

Your LGPS pension made easy



Member Self Service Portal



Your pension



Help and Support



**New Website Launch
21 Nov 2022**

www.cumbriapensionfund.org

Cumbria County Council

**Cumbria LGPS
Pensions Forum**

21 November 2022

Cumbria County Council

Welcome

Pam Duke

Director of Finance

(s151 Officer)

Housekeeping



Toilets



Mobile Phones



Fire Alarms



Feedback

Agenda

09:45	Registration & refreshments	
10:00	Welcome	Pam Duke
	Election of Chair	Anthony Farrar
10.05	Terms of Reference Membership Apologies for absence 2021 Cumbria Pensions Forum Minutes	Chair
10.10	Pension Fund Overview, 2021/22 Performance & Local Government Reorganisation	Ali Clark & Pete George
10:30	LGPS administration – what's new?	Ally McGuinness
10:50	Triennial Actuarial Valuation 2022	Mercer Ltd
11:30	Date of next meeting and close	Chair
	Scheduled meetings with the Actuary	



Cumbria County Council

Election of Chair

Anthony Farrar -
Democratic Services

Cumbria County Council

Terms of Reference

Membership

Apologies for absence

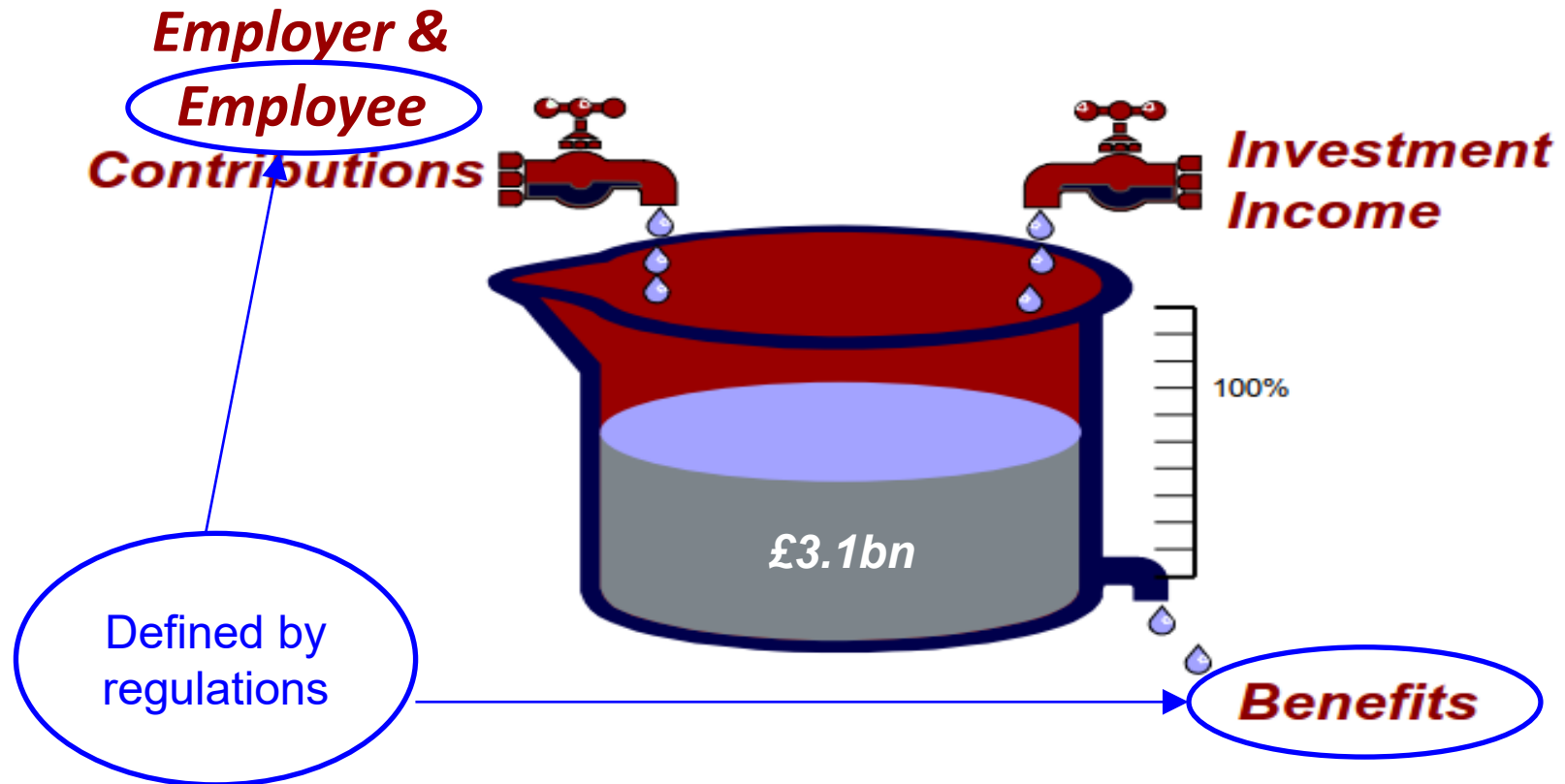
Minutes of previous meeting



Cumbria County Council
**Pensions Investment
Overview & Performance**

Ali Clark –
Senior Manager

Reminder - how does the LGPS work?



