

Report on the Actuarial Valuation as at 31 March 2025

Cumbria Local Government Pension Scheme

30 March 2026

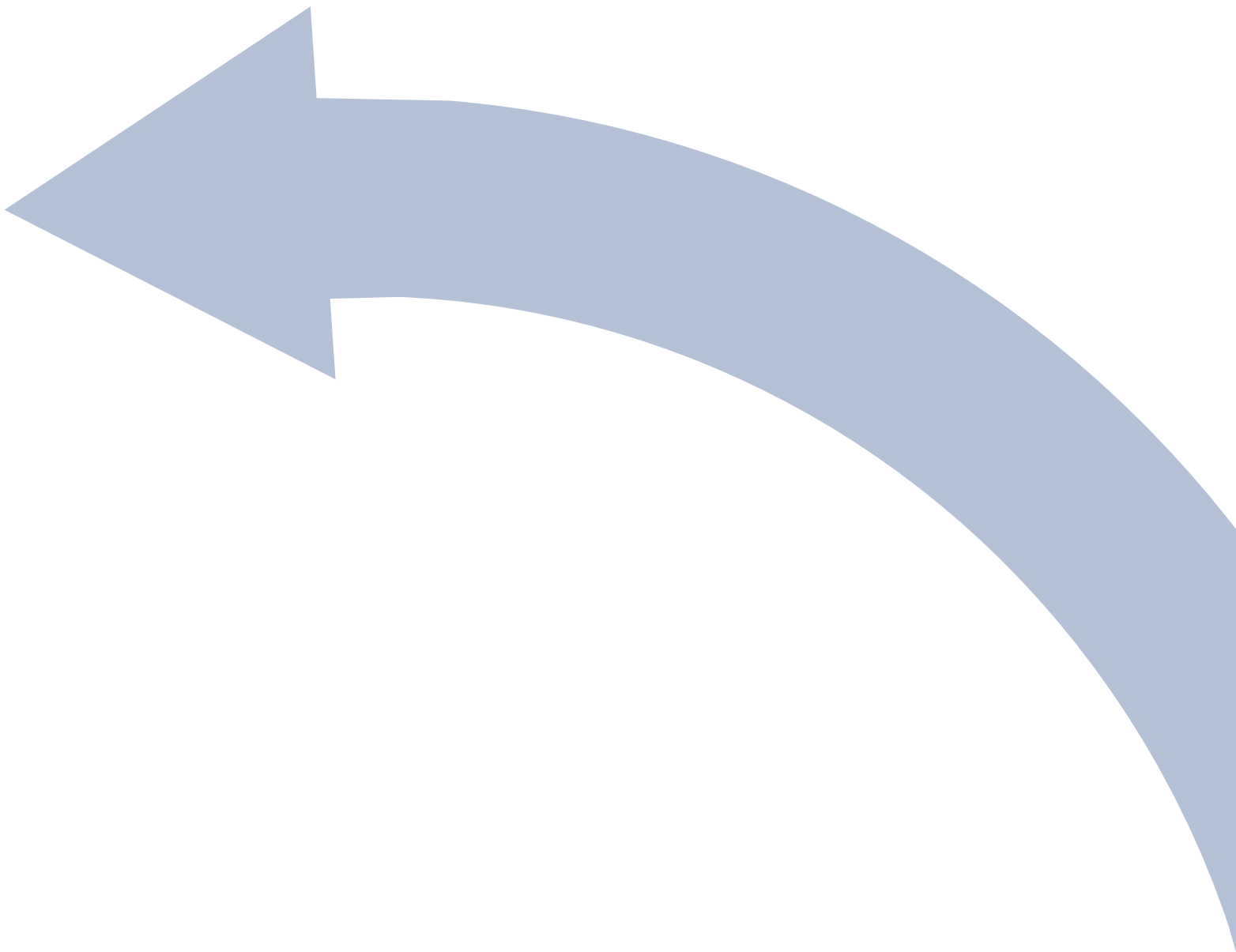


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Introduction



Section 1

Introduction

This report is addressed to the Administering Authority of the Cumbria Local Government Pension Scheme (“the Administering Authority”) and is provided to meet the requirements of Regulation 62 of the Local Government Pension Scheme Regulations 2013 (as amended) (“the Regulations”). It describes the factors considered by the Administering Authority when carrying out the actuarial valuation as at 31 March 2025 and the decisions reached as a result.



The purpose of the actuarial valuation is for the Administering Authority to determine:

- The expected cost of providing the benefits built up by members at the valuation date (the “liabilities”) and compare this against the funds held by the Fund (the “assets”).
- The contributions needed to cover the cost of the benefits that active members will build up in the future and other costs incurred in running the Fund (the ‘Primary Contribution Rate’).
- An appropriate plan for achieving and maintaining a 100% solvency funding level if the Fund has more/less assets than liabilities. This plan will cover the amounts which will need to be paid (the ‘Secondary Contribution Rate’) and the timeframe over which they will be paid (‘the Recovery Period’).

Comparison with other LGPS funds

The funding position and resulting contributions are based on assumptions about future factors such as investment returns, inflation and life expectancy. As these are uncertain, different assumptions and funding parameters are used by each LGPS fund to reflect their own views, circumstances and strategic objectives. These differences (amongst other factors including crucially the previous funding level and employer short and long-term affordability) will lead to differences in funding positions and contributions across LGPS funds. To support comparison, LGPS funds are required to report a funding position on a consistent set of assumptions (called the “SAB funding level”). The Fund’s SAB funding level at 31 March 2025 is 117%.

IMPORTANT NOTE: the SAB assumptions are to allow comparison only, they are not intended to be appropriate for funding purposes and make no allowance for local factors such as employer affordability/risk. As such, this result has no impact on the Fund’s funding strategy or employer contribution rates.

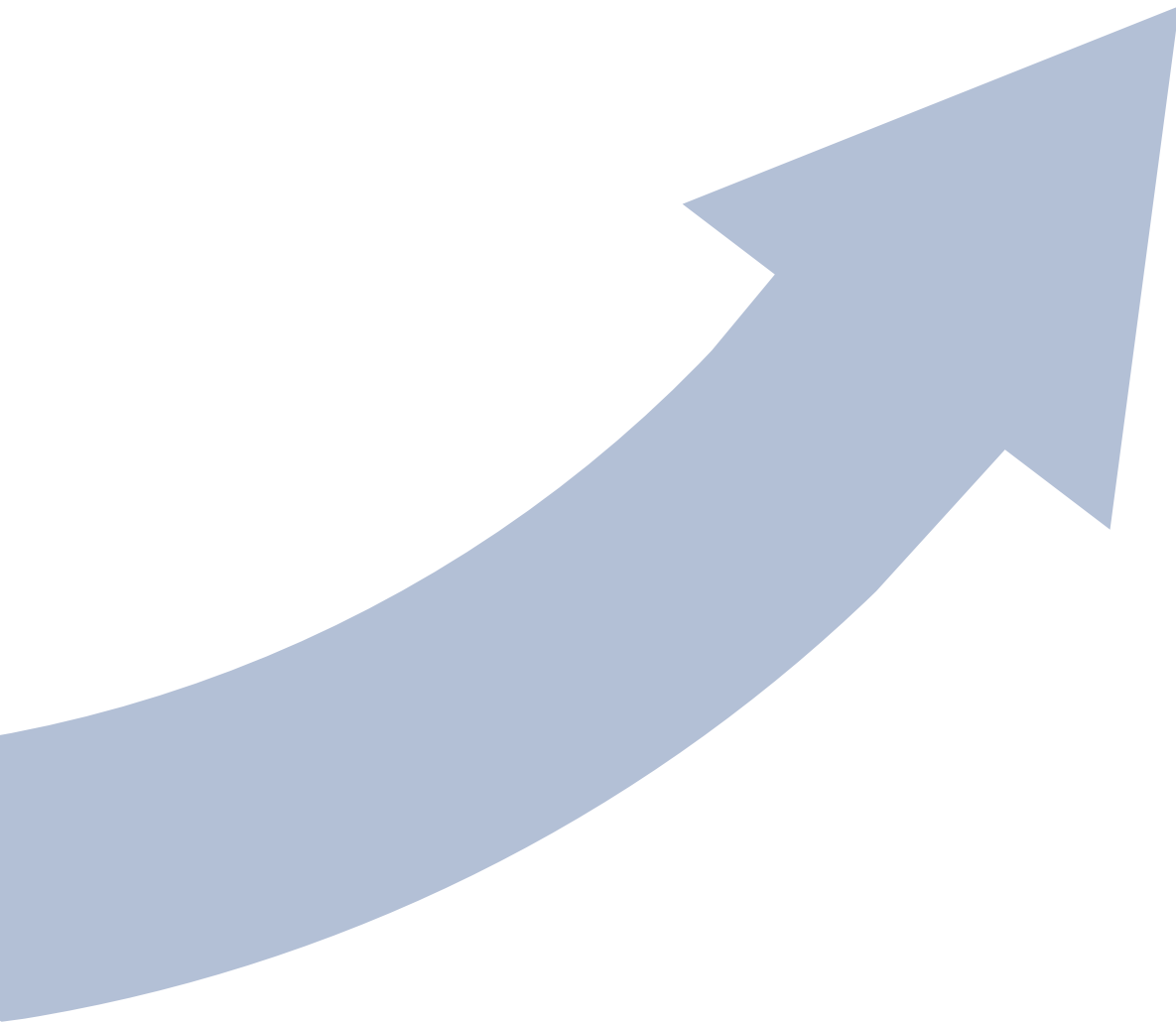
Signature		Signature	
Date of Signing	30 March 2026	Date of Signing	30 March 2026
Fund Actuary	Mark Wilson	Fund Actuary	Clive Lewis
Qualification	Chartered Actuary (Fellow)	Qualification	Chartered Actuary (Fellow)

This report uses various technical terms. These are explained in more detail in the explanatory boxes which appear throughout this report, and in the Glossary in [Appendix J](#).

This report has been prepared in accordance with Technical Actuarial Standards 100 General Actuarial Standards (TAS 100 v2.0) and Technical Actuarial Standard 300 Pensions (TAS 300 v2.1), which are issued by the Financial Reporting Council. The calculations referred to in the report use methods and assumptions appropriate for reviewing the financial position of the Fund and determining a contribution rate for the future. Mercer does not accept liability to any third party in respect of this report; nor do we accept liability to the Administering Authority if the information provided in this report is used for any purpose other than that stated. The report may be disclosed to members and others who have a statutory right to see it. It may also be disclosed to any participating employer and, if the Administering Authority and Mercer consent, it may be disclosed to other third parties.

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Funding strategy – key elements



Section 2

Funding strategy – key elements

Funding Strategy – Key Elements

Fundamental to the valuation results is the funding strategy adopted by the Fund. This funding strategy is set out in a specific document (the Funding Strategy Statement or FSS for short) which is one of the Administering Authority's key governance documents for the Fund. In essence, the FSS sets out an overview of the approach to be used for the actuarial valuation.

Amongst other things it outlines the assumptions, both financial and demographic, to be used in calculating the value of the liabilities built up, the contributions required to correct any funding shortfall or surplus, and the contribution rate required to fund the benefits for future service. It also sets out the strategy for making good any funding shortfall or paying

back any surplus, in particular the balance between future contributions and future investment returns, and the period over which any surplus or shortfall is expected to be recovered/returned. The level of surplus that may be returned to employers is set out in the Surplus Policy in the FSS. The funding strategy policies have been set with the objective of reaching solvency when an employer is in deficit and achieving sustainable contributions for those in surplus.

The FSS is the Administering Authority's key governance document in relation to the actuarial valuation. It sets out the funding policies adopted, the actuarial assumptions used, and the timescales over which deficits will be paid off. Employers are consulted about the FSS as part of the actuarial valuation process.

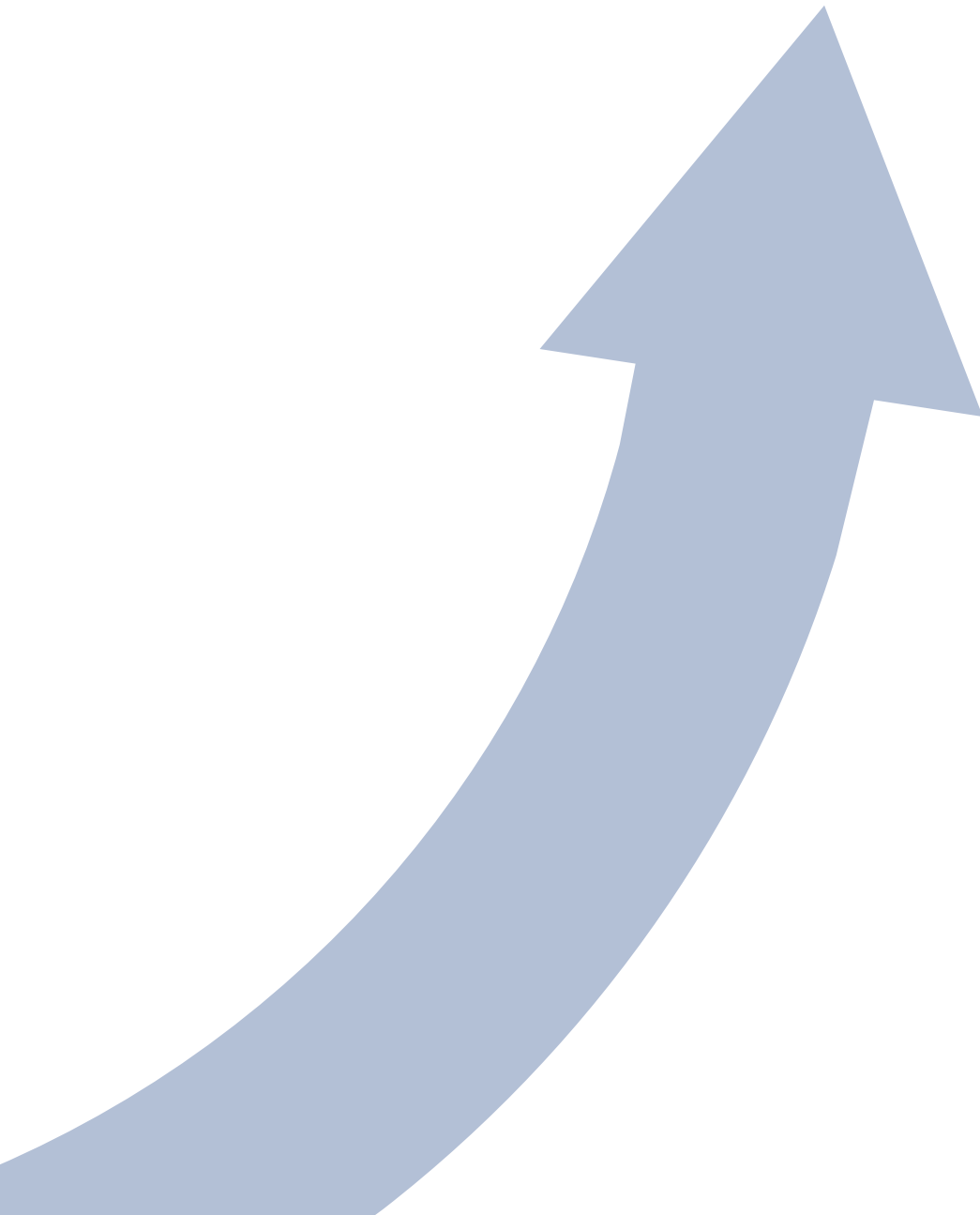
The principal elements of the funding strategy adopted for this actuarial valuation are as follows:

- **The McCloud Judgment** (see [Appendix D](#) for details) –The past service liabilities at the valuation date include an estimated allowance for the McCloud remedy. This has been calculated in line with the actual data provided for the 2025 valuation and in line with national guidance. As the remedy end date is 31 March 2022, the Primary Contribution Rate effective from 1 April 2026 does not include an allowance for McCloud.
- **Assumed rate of future long term average CPI inflation** – 2.60% p.a., based on the yield curves on fixed and index-linked gilts of appropriate duration based on Fund cashflows less an adjustment of 0.70% p.a. (reflecting an average RPI/CPI structural gap and an inflation risk premium).

