



CLYDEBANK HOUSING ASSOCIATION LIMITED

TO: Management Committee (29 October 2019)

DATE: 25.10.19

FROM: Head of Finance & Corporate Services

REF: /LL

SUBJECT: SHAPS PENSION REPORT

Purpose of Report

The purpose of the report is to provide an update on the results of the 2018 valuation for the Scottish Housing Associations' Pension Scheme (SHAPS). The Association is an employer member of this pension scheme.

Potential impact on tenants and service users/Tenant Consultation requirements

There is no adverse impact on tenants and other service users as a result of information and decisions required in this report.

Value for Money

CHA considers Value for Money in all aspect of its business including: -

- Managing our resources to provide quality services and homes to meet the needs of customers and the local community.
- Delivering the right service at the right time at the right cost.
- Planning for and delivering year on year improvements on our services based on customer priorities.
- Getting the most out of our assets and staff by operating efficiently and effectively.

Risk

There is no risk, financial or otherwise associated with any of the updates contained within this report in relation to potential ongoing pension costs which cannot be facilitated within the short, medium and long term business plan.

Legal/constitutional Implications (Reference to Model Rules)

There are no adverse legal or constitutional implications as a result of this report and/or any decision required.

Relevant CHA Objectives:

- To ensure that our resources are adequate to deliver our objectives by investing in our people, demonstrating value for money and through robust procurement practices.
- To promote social inclusion by applying principles of equality and diversity to everything we do.

Relevant SHR Regulatory Standards of Governance and Financial Management

- The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.
- The RSL manages its resources to ensure its financial well-being and economic effectiveness.
- The governing body and senior officers have the skills and knowledge they need to be effective.

Equalities

No protected group is adversely affected by the proposals, recommendations or updates within this report. Our commitment to equal opportunities and fairness applies irrespective of factors such as race, sex, disability, age, gender reassignment, marriage & civil partnership, pregnancy & maternity, religion or belief and sexual orientation.

Following on from the September 2019 SHAPS pension update which was provided to the Management Committee, the finalised results of the 2018 actuarial valuation have now been received by The Pensions Trust.

Overview of 2018 valuation

Full details are included in the appendices to this report but the headline results of the valuation as at 30 September 2018 are:

- The funding level has improved by 13%, from 76% to 89%
- The overall deficit has reduced to £121m (from £198m at 30 September 2015)
- Deficit contributions will:
 - Remain at the same level of £31.1m for the Scheme overall
 - continue to be allocated to each employer based on its share of the total liabilities – this means each employer's share will change
- Increased future service contribution rates will be payable
- Revised expenses will be payable from 1 April 2020 and will be fixed for a period of three years.

CHA Summary from April 2020

Since April 2019, CHA has been contributing deficit payments of £140,942.52 a year.

Under the new recovery plan, from 1 April 2020 the deficit contributions that are required from CHA are **£130,086 a year meaning a £10,856 per annum reduction**. These payments increase annually by 3% from 1 April 2021 and on each 1 April thereafter.

There will be an assessment of the funding position at 30 September 2021, taking into account the deficit contributions payable to 30 September 2022:

If the results show no deficit is identified then deficit contributions will cease from 30 September 2022.

From 1 April 2020, the scheme expenses per annum are £4,331. These payments will remain fixed until 31 March 2023.

As at 30 September 2018, the estimated debt on withdrawal for Clydebank Housing Association Ltd has been calculated to be **£3,203,914**.

The updated valuation information will be incorporated into our Budgets and Financial Plans.

Further details are included in the following attachments:

a) CHA Annual Deficit Contribution (TPT Appendix 3)

This summary demonstrates what the 2018 valuation results mean for CHA. It details the revised deficit contributions and expenses payable from 1 April 2020.

It also includes the latest estimated debt on withdrawal for CHA.

The effective date of change to the deficit contributions and new future service contribution rates is 1 April 2020.

b) Valuation Headlines

This brief summary gives an overview of the valuation including the results and future service contribution rates.

c) Valuation Guide

This gives a detailed overview of the valuation results and provides supporting information.