Investment approach

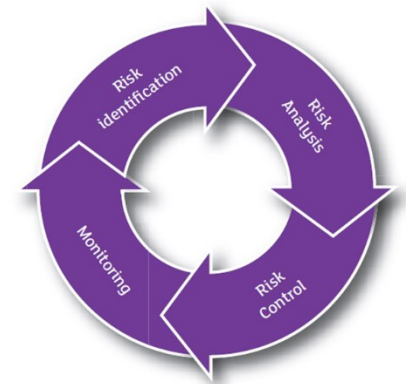
- Long term investor
- Diverse portfolio, e.g.
 - Various Asset classes
 - Public & private markets
 - Global investments
- LGPS Investment Pooling
 - [Border to Coast Pensions Partnership Ltd.](#)
- Responsible asset owner
 - [Stewardship Report 2021-22](#)
- Risk monitoring & management.



Stewardship Report
2021/22

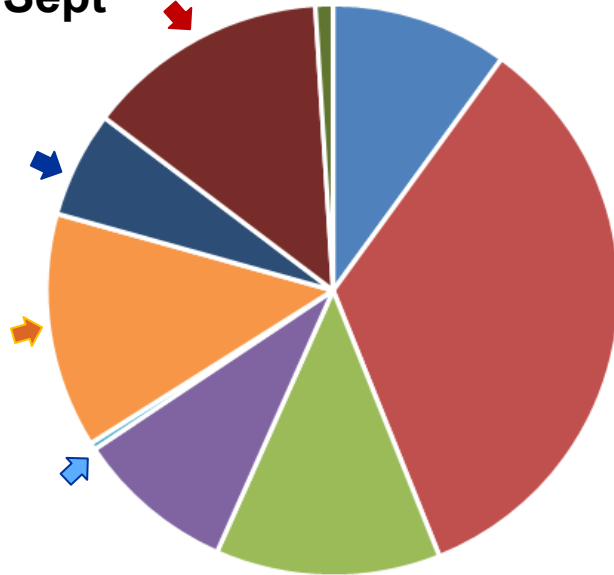


This report meets the requirements of the Financial Reporting Council (FRC's) - UK Stewardship Code 2020 and Cumbria Local Government Pension Scheme is listed as signatory to the UK Stewardship Code (the Code)