- **Real investment returns over and above CPI for past service** – 2.75% p.a., based on the anticipated real returns achievable on the Fund's expected long term investment strategy (see [Appendix C](#) for details) with a suitable margin for prudence.
- **Real investment returns over and above CPI for future service** – 2.25% p.a., based on the anticipated real returns achievable on future invested contributions with appropriate smoothing to support a higher long-term term sustainability of contribution requirements.
- **Future pay growth** – 1.50% p.a. over and above CPI.
- **Baseline life expectancy** based on a scheme-specific mortality study.
- **Future mortality improvements** based on the CMI 2024 model with a long-term improvement trend of 1.50% p.a.
- **Allowance for known observed CPI** between September 2024 and March 2025 to refine the estimate of the future liability cashflows.
- **An average recovery period of 10 years for those employers in deficit** for correcting any imbalance between the existing assets and past service liabilities will apply. The FSS sets out the circumstances in which this might vary from one employer to another.
- **An average run-off period of 15 years for those employers in surplus**, where surplus offsets apply. For employers in surplus the period used depends on the individual employer circumstances. The FSS sets out the circumstances in which this period might vary from one employer to another.
- **Inclusion of surplus buffer in line with the FSS Surplus Policy** to aid future contribution stability. For relevant employers, only surplus above a funding level of 110% can be returned through secondary contributions.

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Key results of the funding assessment

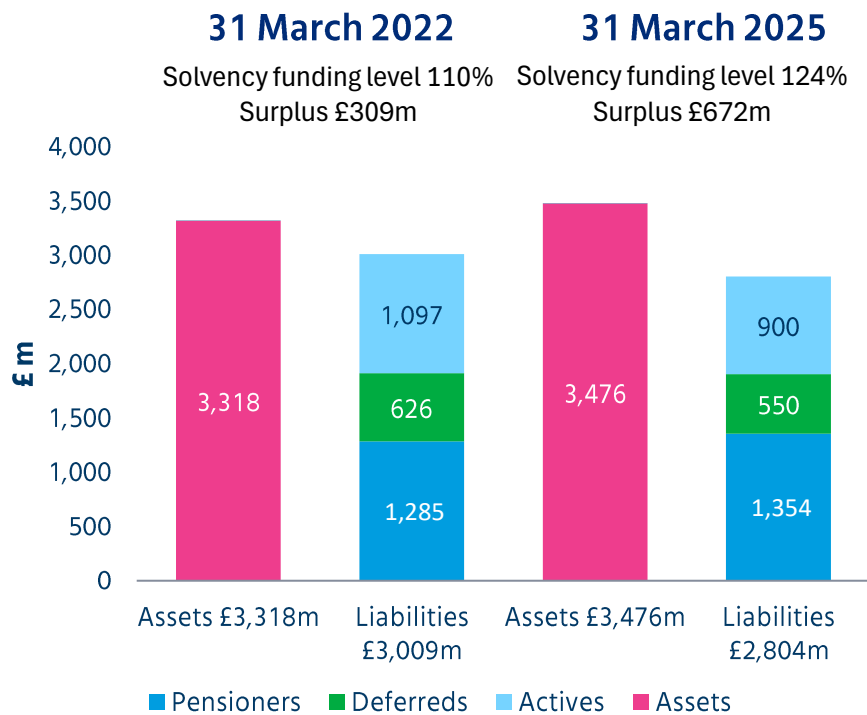


Section 3

Key results of the funding assessment

Solvency funding position

The table below compares the assets and liabilities of the Fund at 31 March 2025. Figures are also shown for the last valuation as at 31 March 2022 for comparison.



The LGPS Regulations require the contributions to be set so as to secure the Fund’s solvency and long term cost efficiency. In this context solvency means being able to meet the liabilities as and when they arise, with long term cost efficiency meaning that contribution levels should not be set so as to give rise to additional costs at a later date.

The liability value at 31 March 2025 shown in the chart above is known as the Fund’s “**solvency funding target**”. The solvency funding target is calculated using assumptions that the Administering Authority has determined are appropriate having consulted with the Actuary and are also set out in the FSS.

The chart shows that **at 31 March 2025 there was a surplus of £672m** against the Fund’s solvency funding target. An alternative way of expressing the position is that **the Fund’s assets were sufficient to cover 124% of its liabilities** – this percentage is known as the solvency funding level of the Fund.

At the previous valuation at 31 March 2022 the surplus was £309m, equivalent to a solvency funding level of 110%. The key reasons for

Primary Contribution Rate

the changes between the two valuations are considered in Section 4. Further details of the way in which the solvency funding target has been calculated are set out in [Appendix A](#).

The valuation looks at the normal employer contribution rate required to cover the cost of the benefits (including death benefits and expenses) that will be built up over the year after the valuation date (the “Primary Contribution Rate”). A summary of the assumptions used is provided in [Appendix A](#).

The table below gives a breakdown of the Primary Contribution Rate at 31 March 2025 and also shows the corresponding rate at 31 March 2022 for comparison. In calculating the average Primary Contribution Rate we have not made any allowance for future members to opt for the 50:50 scheme. Active members pay contributions to the Fund as a condition of membership in line with the rates required under the governing Regulations (see [Appendix D](#)).

The “Primary rate” of the employers’ contribution is the contribution rate required to meet the cost of the future accrual of benefits including ancillary, death in service and ill health benefits together with administration costs.

Primary Contribution Rate	% of Pensionable Pay	
	31 March 2022	31 March 2025
Normal Contribution rate for retirement and death benefits	24.5	22.0
Allowance for administrative expenses	0.8	0.8
Total normal contribution rate	25.3	22.8
Average member contribution rate	6.4	6.4
Primary contribution rate*	18.9	16.4

* The Primary Contribution Rate is the weighted average of the individual employer Primary Contribution Rates as derived based on their individual circumstances (e.g. whether or not they are closed to new entrants).

Correcting the imbalance – Secondary Contribution Rate

The Fund's funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation, a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Further details are set out in the Deficit Recovery Plan in the FSS. Equally, where there is a surplus, an offset against the Primary Contribution Rate may be applied, in line with the Surplus Treatment Policy in the FSS.

The "Secondary rate" of an individual employer's contribution is an adjustment to the Primary Contribution Rate to reflect any past service deficit or surplus, to arrive at the rate the employers are required to pay.

The FSS sets out the process for determining the Secondary Rate in respect of each employer. Based on the outcomes for all employers the total initial Secondary Rate for 2026/27 is an average offset of 6.9% of salaries - approximately £29m in £

terms. Further details are set out in Appendices G and H.

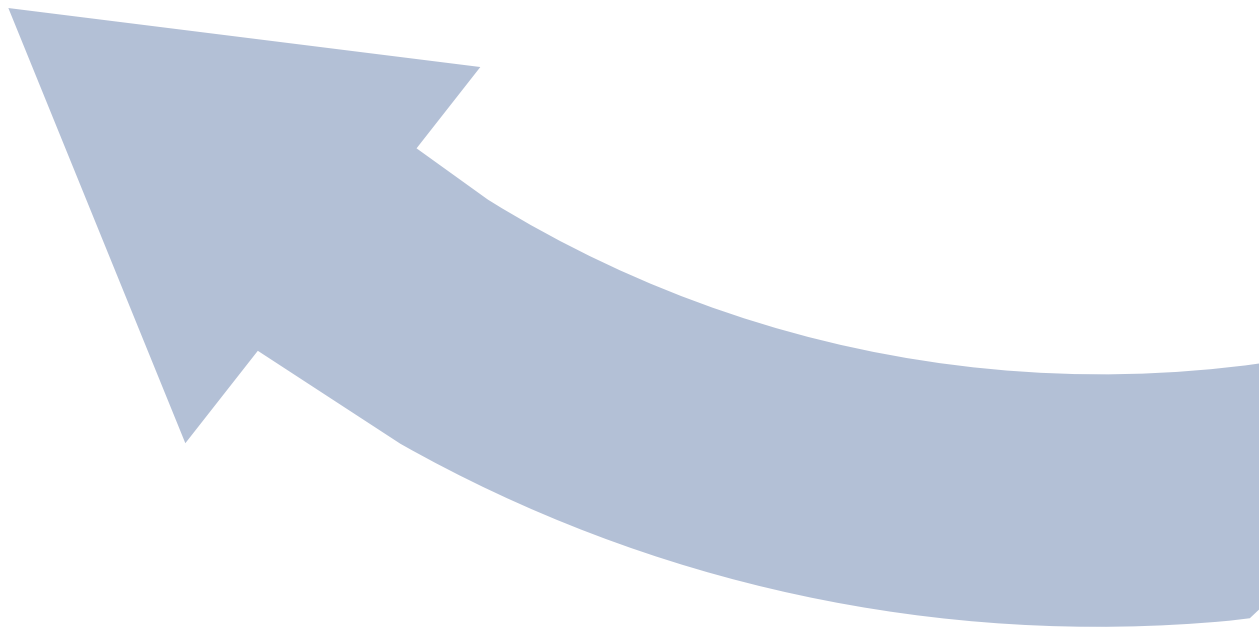
The McCloud Judgment

An allowance for the McCloud liabilities has been included in the liability values assessed based on the data provided.

The "McCloud Judgment" refers to a legal challenge in relation to historic benefit changes for all public sector schemes being age discriminatory. To remedy this the Government introduced changes (the "McCloud Remedy") with effect from October 2023, with a retrospective effect back to April 2014 in England and Wales and a remedy end date of 31 March 2022.

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Experience since last valuation



Section 4

Experience since last valuation

 Summary of
 key inter-
 valuation
 experience

The last actuarial valuation was carried out with an effective date of 31 March 2022.

The average Pensionable Salary increase for the Fund members who were in service for the whole of the inter-valuation period was 7.6% per annum.

Pensions in payment (in excess of Guaranteed Minimum Pensions (GMPs)) were increased as guaranteed under the Fund as follows:

1. April 2023 10.1%
2. April 2024 6.7%
3. April 2025 1.7%

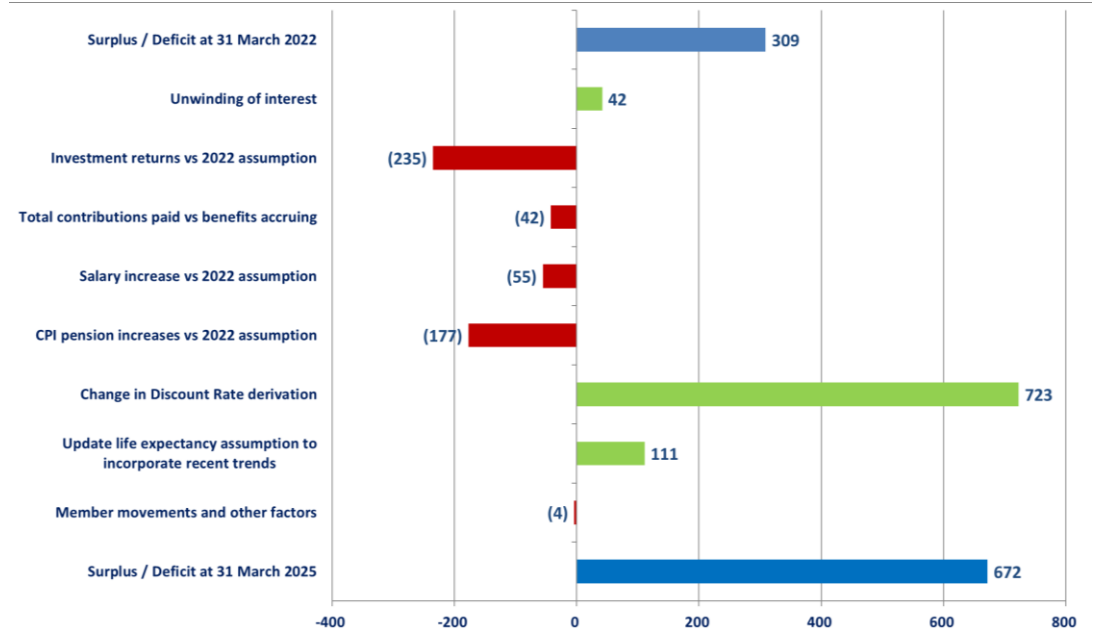
Over the inter-valuation period, benefit inflation has averaged 6.1% p.a. Over the three years to 31 March 2025 the net investment return on the Fund's assets has averaged 2.1% p.a., meaning that the average real return vs CPI inflation has been about *minus* 4.0% p.a.

In addition to the published pension increase orders, we have made allowance for known observed CPI inflation over the period September 2024 to March 2025 when projecting liability cashflows as this will be reflected in the April 2026 pension increase order.

