

ACTUARIAL VALUATION 2016

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Board before taking effect.

Recommendation: that the Board note the results of the Actuarial Valuation.

1. Introduction

- 1.1. Every three years Devon County Council (as the administering authority) is required to have an actuarial valuation of the Devon Pension Fund conducted by a qualified independent actuary. The purpose of the valuation is to establish the Fund's liabilities in relation to its assets and determine the current funding level, and to set contribution rates for the Fund's employers for the next three years.
- 1.2. The Board received a report at its October 2016 meeting outlining the factors taken into account in the valuation and the draft results. The Actuary has now signed off the final report.

2. Actuarial Valuation Outcome

- 2.1. The results of the 2016 actuarial valuation have been prepared in accordance with the current legislative arrangements for the Fund.
- 2.2. The Actuary has determined that the Devon Fund has a funding level of 84%. The Fund's assets were valued at £3,311m against future pension liabilities assessed at £3,939m, giving a deficit for this valuation of £628m. This, along with the comparative figures for the previous valuation in 2013, is shown in the table below:

	2013 Results	2016 Results
Assets	£2,985m	£3,311m
Liabilities	£3,588m	£3,939m
Deficit	(£603m)	(£628m)
Funding Level (whole Fund)	83%	84%

- 2.3. The Actuary has determined that an overall employer rate of 20.9% of pensionable payroll is required to meet future service accruals and to clear the current deficit:

	2013 Results	2016 Results
Future Service Rate	13.6%	14.9%
Deficit Contribution	5.2%	6.0%
Total Employer Contribution Rate	18.8%	20.9%

- 2.4. The deficit recovery period for the Fund as a whole has been set at 22 years, which is three year reduction from the 25 year deficit recovery period set at the last Valuation.
- 2.5. The 20.9% contribution figure and the 22 year recovery period are the average required across the Fund, but individual employers within the Fund will have their own individual rates reflecting their own unique circumstances, and a deficit recovery period of no more than 24 years. All employers have now received formal notification of their contribution rates. For most employers the deficit contribution has been certified as a cash figure.
- 2.6. A copy of the draft report is attached at Appendix 1.

3. Funding Strategy Statement

- 3.1. Following completion of the triennial valuation, the Fund's Funding Strategy Statement (FSS) will be revised to reflect the outcome of the valuation and the assumptions that have been made concerning the future performance of the Fund.
- 3.2. A revised FSS has been drafted in conjunction with the Fund Actuary (Barnett Waddingham) and will be considered by the Board under a separate agenda item at this meeting.

4. Conclusion

- 4.1. The Board is asked to note the results of the 2016 Actuarial Valuation.

Mary Davis

Electoral Divisions: All
Local Government Act 1972
List of Background Papers - Nil
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