

The draft 2016 Valuation plan route map and timetable

The East Sussex Pension Fund (ESPF) is subject to an actuarial valuation every three years. The last valuation of the Fund was in 2013 with the next valuation to be undertaken as at 31 March 2016. The basic purpose of the valuation is to assess the Fund's assets and liabilities and calculate the rate of each employer's contribution rate for the three years from April 2017.

Please find in Appendix 2 an agreed timetable with the Fund actuary of key dates to ensure the valuation process can be completed within a timely manner so that the new employer contribution rates can be provided to employers before April 2017. In addition, by way of a visual representation of the whole valuation processes please see a 'route map' in Appendix 2. This plan is a guide and will continue to refine and update as we progress through the 2016 valuation project.

Following the 2013 valuation it was identified that a different approach to funding may be required for certain employers in the Fund, in particular, those employers closed to new entrants who will be required to pay a gilts cessation debt when they eventually cease participation in the Fund. As part of the covenant review process in readiness of the 2016 actuarial valuation (as seen in Appendix 2), we as a Fund met with employers in order to discuss in more detail the changes in funding strategy and the likely impact on contribution rates from April 2017. These meetings were received well and ongoing discussions are taking place to ensure that employers are well informed.

It is important that results are accurate and provide appropriate information to help employers plan for the future. Any error in the valuation data will lead to an incorrect value being placed on employer's assets and liabilities which ultimately feeds into the contribution rate. Increased scrutiny from the Pensions Regulator ("tPR") and the Scheme Advisory Board ("SAB") means that clean data has taken on ever more significance. Recognising this the Fund agreed with the Fund actuaries to carry out data cleansing during November and December 2015, initial results are expected from this in January 2016.

Further to discussions with Business Operations – pensions in the latter part of last year, the Fund on the 8th January 2016 provided a detailed proposed timetable and guidance regarding carrying out delivery of the membership data required for the 2016 valuation. As part of the agreed actions in support of the administration the Fund will communicate to employers over coming month the necessary requirements and key timelines in submission of relevant data by employers to the administration. It is also important that the administration delivers to employers and the Fund in respect of the agreed timeline..

By way of modernising and in support of administrative processing all LGPS actuarial advisors and administrative software providers have been working together to introduce a universal data specification for all valuation and employer work. In addition a new online tool "data portal" has been introduced which will be used as part of the 2016 valuation data collecting exercise, this online tool is helpful to the administration as it will help automate processes as above.

Wendy Neller | Pensions Strategy and Governance Manager