The outcomes from the valuation are determined both by the assumptions adopted for the future, and the Fund's historic experience relative to assumptions made in the past. In this section we consider the effect of the Fund's experience over the last three years.

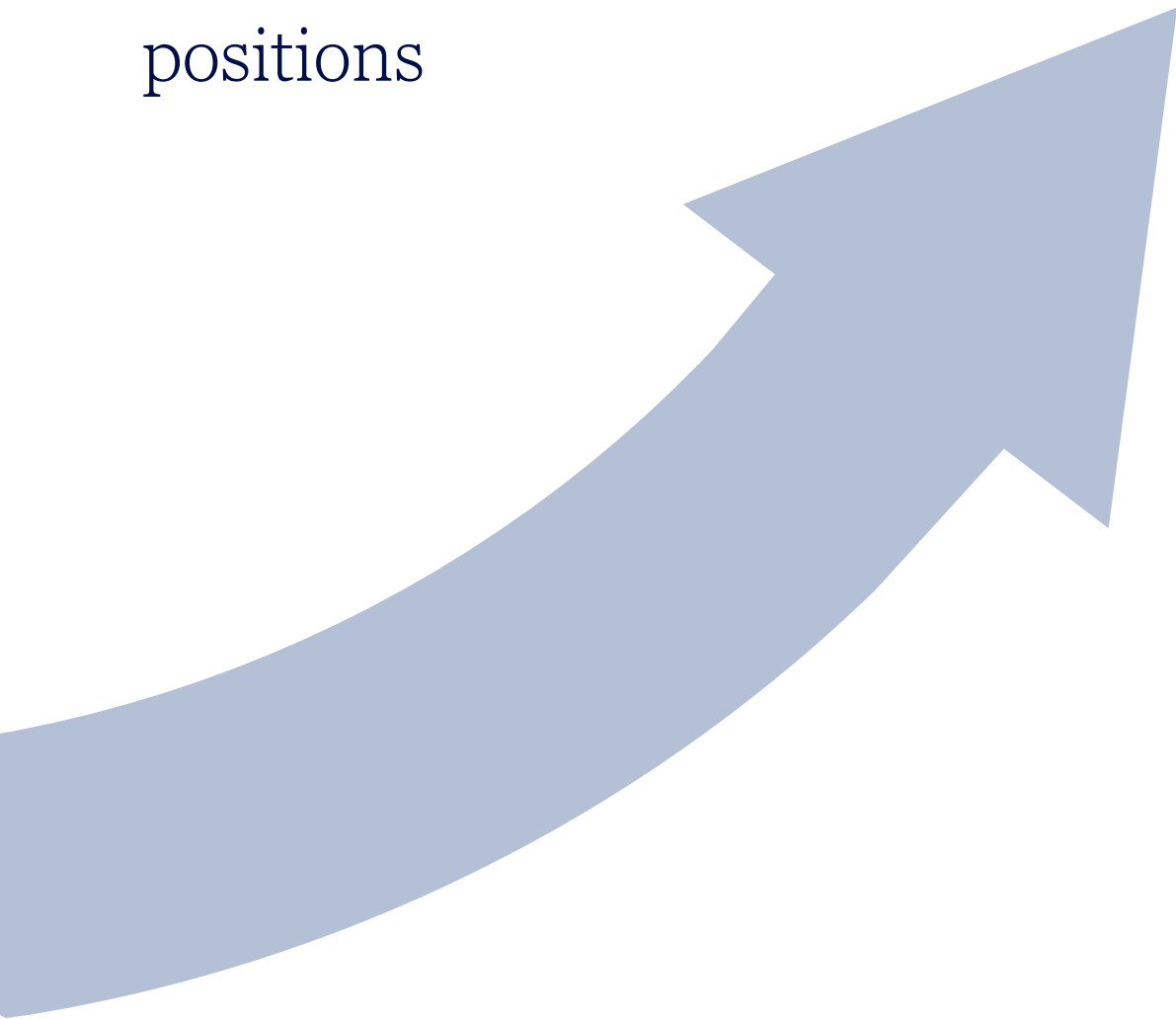
Reasons for the change in funding position since the last actuarial valuation

The surplus at the last valuation date was £309m. The chart below sets out the main reasons for the change in the surplus between 31 March 2022 and 31 March 2025 (figures shown in £m).



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Cash flows, risks and alternative funding positions



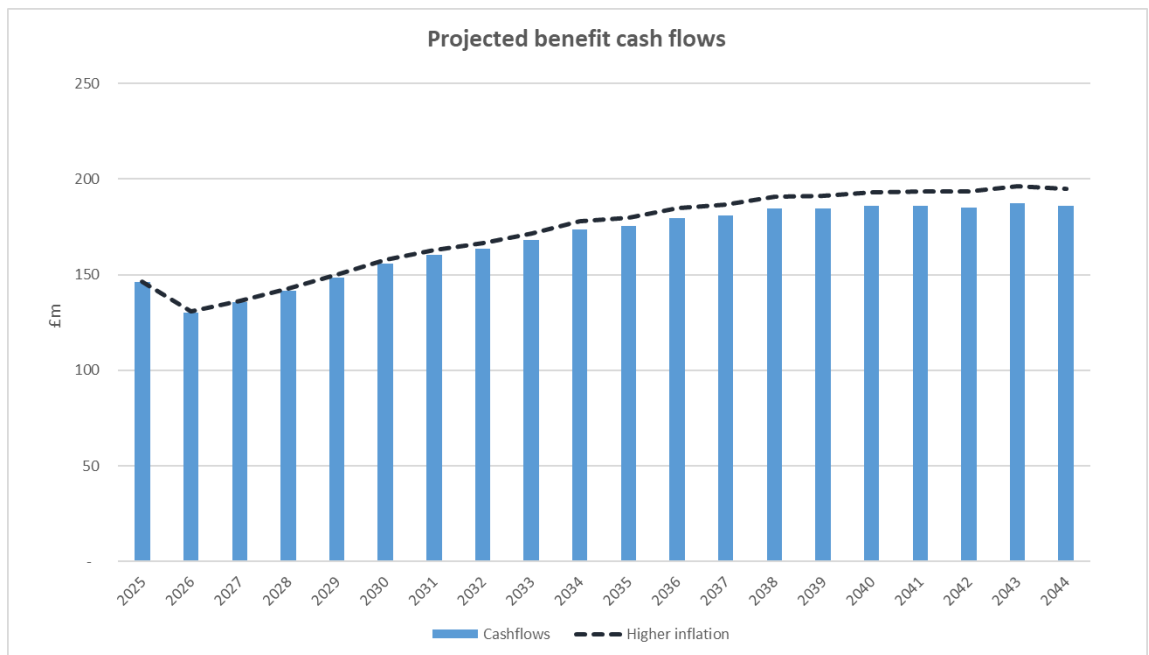
Section 5

Cash flows, risks and alternative funding positions

Benefit cash flows

The projected benefit cash flows which result from applying the assumptions as set out in Section 2 are shown in the chart below. The additional trendline sets out how those total projected benefit cash flows would change if we were to assume inflation of 0.25% p.a. higher than the average assumption of 2.60% p.a. used for the actuarial valuation. Over the 20 years following the valuation date, the extra benefit payments which would result from the extra 0.25% p.a. inflation assumption are projected to be c£90m.

The actuarial valuation process is principally concerned with projecting all the expected benefit cash flows into the future and then converting them into present day values by discounting them to allow for assumed future investment returns. The chart shows those projected cash flows and also illustrates how sensitive they are to the future inflation assumption.



Projected funding position at next actuarial valuation

As part of this valuation, the Administering Authority has set an average recovery plan of approximately 10 years for employers in deficit and 15 years for employers in surplus where a surplus offset applies. The next actuarial valuation will take place with an effective date of 31 March 2028. If experience up to that date were to be in line with the assumptions made for this current actuarial valuation and contributions are paid at the agreed rates or amounts, there would be a surplus at 31 March 2028 of £761m, equivalent to a funding level of 124%.

Material risks faced by the Fund

The Fund is subject to some potentially material risks that are, to an extent, outside the Administering Authority's control, but could affect the funding level and ultimately the employer contribution requirements. Any material worsening of the funding level will mean more contributions are needed (either at an increased rate or at the same rate over a longer period) to be able to provide the benefits built up in the Fund – unless experience acts in other ways to improve the funding level. Examples of such risks, and how the Administering Authority manages them, are:

Funding a defined benefit pension scheme such as the LGPS which is open to new members is by its nature uncertain and involves some level of risk. The principal funding risks are investment (e.g. whether the Fund earns the desired level of long-term real returns) and demographic (e.g. whether longevity of members is longer or shorter than anticipated). In practice, the key is whether such risks can be managed and mitigated.

- If an employer becomes unable to pay contributions or to make good deficits in the future, the Fund's assets will be lower than expected and the funding level will be worse than expected. The Administering Authority regularly monitors the financial strength of the employers where potential risks are identified so that actions can be taken to mitigate (but not fully remove) the risk.
- If future investment returns on assets are lower than assumed in the valuation, the Fund's assets will be lower, and the funding level worse, than expected. The Administering Authority has a process in place to monitor investment performance quarterly, and it reviews the Fund's investment strategy alongside each actuarial valuation.
- If CPI inflation is greater than assumed over a prolonged period, this means that the benefit payments and therefore Fund liabilities will be greater than expected leading to potentially higher employer contributions at future valuations. The Fund invests in assets which have some correlation to inflation so to some degree the impact will be mitigated and the Administering Authority keeps this under review on an ongoing basis.

- If improvements in life expectancy are greater than assumed, the cost of benefits will increase because members are living longer than expected. This will mean the funding level will be worse than expected. The Administering Authority regularly reviews the Fund's experience and ensures that the assumptions it makes about members' life expectancy take the most recent information available into account.
- If members make decisions about their options which increase the Fund's liabilities, the funding level will be worse than expected. An example would be if members commute less pension for cash than is being assumed. The Administering Authority reviews the Fund's experience at each valuation to ensure that their treatment of member options remains appropriate.

Given these risks and the primary objectives of maintaining Solvency and Long-Term Cost Efficiency, the assumptions and other funding parameters have been agreed with the objective of setting contribution rates which have an acceptable level of expected sustainability over future valuations taking into account the reasonable affordability of employer contributions. The level of contribution sustainability will be monitored in the inter-valuation period.

The value placed on the Fund's liabilities is critically dependent on the assumptions used to carry out the calculations. If future experience differs from the assumptions the Administering Authority has used after consulting with the employers, then the projected future funding level will be different from the level described above.

To illustrate how sensitive the funding level is to experience being different from assumed, the table below shows how the valuation results would have differed given small changes in the key assumptions.

Assumption change	Change in surplus at 31 March 2025 (£m)	Resultant surplus / (deficit) at 31 March 2025 (£m)
Original solvency funding position	-	672
Real investment return (e.g. return above inflation) 0.25% per annum higher than assumed	102	774
Pensionable Salary growth 0.25% per annum higher than assumed	(10)	662
Long term improvement rate in life expectancy increased by 0.25% per annum	(15)	657
Assets fall by 25%	(869)	(197)

Sensitivity of funding position to changes in key assumptions

Climate change

The figures above consider each impact in isolation. In practice more than one effect may be seen at a particular point in time.

Climate change has the potential to be a material financial risk to the Fund – whether that be the upfront costs of moving to a low carbon economy, the cost of physical damages caused as a result of climate change or even as a result of climate-related litigation/regulation. The extent of and interaction between these impacts are uncertain. As part of the valuation the Administering Authority has considered the relative impact on funding over time of the following climate change scenarios and a summary of the output is set out below (the key assumptions underpinning these scenarios is included in [Appendix A](#)).

The key risks considered by the scenario analysis undertaken relate to the impact on the whole Fund's funding level due to financial markets, including interest rate and inflation impacts, as well as impacts on growth assets. In addition, the scenarios the Fund has considered included the impact on UK GDP as one element of the employer covenant impact, due to the link to taxpayer backed employers' budgets.

The information on climate risk has been used by the Fund in two key areas:

- A. Considering the adequacy of the prudence margins required in the actuarial assumptions in order to mitigate against material downside events. The prudence in the funding strategy is predominantly reflected in the valuation discount rate.
- B. The surplus buffer retained in the Fund above which surplus may be run down by means of employer contribution reductions.

In considering the analysis, the Fund has taken into account that as climate risk is inherently uncertain, it is necessary to apply judgment and an integrated approach across funding, investment and covenant risk to mitigate.

The scenarios shown represent plausible futures that explore the risks and opportunities associated with the transition (typically manifesting over the short term) and physical risks (typically manifesting over the long term, although market pricing dynamics can accelerate these timeframes) of four different scenarios. However, not all physical risks and their indirect impacts are captured, and so physical damage could be understated. We have only illustrated four scenarios, therefore there is a wide range of possible outcomes not covered.

Climate scenario modelling is complex, with associated modelling limitations. In particular:

- The further you go into the future, the less reliable any quantitative modelling will be.
- There is a reasonable likelihood that physical impacts are underestimated. Whilst the expected impacts of certain climate ‘tipping points’ are explicitly modelled under the Failed Transition, such tipping points are challenging to model particularly around the timing of such an event and the speed at which it could accelerate.
- Financial sustainability and insurance ‘breakdown’ are not explicitly modelled. A systematic failure may be caused by either an ‘uninsurable’ physical environment, or due to the scale of mitigation and adaptation required to avoid material warming of the planet.
- Most adaptation costs and social factors are not priced into the models. These include population health and climate-related migration.

Further detail on the analysis has been provided to the Administering Authority in our separate advice report and the information provided here is a summary of that report. The potential risks associated with climate change have been considered when setting the assumptions in this report. The four scenarios considered are as follows:

- **1.6°C Rapid transition** – A rapid decarbonisation of the economy where high transition risk feeds into financial markets creating both risks and opportunities. Net-zero achieved by mid-2050’s through a financially disruptive transition. Global warming of 1.6°C by 2050, remaining steady thereafter.

***Fund impact:** Under this scenario there is a significant (c10%) reduction in the Fund’s funding level in 2026 compared to a “baseline” projection, as markets absorb and reflect the transition costs. However, physical risks are limited under this scenario, and by 2037 the funding level moves above the long-term baseline (remaining there thereafter)*

- **1.9°C Delayed transition** – A sudden step-up in policy action in 2030, with both transition risk and physical risks being experienced. Major policy changes are delayed until 2030 with some adaptation to climate change assumed. From 2030, climate governance is coherent, with a global carbon price, as well as significant subsidies for renewable energy. Global warming of 1.7°C by 2050 and 1.9°C by 2100.

