

Report of the Managing Director, West Yorkshire Pension Fund to the meeting of Local Pension Board to be held on 13 December 2022.

AA

Subject: 2022 Actuarial Valuation

Summary statement:

The triennial actuarial valuation of the Fund will be prepared based on the situation at 31 March 2022, and will determine the level of employers' contributions from April 2023 onwards.

EQUALITY & DIVERSITY: None

Euan Miller
Managing Director

Portfolio: Leader of Council and Corporate

Report Contact: Caroline Blackburn
Head of Employer Services and
Compliance
Phone: 07790353179
E-mail: caroline.blackburn@wypr.org.uk

Overview & Scrutiny Area: Corporate

1. SUMMARY

This report provides the Local Pension Board with an update of the work undertaken to date on the 2022 Actuarial Valuation and the next steps.

2. BACKGROUND

- 2.1 In accordance with the Local Government Pension Scheme Regulations the Fund is subject to an actuarial valuation by its appointed consulting actuary at 31 March 2022.
- 2.2 The main aims of carrying out an actuarial valuation of the Fund are to:
 - Review the financial position of the fund,
 - Determine the employer's contribution rates; and
 - Ensure that the legal requirements in relation to the actuarial valuation are met.
- 2.3 The Fund is working with the Fund's Actuary to try and ensure, wherever possible, any changes to employer's contributions are minimal, to enable accurate budgeting and affordability by employers. This is consistent with the Regulations, which specify that the actuary must have regard to the desirability of maintaining as nearly constant a common rate as possible.

3. PROGRESS

- 3.1 The Terms of Reference for the Actuarial Valuation at 31 March 2022 were agreed with the Funds Actuary in early 2022.
- 3.2 The Actuary has completed the longevity analysis for the Fund, using data and experience from the last 5 years. This analysis indicates that there has been a slowdown in longevity improvements since the last valuation and this was taken into account when agreeing the final demographic assumptions (this included the results of the recent pandemic).
- 3.3 Data extracts for Actives, Deferred, Pensioners, Preserved Refunds and Dependants records were supplied to the Actuary in June 2022.
- 3.4 The Fund received the initial whole of Fund results in September and a meeting was held with the Fund's Actuary and a Joint Advisory Group sub group where initial assumptions, principals and approaches were agreed.
- 3.5 A consultation exercise has been launched with employers and members of Joint Advisory Group, Panel and Pension Board members on updates to the Funding Strategy Statement which reflect the principals and approaches it proposes to take. The consultation closes on 31 December and the outcome of the consultation will be presented to the Joint Advisory Group meeting in January.
- 3.6 Employer contributions results schedules have started to be distributed to employers and it is anticipated that this exercise will be completed before Christmas.

4. Next Steps

- 4.1 The Fund will continue to distribute the results schedules and where appropriate meet with employers to discuss their funding positions, and employer contributions required.
- 4.2 The Funds Actuary has been invited to provide a training session in early January 2023 for all Joint Advisory Group, Panel and Pension Board members to recap on some of the training provided in January 2022 (in terms of what a valuation is and what it aims to achieve) and also focus on the strategic decisions for the 2022 valuation and the results at whole of fund level.
- 4.3 The consultation on the principals and approaches for the 2022 Valuation as detailed in the Funding Strategy Statement will close at the end of December and the results will be taken to the Joint Advisory Group meeting to be held in January.
- 4.4 The final Valuation report and Rates and Adjustment certificate will be completed by the Fund's Actuary before the 31 March 2023 deadline.
- 4.5 The new employers' contribution rates will come into effect from 1 April 2023.
- 4.6 During late summer (timetable has yet to be agreed) information will be provided to Government Actuary Department (GAD) to enable them to complete the Section 13 review on the 2022 Valuation.

5. OTHER CONSIDERATIONS

None

6. FINANCIAL & RESOURCE APPRAISAL

None

7. RISK MANAGEMENT AND GOVERNANCE ISSUES

None

8. LEGAL APPRAISAL

None

9. OTHER IMPLICATIONS

9.1 SUSTAINABILITY IMPLICATIONS

None

9.2 GREENHOUSE GAS EMISSIONS IMPACTS

None

9.3 COMMUNITY SAFETY IMPLICATIONS

None

9.4 HUMAN RIGHTS ACT

None.

9.5 TRADE UNION

None

9.6 WARD IMPLICATIONS

None.

**9.7 AREA COMMITTEE ACTION PLAN IMPLICATIONS
(for reports to Area Committees only)**

None.

9.8 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE

None

9.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

None.

10. NOT FOR PUBLICATION DOCUMENTS

None.

11. OPTIONS

N/A

12. RECOMMENDATIONS

The Local Pension Board note this report