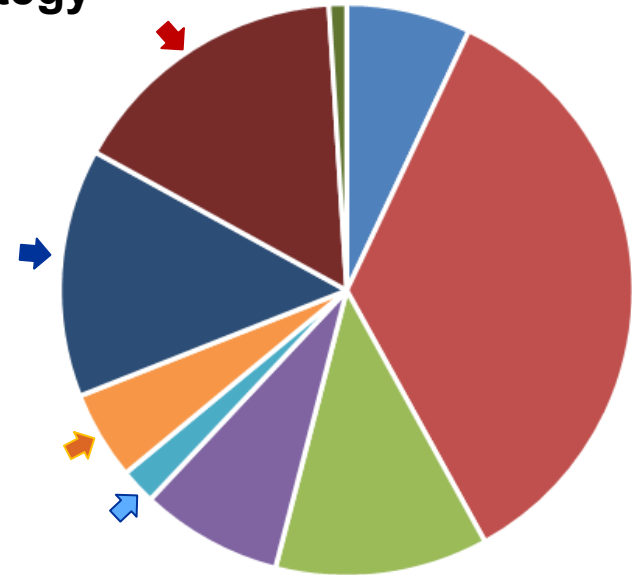
Investment Strategy

Actual
30th Sept
'22



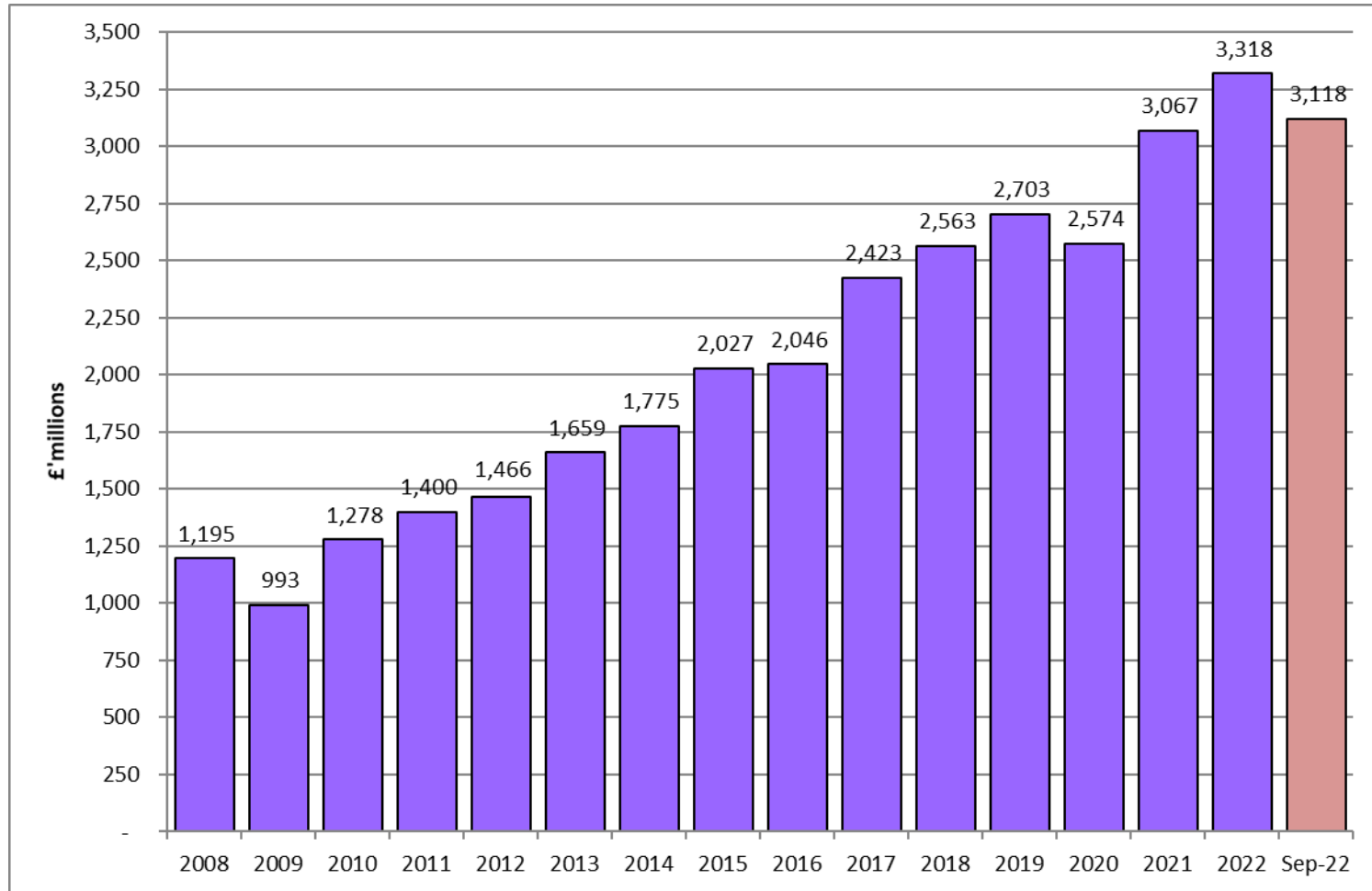
- Private Equity 10%
- Infrastructure Equity 12.7%
- Residential Property 0.4%
- Private Debt 6%
- Cash 0.9%
- Public Equity 34%
- Commercial Property 9%
- Multi-Asset Credit 13.3%
- Government Bonds 13.7%