***Fund impact:** Initially there is little to no impact on the funding position until 2030, when market pricing reduces the funding level by almost 15%. A recovery swiftly follows where the bulk of this fall is*

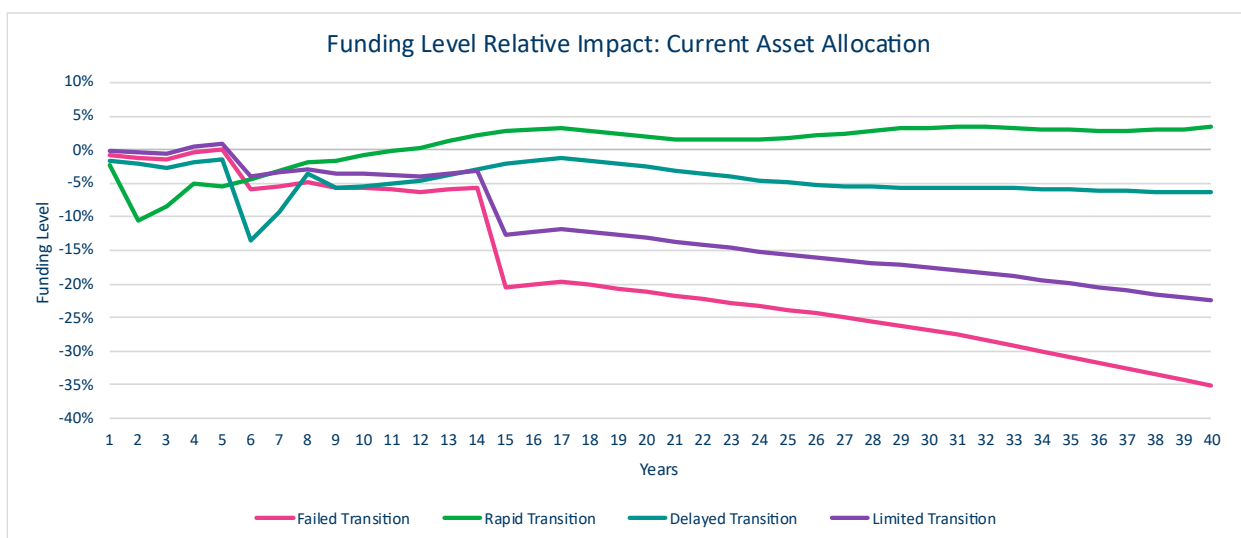
reversed, but the funding level never fully recovers to baseline levels, remaining 1%-6% lower for the period to 2065

- 2.9°C Limited transition** – Insufficient progress made regarding the transition to a low-carbon economy, with adoption of low-carbon technologies driven by economic factors. Physical risks of climate change accelerate causing significant market disruption and a drag on global GDP. Global warming of 1.8°C by 2050 and 2.9°C by 2100.

Fund impact: *A small correction (c5%) in 2030 is followed by a much larger fall in 2039 when the funding level drops to c12% below the baseline projection. The position gradually deteriorates from there, and by 2065 the position is 20%-25% below the baseline. Under this scenario the more challenging economic conditions could also lead to a reduction in the ability of employers to support the Fund*

- 3.7°C Failed transition** – Backsliding on climate commitments by governments and companies with annual emissions increasing from current levels. Severe physical risk, including as a result of certain climate tipping points being triggered, have severely negative impacts on human wellbeing and wealth. Global warming of 2°C by 2050 and 3.7°C by 2100.

Fund impact: *Here the pattern is similar to the limited transition but with bigger impacts – a c5% funding level “gap” by 2030, 20% by 2039 and c35% by 2065. There may also be significant strain on employer affordability / covenant, reducing the employer’s ability to support the Fund further if required*



A consistent finding of Mercer’s climate scenario analysis is that a successful transition is an imperative for long-term investors such as the Fund. This leads to support for limiting global warming in line with the goals of the Paris Agreement (well below 2 degrees

Celsius and to pursue efforts to limit warming to 1.5 degrees Celsius). Mercer recognises, however, that given the current warming trajectory, based on existing policies and actions, a Paris-aligned pathway may represent a short-term shock to investment portfolios. Investors should position their portfolios in line with their objectives whilst also understanding the potential impact of transition risks and physical damages.

Minimum risk funding position

In assessing the value of the Fund's liabilities (the solvency funding target), allowance has been made for investment returns as described in [Appendix A](#), taking into account the investment strategy adopted by the Fund, as set out in the Fund's Investment Strategy Statement (ISS).

It is not possible to construct a portfolio of investments which produces a stream of income exactly matching the expected liability outgo. However, it is possible to construct a portfolio which attempts closely to match the liabilities and provide a high level of certainty in future investment returns relative to CPI inflation. This represents a "minimum risk" investment position. Such a portfolio would consist mainly of a mixture of long-term index-linked and fixed interest gilts. Investment of the Fund's assets in line with the minimum risk portfolio would minimise fluctuations in the Fund's minimum risk funding level between successive actuarial valuations but would result in much higher employer contributions (all other things equal).

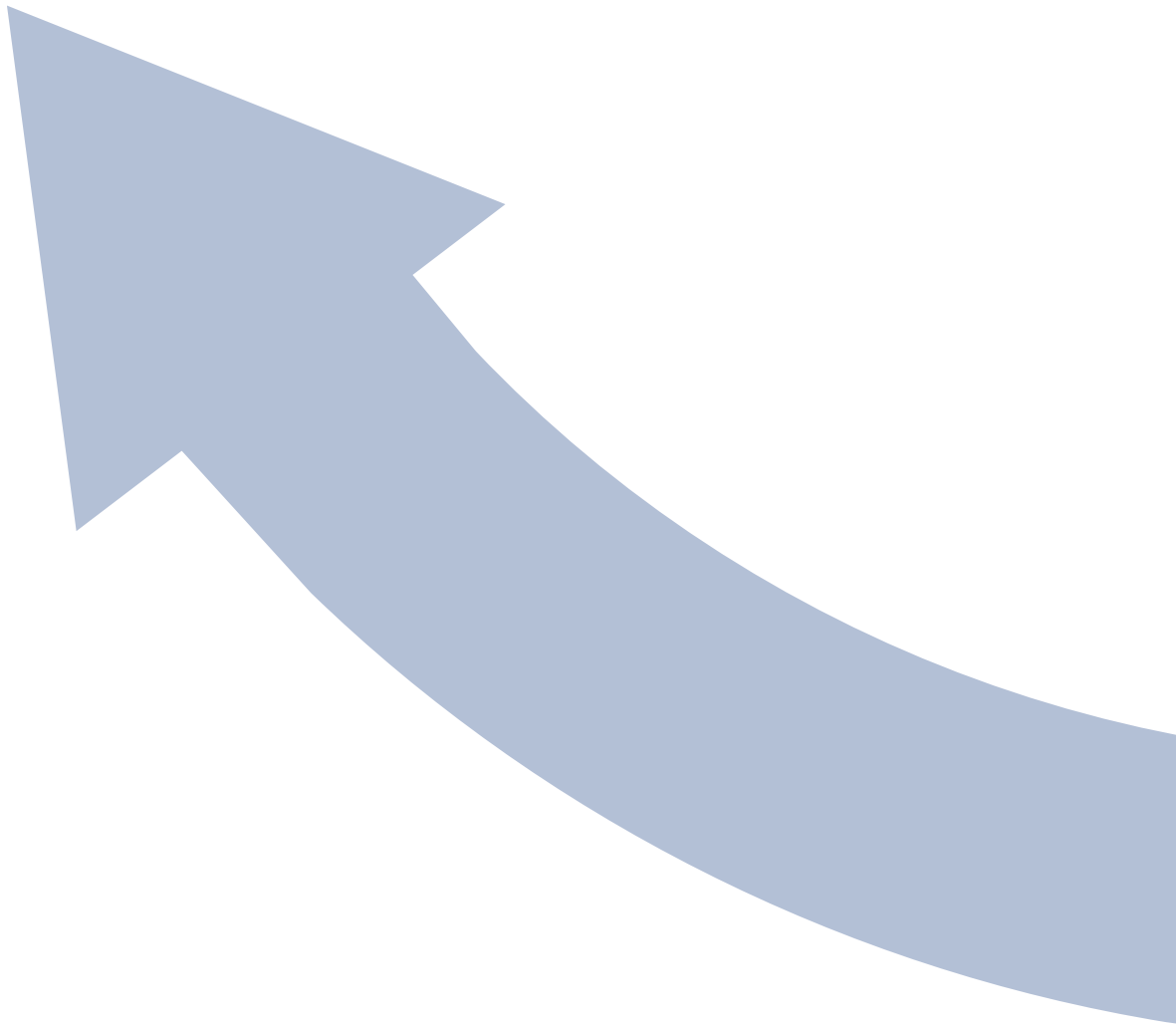
If, at the valuation date, the Fund had been invested in this portfolio, then in carrying out the valuation it would not be appropriate to make any allowance for out-performance of the Fund investments nor allow for an inflation risk premium as inflation risk would be fully hedged. In this event the value of the Fund liabilities would have increased substantially, to £3,345m, and the funding level would have reduced correspondingly to 104%. If the actuarial assumptions are borne out in practice and contributions are paid in line with the Rates and Adjustment Certificate for all employers, the projected funding level on this basis at the next actuarial valuation would be slightly lower at 102%.

The value of the liabilities on the ongoing solvency funding target assumptions was £2,804m, which is £542m less than the value on the minimum risk basis. The funding plan is therefore making a prudent allowance for future investment returns of £542m over and above those available from the notional minimum risk investment portfolio to support the funding of member benefits along with contributions payable. This is an indication of the expected return built into the funding strategy for the Fund as a whole.

Managing investment risk and other risks e.g. employer covenant is a key objective for the Administering Authority. The policies to manage these risks are set out in the Funding Strategy and Investment Strategy Statements.

6

Appendices



Appendix A

Assumptions

How the benefits are valued

In order to calculate the liabilities, there is a need to make assumptions about various factors that affect the cost of the benefits provided by the Fund – for example, how long members will live, or the future level of inflation. The table below explains the key assumptions being made in the valuation.

Assumption	Why it is important and how it impacts on the liabilities
Discount rate	<p>The majority of benefits in a pension fund are paid many years in the future. In the period before the benefits are paid, the Administering Authority invests the funds held by the Fund with the aim of achieving a return on those funds. When calculating how much money is needed now to make these benefit payments, it is appropriate to make allowance for the investment return that is expected to be earned on these funds. This is known as “discounting”.</p> <p>The higher the investment return achieved, the less money needs to be set aside now to pay for benefits. The calculation reflects this by placing a lower value on the liabilities if the “discount rate” is higher.</p>
Inflation	<p>Pensions in payment, deferment and CARE pension pots for active members increase in line with Consumer Price Inflation (CPI). Salary growth is also normally linked to price inflation in the long term. A higher inflation assumption will, all other things being equal, lead to a higher value being placed on the liabilities.</p>
Pensionable Salary growth	<p>Benefits earned prior to 1 April 2014 for active members are based on their salaries immediately before retirement, so it is necessary to make an assumption about future Pensionable Salary growth. The higher this assumption, the higher the value placed on the liabilities for active members. Equally, pay growth will impact on the potential liabilities in relation to the McCloud Judgment as the assumption affects the value of the final salary underpin.</p>
Life expectancy	<p>Pensions are paid while the member (and potentially their spouse or partner) is alive. The longer people live, the greater the cost of providing a pension. Allowing for longer life expectancy therefore increases the liabilities.</p>

The liabilities of the Fund are calculated by projecting forward all of the future benefit cashflows and discounting them back to the effective date of the valuation, using these assumptions. For example, the liability for a single pensioner is calculated by estimating the amount of each pension payment they will receive in the future, multiplying by the probability that the member will still be alive by the date of each payment, and then discounting each payment back to the effective date of the valuation using the appropriate discount rate, and then summing up all of these discounted amounts. The liabilities for the whole Fund are calculated by summing the liabilities for each of the individual members.

Financial assumptions used to calculate the solvency funding target

The table below summarises the key financial assumptions used in the calculation of the solvency funding target at whole Fund level and those used for the 31 March 2022 actuarial valuation. Full yield curves were used in calculating the liabilities. Approximate single equivalent rates have been shown below for information purposes.

Financial assumptions	31 March 2022	31 March 2025
Discount rate	4.35% p.a.	5.35% p.a.
Price Inflation (CPI)	3.10% p.a.	2.60% p.a.
Salary increases (long term)	4.60% p.a.	4.10% p.a.
Pension increases in payment:	3.10% p.a.	2.60% p.a.

The key financial assumption is the expected long term investment return above CPI inflation as this is usually the principal factor which determines the long-term cost to employers via their contributions. In determining this we consider first the long-term real returns (i.e. returns above CPI) which the Fund's investment strategy can be expected to deliver based on market outlook at the valuation date taking into account the projected cashflow position of the Fund. This analysis then helps us recommend and agree with the Administering Authority a suitably prudent assumption for the valuation discount rate based on the investment strategy, any risk management framework in place, and reasonably allowing for the likely changes in investment strategy as the Fund matures.

Our analysis of expected future real investment returns uses a Monte Carlo simulation (stochastic) model, based on 4,000 simulations. Within the overall analysis we specify and calibrate a range of economic and asset class models. Our analysis uses an asset correlation matrix to help generate each stochastic simulation. The model includes estimates for long term expected returns and inflation along with volatilities each asset class and inflation.

In order to consider the level of prudence we look at the likelihood of the expected real return from the Fund's assets exceeding the assumption made. We measure this by considering the percentile expected return from the analysis. A return assumption higher than the 50th percentile return from the analysis can be deemed to be prudent and retain margins to provide some protection against increases in contributions at future valuations.

At this actuarial valuation, the real discount rate which we have used is 2.75% p.a., which is the 92nd percentile return from our analysis. At the previous valuation the real discount rate used was 1.25% p.a., which at the time was the 73rd percentile. These percentiles are reliant on the model itself and different models will produce different percentiles. Therefore, whilst the model output is a critical building block for decisions around discount rates, it is necessary to consider a wide variety of factors in addition to the model percentile, when making a judgement on the level of prudence, including model risk and wider systemic risk (e.g. geopolitical, climate, etc) that is not easily quantified. These factors will vary over time, from one valuation to the next and therefore higher or lower model percentiles may be considered appropriate taking wider factors into consideration.

