

Report of the Director, West Yorkshire Pension Fund to the meeting of Joint Advisory Group to be held on 28 July 2022.

H

Subject: Pooling of Academies

Summary statement:

As the number of academies increases the Fund is seeking to introduce pooling to all academies for funding purposes.

Recommendation

The principal to move towards pooling all academies for funding purposes is approved.

The outcome of the consultation exercise with all employers and updates to the Funding Strategy Statement will be considered in January 2023.

Rodney Barton
Director WYPF

Report Contact: Caroline Blackburn
Technical and Development Manager
Phone: (01274) 434523
E-mail: caroline.blackburn@bradford.gov.uk

Portfolio:

[Insert where appropriate]

Overview & Scrutiny Area:

[Insert where appropriate]

1. BACKGROUND

- 1.1 The Fund currently sets individual contributions rates for each of its academies (apart from a number of academies who are part of a Multi Academy Trust (MAT) where contributions are set at a MAT level).
- 1.2 At 31 March 2019, the Fund had over 200 academies of which 119 had their own contribution rate; the remainder were part of a MAT which has a single contribution rate across all its academies.
- 1.3 As the number of academies increases the time and effort of tracking individual contributions rates are also increasing.
- 1.4 We believe pooling of academies for funding purposes is becoming more common across the LGPS, (Academies also have a single source of funding). It may also future proof our Investment Strategy if the Government decides to impose greater consistency of contributions for academies.
- 1.5 Pooling of risks involve sharing risks between employers. All funding risks would be pooled which would generally mean all employers (academies) in the pool have the same contribution rate.
- 1.6 Where all risks are shared there is no need to notionally allocate assets to the individual employers in the pool. In effect the liabilities are aggregated for all employers in the pool and a single contribution rate would be certified.
- 1.7 Setting a single contribution rate for all academies and MAT's will result in:
 - Simplified valuation calculations therefore reducing actuarial time and fees, less administration with valuation calculations,
 - Greater consistency for setting contributions, therefore providing more certainty for employers and less fluctuation in employer contribution rates.
- 1.8 With the next Valuation of the Fund due as at 31 March 2022 it is an opportune time to consider whether academies should be pooled when setting their contribution rates.

2. PROCESS

- 2.1 A consultation exercise with all academies will commence in September 2022 which will include a session with the Fund Actuary. The Funding Strategy Statement will be updated to include details of the proposal and will be consulted on with all employers (the FSS will also be updated with changes due the 2022 Valuation).
- 2.2 The Funding Strategy Statement and consultation responses will be presented to January 2023 Joint Advisory Group.

3. RECOMMENDATION

- 3.1 The principal to move towards pooling all academies for funding purposes is approved.
- 3.2 The outcome of the consultation exercise with all employers and updates to the Funding Strategy Statement will be considered in January 2023.