Target
Strategy

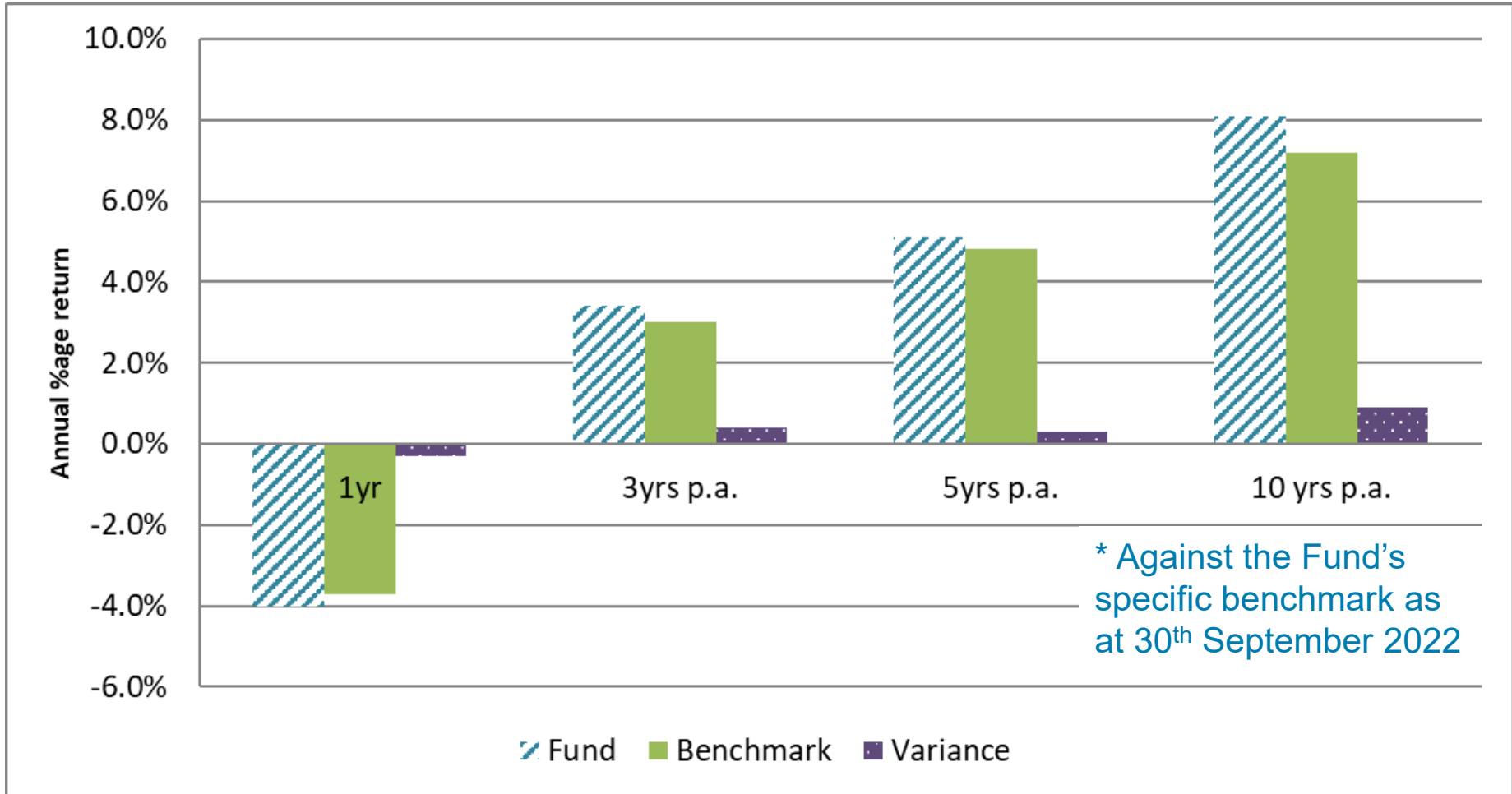


- Private Equity 7%
- Infrastructure Equity 12%
- Residential Property 2%
- Private Debt 14%
- Cash 1%
- Public Equity 35%
- Commercial Property 8%
- Multi-Asset Credit 5%
- Government Bonds 16%

Value of the Fund's Assets

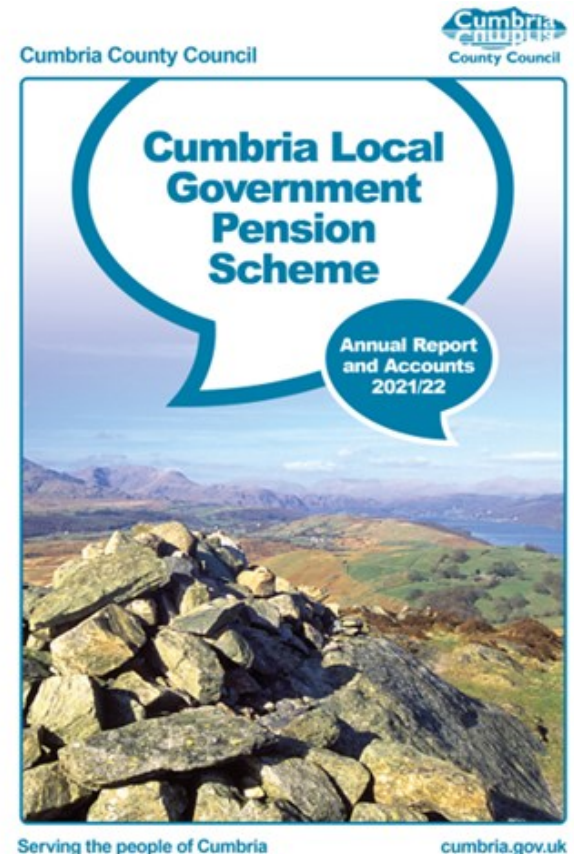


Annual Fund Investment Performance*



Accounts and Annual Report

- Pension Fund Annual Report:
 - Will be published shortly.
- Pension Fund Accounts:
 - Available online in draft.
 - Audit materially complete.
 - Anticipating an unqualified opinion & no audit recommendations.
- Available at: www.cumbria.gov.uk



Cumbria County Council
Any Questions?





Cumbria County Council
**Local Government
Reorganisation (LGR)**

Ali Clark
Senior Manager – Pensions
(Deputy S151 Officer)

Local Government Reorganisation (LGR)

- Moving from 2 tier to unitary structure in Cumbria from 1st April 2023.
 - The 7 Councils will be replaced with 2 unitary councils and the Fire & Rescue Service will move to the Police & Crime Commissioner (PCC).



- Westmorland & Furness Council will be the Administering Authority for the Cumbria LGPS Pension Fund.
- Beyond the 7 Councils and the PCC there will be very limited impact on employers and scheme members.
 - Essentially it'll just be “housekeeping” to reflect the change in Administering Authority.

Cumbria County Council
Any Questions?





