

ABERDEEN CITY COUNCIL

COMMITTEE	Pensions Committee
DATE	15 December 2023
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	2023 Actuarial Valuation Initial Results and Funding Strategy Statement
REPORT NUMBER	PC/DEC23/VAL
DIRECTOR	Steven Whyte
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Claire Mullen
TERMS OF REFERENCE	1.1 and 5.1

1. PURPOSE OF REPORT

- 1.1 To provide details of the 2023 triennial valuation for the North East Scotland Pension Fund including the proposed assumptions outlined in the Draft Funding Strategy Statement.

2. RECOMMENDATIONS

That the Committee:-

- 2.1 agree the funding approach outlined in the 2023 Funding Strategy Statement including the assumptions used in the calculation of the Fund liabilities for the triennial valuation as at 31 March 2023; and
- 2.2 note the overall whole Fund valuation as at 31 March 2023 (using the proposed assumptions).

3. CURRENT SITUATION

- 3.1 See attached main report

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 2024/25 to 2026/27 are determined using the approved assumptions.
- 4.2 Determining the assumptions with the appropriate level of certainty/prudence will impact on the contribution requirements for each employer based on their own liabilities and funding levels.

5. LEGAL IMPLICATIONS

- 5.1 The Fund is required under the Local Government Pension Scheme (Scotland) Regulations 2018 to consult with all participating employers and the Pensions Committee around the funding approach for the triennial valuation.
- 5.2 The valuation is to be completed and signed off by the scheme actuary by 31 March 2024.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

- 7.1 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

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	Lack of effective risk controls in relation to the Fund Strategy	The 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	L	Yes
Compliance	Failure to meet the requirements of the LGPS (Scotland) Regulations.	Robust procedure in place between the Fund and the scheme actuary to ensure that the target date of March 2024 is achieved.	L	Yes
Operational	Incomplete valuation will mean that employers will not be able to apply the correct contribution rates from April 2024.	Communication plan in place by the Employer Relationship Team to ensure that employers are contacted and contributions are determined prior to cut off date.	L	Yes

Financial	Failure to complete valuation could lead to employers under or overpaying contributions from April 2024.	Contributions are to be determined by 31 January 2024 allowing time to implement any changes for April payroll rollout. Significant calculated surplus reduces this risk.	L	Yes
Reputational	Increased press and local scrutiny around valuation outcomes and the cost of the scheme to participating employers.	The NESPF have taken an appropriate approach to the valuation to ensure sustainability over the long term and stability in contribution requirements. Contribution requirements are to be reduced as a result of the funding level.	L	Yes
Environment / Climate	No significant risks identified	N/A	N/A	N/A

8. OUTCOMES

8.1 The proposals in this report have no impact on the Council Delivery Plan.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	It is confirmed by Chief Officer Jonathan Belford that no Integrated Impact Assessment is required.
Data Protection Impact Assessment	Not required
Other	N/A

10. BACKGROUND PAPERS

10.1 None

11. APPENDICES

11.1 Appendix 1 NESPF Draft Funding Strategy Statement 2023

12. REPORT AUTHOR CONTACT DETAILS

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