

# Agenda Item 10

**Pension Committee  
2 March 2023**

## **2022 Valuation Report and Funding Strategy Statement**

### **Report of the Head of Pensions**

#### **2022 Valuation Report**

Hymans Robertson have produced a report on the actuarial valuation of the Gloucestershire Pension Fund at 31 March 2022.

The report, attached as appendix 1, contains information on the employer contribution rates for the period 1 April 2023 to 31 March 2026 and a review of the funding level at 31 March 2022 and fulfils regulation 62 of the Local Government Pension Scheme Regulations 2013.

The triennial actuarial valuation is an important part of the Fund's risk management framework. Its' main purpose is to ensure the Fund continues to have a contribution plan and investment strategy that will achieve the objectives set out in the Funding Strategy Statement.

The two main results of the valuation are:

- Employer contribution rates for the period from 1 April 2023 to 31 March 2026.
- The funding level of the Fund at 31 March 2022.

The key results from the valuation at whole Fund level are:

- Funding Level
  - Has improved from 102% at 31 March 2019 to 110% at 31 March 2022.
- Primary Contribution rates
  - Have increased on average from 20.9% to 21.8% of pay
- Secondary Contribution rates
  - Have decreased due to good investment performance over the three-year period between valuations

The primary objective of the Fund is to set employer contribution rates that will adequately cover the cost of benefits which will accrue in the future and any costs related to benefits already earned. A secondary objective is to ensure the rates are as stable as possible. The risk-based approach detailed in the report is used to meet both these objectives.

Each employer has a contribution rate which is appropriate to their circumstances, and these can be found in the Rates & Adjustments Certificate, contained in the main report. However, all employers will be different, and the contribution rate will reflect the membership and experiences of each employer.

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Employees pay a contribution to the Fund in addition to these rates. These rates are set by the LGPS Regulations. The average employee contribution rate at 31 March 2022 is 6.4% of pay (6.3% at 31 March 2019).

Further information on the valuation process, methodology and strategy is set out in the publicly available Funding Strategy Statement, Investment Strategy Statement and published papers and minutes of the Pensions Committee. The report will be issued to all employers and published on the Funds website by 31 March 2023.

## **Funding Strategy Statement**

The draft Funding Strategy Statement (FSS) and the associated policies relating to Cessation, Contribution Reviews and Pre-Payment of Contributions was approved for consultation with the employers by the Pensions Committee, at its meeting on 23 September 2022.

Following the meeting, the draft FSS and associated policies were distributing to all participating employers in the Fund on 31 October 2022 requesting responses by 25 November 2022. No responses to the consultation were received.

The final FSS and associated policies are attached to this report as:

Funding Strategy Statement - appendix 2  
Pre-Payment Policy - appendix 3  
Contribution Reviews Policy - appendix 4  
Cessation Policy - appendix 5

## **Recommendation**

- 1) That Committee receive and accept the report on the actuarial valuation of the Gloucestershire Pension Fund at 31 March 2022.
- 2) That following a period of consultation that the Draft Funding Strategy Statement, Cessation Policy, Contributions Policy and Pre-Payment Policy, which were approved by Committee on the 23 September 2022, be formally adopted from 1 April 2023.

## **Contact Officer**

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