Cumbria County Council
**Pensions Administration
Performance**

Pete George
Group Finance Manager

Fund Administration Overview

At September 2022:

- 60,663 Scheme Member records
 - 17,785 Active Members
 - 24,255 Deferred Members
 - 18,593 Pensioners
- 130 Employers
- Fund Assets totalling £3.1bn



Pensions Administration 2021/22 Performance

- Payment of c. 18,000 pensions each month
- 1,937 scheme members put into pension
- Over 15,800 contacts with LPPA - 97.5% of cases dealt within SLA performance target.
- Approx 7,643 calls to the LPPA help desk
- 18 virtual visits to employers for one to one training
- 64 delegates represented employers at LPPA training events
- 158 scheme members attended training provided by LPPA

Pensions Administration Performance

- Annual Benefits issued to staff ahead of August deadline
- Death grant nominations - 40% of active members
- My Pension On-line sign up - 42% of active members (but...)
- Active, Deferred and Pensioner annual newsletters issued

Data, data, data

Reporting to Pensions Regulator

- Common Data - 98.0% complete (up 0.2% from 2021)
 - Name
 - NI Number
 - Address
 - Date of Birth
 - Sex
 - Date pension started
 - Contributions
 - Last Event Status
 - Expected retirement date
- Conditional Data – 95.3% complete (up 1% from 2021)
 - Deferred Benefits
 - Divorce Records
 - AVCs
 - Employer Details
 - Salary
 - Annual Allowances
 - Dependents
 - Transfers in
 - Aggregations

It's all about data

Why do we need good quality data?

- To provide a high quality, accurate pension scheme for our scheme members
- To reduce administration time
- To minimise costs for employers
- To comply with our legal and Regulatory obligations



Any questions / comments or suggestions?



LPP

Local Pensions Partnership
Administration

- Then please contact us at: pensions@cumbria.gov.uk
- Or for helpful employer FAQs and LPPA contact details, please see: www.lppapensions.co.uk/contact/

**Cumbria
Pension
Fund**

Cumbria County Council

LGPS

Administration –

Update 21 Nov

2022

Today's topics

**EXIT
PAYMENTS**

MCCLLOUD

**LGPS
MEMBER
INFO**

**NEW ADMIN
AUTHORITY**

**COST OF
LIVING**

**PROJECT
PACE**

**IT'S A
MYSTERY!**

Exit Payments Consultation

HM Treasury launched a consultation on 8th August 2022 – the closing date was the 17th of October.

The scope of the consultation was “Central Government” bodies, which includes Academies

Proposals include:

- Approval process for employee exits and special severance payments
- Additional reporting requirements

Applies where total payment would be more than £95,000 including pension strain amount. Employers will need to report any exit to HMT for approval if over £95,000

No response to the consultation has been published yet

- Court of Appeal ruling in December 2018 – public service pension schemes had discriminated on the grounds of age when Schemes changed (2014 for LGPS from final salary to CARE)
- Government statement in July 2019 - as a result of the judgement, that it would “take steps to remove the discrimination”
- July 2021 a bill, amending Public Service Pensions Act 2013, to amend the discrimination in public service schemes.
- Underpin protection will extend to all members in the scheme at 31 March 2012
- Underpin means your pension 1 April 2012 to 31 March 2022 is best of 2008 rules (1/60th) and CARE rules
- The changes will also apply retrospectively – pensioner members and deferred members in scope will be included

Consultation response is expected by Christmas, however it won't include the latest draft Regulations.

There is expected to be further consultation on the draft Regulations when they are published next year, and this is likely to be nearer the end of Q1 in 2023.

The final Regulations are expected in late Spring/Summer of 2023 and will **come into force on 1 October 2023**. DLUHC are currently working with software suppliers on the changes.

From 1 October 2023 LPPA will start to work through all cases in scope, including those already retired, death cases, transfers etc

It will take a while and few are expected to benefit from McCloud.....

**Cumbria
Pension
Fund**

lgps

Home :: LGPS (lgpsmember.org)

LGPS member site

The screenshot shows the LGPS member site homepage. At the top left is the 'lgps' logo in orange. To the right is a 'Contact your fund' button with an envelope icon. Below the logo is a navigation menu with links: 'Home', 'About the LGPS >', 'Your pension >', and 'Help and Support >'. A search icon is on the far right. The main content area features a grid of diverse people's faces. A large orange text box in the top left of the grid reads: 'The LGPS is one of the largest pension schemes in the UK with over 6 million members'. Below this is a 'About the LGPS' button. At the bottom, there are four icons with corresponding text and arrows: 1. 'The essentials >' with the subtext 'The key features of your pension'. 2. 'Paying in >' with the subtext 'It's your pension - find out how it works'. 3. 'Planning >' with the subtext 'Start thinking about taking your pension'. 4. 'Leaving >' with the subtext 'Leaving the LGPS before you take your pension'.

New Admin Authority

The decision has been made to keep one LGPS Fund in Cumbria

The new Administering Authority will be Westmorland and Furness Council

LPPA will continue as the Fund's administrators and the Fund's current pension team are moving to Westmorland and Furness Council from 1 April 2023.

Members will be receiving a letter in January/February 2023 to inform them of a change of Administering Authority and that their pensions are safe.

New Admin Authority

Active members from the 6 District Councils and the County Council will be sent a letter and information in February 2023 on how the TUPE process will affect their pensions and the decisions they need to make after 1 April 2023.

Key messages for these members are:

- They will be **contractually enrolled into the LGPS** from 1 April 2023
- Anyone who has opted out or is in the 50/50 scheme will **be enrolled into the main scheme** (they can then opt out or move to 50/50 if they choose)
- There will be further options for members post 1 April 2023 on **separating or combining** their pre and post vesting day pensions
- Members will have the opportunity to **transfer in other pensions** they may hold within 12 months of 1 April 2023

MORE INFORMATION ON OUR WEBSITE OVER NEXT FEW MONTHS

Members may be trying to reduce their expenditure as a result of increasing costs of fuel, food and other expenses due to higher inflation.

