



Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Pensions Committee
Date:	14 July 2022
Subject:	2022 Triennial Valuation Assumptions

Summary:

This report sets out the proposed approach for setting the assumptions that the Fund's Actuary, Barnett Waddingham, will use for the 2022 Triennial Valuation.

Recommendation(s):

That the Committee consider and approve the Actuaries proposed approach for setting the assumptions for the 2022 Triennial Valuation.

Background

1. The LGPS Regulations require that a valuation of the Fund's assets and liabilities be undertaken every three years by the Fund's appointed Actuary. This is known as the Triennial Valuation and the output provides a funding level percentage (value of assets compared to value of liabilities) and sets the contribution rates (both primary and secondary) that each Fund employer is required to pay for the next three years.
2. The Committee received presentations and training on the Valuation process from the Fund's Actuary on 17 February 2022. This covered:
 - What is a valuation?
 - What are we trying to achieve?
 - Special considerations for 2022
 - What has the Fund been working on?
 - Looking back
 - Looking ahead
 - What does this mean for 2022?
3. The Actuary will present the paper attached at appendix A to the Committee to enable them to consider and approve the process of setting the assumptions for the valuation. The paper covers the valuation methodology, the financial and statistical assumptions and the projected funding position.

4. The paper uses illustrative assumptions based on current market conditions up to 30 May, so the assumptions are therefore subject to change. The final assumptions will reflect the average market position from the period 1 January 2022 to 30 June 2022. The final assumptions will be agreed with the administering authority and will be consistent with the Funding Strategy Statement (FSS). The FSS, detailing how contributions are set and the overall funding strategy, will be brought in draft to a later meeting of the Committee, before being circulated to all Fund employers for consultation and then to the March 2023 Committee meeting for final approval.
5. The Committee are asked to approve the proposed process for setting assumptions, as set out in the attached report, for use in the 2022 Valuation process.
6. The Actuary will present the draft Fund 2022 Valuation report to the Committee's September meeting. Individual employer reports and contribution rates will be calculated and sent to all employers in November. The statutory deadline for completing the Valuation process and approving the FSS is 31 March 2023.

Conclusion

7. The Triennial Valuation process is a statutory requirement to provide a funding level for the Pension Fund and contribution rates for the employers to pay over the following three years. Officers work very closely with the Fund Actuary throughout the process of completing the valuation, calculating the employer rates and preparing the FSS.

Consultation

a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

Appendices

These are listed below and attached at the back of the report	
Appendix A	Barnett Waddingham Valuation Assumptions Setting Process

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk.

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