

REPORT TO	DATE OF MEETING
GOVERNANCE COMMITTEE	26 NOVEMBER 2014

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SUBJECT	PORTFOLIO	AUTHOR	ITEM
FUNDING REPORT OF THE ACTUARIAL VALUATION AS AT 31 MARCH 2013 (Lancashire County Pension Fund)	FINANCE AND RESOURCES	S GUINNESS	6

SUMMARY AND LINK TO CORPORATE PRIORITIES

1. To circulate to members a copy of the Funding Report of the Actuarial Valuation as at 31st March 2013 in respect of the Lancashire County Pension Fund as requested at Appendix One.
2. The report is for information and provides the detailed information with regard to the Lancashire County Pension Fund and its triennial review and revaluation.
3. Comparative data with regard to the scheme performance against other similar schemes is provided within Appendix Two.
4. This report impacts of the Council's Medium Term Financial Strategy (MTFS) and Statement of Accounts (SOAs) and as such links to the Council's corporate priority to be an efficient, effective and exceptional council.

RECOMMENDATIONS

5. Members are asked to note the report.

DETAILS AND REASONING

6. The purpose of the actuarial valuation is to assist in determining the following:-
 - Expected cost of providing the benefits built up by members (pension fund members) as at the valuation date and compare this against the funds held by the Fund.
 - An appropriate plan for making up the shortfall if there are less assets than liabilities
 - The contributions needed to cover the cost of the benefits that active members will build up in the future and other costs incurred in running the Fund.
7. The report covers the following areas:-
 - Key results of the funding assessment.
 - Experience since the last valuation.
 - Variability and risk.
8. The pension fund is revalued and assessed every three years. The current status of the fund is that it is in a deficit position where the liabilities are valued at a higher value than the fund's assets. The reports sets out the timescales by which the fund should achieve a funding level which equates to 100% of its liabilities thus correcting the shortfall.

9. This information is used locally within South Ribble Council to ensure that an appropriate level of budgetary funding is available to meet this financial commitment.
10. To translate the information provided about the Lancashire County Pension Fund into a format that provides some comparative scale, Appendix Two lists the net performance of the fund with other similar LGPS funds in the form of a 'league table.' Lancashire Pension Fund is highlighted and as at 31st March 2013 the funding position for Lancashire was 78%, which was the average figure for all Shire counties. The average funding level across all LGPS was 77% as at that date.
11. The estimated funding position as at 31st March 2014 stood at 80.8%, reflecting assets of £5.180 billion and liabilities of £6.410 billion.
12. Members have been provided with a Members' Learning Hour on this matter. It was facilitated by Lancashire County Council to explain the Pension Fund's latest Actuarial Valuation.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

FINANCIAL	As set out in the MTFs 2014/15 to 2017/18 and Budget Report for 2014/15 and also additional within the SOAs reported to Governance Committee in June 2014 and September 2014.		
LEGAL	The report at Appendix One is prepared in accordance with the Pensions Technical Actuarial Standard as issued by the Financial Reporting Council.		
RISK	The report contains assumptions and forecasts Budget Setting is a key function of the Councils and The Statement of Accounts (SOAs) is designed to comply with the Council's statutory obligations and has been prepared in compliance with the relevant accounting standards and codes of practice.		
OTHER (see below)			
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS

Accounts and Audit (England) Regulations 2011	15/03/2011
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