Demographic assumptions used

Post-retirement Mortality

Mortality (or life expectancy) tables are typically made up of three elements: a baseline table (equivalent to the expected current mortality), an allowance for future improvements, and a margin for prudence. Very few pension funds are large enough for them to be able to determine a bespoke set of baseline assumptions based purely on the fund's own membership experience. Typically, the life expectancy assumptions are set by benchmarking a fund's membership profile and mortality experience against larger external datasets.

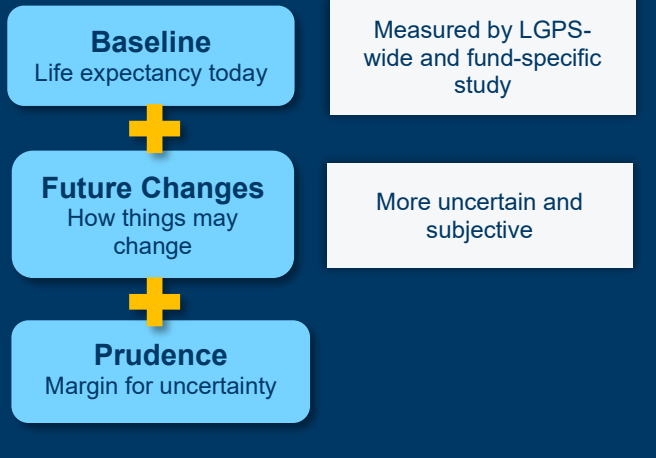
For this actuarial valuation, we have benchmarked the Fund's membership profile and experience against the "S tables" published by the CMI. We have applied weightings and age ratings as appropriate to adjust the standard tables so as to arrive at assumptions which are appropriate for the Fund. This has been based on our detailed study using Longevity which considers a range of lifestyle factors to derive the weightings. Full details are set out in our separate report.

We have generally used the S4PA tables ("middle" tables for females), other than for members retiring in ill health, where the S4IA tables have been used (note the S3 tables were used at 2022).

The weightings and age ratings applied to the above are set out in the table below.

There are two separate decisions on mortality assumptions:

- The baseline table for the current rates of mortality; and
- The allowance for future improvements.



Current Status	Retirement Type	2022 weighting/age rating	2025 weighting/age rating
Annuitant	Normal Health	107% males, 100% females	105% males, 96% females
	Dependant	129% males, 114% females	129% males, 110% females
	Ill Health	129% males, 158% females	107% males, 110% females
	Future Dependant	129% males, 114% females	129% males, 110% females
Active	Normal Health	111% males, 100% females	110% males, 99% females
	Ill Health	237% males, 315% females	164% males, 179% females
Deferred	All	118% males, 108% females	124% males, 109% females
Active/deferred	Future Dependant	125% males, 115% females	142% males, 146% females

A weighting applied to an actuarial table has the effect of increasing or reducing the chance of survival at each age, which increases or reduces the corresponding life expectancy. Similarly, an age rating applied to an actuarial table has the effect of assuming that beneficiaries have a life expectancy equal to those older (or younger) than their actual age.

Future improvements are assumed to follow the CMI 2024 model with a 1.50% p.a. long term improvements trend with all other parameters core, i.e. a Smoothing Parameter (Sk) of 7.0 and underlying rates (expressed with overlay for excess deaths removed).

At the 2022 actuarial valuation the CMI 2021 model with 1.75% p.a. long term trend and Smoothing Parameter (Sk) of 7.5, with all other parameters core, i.e. zero initial improvements parameter and no allowance for 2020 or 2021 data, was used.

The mortality assumptions used for the 31 March 2025 valuation result in the following life expectancies.

	Years
Life expectancy for a male aged 65 now	21.4
Life expectancy at 65 for a male aged 45 now	22.6
Life expectancy for a female aged 65 now	24.0
Life expectancy at 65 for a female aged 45 now	25.5

Pre-retirement Mortality

The following mortality tables (together with any appropriate weightings and age ratings) have been adopted for mortality rates in the period up to retirement.

	31 March 2022	31 March 2025
Base Table	DxL08 tables with adjustments of 80% (male) 70% (female) to reflect the Fund's membership profile	DxL08 tables with adjustments of 75% (male) 65% (female) to reflect the Fund's membership profile
Allowance for Future Improvements	CMI_2021 [1.75%]	CMI_2023 [1.50%]

Commutation

Members have the option to commute part of their pension at retirement in return for a lump sum at a rate of £12 cash for each £1 per annum of pension given up. Following an analysis of the take-up rates, it has been assumed that, on average, retiring members will take 75% of the maximum tax-free cash available at retirement. This is the same as the 2022 assumption.

Retirement lump sums are less costly for the Fund to provide than the alternative pension, as members receive only £12 of each £1 p.a. of pension given up. If members take the cash sum option at a higher rate than has been assumed, then this will normally lead to an improvement in the funding level.

Early retirement

For those members who are entitled to receive their accrued benefits (or part of those benefits) prior to age 65, a proportion of the active membership is assumed to retire in normal health, as set out below:

If members take early retirement to a greater extent than has been assumed then this will typically lead to a worsening of the funding level. This is because many members are able to take substantial parts of their benefits from age 60 without them being reduced for early payment.

Age	% retiring per annum	
	Males	Females
60	10	10
61	8	8
62	8	8
63	8	8
64	8	8
65	100	100

Otherwise, all other benefits are assumed to be payable from age 65 and the appropriate early retirement factors are applied to the relevant tranche of benefits in line with the Government Actuary's Department (GAD) guidance.

The assumption has been changed since the last valuation to move to unisex rates from gender specific rates. The 2022 assumption is set out in our 2022 valuation report.

Ill health retirement

A small proportion of the active membership has been assumed to retire owing to ill health. As an example of the rates assumed, the following is an extract from the decrement table used:

The level of ill health retirement benefit provided for a member falls into one of three “tiers”, depending on whether and when the member might be expected to resume gainful employment. Tier 1, for example, is on the basis that the member is unlikely to be able to do so before Normal Pension Age. Full details are set out in the LGPS Regulations and associated guidance.

Age	% retiring per annum	
	Males	Females
35	0.02	0.01
45	0.07	0.04
55	0.29	0.16

This is the same as the 2022 assumption.

The proportion of ill health early retirements falling into each tier category, split by males and females, has been assumed to be as set out below:

	Tier 1	Tier 2	Tier 3
Males	80%	10%	10%
Females	80%	10%	10%

This assumption has been changed since the last valuation. The 2022 assumption is set out in our 2022 valuation report.

Withdrawal

This assumption relates to those members who leave the Fund with an entitlement to a deferred pension or transfer value. It has been assumed that active members will leave the Fund at the following sample rates:

Age	% leaving per annum	
	Males	Females
25	20	22
35	5	6
45	3	4

In relation to pre 2014 benefits, deferred benefits tend to be less costly for the Fund to provide than if the member had remained in the Fund until retirement. If the number of members leaving the Fund is greater than expected then this will typically lead to a slight improvement in the funding level.

These are the same assumptions as the 2022 valuation.

Partners' and Dependants' Proportions

It has been assumed that the proportions of members below will on death give rise to a dependant's pension (spouse's and partner's), and that spouses/partners of female (male) members are three years older (younger), on average than the member.

Age	% spouse/partner	
	Males	Females
25	27	37
35	64	66
45	69	67
55	68	65
65	69	62

If more members than assumed have partners, then this will lead to an increase in the number of dependants pensions coming into payment over and above that expected. This would lead to a worsening of the funding level.

This assumption has been changed since the last valuation. The 2022 assumption is set out in our 2022 valuation report.

Assumptions used to calculate the Primary Contribution Rate

The cost of future accrual (the Primary Contribution Rate) has been calculated using the same actuarial assumptions as used to calculate the solvency funding target and recovery plan as set out above except that the discount rate assumptions adopted are as described below.

The financial assumptions for assessing the future service contribution rate should take account of the fact that contributions will be invested in market conditions applying at future dates, which are unknown at the effective date of the valuation, and which are not directly linked to market conditions at the valuation date. The assumption therefore applies a level of smoothing to provide a higher degree of long-term sustainability of contribution requirements.

The financial assumptions in relation to future service (i.e. the Primary Contribution Rate) are not specifically linked to investment conditions as at the valuation date itself and are based on an overall assumed real return (i.e. return in excess of price inflation) of 2.25% per annum. This represents an increase of 0.25% per annum compared to the 2022 valuation, which decreases the estimated cost of providing LGPS benefits. With a long-term average assumption for price inflation of 2.60% per annum, this gives rise to an overall discount rate of 4.85% p.a. (the corresponding discount rate at the 2022 actuarial valuation was 5.10% p.a.).

Nevertheless, it is instructive to consider the assumption against the long-term real returns (i.e. returns above CPI) which the Fund's investment strategy can be expected to deliver based on the current market outlook. At this actuarial valuation the real discount rate used was 2.25% p.a., which is the 96th percentile return from our analysis. At the previous valuation the real discount rate used was 2.00% p.a., which at the time was at the 61st percentile. As stated above in the context of the past service discount rate, these percentiles are reliant on the model itself and different models will produce

different percentiles. It is necessary to consider a wide variety of factors in addition to the model percentile, when making a judgement on the level of prudence, including model risk and wider systemic risk (e.g. geopolitical, climate, etc) that is not easily quantified. These factors will vary over time, from one valuation to the next and therefore higher or lower model percentiles may be considered appropriate taking wider factors into consideration.

Climate change modelling

The ongoing funding level includes implicit allowance for climate change to the extent that this is expected and priced into markets. We have illustrated how other climate change scenarios could impact on the projection of funding level in Section 4.

Modelling Assumptions – cumulative return impacts

Asset class	Rapid Transition			Delayed Transition			Limited Transition			Failed Transition		
	5 Years	20 Years	40 Years	5 Years	20 Years	40 Years	5 Years	20 Years	40 Years	5 Years	20 Years	40 Years
MSCI ACWI Equity	-2.0%	8.5%	20.8%	3.1%	-1.0%	-1.6%	3.1%	-21.1%	-33.0%	1.8%	-39.5%	-55.6%
US Equity	-2.9%	8.0%	22.8%	3.4%	-1.9%	-2.9%	3.3%	-24.2%	-37.2%	2.0%	-43.7%	-60.0%
UK Equity	-3.1%	6.4%	15.2%	3.1%	-1.4%	-1.2%	3.4%	-17.9%	-26.7%	2.2%	-32.5%	-46.9%
Europe Equity	-0.6%	7.4%	16.1%	2.9%	-0.7%	-0.5%	2.7%	-13.9%	-23.2%	1.3%	-30.9%	-45.9%
Japan Equity	1.2%	10.0%	23.2%	2.4%	0.8%	1.5%	1.8%	-11.8%	-25.2%	0.1%	-30.2%	-49.0%
Developed Asia Ex Japan Equity	1.0%	14.1%	27.5%	3.1%	1.8%	2.3%	2.4%	-27.0%	-38.3%	1.0%	-39.6%	-55.6%
MSCI Paris Aligned Equity	0.2%	9.5%	22.2%	2.7%	-0.8%	-0.8%	2.6%	-17.2%	-29.3%	1.3%	-30.4%	-48.1%
Multi Asset Credit	-1.1%	0.5%	0.2%	1.5%	-1.6%	-1.3%	1.6%	-2.6%	-2.1%	1.4%	-6.2%	-7.3%
Index-Linked Bond UK	1.5%	-0.7%	-0.9%	1.2%	-0.5%	-0.8%	-0.7%	1.6%	3.5%	0.1%	3.8%	7.9%
Global Private Debt	-0.4%	-0.2%	-1.8%	0.4%	0.0%	-0.7%	0.7%	0.6%	1.4%	0.7%	-0.8%	-2.2%
Private Infra Global	-6.5%	-6.4%	-5.2%	0.7%	-8.9%	-13.5%	1.8%	-19.8%	-29.1%	4.4%	-20.2%	-30.2%
Cash	-0.3%	-0.4%	-3.2%	-0.3%	0.5%	-0.4%	0.2%	1.7%	4.2%	0.5%	1.4%	2.6%
UK real Estate	1.5%	12.6%	22.1%	4.1%	0.9%	1.6%	3.7%	-23.2%	-30.4%	1.9%	-40.0%	-52.4%
Private Equity	-3.7%	9.8%	23.7%	4.7%	-3.2%	-3.6%	4.8%	-29.8%	-41.1%	3.2%	-52.8%	-66.9%

Appendix B

Summary membership data

The membership data is summarised in the table, with figures at the previous valuation shown for comparison.

Data in relation to members of the Fund was supplied by the Fund's administrator on behalf of the Administering Authority. The accuracy of the data provided has been relied on. While reasonableness checks on the data have been carried out, they do not guarantee the completeness or the accuracy of the data. Consequently, Mercer does not accept any liability in respect of its advice where it has relied on data that is incomplete or inaccurate.