Some of them may consider opting out of the LGPS.

However they can move into the 50/50 section of the Scheme:

- Pay 50% of the normal employee contributions and build up your pension at 50% the normal rate
- **You retain full life cover and full ill health cover**
- You can move back in to the main section at any time
- There is no limit on the number of times you can elect from the main section to the 50/50 section and back again

MoneyHelper- provides help and guidance about managing your money in uncertain times – this includes practical advice about living on a squeezed income and help if you're struggling with bills and payments.

www.moneyhelper.org.uk/en/money-troubles/way-forward

Citizens Advice- provide information about what help is available from your local council, the Government and other forms of support.

<https://www.citizensadvice.org.uk/debt-and-money/get-help-with-the-cost-of-living/>

LPPA - Project PACE

Pension Administration Core Evolution

LPPA have been moving to a new pension administration system, including a new employer portal, during 2022. This has occurred in 2 tranches, starting in January 2022. The new System is called Universal Pensions Management (UPM)

Cumbria Pension Fund has now entered the blackout phase of the transition, which means there is no access for employers or members until 5th December as records are moved from the old system to the new system.

LPPA have been sending regular updates to employers through 2022. Changes affecting employers include monthly returns as well as processing leavers, accessing member information and requesting estimates.

LPPA - Project PACE

Pension Administration Core Evolution

LPPA have an employer training page on their website showing the training courses including:

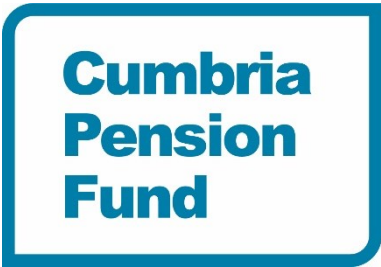
The **UPM Employer portal course** lasts 1 hour and is running on:

- Tuesday 22 Nov at 2pm
- Thursday 1 Dec at 10am
- Thursday 15 Dec at 2pm

The **PensionPoint awareness course** is 1 hour and runs on:

