



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

Contact: Richard McIndoe, Ext: 77383

Item 1

19th March 2024

## Actuarial Valuation and Funding Strategy Statement

### Purpose of Report:

To conclude the actuarial valuation as at 31<sup>st</sup> March 2023.

### Recommendations:

The Committee is asked:

- to **NOTE** the contents of this report;
- to **NOTE** the actuary's draft report in respect of the 2023 actuarial valuation;
- to **NOTE** Hymans Robertson's Funding Update Report as at 29<sup>th</sup> February 2024; and
- to **APPROVE** publication of the Funding Strategy Statement.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes  No  consulted: Yes  No

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## 1 **Background**

At its meeting in September 2023, the Committee:

- noted the preliminary results of the actuarial valuation as at 31<sup>st</sup> March 2023;
- approved a proposed Funding Strategy; and
- approved a draft Funding Strategy Statement (FSS) for consultation with appropriate interested parties.

## 2 **Funding Strategy Statement (FSS)**

The FSS was published on the SPFO website shortly after the November meeting of the committee. Employers and other parties were invited to provide comments or questions by 31<sup>st</sup> December 2023. There was a very small response in terms of formal comments received. There was, though, a considerable amount of engagement with employers on their own valuation results which were issued alongside the FSS. Some minor amendments to the draft FSS have been made to clarify points raised during this process and to include additional details of the actuarial process and funding principles. An updated draft is available on the Fund's website at [www.spfo.org.uk](http://www.spfo.org.uk). It is proposed that this should be published as the final version of the statement.

## 3 **Actuarial Valuation**

To complete the 2023 actuarial valuation process, the Local Government Pension Scheme regulations require SPF to obtain, by 31<sup>st</sup> March 2024:

- a report by the actuary in respect of the valuation; and
- a rates and adjustments certificate specifying contributions to be paid by each employer for the 3 years commencing 1<sup>st</sup> April 2024.

The actuary's draft report is attached.

The rates and adjustments certificate is included as an appendix in the actuary's report.

The actuary will produce a final version of the report by 31<sup>st</sup> March 2024. This will also be published on the SPF website.

## 4 **Funding Update**

Hymans Robertson's Funding Update Report as at 29<sup>th</sup> February 2024 is attached for information. The report shows an improvement in the funding level from **147%** at the valuation date to **159%** at end February.

## 5 **Next Steps**

On completion of the valuation, the revised employer contribution rates will become payable from 1<sup>st</sup> April 2024.

Some technical steps will follow: revision of some factors used in benefit calculations, revision of employers' ill health insurance premia, and the Government Actuary's Department's Cost Cap and Section 13 reviews. These have no impact on the outcome of the valuation.

The next actuarial valuation will be carried out as at 31<sup>st</sup> March 2026.

## 6 Policy and Resource Implications

### Resource Implications:

*Financial:* On completion of the valuation, the revised employer contribution rates will become payable from 1<sup>st</sup> April 2024.

*Legal:* The actuarial valuation is carried out in accordance with regulations 56 and 60 of the Local Government Pension Scheme (Scotland) regulations 2018.

*Personnel:* None at this time.

*Procurement:* None at this time.

**Council Strategic Plan:** SPF supports all Missions within the Grand Challenge of: ***Enable staff to deliver essential services in a sustainable, innovative and efficient way for our communities.***

The LGPS is one of the key benefits which enables the Council to recruit and retain staff.

### Equality and Socio-Economic Impacts :

*Does the proposal support the Council's Equality Outcomes 2022-25?* Equalities issues are addressed in the Fund's Responsible Investment strategy, in the scheme rules which are the responsibility of Scottish Government and in the Fund's Communications Policy which has been the subject of an Equalities Impact Assessment.

*What are the potential equality impacts as a result of this report?* No specific equalities impacts.

*Please highlight if the policy/proposal will help address socio economic disadvantage.* N/a.

### Climate Impacts:

*Does the proposal support any Climate Plan actions? Please specify:* Not directly.  
The actuarial data forms the basis for climate scenario modelling which informs the review of investment strategy and structure which is carried out alongside the valuation.

*What are the potential climate impacts as a result of this proposal?* N/a.

*Will the proposal contribute to Glasgow's net zero carbon target?* N/a.

**Privacy and Data**

**Protection Impacts:**

Are there any potential data protection impacts as a result of this report  
Y/N No.

If Yes, please confirm that a Data Protection Impact Assessment (DPIA) has been carried out N/a.

**7 Recommendations**

The Committee is asked:

- to note the contents of this report;
- to note the actuary's draft report in respect of the 2023 actuarial valuation;
- to note Hymans Robertson's Funding Update Report as at 29<sup>th</sup> February 2024 and
- to approve publication of the Funding Strategy Statement.

**Attachments**

- 1 Report on the Actuarial Valuation as at 31<sup>st</sup> March 2023**
- 2 Funding Update Report at 29 February 2024**