SOUTH YORKSHIRE PENSIONS AUTHORITY

Agenda Item

Subject	**Actuarial Valuation 2022 – Comparative Results**	**Status**	For Publication
Report to	Authority	**Date**	8th June 2023
Report of	Director		
Equality Impact Assessment	Not Required	Attached	No
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1 Purpose of the Report

1.1 To provide members with a comparison of the Fund's 2022 valuation results with those of the rest of the Local Government Pension Scheme in England and Wales.

2 Recommendations

2.1 Members are recommended to:

a. **Note the comparison of the Fund's valuation results with those of the remainder of LGPS.**

3 Link to Corporate Objectives

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

Scheme Funding

To maintain a position of full funding (for the fund as a whole) combined with stable and affordable contributions on an ongoing basis.

Effective and Transparent Governance

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

3.2 The valuation process is the key process for determining the success of the Authority's investment strategy in delivering a funding position that works for the employer base, and it is important that the Authority is open with stakeholders about how its position compares with peers across LGPS.

4 Implications for the Corporate Risk Register

4.1 The actions outlined in this report have the implications for the risks around funding and regulatory compliance contained in the Corporate Risk Register.

5 Background and Options

5.1 The results of the 2022 valuation and the Actuary's rates and adjustments certificate were reported to the last meeting of the Authority. Following the publication of all the 2022 Valuation Reports Hymans Robertson, the Fund's Actuary, have produced a report comparing South Yorkshire's results with those across the rest of LGPS in England and Wales. This is attached at Appendix A.

5.2 The key messages from the report in terms of the position of the LGPS across England and Wales are:

- That overall, the LGPS in England and Wales is well funded and has seen a significant improvement in funding since 2019 largely driven by good investment returns, with an overall funding level of 107% (SYPA 119%).
- The surplus has provided some contribution relief with the average employer contribution across the scheme falling from 21.9% in 2019 to 20.8% in 2022 (SYPA is at 18.5% in 2022) .
- The outlook for the long-term sustainability of the scheme is robust with funding plans having a greater than 3 in 4 likelihood of being sustainable in the longer term.

5.3 The local picture in comparison to the scheme wide position is positive with the actuary concluding as follows:

- At the 2022 valuation the Fund is in a strong position.
- The past service funding level is strong, with enough money set aside to pay for the benefits earned to date.
- The Fund has been able to, on average, keep contribution rates stable for the majority of employers.
- The Funding plan is robust with a likelihood of success of 80%.
- This should give the Fund additional comfort that the funding decisions made over the past year (and longer) are appropriate and continue to ensure there is enough money to pay benefits in the longer terms.

5.4 This should provide assurance to employers that the Fund is delivering in terms of the longer term funding objectives which are examined at the valuation. While each of the 86 LGPS funds in England and Wales should be looked at in isolation analysis of this sort obviously results in the production of league tables and in terms of average contribution rates at fund level employers should be further reassured by the fact that SYPA ranks 71st of 86 funds (where 1 is the highest rate which is over 30%).

5.5 This analysis also provides an important indicator of the potential for the Authority to be highlighted by the Government Actuary (GAD) in their section 13 report on the 2022 valuation which broadly looks at whether funds are making reasonable assumptions and judgements in the valuation process. From this analysis while the SYPA results are good we sit somewhere towards the middle of the pack on some of the key indicators examined by GAD. Thus, while it is never certain as the GAD assessment process evolves each time there does not seem to be a high risk of any red flags in the process.

5.6 Broadly this analysis paints a positive picture, but we should not let this, and the post valuation further increase in the estimated funding level lead to complacency. The volatility in the financial markets remains a very significant risk, but we are addressing that risk from a solid foundation.

6 Implications

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

Financial	None directly
Human Resources	None
ICT	None
Legal	None
Procurement	None

George Graham

Director

Background Papers	
Document	**Place of Inspection**