

meeting	PENSIONS INVESTMENT SUB-COMMITTEE		
date	7 JULY 2011	agenda item number	7

REPORT OF THE SERVICE DIRECTOR (FINANCE)

Triennial Valuation

1. Purpose

- 1.1 To report the outcome of the triennial valuation of the Fund as at 31 March 2010.

2. Information and Advice

- 2.1 Under regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008, each administering authority must obtain—
- (a) an actuarial valuation of the assets and liabilities of each of its pension funds as at 31st March 2010 and in every third year afterwards;
 - (b) a report by an actuary in respect of the valuation; and
 - (c) a rates and adjustments certificate prepared by an actuary.
- 2.2 The report and certificate (covering the combined fund) from the Fund's actuaries, Barnett Waddingham, is attached to this report.
- 2.3 The main purpose of the valuation is to review the financial position of the Fund and to determine the rate at which the employing bodies participating in the Fund should contribute in the future to ensure that the existing assets and future contributions will be sufficient to meet future benefit payments from the Fund. The method adopted looks separately at benefits accrued from past service and benefits to be accrued in the future.
- 2.4 In carrying out the valuation, the actuaries used membership data as at 31 March 2010 and the Fund's accounts for the three years to that date. Statistical and financial assumptions were also agreed and these are summarised below.

	% pa	Real % pa
Investment return:		
Equities/absolute return funds	7.5%	4.0%
Gilts	4.5%	1.0%
Bonds & Property	5.6%	2.1%
Discount Rate	6.9%	3.4%
Risk Adjusted Discount Rate	6.8%	3.3%
Pay Increases	5.0%	1.5%
Price Inflation	3.5%	-
Pension Increases	3.0%	-0.5%

- 2.5 The results of the valuation show a funding position at 31 March 2010 of 84% for the combined fund (83% at 31 March 2007) with an average total contribution rate of 18% (17.2% at 31 March 2007). Individual employer rates are set out in the rates and adjustments certificate within the actuaries' report.

3. Statutory and Policy Implications

- 3.1 This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder and those using the service and where such implications are material they have been described in the text of the report.

4. Recommendations

- 4.1 That the Sub-Committee notes the outcome of the latest triennial valuation of the Fund.

PAUL SIMPSON
SERVICE DIRECTOR (FINANCE)

Background Papers Available for Inspection
None