

Essex Pension Fund Strategy Board	PSB/08/16
date: 13 July 2016	

Actuarial Valuation

Report by the Director for Essex Pension Fund and Head of the Essex Pension Fund Enquiries to Kevin McDonald on 033301 38488 and Jody Evans on 033301 38489

1. Purpose of the Report

- 1.1 To update the Board on the 2015/16 year-end data submissions exercise.
- 1.2 To inform the Board of plans for the 2016 triennial valuation of the Fund.
- 1.3 To inform the Board of national and local developments concerning the treatment of Academies within the LGPS

2. Recommendations

It is recommended that the Board agree to:

- 2.1 Note the update on the 2015/16 year-end data submissions exercise
- 2.2 Note the plans for the 2016 triennial valuation of the Fund.
- 2.3 Note the update on national and local developments concerning the treatment of Academies within the LGPS.

3. 2015/16 Year-end data submissions exercise

- 3.1 The Fund's plans for the 2015/16 year-end data exercise were reported to the Board at its December 2015 meeting. In accordance with those plans;
- A letter was sent to all Fund employers on 18 December 2015. This was sent to Chief Executive/Director of Finance level to give them a heads up on the importance of this exercise;
 - The return spreadsheets and guidance were sent out to employers on 19 January 2015
 - 11 workshops were held for employers in February to provide information and guidance to assist in completing their returns. 300 delegates representing 241 employers attended the workshops;
 - A number of reminders and chasers were sent out in January, February and March and 96% of employers responded and/or attended a workshop.
 - Further communications (e-mails/phone calls/visits) continued throughout April, May and June targeting those employers which had not submitted a return or had failed to submit a correct return.
- 3.2 As of 30 June 2016, 98.2% of employer returns had been received. For comparison, at the same point last year only 85.0% of employer returns had been received.
- 3.3. In summary, the combination of improved and earlier engagement with employers and the introduction of more meaningful charges for late submission has resulted in a successful outcome.
- 3.4 Late submission charges have been incurred by 8 employers, 4 receiving the single charge and 4 the double charge for being over a month late. Details of these employers are included in a separate report elsewhere on this agenda.

4. 2016 Valuation update

- 4.1 The Fund final membership and cashflow data will be submitted to the Actuary on or before 30 July. Cashflows for 2013/14 and 2014/15 were submitted to the Actuary January 2016 for initial review.
- 4.2 The Employer Risk Analysis is currently being updated by officers.
- 4.3 The Actuary will present the Fund level results to the board at its next meeting on 15 September 2016.

4.4 The first employer forum is scheduled for the Essex Finance Officers on 20th October.

5. Academies

5.1 The last board took place on the same day as the Chancellor's March 2016 budget. The budget included the announcement of the mandatory Academisation of all schools.

5.2 As at 31 March 2016, in Essex (including Southend & Thurrock) there were 246 Academies and 416 schools (yet to convert to Academy status).

5.3 In early May a further announcement was made that good and outstanding schools would not be mandated to become Academies.

6. Background papers

6.1 Agenda item 7, 16 December 2015 meeting, PSB/28/15; Year-end data submissions and Annual Benefit Statements.

7. Link to Essex Pension Fund Objectives

7.1 Achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters.

7.2 To recognise in drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible.

7.3 Determine employer contribution requirements recognising the desirability of maintaining as nearly constant employer contributions as possible.

8. Risk Implications

8.1 The FSS contains a risk analysis which will be reviewed.

8.2 The Pension Fund Score Card also contains measures which relate directly to the funding strategy and are reported to each Board.

9. Communication Implications

9.1 In due course, a consultation will take with participating employers and other interested parties and a subsequently a draft Funding Strategy Statement will be issued to them.

10. **Finance and Resource Implications**

- 10.1 There will be financial implications for Fund employers emerging from the 2016 Fund valuation.