Scheduled bodies.

### **3 Reasons for Decision**

- 3.1 The purpose of the triennial Actuarial Valuation is to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund for the period from 1 April 2017 to 31 March 2020. Contributions are set to cover any shortfall between the assumed cost of providing benefits built up by members at the valuation date and the assets held by the Fund and to also cover the cost of benefits that active members will build up in the future.

### **4 Proposals and Issues**

#### ACTUARIAL VALUATION

- 4.1. As members will be aware from previous actuarial valuation reports presented to the Committee, the LGPS regulations require all LGPS funds to undertake an actuarial valuation every three years for the purpose of setting employer contribution rates and monitoring the solvency of the funds. All funds in England and Wales are required to carry out a valuation as at 31st March 2016.
- 4.2. The Fund Actuary, Graeme Muir of Barnett Waddingham, attended the September and November cycles of meetings, setting out the background to the valuation, the basis of the assumptions and indicative results.
- 4.3. At the November meeting, there was a discussion with the Committee on the assumptions that were being applied and the presentation of the initial results showing for the whole Fund the assets, liabilities, deficit, future service rate and proposed annual deficit recovery lump sum contribution based on a proposed deficit year recovery period.
- 4.4. Since that meeting, contribution rates have now been set for the Council, and all Admitted and Scheduled bodies. These rates have been communicated. Admitted and Scheduled bodies have been given the option of consultation with the Actuary if there are issues with the new rates.

#### NEXT STEPS

- 4.5 The Actuarial Valuation Report as at 31 March 2016 sets out the contributions to be made by the Council, and all Admitted and Scheduled bodies for the 2017/18, 2018/19 and 2019/20 financial years to cover any shortfall between the assumed cost of providing benefits built up by members at the valuation date and the assets held by the Fund and to also cover the cost of benefits that active members will build up in the future. The next Triennial valuation will be in 2019

## 5 Consultation

- 5.1 Section 4.4 sets out the Consultation process that has been undertaken in the process. In addition, the Actuary is attending the Westminster Pension Board on the 6<sup>th</sup> March to take the Board through the process.

**If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:**

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**BACKGROUND PAPERS:** None

**APPENDICES:**

Appendix 1 Barnett Waddingham – Actuarial Valuation as at 31<sup>st</sup> March 2016