

Report of the Director, West Yorkshire Pension Fund to the meeting of Joint Advisory Group to be held on 29 July 2021

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Subject: 2022 Actuarial Valuation

Summary statement:

The next triennial actuarial valuation of the Fund is due at 31 March 2022, which will determine the funding position and employer contribution rates from April 2023 onwards.

An initial meeting with the Fund's Actuary will be arranged in the autumn, when issues relating to the valuation and investment markets will be explored in some depth.

Rodney Barton
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Portfolio:

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Overview & Scrutiny Area:

1. Background

- 1.1 In accordance with the Local Government Pension Scheme Regulations, the Fund is subject to an actuarial valuation by its appointed consulting actuary, Aon, at 31 March 2022.
- 1.2 The last actuarial valuation took place at 31 March 2019, where the change in the funding level resulted in limited changes to employer contributions.

2. Valuation at 31 March 2022

- 2.1 The first stage of the valuation process will be to arrange an initial meeting with Aon in the autumn. At this meeting the actuary will present the issues to be addressed in order to complete the valuation.
- 2.2 The issues will include the following:-
 - Pension Fund data, quality and availability
 - Cost of the scheme
 - Investment markets, and assumptions for the future
 - Pay and inflation increases, and assumptions for the future
 - Changes to mortality assumptions
 - The need for stable employer contributions
 - The strength of employer covenants.
- 2.3 The discussions at the meeting will provide a basis for the actuary to prepare some indicative assumptions that could be used to generate an acceptable result.
- 2.4 In early 2022 a training session with the funds actuary about the valuation process for Investment Advisory Panel, Joint Advisory Group and Pension Board members will be arranged.
- 2.5 The Funds Funding Strategy Statement will also be reviewed as part of the work for the valuation. All stakeholders will be consulted on any changes.
- 2.6 Employers will be reminded that meeting the deadline for year-end returns at 31 March 2022 is essential, as this ensures the data submitted to the actuary is as accurate as possible.

3. Recommendation

- 3.1 It is recommended that the Joint Advisory Group note this report.