	31 March 2022	31 March 2025
Active members		
Number	17,859	19,500
Total pensionable salaries (£000s p.a.)	313,614	416,789
Average Pensionable Salary (£ p.a.)	17,561	21,374
Average age (pension weighted)	51.1	51.4
Deferred pensioners (including undecideds)		
Number	23,830	26,841
Total deferred pensions revalued to Valuation date (£000s p.a.)	31,293	41,704
Average deferred pension (£ p.a.)	1,313	1,554
Average age (pension weighted)	51.4	51.5
Pensioners (including dependants)		
Number	18,258	20,968
Total pensions payable (£000s p.a.)	81,124	103,413
Average pension (£ p.a.)	4,443	4,932
Average age (pension weighted)	71.9	72.4

Appendix C

Assets

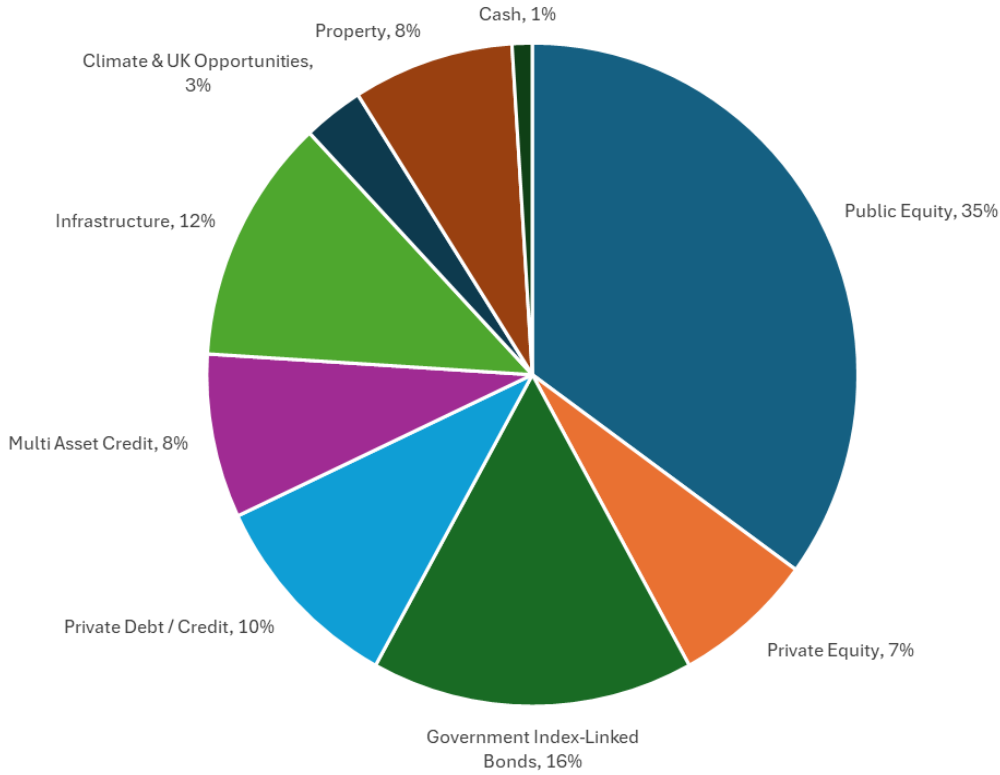
The market value of the Fund's assets was £3,475,700,000 on the valuation date. The table below shows the distribution of assets at the valuation date. The actual distribution of assets will vary over time due to changes in financial markets.

Actual market value of assets at 31 March 2025		
	£m	%
Unquoted equities	1.2	0.0
UK active	65.0	1.9
Global / overseas active	1,064.1	30.6
Global passive	61.3	1.8
Fixed income funds	164.5	4.7
Index-linked gilts	498.4	14.3
Infrastructure equity	540.2	15.5
Private equity	396.4	11.4
Private debt/credit	300.0	8.6
Multi Asset credit	63.2	1.8
Property	267.9	7.7
Cash/Other	53.4	1.5
Total	3,475.7	100

The Administering Authority also holds additional voluntary contributions (AVCs) which are separately invested. These assets have been excluded from the market value shown as they exactly match the value of the benefits they cover.

The details of the assets at the valuation date and the financial transactions during the inter-valuation period have been obtained from the audited 2024/25 accounts for the Fund.

The strategic asset allocation at the valuation date is set out below.



Appendix D

Benefit summary

The benefits valued within our calculations are those in force at the effective date of the valuation. Full details of these can be found in the Local Government Pension Scheme Regulations 2013 (as amended). The principal details are as follows:

Scheme Regulations

The Local Government Pension Scheme Regulations 2013 (<http://www.legislation.gov.uk/ukxi/2013/2356/contents/made>).

The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (<http://www.legislation.gov.uk/ukxi/2014/525/contents/made>).

GMP Equalisation/Indexation

UK and European law requires pension schemes to provide equal benefits to men and women in respect of service after 17 May 1990 (the date of the “Barber” Judgment) and this includes providing equal benefits accrued from that date to reflect the differences in GMPs. Following the Lloyds Bank case in 2018, Treasury issued a consultation on the equalising and indexation of GMPs in all the public service pension schemes, including the LGPS and this was concluded on 23 March 2021. ([23.03.2021 Response to GMP consultation final 002 .pdf](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/761639/23.03.2021_Response_to_GMP_consultation_final_002_.pdf) ([publishing.service.gov.uk](https://www.publishing.service.gov.uk)).

The outcome is that all members whose State Pension Age is after 5 April 2016 will receive full CPI indexation on the GMP elements of their benefits resulting in their total pension increasing in line with CPI inflation which will address the equalisation issues identified in the view of the Government.

Directions made by the Treasury under Section 59A of the Social Security Pensions Act 1975 (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/761639/Treasury_Direction_under_section_59A_Social_Security_Pensions_Act_1975.pdf).

This has been fully allowed for in this valuation when assessing the liabilities.

Consideration is being given to whether any adjustment needs to be made in relation to a small number of exceptional cases (as set out in the consultation response) along with historic transfer payments made to members leaving the Fund and all parties are awaiting further guidance from the Government. No explicit allowance has been made in this valuation for these potential liabilities and this will be considered once the guidance and data is available. We would not expect it to be material in the context of the total Fund liabilities but this can only be considered once the full details are available.

Compensatory Added Years (CAY)

The Fund is also responsible for paying and, where appropriate, recharging to employers the benefits arising from the award of compensatory added years (CAY) of service on premature retirement. Unless these CAY benefits have been converted into “funded” benefits, they are normally recharged to the relevant employer (together with associated pension increases), and so are excluded from the valuation.

Additional Voluntary Contributions (AVCs)

The benefits that will emerge from money purchase AVCs paid by members, and SCAVCs paid by employers, and the corresponding invested assets in respect of these AVCs and SCAVCs, have been excluded from the valuation.

The McCloud Judgment

Allowance for the liabilities resulting from the McCloud Judgment have been included; details of the approach taken is set out in Section 3.

Post valuation date benefit changes

No explicit allowance has been made in this valuation for the potential liabilities to emerge from changes in benefits/regulations that have been announced since the valuation date (e.g. rectification of survivor benefits arising from the Government's Access and Fairness consultation). The impact will be considered once further guidance and data is available. We would not expect any change to be material in the context of the total Fund liabilities.

Appendix E

Analysis of membership experience

The analysis below compares the actual experience over the 3-year period with the assumptions used for the 2025 valuation.

	Actual	Expected	%
Ill Health Retirements	86	87	99
Withdrawals	4,962	2,850	174
Pensioner Deaths	1,512	1,463	103

Note that actual withdrawals can include members moving to another LGPS Fund, bulk transfers and also transfers under the special transfer club terms.

Appendix F

Valuation dashboard as agreed by Scheme Advisory Board

	2025 valuation	2022 valuation
2025 Past service funding position - local funding basis:		
Funding level (assets/liabilities)	124%	110%
Funding level (change since previous valuation)	+14%	+11%
Asset value used at the valuation (£m)	3,476	3,318
Value of liabilities (including McCloud liabilities) (£m)	2,804	3,009
Surplus (deficit) (£m)	672	309
Discount rate – past service	5.35% p.a.	4.35% p.a.
Discount rate – future service	4.85% p.a.	5.10% p.a.
Assumed pension increases (CPI)	2.60% p.a.	3.10% p.a.
Method of derivation of discount rate, plus any changes since previous valuation	See Appendix A	See Appendix A
Assumed life expectancies at age 65		
Life expectancy for current pensioners – men age 65 (years)	21.4	22.0
Life expectancy for current pensioners – women age 65 (years)	24.0	24.3
Life expectancy for future pensioners – men age 45 (years)	22.6	23.7
Life expectancy for future pensioners – women age 45 (years)	25.5	26.4

The basis for the purposes of the LGPS Scheme Advisory Board funding position (the “SAB basis”) is a set of assumptions determined by the SAB. Its purposes are to set out the funding position on a standardised approach so that comparisons can be made with other LGPS Funds, and to assist with the “Section 13 review” as carried out by the Government Actuary’s Department. We are happy to supply further details of the SAB basis as requested.

	2025 valuation	2022 valuation
Past service funding position - SAB basis (for comparison purposes only):		
Market value of assets (£m)	3,476	3,318
Value of liabilities (£m)	2,968	2,575
Funding level on SAB basis (assets/liabilities)	117%	129%
Funding level on SAB basis (change since last valuation)	-12%	+4%
Contribution rates payable:		
Primary contribution rate	16.4%	18.9%
Secondary contributions:		
Secondary contribution rate – 1 st year of rates and adjustments certificate (£m)	-28.6	-2.1
Secondary contribution rate – 2 nd year of rates and adjustments certificate (£m)	-29.7	-2.2
Secondary contribution rate – 3 rd year of rates and adjustments certificate (£m)	-31.0	-2.3
Giving total expected contributions:		
Total expected contributions – 1 st year of rates and adjustments certificate (£m figure based on assumed payroll)	39.7	62.7
Total expected contributions – 2 nd year of rates and adjustments certificate (£m figure based on assumed payroll)	41.4	65.7
Total expected contributions – 3 rd year of rates and adjustments certificate (£m figure based on assumed payroll)	43.0	68.6
Assumed payroll (cash amounts in each year):		
Total assumed payroll – 1 st year of rates and adjustments certificate (£m)	417	343
Total assumed payroll – 2 nd year of rates and adjustments certificate (£m)	433	359
Total assumed payroll – 3 rd year of rates and adjustments certificate (£m)	451	375
3-year average total employer contribution rate	9.5%	18.3%
Average employee contribution rate (% of pay)	6.4%	6.4%
Employee contributions (£m based on assumed payroll in 1 st year of rates and adjustments certificate)	26.6	22.0

	2025 valuation	2022 valuation
Deficit recovery and surplus spreading plan:		
Latest deficit recovery period end date, where this methodology is used by the fund's actuarial advisor	2036	2033
Earliest surplus spreading period end date, where this methodology is used by the fund's actuarial advisor	2029	2026
The time horizon end date, where this methodology is used by the fund's actuarial advisor	N/A	N/A
The funding plan's likelihood of success, where this methodology is used by the fund's actuarial advisor	N/A	N/A
Surplus Methodology	Surplus buffer and surplus spreading period	Surplus buffer and surplus spreading period
Surplus methodology & parameters explanation (including changes since the last valuation)	First 10% of surplus retained on employer balance sheet to smooth volatility	First 10% of surplus retained on employer balance sheet to smooth volatility
Additional information:		
Percentage of liabilities relating to employers with deficit recovery periods of longer than 20 years	0%	0%
Percentage of total liabilities that are in respect of Tier 3 employers	3%	5%
Included climate change analysis/comments	Yes	Yes
Gender pension gap statistics – Fund active mean CARE pension GPG	29.3%	n/a
Gender pension gap statistics – Fund active mean combined Final Salary and CARE pension GPG	31.2%	n/a
Gender pension gap statistics – Fund pensioner mean pension GPG	52.8%	n/a

Appendix G

Rates and adjustments certificate in accordance with Regulation 62

Name of the Fund

Cumbria Local Government Pension Scheme

Primary Contribution Rate

I hereby certify that, in my opinion, the primary rate of the employers' contribution for the whole Fund for each of the three years beginning 1 April 2026 is 16.4% of pensionable pay. The primary rate of contribution for each employer for the three-year period beginning 1 April 2026 is set out in the attached schedule.

Secondary Contribution Rate

I hereby certify that, in my opinion, the secondary rate of the employer's contribution for the whole Fund for each of the three years beginning 1 April 2026 is a **deduction** of the following:

2026/27 £5.0 million and 5.7% of pensionable pay

2027/28 £5.2 million and 5.7% of pensionable pay

2028/29 £5.4 million and 5.7% of pensionable pay

The secondary rate of contribution for each employer for each of the three years beginning 1 April 2026 is set out in the attached schedule.

Contribution amounts payable

The total contribution payable for each employer is the total of the primary and secondary rates as detailed in the attached schedule. Contributions will be paid monthly in arrears with each payment normally being due by the 19th of the following month (or the 22nd if paid electronically or at intervals agreed with the Administering Authority) unless otherwise noted in the schedule.

Further Adjustments

A further individual adjustment shall be applied in respect of each non-ill health early retirement occurring in the period of three years covered by this certificate. This further individual adjustment will be calculated in accordance with methods agreed from time to time between the Fund's Actuary and the Administering Authority.

The contributions set out in the attached schedule represent the minimum contribution which may be paid by each employer in total over the three years covered by the certificate. Additional contributions or a different pattern of contributions may be paid if requested by the employer concerned at the sole discretion of the Administering Authority as agreed with the Actuary. The total contributions payable by each employer will be subject to a minimum of £nil.

In cases where an element of an existing Scheme employer's surplus or deficit is transferred to a new employer on its inception, the Scheme employer's secondary contributions, as shown on the schedule to this Certificate in [Appendix H](#), may be reallocated between the Scheme employer and the new employer to reflect this, on the advice of the Actuary and as agreed with the Administering Authority so that the total payments remain the same overall.



The Administering Authority and employer with advice from the Fund's Actuary can agree that contributions payable under this certificate can be sourced under an alternative financing arrangement which provides the Fund with equivalent cash contributions.

Regulation 62(8)

In accordance with Regulation 62(8) of the regulations, we have calculated the contributions that should be paid into the fund over the period 1 April 2026 to 31 March 2029 in order to maintain the solvency of the Fund.

The assumptions underpinning the calculation of the contribution rates included in this certificate are set out in the Funding Strategy Statement and summarised in [Appendix A](#) of the Fund Actuary's report on the 31 March 2025 Actuarial Valuation. These assumptions determine our estimate of the number of members (and associated pensions and liabilities) who will become entitled to a pension under the provisions on the LGPS.

No allowance for non-ill health early retirements has been made in determining the results of the valuation, on the basis that the costs arising will be met by additional contributions. Allowance for ill health retirements has been included in each employer's contribution rate, on the basis of the method and assumptions set out in the report.

Signature		Signature	
Date of Signing	30 March 2026	Date of Signing	30 March 2026
Fund Actuary	Mark Wilson	Fund Actuary	Clive Lewis
Qualification	Chartered Actuary (Fellow)	Qualification	Chartered Actuary (Fellow)

The triennial actuarial valuation is a significant exercise carried out by the Fund. This report is a summary of the main outputs from the triennial actuarial valuation. The outputs are the result of funding strategy analysis, discussions and Fund decisions throughout the valuation process. A high-level audit trail of the key funding strategy decisions is set out below:

Funding strategy

The actuarial assumptions were reviewed by the Fund over June-September 2025, supported by analytics and other information from the Fund Actuary including scenario and sensitivity testing of the impact on contributions. The assumptions, including the level of prudence, were agreed by the Fund at the Pensions Committee meeting in December 2025.