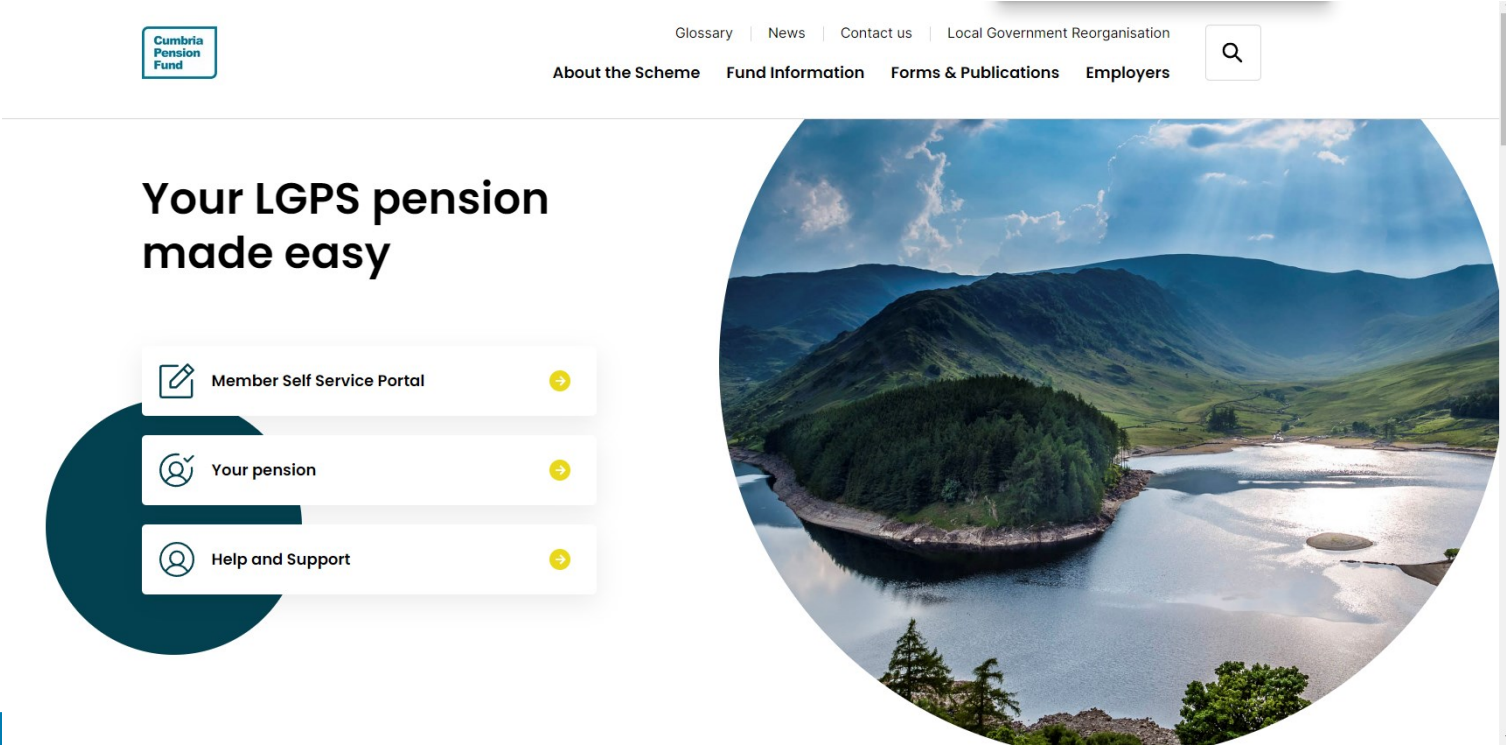
- Tuesday 14th Dec at 10am

<https://www.lppapensions.co.uk/employers/training/>



It's a website!

www.cumbriapensionfund.org



Serving the people of Cumbria



It's a website!

LPPA Employer Portal

The secure employer portal is the one stop shop for submitting information about your employees to LPPA. Providing information to LPPA on time and accurately is not only your legal responsibility, it is also vital to ensure we can administer the scheme effectively and allows us to notify members of their retirement entitlement accurately. The portal can also be used to check the contacts we hold for your organisation and update us with any changes to ensure that we are able to communicate scheme news to you.



Cumbria LGPS SharePoint site

SharePoint is Cumbria Pension Fund's secure site for employers to upload monthly LGPS contribution information to the fund. It is also where we upload the FRS and P9A data so you can access this securely.



IRMP Application Form

This form should be completed when an employer wishes to request the Pension Fund consider adding an Independent Registered Medical Practitioner (IRMP) to the Fund's approved IRMP list.



About the

organisation
employers



Serving the people of Cumbria

**Cumbria
Pension
Fund**

THANK YOU



Thank you for listening

If you have any questions please ask now or
get in touch with Cumbria LGPS admin team at:
pensions@cumbria.gov.uk

