Lincolnshire COUNTY COUNCIL
Working for a better future

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

Report to:	**Pensions Committee**
Date:	**22 September 2022**
Subject:	**2022 Valuation – Draft Results**

Summary:

This report introduces a presentation from the Fund's Actuary setting out the draft whole Fund results from the latest valuation undertaken as at 31 March 2022.

Recommendation(s):

That the Committee consider and discuss the report and approve the draft results.

Background

1. As part of the Local Government Pension Scheme (LGPS), the Lincolnshire Pension Fund is required to undertake a valuation of the Fund's assets and liabilities every three years – this is called the Triennial Valuation. The purpose of the valuation is to understand the overall funding level of the Pension Fund (i.e. does it have enough assets to meet its liabilities), to understand the individual funding levels of each employer and to set the contribution rates for all the employers for the next three year period.

2. The Committee approved the process for setting the assumptions to be used in the Valuation process at the July meeting.

3. The Fund's appointed Actuary, Barnett Waddingham, received the membership and cashflow data from the Fund as at 31st March 2022, and will present the draft whole Fund results today.

4. The valuation will include allowances for the estimated impact of the McCloud remedy, at both a Fund and an employer level, with the approach set out by DLUHC earlier this year. In addition, as required by GAD and set out in the recommendations of their latest Section 13 report, the report will consider the potential impact of climate risk on the funding strategy, across a number of scenarios.

5. Once finalised, individual employer results will be shared with each employer in the Fund, expected to be in mid-November. Employers will also receive the draft Funding Strategy Statement (FSS), which will be brought to a later Committee meeting, for consultation.

6. The Funding Strategy Statement sets out how employer rates are set, how new employers are admitted to the Fund, and how employers leaving the Fund are dealt with. It will also include:

   - Ill health/death in service self-insurance – as discussed previously with the Committee, the Fund is moving to a self-insurance model for funding ill health and death in service strain costs, away from the external insurance option that was offered previously.

   - Pre-payment policy – setting out the considerations for accepting pre-payment requests of primary and secondary contributions, including the risks to the employer.

7. To assist employers understanding of their valuation results, employer surgeries will be held at County Offices. These will consist of a presentation from the Actuary on each day and bookable appointments with the Fund Actuary and the Head of Pensions to enable an employer to discuss their specific results and circumstances.

8. As with previous valuations, all employers will be required to complete a declaration agreeing the primary and secondary contribution rates for the three year period commencing 1 April 2023, to be returned in January 2023.

9. The final Valuation report, including the rates and adjustments certificate which sets out employers' contribution rates for the three year period to March '26, will be brought back to this Committee for final approval in March 2023.

Conclusion

10. The Fund's Actuary will present the draft 2022 Valuation results at a whole Fund level to the Committee. Once agreed, the individual employer results will be shared, alongside the FSS for consultation.

11. The final Valuation report, including the rates and adjustments certificate which sets out employers' contribution rates for the three year period to March '26, will be brought back to this Committee for final approval in March 2023.

Consultation

a) Risks and Impact Analysis

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

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.

This page is intentionally left blank