The funding strategy parameters, including management of surpluses (where present) and prudence levels, which feed into the setting of employer contribution rates, were reviewed by the Fund and agreed in December 2025 (for the key parameters) and March 2026 (for the remaining parameters).

Other aspects of the funding strategy, including the approach to cessation valuations, exit credits, bulk transfers and new employers, were reviewed over April-November 2025 and confirmed at the March 2026 Committee meeting.

The outcomes of these decisions were collated and documented in an updated copy of the Funding Strategy Statement. The draft FSS was discussed at the September 2025 Pensions Committee meeting. The final version was agreed at the March 2026 Pensions Committee meeting.

Stakeholder engagement

In addition, the Fund has engaged with employers and the Local Pensions Board throughout the valuation exercise. A summary of the engagement is detailed below.

Employer results: a results schedule setting out their 2025 valuation funding position and contribution rate was issued to relevant employers in November 2025. This was followed with an employer forum in the same month, where employers were then offered the opportunity to engage with the Fund / Actuary on a 1-2-1 basis to discuss their results.

Funding Strategy Statement consultation: an updated version of the FSS was issued to employers in September 2025 with the opportunity to feedback comments or ask questions to the Fund by November 2025.

Appendix H**Schedule to the Rates and Adjustments Certificate dated 30 March 2026**

Employer Number	Employer	Primary rate 2026/27 to 2028/29	Secondary rates			Total Contribution rates		
			2026/27	2027/28	2028/29	2026/27	2027/28	2028/29
Major Authorities								
10,289	Cumberland Council	16.2%	-7.5%	-7.5%	-7.5%	8.7%	8.7%	8.7%
10,290	Westmorland & Furness Council	16.5%	-7.2%	-7.2%	-7.2%	9.3%	9.3%	9.3%
10,292	Cumbria Commissioner Fire and Rescue	15.9%	(£200,000)	(£208,200)	(£216,700)	15.9% less £200,000	15.9% less £208,200	15.9% less £216,700
10,011	Lake District National Park Authority	15.8%	(£643,900)	(£670,300)	(£697,800)	15.8% less £643,900	15.8% less £670,300	15.8% less £697,800
10,235	Cumbria Police, Fire & Crime Commissioner	17.4%	(£80,300)	(£83,500)	(£87,000)	17.4% less £80,300	17.4% less £83,500	17.4% less £87,000
10,240	Cumbria Chief Constable	17.1%	(£2,184,400)	(£2,274,100)	(£2,367,300)	17.1% less £2,184,400	17.1% less £2,274,100	17.1% less £2,367,300
Further and Higher Education Employers								
10,016	Furness College	16.6%	(£317,300)	(£330,300)	(£343,800)	16.6% less £317,300	16.6% less £330,300	16.6% less £343,800

Employer Number	Employer	Primary rate 2026/27 to 2028/29	Secondary rates			Total Contribution rates		
			2026/27	2027/28	2028/29	2026/27	2027/28	2028/29
10,021	Kendal College	16.0%	(£180,500)	(£187,900)	(£195,600)	16.0% less £180,500	16.0% less £187,900	16.0% less £195,600
10,014	Lakes College West Cumbria	15.1%	(£333,400)	(£347,000)	(£361,300)	15.1% less £333,400	15.1% less £347,000	15.1% less £361,300
Academies								
10,028	Richard Rose Academy	16.5%	Nil	Nil	Nil	16.5%	16.5%	16.5%
10,035	Furness Education Trust	15.8%	(£39,200)	(£40,800)	(£42,500)	15.8% less £39,200	15.8% less £40,800	15.8% less £42,500
10,049	Changing Lives Learning Trust	15.5%	Nil	Nil	Nil	15.5%	15.5%	15.5%
10,124	Seaton Infant School	16.3%	Nil	Nil	Nil	16.3%	16.3%	16.3%
10,204	Kirkbie Kendal School	18.9%	Nil	Nil	Nil	18.9%	18.9%	18.9%
10,206	Eaglesfield Paddle CofE VA Primary School	17.4%	(£7,200)	(£7,500)	(£7,800)	17.4% less £7,200	17.4% less £7,500	17.4% less £7,800
10,208	Caldew School	17.1%	(£15,900)	(£16,600)	(£17,300)	17.1% less £15,900	17.1% less £16,600	17.1% less £17,300
10,209	South Westmorland MAT	18.8%	Nil	Nil	Nil	18.8%	18.8%	18.8%
10,210	Lunesdale Learning Trust	17.3%	Nil	Nil	Nil	17.3%	17.3%	17.3%

Employer Number	Employer	Primary rate 2026/27 to 2028/29	Secondary rates			Total Contribution rates		
			2026/27	2027/28	2028/29	2026/27	2027/28	2028/29
10,213	Appleby Grammar School	17.3%	(£6,200)	(£6,500)	(£6,700)	17.3% less £6,200	17.3% less £6,500	17.3% less £6,700
10,214	Cumbria Education Trust	15.9%	(£155,000)	(£161,400)	(£168,000)	15.9% less £155,000	15.9% less £161,400	15.9% less £168,000
10,215	Trinity School	17.3%	(£54,100)	(£56,400)	(£58,700)	17.3% less £54,100	17.3% less £56,400	17.3% less £58,700
10,216	Keswick School	18.3%	(£11,500)	(£11,900)	(£12,400)	18.3% less £11,500	18.3% less £11,900	18.3% less £12,400
10,217	Cartmel Priory CofE School	17.9%	(£4,500)	(£4,700)	(£4,900)	17.9% less £4,500	17.9% less £4,700	17.9% less £4,900
10,220	Arnside National CofE School	22.2%	Nil	Nil	Nil	22.2%	22.2%	22.2%
10,222	Burton Morewood CofE Primary School	16.9%	(£5,400)	(£5,700)	(£5,900)	16.9% less £5,400	16.9% less £5,700	16.9% less £5,900
10,227	Great Corby Primary School	18.7%	(£2,400)	(£2,500)	(£2,600)	18.7% less £2,400	18.7% less £2,500	18.7% less £2,600
10,228	Ghyllside Primary	19.5%	(£13,200)	(£13,800)	(£14,300)	19.5% less £13,200	19.5% less £13,800	19.5% less £14,300
10,229	Crosby on Eden CofE School	16.6%	(£3,800)	(£4,000)	(£4,100)	16.6% less £3,800	16.6% less £4,000	16.6% less £4,100
10,238	Energy Coast UTC	15.3%	(£27,500)	(£28,600)	(£29,800)	15.3% less £27,500	15.3% less £28,600	15.3% less £29,800
10,239	South Cumbria MAT	15.3%	(£103,100)	(£107,400)	(£111,800)	15.3% less £103,100	15.3% less £107,400	15.3% less £111,800

Employer Number	Employer	Primary rate 2026/27 to 2028/29	Secondary rates			Total Contribution rates		
			2026/27	2027/28	2028/29	2026/27	2027/28	2028/ 29
10,243	Stanwix School	18.7%	Nil	Nil	Nil	18.7%	18.7%	18.7%
10,244	The Good Shepherd MAT	17.0%	(£85,300)	(£88,700)	(£92,400)	17.0% less £85,300	17.0% less £88,700	17.0% less £92,400
10,250	Learning for Life Trust	17.1%	(£40,300)	(£42,000)	(£43,700)	17.1% less £40,300	17.1% less £42,000	17.1% less £43,700
10,252	George Hastwell School	13.6%	(£20,800)	(£21,600)	(£22,500)	13.6% less £20,800	13.6% less £21,600	13.6% less £22,500
10,274	Bassenthwaite School	10.5%	(£2,100)	(£2,200)	(£2,300)	10.5% less £2,100	10.5% less £2,200	10.5% less £2,300
10,275	James Rennie School	14.0%	(£55,500)	(£57,800)	(£60,200)	14.0% less £55,500	14.0% less £57,800	14.0% less £60,200
10,278	Branthwaite Academy	14.8%	(£15,800)	(£16,400)	(£17,100)	14.8% less £15,800	14.8% less £16,400	14.8% less £17,100
10,280	Mater Christi MAT	16.1%	(£99,200)	(£103,300)	(£107,500)	16.1% less £99,200	16.1% less £103,300	16.1% less £107,500
Designated / Resolution Employers								
10,086	Keswick Town Council	17.1%	(£14,900)	(£15,500)	(£16,200)	17.1% less £14,900	17.1% less £15,500	17.1% less £16,200
10,129	Wigton Town Council	16.2%	Nil	Nil	Nil	16.2%	16.2%	16.2%
10,138	Kendal Town Council	18.2%	(£10,200)	(£10,600)	(£11,000)	18.2% less £10,200	18.2% less £10,600	18.2% less £11,000

Employer Number	Employer	Primary rate 2026/27 to 2028/29	Secondary rates			Total Contribution rates		
			2026/27	2027/28	2028/29	2026/27	2027/28	2028/ 29
10,139	Cockermouth Town Council	17.8%	-17.8%	-17.8%	-17.8%	0.0%	0.0%	0.0%
10,157	Cleator Moor Town Council	23.8%	(£3,000)	(£3,100)	(£3,200)	23.8% less £3,000	23.8% less £3,100	23.8% less £3,200
10,172	Ulverston Town Council	16.5%	(£1,700)	(£1,700)	(£1,800)	16.5% less £1,700	16.5% less £1,700	16.5% less £1,800
10,200	Brampton Parish Council	22.5%	£900	£900	£1,000	22.5% plus £900	22.5% plus £900	22.5% plus £1,000
10,203	Maryport Town Council	21.3%	(£400)	(£400)	(£400)	21.3% less £400	21.3% less £400	21.3% less £400
10,230	Orian Solutions Limited	24.2%	-24.2%	-24.2%	-24.2%	0.0%	0.0%	0.0%
10,237	Workington Town Council	15.9%	Nil	Nil	Nil	15.9%	15.9%	15.9%
10,253	Penrith Town Council	18.4%	(£23,300)	(£24,300)	(£25,200)	18.4% less £23,300	18.4% less £24,300	18.4% less £25,200
10,267	Grange Town Council	22.5%	(£300)	(£300)	(£300)	22.5% less £300	22.5% less £300	22.5% less £300
10,270	Egremont Town Council	23.3%	Nil	Nil	Nil	23.3%	23.3%	23.3%
10,273	Whitehaven Town Council	18.8%	(£1,200)	(£1,300)	(£1,300)	18.8% less £1,200	18.8% less £1,300	18.8% less £1,300
10,288	Barrow Forward	17.3%	(£11,800)	(£12,300)	(£12,800)	17.3% less £11,800	17.3% less £12,300	17.3% less £12,800

Employer Number	Employer	Primary rate 2026/27 to 2028/29	Secondary rates			Total Contribution rates		
			2026/27	2027/28	2028/29	2026/27	2027/28	2028/29
Admitted Bodies								
10,020	West House	17.8%	(£165,700)	(£172,500)	(£179,500)	17.8% less £165,700	17.8% less £172,500	17.8% less £179,500
10,036	Carlisle Leisure Ltd	17.3%	-17.3%	-17.3%	-17.3%	0.0%	0.0%	0.0%
10,047	Eden Housing Association Limited	18.0%	-18.0%	-18.0%	-18.0%	0.0%	0.0%	0.0%
10,063	Lakeland Arts Trust	24.5%	Nil	Nil	Nil	24.5%	24.5%	24.5%
10,064	Greenwich Leisure (Copeland)	23.1%	-23.1%	-23.1%	-23.1%	0.0%	0.0%	0.0%
10,066	Glenmore Trust (The)	23.2%	-23.2%	-23.2%	-23.2%	0.0%	0.0%	0.0%
10,106	Cumbria Cerebral Palsy	27.3%	-27.3%	-27.3%	-27.3%	0.0%	0.0%	0.0%
10,119	Higham Hall College	23.5%	-23.5%	-23.5%	-23.5%	0.0%	0.0%	0.0%
10,121	Oaklea Trust (The)	24.6%	-24.6%	-24.6%	-24.6%	0.0%	0.0%	0.0%
10,132	Morton Community Centre	24.4%	(£9,700)	(£10,100)	(£10,600)	24.4% less £9,700	24.4% less £10,100	24.4% less £10,600
10,201	Tullie House Trust	21.2%	-21.2%	-21.2%	-21.2%	0.0%	0.0%	0.0%

Employer Number	Employer	Primary rate 2026/27 to 2028/29	Secondary rates			Total Contribution rates		
			2026/27	2027/28	2028/29	2026/27	2027/28	2028/ 29
10,231	People First	22.2%	-22.2%	-22.2%	-22.2%	0.0%	0.0%	0.0%
10,242	Greenwich Leisure (South Lakes)	20.2%	-20.2%	-20.2%	-20.2%	0.0%	0.0%	0.0%
10,262	Mellors Catering (Kirkby Stephen)	25.7%	(£1,100)	(£1,100)	(£1,200)	25.7% less £1,100	25.7% less £1,100	25.7% less £1,200
10,269	Mellors (Appleby)	24.4%	(£900)	(£1,000)	(£1,000)	24.4% less £900	24.4% less £1,000	24.4% less £1,000
10,281	Caterlink Ltd (St Bernard's Catholic High Sch)	24.1%	Nil	Nil	Nil	24.1%	24.1%	24.1%
10,295	Dolce Ltd (St Martin & St Mary)	19.3%	(£400)	(£400)	(£400)	19.3% less £400	19.3% less £400	19.3% less £400
Post valuation joiners								
10,258	Seaton Parish Council	14.5%	Nil	Nil	Nil	14.5%	14.5%	14.5%

Other interested bodies with no pensionable employees

Employer	Proportion of Pension Increases to be Recharged %
Charlotte Mason College	100
Workington Port Health Authority	100
Lake District Cheshire Homes	100

For any employers who exited the Fund prior to 31 March 2026, termination assessments may be required and any additional contributions required will be notified separately.

Important notes to the Certificate:

1. The percentages shown are percentages of pensionable pay and apply in respect of all members, including those who are members under the 50:50 option under the LGPS.
2. With the agreement of the Administering Authority employers may opt to pay elements of their contributions in advance. The cash amounts payable will be reduced in return for this early payment as follows:
 - Payments made annually in advance will be reduced by 2.6% (i.e. the above amounts will be multiplied by 0.974)
 - 2027/28 payments made in April 2026 will be reduced by 7.5% (i.e. the above amounts will be multiplied by 0.925)
 - 2028/29 payments made in April 2026 will be reduced by 12.2% (i.e. the above amounts will be multiplied by 0.878)

At the absolute discretion of the Administering Authority employers may be able to prepay at different dates and the discount factors applied will be adjusted accordingly in line with the approach above.

