

ABERDEEN CITY COUNCIL

COMMITTEE	Pensions Committee
DATE	26 March 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	2020 Tri-ennial Valuation Results
REPORT NUMBER	PC/MAR21/VAL
DIRECTOR	Steven Whyte
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Claire Mullen
TERMS OF REFERENCE	1.1 and 4.1

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to give the Pensions Committee details of the triennial valuation as at 31 March 2020 for the North East Scotland Pension Fund (NESPF) and the Aberdeen City Council Transport Fund (ACCTF) in advance of the sign off by the scheme actuary in March 2021.

2. RECOMMENDATIONS

That the Committee: -

- 2.1 approve the final Funding Strategy Statement for both the NESPF and the ACCTF which outlines the assumptions used in the calculation of the Fund liabilities for the triennial valuation as at 31 March 2020; and
- 2.2 note the Actuarial Valuation Reports which outline the overall results of the valuation including the funding levels for the NESPF and the ACCTF which will be the published following the sign off by the scheme actuary.

3. BACKGROUND

- 3.1 The triennial valuation exercise for the NESPF and the ACCTF as at 31 March 2020 has been undertaken throughout this financial year and is required to be completed and signed off by the scheme actuary Mercer by 31 March 2021.

Funding Strategy Statements (FSS)

- 3.2 The draft NESPF FSS was brought to Committee in December 2020 and the final version of this report along with the ACCTF FSS are now available in appendix I and appendix III for approval. These documents outline the methodology and assumptions used to determine the value of the liabilities held within the Funds.

- 3.3 The FSS also outlines the Funds approach to employer admission, terminations as well as assessment of covenant risk with a view to maintaining the overall solvency of the Funds.

Actuarial Valuation Reports

- 3.4 The actuarial valuation reports available in appendix II and appendix IV certify the outcome of the valuation exercise. This report will be available to all stakeholders and will be provided to the Scottish Government in accordance with the regulatory requirements.
- 3.5 The overall funding level of the NESPF is to be certified as 103%.
- 3.6 The funding level for the ACCTF is determined to be 114% following the completion of the merge with Strathclyde Pension Fund No.3 and the completion of the buy-in exercise. Further commentary is also provided in the report as a result of the buy-in exercise that was transacted in November 2020.
- 3.7 The contribution certificates attached to the valuation reports outline the individual employer contribution rate requirement for the duration of the inter-valuation exercise. The contribution rates are determined using each participating employers funding levels with a view to maintaining the solvency of the overall Fund.

4. FINANCIAL IMPLICATIONS

- 4.1 Meeting the liabilities of the Fund is the responsibility of the participating employers. As part of the valuation process the employer contribution requirements for all individual employers for the years 2021/22 to 2023/24 are determined using the approved assumptions.
- 4.2 Determining the assumptions with the appropriate level of certainty/prudency will impact on the contribution requirements for each employer based on their own liabilities and funding levels.

5. LEGAL IMPLICATIONS

- 5.1 In accordance with the LGPS (Scotland) Regulations 2018 the valuation is to be completed and signed off by the scheme actuary by 31 March 2021. Failure to comply would result in action being taken by the Pensions Regulator.

6. MANAGEMENT OF RISK

- 6.1 The Pension Fund maintains its own Risk Management Policy and regularly updates its Risk Register in line with change. This is reported quarterly to the Pensions Committee. There is a risk of failure to carry out and agree the valuation within statutory timeframes, however this risk is managed through the Risk Register.

7. OUTCOMES

7.1 This report does not impact the Council Delivery Plan.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Not required
Data Protection Impact Assessment	Not required

9. BACKGROUND PAPERS

None

10. APPENDICES

Appendix I, NESPF Funding Strategy Statement
Appendix II, NESPF Actuarial Valuation Report
Appendix III, ACCTF Funding Strategy Statement
Appendix IV, ACCTF Actuarial Valuation Report

11. REPORT AUTHOR CONTACT DETAILS

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