

**SURREY COUNTY COUNCIL****LOCAL PENSION BOARD****DATE: 11 NOVEMBER 2022****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF CORPORATE FINANCE****SUBJECT: 2022 VALUATION****SUMMARY OF ISSUE:**

This report provides an update to the 2022 triennial valuation being undertaken by the Fund actuary, Hymans Robertson.

**RECOMMENDATIONS:**

It is recommended that the Board note the progress made on the actuarial work during 2022/23.

**REASON FOR RECOMMENDATIONS:**

The Board needs to be aware of the activities and outputs of the triennial valuation as this informs employer contribution rates and the investment strategy of the Fund. This is consistent with the Fund's strategic funding objectives.

**DETAILS:****Background**

1. The Fund actuary, Hymans Robertson, carries out a triennial valuation of the Fund's assets and liabilities. The primary and secondary contribution rates for all employers in the Fund and the accompanying investment strategy are derived from this valuation.
2. Work is underway for the triennial valuation on 31 March 2022 (effective 1 April 2023).
3. Officers will continue to work with Hymans to progress the work on the valuation and report regularly on progress.

**Timetable**

4. The key areas of activity for the 2022 actuarial valuation are set out in the table below.

	Timing	Area
1	Q1 2022 and prior	Pre-valuation work: <ul style="list-style-type: none"> <li>• Planning</li> <li>• Data cleansing</li> <li>• Valuation training (10 December 21)</li> </ul>

2	Q2 2022	Actuarial assumptions review
3	Q3 2022	Whole fund funding level report Data cleansed and submitted to actuary Funding Strategy Statement review Set contribution rates for major employers
4	Q4 2022	Fund Actuary carries out all valuation calculations
5	Q1 2023	Employer results issued to employers Funding Strategy Statement consultation Final valuation report signed off by 31 March 2023
6	1 April 2023	New employer contributions start to be paid

### **Contribution rates for major employers being established**

5. Preliminary work has been undertaken by the Actuary on possible rates for the larger employers in the fund.

<b>Stabilisation mechanism remains appropriate</b>	6.1	The results of the modelling exercise suggest the current funding strategy and long-term stabilisation mechanism remain appropriate for the long term secure employers.
<b>Contribution increases are not required</b>	6.2	For rates that will be paid from 1 April 2023 to 31 March 2026, the Fund is in a positive position and contribution rate increases are not required for the long term secure employers.
<b>Reduction in contributions may be possible for certain specific employers</b>	6.3	In a minority of specific cases, there may be scope to apply a reduction in contribution rates. The Fund will write out to all employers in due course to confirm the indicative rates payable from April 2023.
<b>Market volatility has been considered</b>	6.4	The valuation calculations are carried out with an effective date of 31 March 2022, however, recent market conditions have been volatile, and significant market risks are on the horizon. The Fund has therefore tested the resilience of funding strategies to withstand these risks and allowed for this when setting contribution rates at the 2022 valuation.

### **CONSULTATION:**

6. The Chair of the Local Pension Board has been consulted on the current position.

### **RISK MANAGEMENT AND IMPLICATIONS:**

7. Default by scheme employers can represent a material risk to the Pension Fund.

#### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

8. There are no financial and value for money implications.

#### **DIRECTOR OF CORPORATE FINANCE COMMENTARY**

9. The Director of Corporate Finance is satisfied that work for the 2022 valuation is necessary and appropriate.

#### **LEGAL IMPLICATIONS – MONITORING OFFICER**

10. There are no legal implications or legislative requirements.

#### **EQUALITIES AND DIVERSITY**

11. There is no requirement for an equality analysis, as there is no major policy, project or function being created or changed.

#### **OTHER IMPLICATIONS**

12. There are no potential implications for council priorities and policy areas.

#### **WHAT HAPPENS NEXT**

13. The following next steps are planned:

- a) Officers to work with the fund actuary to progress the valuation; and
- b) Further updates to be brought to the Board.

---

**Contact Officer:**

Paul Titcomb, Head of Accounting and Governance

**Consulted:**

Local Pension Board Chair

**Annexes:**

None

---

This page is intentionally left blank