3. Where % contributions are being paid in advance, for these cases the employer will need to estimate in advance the pensionable pay for the entire period (subject to an agreed adjustment with the Administering Authority) and a balancing adjustment to reflect the actual pensionable pay over the period would be made at the end of the period (no later than 30th April as appropriate following the year-end). Further information on the policy for prepayments can be provided by the Fund upon request. It should be noted that only certain employers will be able to pay their primary rate in advance due to the operational complexity.

4. Employers will not be allowed to prepay any member contributions, and these must be paid in line with the Regulations.
5. Where the secondary rate is a £ deduction to the primary rate due to an employer being in surplus, the total annual contributions payable by each employer will be subject to a minimum of £nil i.e. no monies can be refunded to an employer whilst they participate in the Fund.
6. This employer is part of a multi-academy trust. Each trust is pooled together for the purpose of setting the Primary contribution rates calculated in a method agreed with the Administering Authority.
7. The pension increase recharges in relation to former employers will continue at the current levels.

Appendix I

Gender Pensions Gap (GPG)

As required under the LGPS Regulations 2013, we have reported on the gender pensions gap within the Fund. The reporting approach, including derivation of statistics, is consistent with the guidance '2025 Fund Valuations: Guidance for Gender Pension Gap reporting' dated 2 February 2026 ("[the Guidance](#)").

For the purpose of this analysis, we have

- relied upon the membership data provided by the Fund for the purpose of the 2025 actuarial valuation
- used the gender information provided in the submitted membership data

The Gender Pensions Gap (GPG) is calculated as:

$$GPG = \frac{\text{Mean pension value for males} - \text{Mean pension value for females}}{\text{Mean pension value for males}}$$

The GPG is expressed as a percentage. For example, a GPG of 10% indicates that, on average within the population analysed, for every £1 of pension accrued by males, females will have accrued £0.90.

Active members

The results in this section set out the analysis for members who were active at 31 March 2025.

Fund level analysis

At overall fund level, the GPG for active members of the Fund is 38.2% (based on the combined CARE and Final salary pensions). Further detail is set out in the tables below. The tables exclude additional pension resulting from the McCloud underpin; include transferred in service and exclude any late retirement increases to pension. Note – the total number of members may be different to the figure quoted in [Appendix B](#) as members with multiple records have been assessed as individual members in the GPG analysis.

	Number of Members	Percentage of overall membership	Mean age	Mean FTE pay (£)	Mean actual pay (£)	Mean CARE pension (£)	Mean Final salary pension (£)	Mean combined pension (£)
Females	13,116	78%	45.9	28,660	22,897	2,883	3,628	4,014
Males	3,654	22%	46.5	33,825	31,875	4,077	6,295	5,838
Gender gap				15.3%	28.2%	29.3%	42.4%	31.2%

Employer category analysis

In line with the Guidance, analysis at employer category level is set out below (N/A entries apply where the number of members in a group is less than 100):

Local Authorities and Connected Bodies (SF3 number 1)*

	Number of Members	Percentage of overall membership	Mean age	Mean FTE pay (£)	Mean actual pay (£)	Mean CARE pension (£)	Mean Final salary pension (£)	Mean combined pension (£)
Females	9,891	77%	46.1	29,994	24,400	3,126	3,894	4,391
Males	2,985	23%	46.7	34,995	33,585	4,319	6,493	6,220
Gender gap				14.3%	27.4%	27.6%	40.0%	29.4%

*Note – the figures will also include outcomes for Local Authority Schools that are grouped together with the Local Authority for the purpose of setting contribution rates.

Centrally funded public sector bodies excluding academies (SF3 number 2)

	Number of Members	Percentage of overall membership	Mean age	Mean FTE pay (£)	Mean actual pay (£)	Mean CARE pension (£)	Mean Final salary pension (£)	Mean combined pension (£)	
Females	320	72%	46.1	25,572	19,986	2,377	2,750	3,047	
Males	125	28%	43.4	27,775	24,888	2,326	4,766	2,974	
Gender gap					7.9%	19.7%	-2.2%	42.3%	-2.5%

Academies (SF3 number 2, local authority indicator 2)

	Number of Members	Percentage of overall membership	Mean age	Mean FTE pay (£)	Mean actual pay (£)	Mean CARE pension (£)	Mean Final salary pension (£)	Mean combined pension (£)	
Females	2,619	86%	44.7	23,938	17,496	1,909	2,393	2,478	
Males	412	14%	46.2	26,344	20,926	2,284	4,352	2,991	
Gender gap					9.1%	16.4%	16.4%	45.0%	17.2%

Other public sector bodies (SF3 number 3)

	Number of Members	Percentage of overall membership	Mean age	Mean FTE pay (£)	Mean actual pay (£)	Mean CARE pension (£)	Mean Final salary pension (£)	Mean combined pension (£)	
Females	96	53%	44.6	34,625	29,704	3,801	5,657	5,333	
Males	85	47%	45.6	37,091	34,092	5,281	7,844	7,773	
Gender gap					6.7%	12.9%	28.0%	27.9%	31.4%

Private/voluntary/other bodies (SF3 number 4)

	Number of Members	Percentage of overall membership	Mean age	Mean FTE pay (£)	Mean actual pay (£)	Mean CARE pension (£)	Mean Final salary pension (£)	Mean combined pension (£)
Females	190	80%	54.0	26,444	20,556	4,037	3,160	6,516
Males	47	20%	50.8	35,282	33,778	6,900	4,690	10,592
Gender gap				25.0%	39.1%	41.5%	32.6%	38.5%

Further details of the employer categories used can be found here: [SF3: local government pension scheme funds - guidance notes - GOV.UK](#)

Pensioner members

The GPG for pensioner members of the Fund is 52.8%. Further detail is set out in the table below. The table includes any increase to pension as a result of the McCloud underpin (where this has been provided to us in the underlying membership data supplied for the valuation) and excludes the 2025 pension increase. Note – the number of members quoted may be different to that quoted in [Appendix B](#) as the analysis considers pensioner members only and excludes dependants.

	Number of members	Percentage of pensioner membership	Mean Age	Mean pension (£)
Females	11,306	70%	71.3	4,304
Males	4,937	30%	72.8	9,121
Gender gap				52.8%

Appendix J

Glossary

Actuarial Valuation: an investigation by an actuary into the ability of the Fund to meet its liabilities. For the LGPS the Fund Actuary will assess the funding level of each participating employer and agree contribution rates with the administering authority to fund the cost of new benefits and make good any existing deficits as set out in the separate Funding Strategy Statement.

Barber Judgment: the ruling made in respect of the Barber case by the European Court of Justice in 1990, which addressed inequality between men and women with regard to pension benefits and the age which they come into payment (due to women typically being able to receive their pension at age 60, compared to age 65 for men). As a result of the ruling, pension schemes have to pay equal benefits to comparable men and women in relation to service from 17 May 1990.

Best Estimate Assumption: an assumption where the outcome has a 50/50 chance of being achieved.

Bonds: loans made to an issuer (often a government or a company) which undertakes to repay the loan at an agreed later date. The term refers generically to corporate bonds or government bonds (gilts).

Career Average Revalued Earnings Scheme (CARE): with effect from 1 April 2014, benefits accrued by members in the LGPS take the form of CARE benefits. Every year members will accrue a pension benefit equivalent to 1/49th of their pensionable pay in that year. Each annual pension accrued receives inflationary increases (in line with the annual change in the Consumer Prices Index) over the period to retirement.

CMI: the 'Continuous Mortality Investigation' carries out research in relation to mortality and morbidity experience, which can then be used by actuaries to assess the funding required by pension funds and other bodies.

CPI: acronym standing for "Consumer Prices Index". CPI is a measure of inflation with a basket of goods that is assessed on an annual basis. The reference goods and services differs from those of RPI. These goods are expected to provide lower, less volatile inflation increases. Pension increases in the LGPS are linked to the annual change in CPI.

Deficit: the extent to which the value of the Fund's past service liabilities exceeds the value of the Fund's assets.

Discount Rate: the rate of interest used to convert a cash amount e.g. future benefit payments occurring in the future to a present value.

Employer Covenant: the degree to which an employer participating in an occupational pension scheme is willing and able to meet the funding requirements of the scheme.

Employer's Future Service Contribution Rate: the contribution rate payable by an employer, expressed as a % of pensionable pay, as being sufficient to meet the cost of new benefits being accrued by active members in the future. The cost will be net of employee contributions and will

include an allowance for the expected level of administrative expenses. It is normally the same as an employer's Primary Contribution Rate under the Regulations.

Employer's Primary Contribution Rate: the contribution rate required to meet the cost of the future accrual of benefits including ancillary, death in service and ill health benefits together with administration costs. It is expressed as a percentage of pensionable pay, ignoring any past service surplus or deficit, but allowing for any employer-specific circumstances, such as its membership profile, the funding strategy adopted for that employer, the actuarial method used and/or the employer's covenant. The Primary Contribution Rate for the whole Fund is the weighted average (by payroll) of the individual employers' Primary Contribution Rates.

Employer's Secondary Contribution Rate: an adjustment to the Primary Rate to reflect any past service deficit or surplus, to arrive at the rate each employer is required to pay. The Secondary Rate may be expressed as a percentage adjustment to the Primary Rate, and/or a cash adjustment in each of the three years beginning 1 April in the year following that in which the valuation date falls. The Secondary Rate is specified in the Rates and Adjustments Certificate. For any employer, the rate they are actually required to pay is the sum of the Primary and Secondary Rates. Secondary Rates for the whole fund in each of the three years shall also be disclosed. These will be calculated as the weighted average based on the whole fund payroll in respect of percentage rates and as a total amount in respect of cash adjustments.

Equities: shares in a company which are bought and sold on a stock exchange.

Funding Strategy Statement (FSS): this is a key governance document that outlines how the administering authority will manage employer's contributions to the Fund.

Gilts: loans made to the UK Government, which the Government undertakes to repay at an agreed later date. The "coupon" (i.e. the interest paid as part of the loan agreement) and the final settlement amount will be a fixed amount and agreed at the outset of the loan.

Government Actuary's Department (GAD): GAD is responsible for providing actuarial advice to public sector clients. GAD is a non-ministerial department of HM Treasury.

Guaranteed Minimum Pension (GMP): this is part of a member's pension which was earned between 6 April 1978 and 5 April 1997 and which replaces part of that member's State Scheme benefits in respect of that period.

Ill Health Captive: this is a notional fund designed to protect certain employers against excessive ill health costs in return for an agreed insurance premium. It works like insurance in that a fixed premium is paid by employers who are part of the captive and then the captive arrangement will meet ill health funding costs that may arise in future, in respect of the employer's members, providing the policy criteria is met.

Index-Linked Gilts: loans made to the UK Government, which the Government undertakes to repay at an agreed later date. The coupon (i.e. the interest paid as part of the loan agreement) and the final settlement amount are adjusted in line with the movements in RPI inflation in order to retain their 'real' value over time and protect against the potential effects of inflation.

Investment Strategy: the long term distribution of assets among various asset classes that takes into account the Funds objectives and attitude to risk.

Investment Strategy Statement (ISS): a statement describing the high-level principles governing the investment decision-making (including the long term strategic allocation) and management of the Fund and the policy that has been developed to ensure their implementation.

McCloud Judgment: This refers to the linked legal cases of Sargeant and McCloud, and which found that the transitional protections (which were afforded to older members when the public service pension schemes were reformed in 2014/15) constituted unlawful age discrimination.

Past Service Liabilities: this is the present value of the benefits accrued by members up to the valuation date. It is assessed based on a set of assumptions agreed between the Administering Authority and the Actuary.

Percentile: a method of ranking a series of outcomes. For example, a 10th percentile outcome means that only 10% of results would be expected to be as good as or better than the 10th percentile and 90% of results would be expected to be worse.

Prepayment: the payment by employers of contributions to the Fund earlier than that certified by the Actuary. The amount paid will be reduced compared to the certified amount to reflect the early payment.

Present Value: the value of projected benefit payments, discounted back to the valuation date.

Primary rate of the employers' contribution: see definition of Employer's primary contribution rate.

Prudent Assumption: an assumption where the outcome has a greater than 50/50 chance of being achieved i.e. the outcome is more likely to be overstated than understated. Legislation and guidance requires the assumptions adopted for an actuarial valuation overall to be prudent.

Real Return or Real Discount Rate: a rate of return or discount rate net of CPI inflation.

Recovery Plan: if the funding level of an employer is above or below 100% at the valuation date (i.e. the assets of the employer are more or less than the liabilities), a recovery plan may be needed to return the funding level back to 100% over a fixed period ("the recovery period", as defined in the Funding Strategy Statement). The recovery plan will set out the Secondary contributions payable by an employer over the recovery period. Secondary contributions can be positive or negative (i.e. an off-set to future accrual costs) but there are restrictions over which negative Secondary contributions will be applied, as set out in the Fund's policy.

SAB Funding Basis or SAB Basis: a set of actuarial assumptions determined by the LGPS Scheme Advisory Board (SAB). Its purposes are to set out the funding position on a standardised approach so that comparisons can be made with other LGPS Funds, and to assist with the "Section 13 review" as carried out by the Government Actuary's Department. As an example, the real discount rate over and above CPI used in the SAB Basis as at 31 March 2025 was 2.4% p.a., so it can be substantially different from the actuarial assumptions used to calculate the Fund's solvency funding position and contribution outcomes for employers.

Solvency/Funding Level: the ratio of the value of the Fund's assets and the value of the Fund's liabilities expressed as a percentage.

Solvency Funding Target: an assessment of the present value of benefits to be paid in the future. The desired funding target is to achieve a solvency level of a 100% i.e. assets equal to the past service liabilities assessed on the ongoing concern basis.

Surplus Buffer: where an employer has a funding level above 100%, this is the surplus held back to act as a cushion against future adverse experience. It is retained in the employer's asset share, rather than used to reduce future contributions, to aid future contribution rate stability.

50/50 Scheme: in the LGPS, active members are given the option of accruing a lower benefit in the 50/50 Scheme, in return for paying a lower level of contribution.

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