

## **Local Pension Board of the Warwickshire**

### **Pension Fund**

**27 November 2018**

### **Administration update**

#### **Recommendation**

That the Local Pension Board of the Warwickshire Pension Fund note and comment on the report.

#### **1.0 Introduction**

1.1 This report seeks to update the Board on a number of different areas relating to the administration of the Warwickshire Pension Fund. Board members are requested to note the report and comment on any areas of interest or concern.

#### **2.0 Matters arising from the meeting of 10 July 2018**

2.1 None

#### **3.0 Web page update**

3.1 The Fund has agreed the design for the new website with a local design company who will host the page until the County is able to accommodate the site.

3.2 This will be circulated to Board members once available.

#### **4.0 New Employers**

4.1 In accordance with the Fund's Admissions and Terminations policy (which was approved by the Staff and Pensions Committee in June 2017), all prospective employers must submit an application for membership to the Committee for approval.

4.2 As indicated at the July 2017 meeting, a template application is available for new employers together with (where relevant) a template admission agreement.

4.3 Below is a list of employers approved by the Staff and Pensions Committee since February 2018:

- Fenny Compton Parish Council
- Coleshill Primary School (Birmingham Diocese Trust)
- Southam St James Primary School (Coventry Diocese Academy Trust)
- Long Itchington Primary School (Coventry Diocese Academy Trust)
- Welcombe Hills School (South Warwickshire Academy Trust)
- Riverhouse School (South Warwickshire Academy Trust)
- Rokeby Primary School (Stowe Valley Multiple Academy Trust)
- Temple Herdewick Primary School (Stowe Valley Multiple Academy Trust)
- Curdworth Academy (moving from National Education Trust to The Futures Trust)
- King Edward Sixth Form College (converting to an academy with the Better Futures Trust)
- Chartwell Catering

## 5.0 Cessations

5.1 The Fund is also dealing with several cessations.

5.2 **Solihull School** is in consultation with the Charities Commission concerning the proposed exit from the Fund.

5.3 **Stratford upon Avon College** the transfer was completed on schedule with all records transferred to the West Midlands Pension Fund.

5.4 **Community Admission Bodies** the exit of several employers is nearing completion.

## 6.0 GMP reconciliation

6.1 All queries were investigated and referred back to Hymans and on to HMRC.

6.2 We hope to brief the Board more fully on the results at a future meeting.

## 7.0 Performance indicators

7.1 Owing to staff illness we are unable to produce performance indicators for this report.

## **8.0 Separation**

- 8.1 The Scheme Advisory Board (SAB) is commissioning a report to review the relationship between the host local authority and its role as the administering authority for Fund. This is loosely being termed as Separation although this is not the anticipated outcome.
- 8.2 It is expected that the report will be available for consultation in the new year before being submitted to the Secretary of State.

## **9.0 SCAPE discount rate for Public Service Pension Funds**

- 9.1 The unfunded public service pension schemes are subject to an actuarial valuation every four years. The purpose is to assess the value of pension rights being built up so that total contributions (from employer and employees) can be set at a level to reflect this.
- 9.2 The valuations undertaken are in accordance with Treasury directions which, among other things, specify the discount rate that should be applied in order to assess the present cost of future benefits.
- 9.3 For the LGPS, which is a funded public service pension scheme administered locally, the discount rate is set locally.
- 9.4 In September the Chief Secretary to the Treasury announced a reduction in the discount rate from 2.8% above CPI to 2.4% above CPI. This reduction has the effect of increasing employer contributions required to the unfunded schemes.
- 9.5 The Treasury has announced however, that broadly similar amounts will be set aside in departmental budgets to meet the additional cost associated with the discount rate
- 9.6 There is also a cost control mechanism (CCM) was introduced to protect employers and employees against unforeseen changes in member related pension costs.
- 9.7 The CCM has a ceiling and a floor. A breach in the ceiling will result in a reduction in benefits whereas a breach in the floor will result in an increase. The Treasury has announced that most if not all schemes have breached the floor as member costs measured by the CCM have decreased by more than 2%.
- 9.8 The unfunded schemes are therefore facing an increase in employer contributions and an increase in scheme benefits for members from April 2019 until March 2023.

- 9.9 The impact on the LGPS due to the reduction in discount rates is limited, although the Government Actuary's Department will review scheme factors and there is likely to be a hold on providing transfer values for a period of time.
- 9.10 The LGPS has a further CCM where the future service cost is reviewed by the SAB. This additional process will be allowed to complete before the HM Treasury CCM is tested. It is not therefore possible to give any indication at this time of what the outcome might be.
- 9.11 There have been suggestions that the valuation of LGPS funds should align with other PSPS and have a four year valuation cycle.

## 10.0 Supporting Documents

None

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The report was circulated to the following members prior to publication:

Local Member(s): None

Other members: None