

SOUTH YORKSHIRE PENSIONS AUTHORITY

1 OCTOBER 2015

Report of the Fund Director

ACTUARIAL VALUATION 2016 TIMETABLE

1) Purpose of the Report

To advise Members about the provisional timetable for considering aspects of the actuarial valuation due at the end of March 2016.

2) Recommendation

Members are asked to note the report.

3. Information

3.1 The Authority has retained responsibility for the production of the actuarial valuation to itself and has not delegated it to a Board.

3.2 The next triennial actuarial valuation of the Fund is due as at 31 March 2016. As Members are aware the preparation of the valuation involves a lot of work from the employers, the actuary and the Authority and given the other pressures on the parties, not least in terms of employers' budget preparations, it might be helpful to know what the provisional timetable is:-

- Discussions with Actuary, Officers and Districts regarding approach/budgets : Oct-Dec 2015
- Consideration of data requirements by employers : Jan/Feb 2016
- Valuation effective date : 31 March 2016
- Further discussions re assumptions/estimated results between actuary and administering authority : April/May 2016
- Employers supply data to Fund : April 2016
- Fund supplies data to actuary : July 2016
- Actuary processes data : July/August 2016
- Actuary discusses results/funding strategy with Fund : Sept 2016
- Actuary/Fund to discuss/agree initial results with Districts : Sept/Oct 2016
- All individual employer results finalised by actuary : Sept/Oct 2016
- Liaison with employers re contributions from 2014 : Oct/Nov 2016
- Production of formal report : March 2017
- Production of certificates : March 2017

Members are aware that preliminary discussions are already underway between officers and the actuary with regard to the underlying principles to be adopted for setting the valuation assumptions/methodology and a meeting will be held in early October on this subject. The outcome will then be discussed with the district councils.

Given the expected level of discussions with the district councils as part of the valuation process, Members are also asked to note that officers will seek to continue the dialogue with the districts in the lead up to the valuation (and also in the period up to their results being assessed), both in terms of the

discussions with the actuary, and also with regard to their own budget preparations and potential valuation outcomes.

3.3 The Fund normally commissions an asset and liability study to check the continuing relevance and suitability of the Fund's investment strategy following an actuarial valuation. At the very least it is important to ensure that the assumptions being used to determine that strategy agree with and/or are compatible with those used by the actuary in the valuation process. As such the Investment Board will need to input into the discussion no later than the first quarter of 2016. The study itself can be commissioned to start once the preliminary valuation results are known, say in September 2016, with a view to the strategy being agreed by December for implementation with effect from April 2017. If the preliminary valuation outcome suggests that a full asset and liability study isn't warranted it might still be prudent to procure a "health check" in order to assure stakeholders that all matters are being considered.

3.4 It goes without saying that the timeliness, quality and reliability of the underlying membership data will affect both the speed and accuracy of the valuation process. The validation of data received is a significant aspect of the process and the risk of slippage resulting from the need to estimate or substitute data must be minimised as much as possible. Materiality is important for each employer: the results must have credibility.

4) Implications

4.1 Financial

Provision has been made within this year's budget and estimates will be included in the 2016/17 budget.

4.2 Legal

There are no legal implications.

4.3 Diversity

There are no diversity implications.

4.4 Risk

There are no risk implications.

Officer responsible:-

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Background papers used in the preparation of this report are available for inspection at the offices of the Authority in Barnsley

Other sources and references: Mercers