



SOUTH YORKSHIRE
PENSIONS AUTHORITY

Subject	Asset/Liability Study and Investment Strategy Review	Status	For Publication
Report to	Authority	Date	13 June 2019
Report of	Head of Investment Strategy		
Equality Impact Assessment	Not Required	Attached	No
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1. Purpose of the Report

- 1.1 To provide an update on the asset and liability study.

2 Recommendation(s)

2.1 **Members are recommended to:**

Note the appointment of Hymans Robertson to undertake the asset and liability study for the Fund.

3. Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:

Investment Returns

To maintain an investment strategy which delivers the best financial return, commensurate with appropriate levels of risk, to ensure that the Fund can meet both its immediate and long term liabilities.

This report will be one of a series during the year providing members with information to enable them to determine any changes needed to the Fund's investment strategy.

Effective and Transparent Governance

To uphold effective governance showing prudence and propriety at all times.

This report explains the process undertaken to select a consultant to carry out the review for the Fund.

4. Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report address the corporate risk register in relation to maintaining the gains in funding levels achieved since the 2016 valuation as the review of the strategy should look to the risk of the Authority not being able to fulfil its investment strategy

5. Background and Options

- 5.1 The statutory triennial actuarial valuation is being carried out as at the end of March 2019. The Authority is commissioning an asset and liability study using the data from this valuation to ensure as far as possible that the Fund's investment strategy remains in accordance with its underlying liabilities.
- 5.2 The review will re-evaluate the existing investment strategy to provide independent verification of the suitability of the current arrangements or to suggest change to the strategic asset allocation where it is felt necessary.
- 5.3 The review will be expected to examine the effect of different investment strategies on the financial position of the Fund under a range of investment conditions and the risk analysis of these strategies will be included.
- 5.4 The Authority undertook an Invitation to Tender process drawn down from the National LGPS Framework for Investment Management Consultancy Services.
- 5.5 Four firms were invited to tender
- Aon Hewitt
 - Hymans Robertson
 - Mercers
 - MJ Hudson Allenbridge.
- 5.6 Three of these responded and were invited for interview on 3 June 2019. The responses were evaluated under the headings shown below

• Quality	45%
• Service Fit (Interview)	25%
• Value for Money	30%
Total	100%

The consultant appointed was Hymans Robertson.

- 5.7 The process of developing the strategy will involve detailed modelling derived from the work undertaken by the Actuary in relation to the valuation of the Fund and workshops involving officers, the Independent Advisers, and at an appropriate stage Border to Coast. One of the member seminars has also been set aside for detailed engagement with and briefing of members on the emerging conclusions of this work. The final revised strategy will be presented for approval alongside the final valuation results during early 2020.

6. Implications

- 6.1 The proposals outlined in this report have the following implications

Financial	The resources to fund this work are provided within the approved revenue budget.
Human Resources	None
ICT	None
Legal	None
Procurement	The use of the National LGPS Framework in this way is a compliant procurement route.

Sharon Smith

Head of Investment Strategy

Background Papers	
Document	Place of Inspection
None	