Or LPPA via the employer area at:
lppapensions.co.uk

Or via the new website:
cumbriapensionfund.org

2022 Valuation Results

Cumbria Local Government Pension Scheme
November 2022

Leanne Johnston FIA
Mark Wilson FIA

welcome to brighter



1

2019 VALUATION RECAP

2

INTER-VALUATION EXPERIENCE

3

2022 VALUATION RESULTS

4

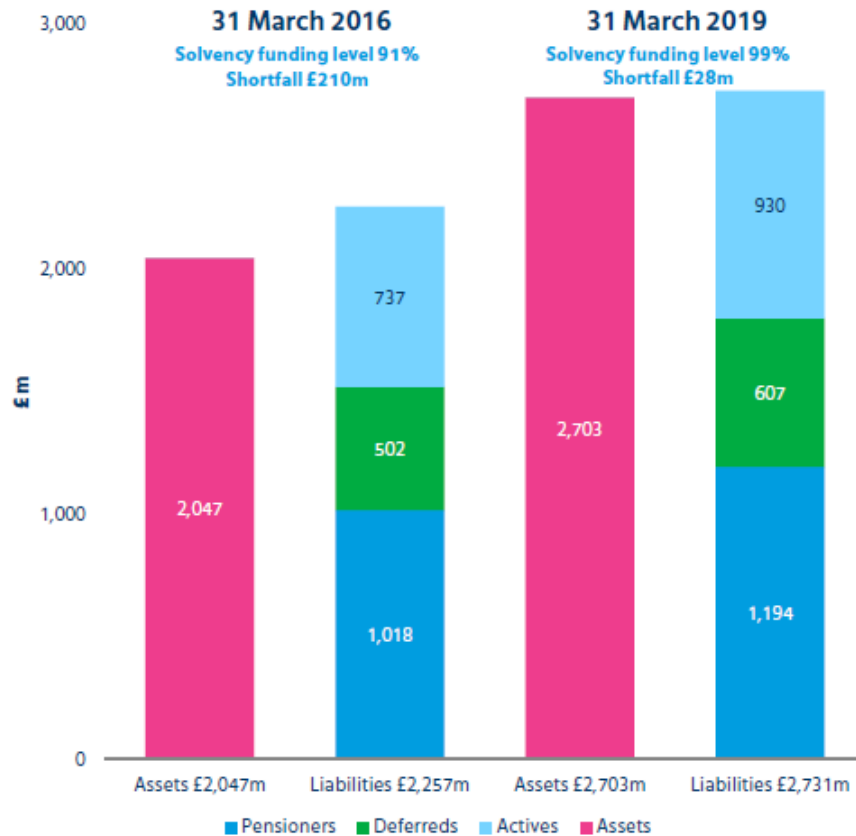
POST VALUATION EXPERIENCE

5

EMPLOYER RESULTS SCHEDULES

2019 Valuation Recap

2019 Valuation Position



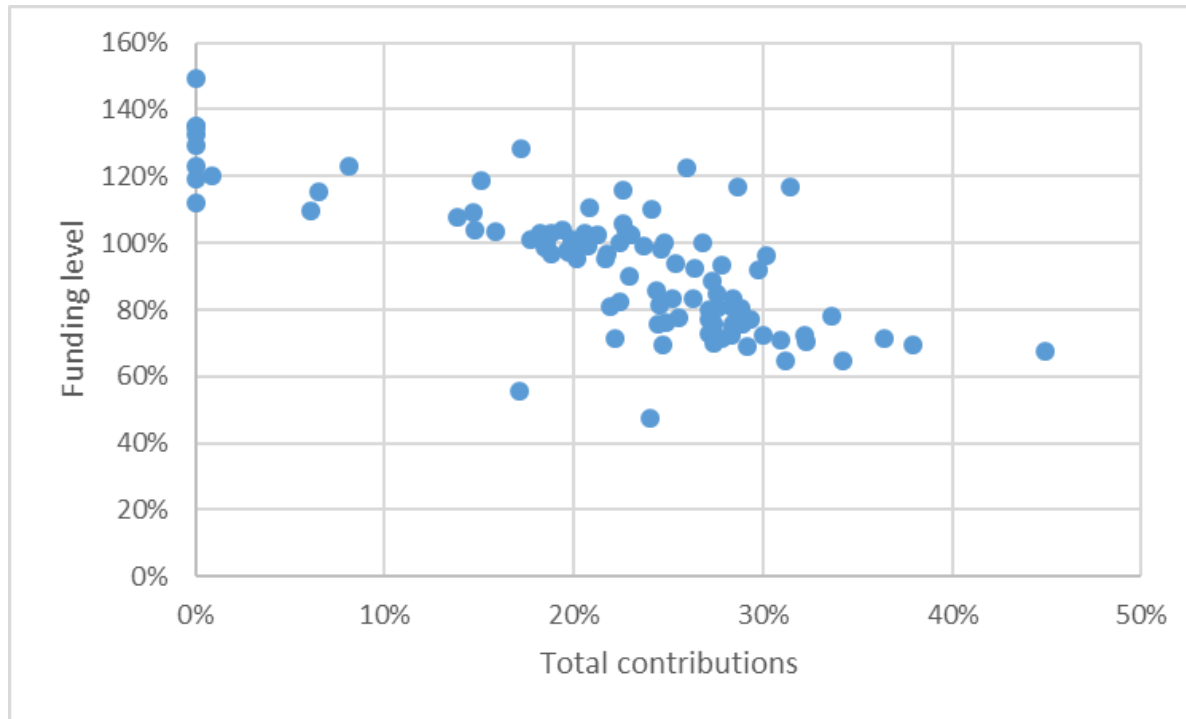
Average Future Service / Primary Rate for the Fund was **18.6%** of pay

Deficit / Secondary contributions of **£6m p.a.**

Employers:

Each employer is responsible for their own position within the Fund, and have their own contributions rates – for example future service rates ranged up to **34.5%**

2019 Valuation Position - Employers



- Employer funding positions and contributions can vary for various reasons (experience, funding position, member profile, point of entry).
- Funding levels ranged from 48% to 150% plus, with contributions over 35% in a few cases.
- When setting the funding strategy, the Fund considered the impact on the different employer groups / profiles.

Funding Strategy 2019

Discount rate

- Linked explicitly to CPI. Assumed real return of **1.25% for past service / liabilities**, and **2.0% for future service / primary rate**

Demographic assumptions

- Scheme experience reviewed and assumptions updated to reflect this. Mortality assumption was updated

Deficit contributions and recovery

- Employers in deficit recovered over an average of 12 years
- Employers with a termination deficit were not allowed to receive a surplus offset

Flexibilities

- Employers could phase in any contribution increases. Option to prepay contributions in exchange for a discount.

Inter-valuation experience

Demographics / COVID

COVID

- The mortality experience from COVID over the last three years on the funding position is minor at the Whole Fund level.
- The number of deaths over 2019-2021 (when the impact was last analysed) was around **35% higher** than expected. These excess deaths were mainly amongst the older members, the impact on the liabilities was c£12m - **less than 0.5% change in funding level.**
- The impact of COVID in the longer term on future life expectancy – is less clear. With arguments that it could both reduce and improve life expectancy in the longer term. For 2022 we have assumed COVID will have **no impact on future life expectancy.**













Mortality assumption

- Our studies show that the life expectancy for an average pensioner is now lower and whilst people are living longer the improvement rates in life expectancy are slowing down
- The overall impact of this is a *reduction* of c2.6% in the liabilities and 0.6% of pay in the cost of future benefits.

Other demographic assumptions

- The impact of proposed changes to the other demographic assumptions in combination was to increase the liabilities by around 0.3% and to increase the future service rate by 0.6%.
- This is mainly due to members taking less cash at retirement than previously anticipated

Demographic analysis impact

	Liabilities		Future service rate	
Mortality post retirement		-c2.6%		-c0.6%
Commutation		+0.4%		+c0.4%
Proportions married		+0.1%		+0.1%
Mortality pre retirement		-0.2%		0.0%
Ill-health*		0.0%		+0.1%
Total		-2.3%		0.0%

**Whole Fund assumption – historically a slightly different assumption applied to the County Council*

Investments / Market Conditions

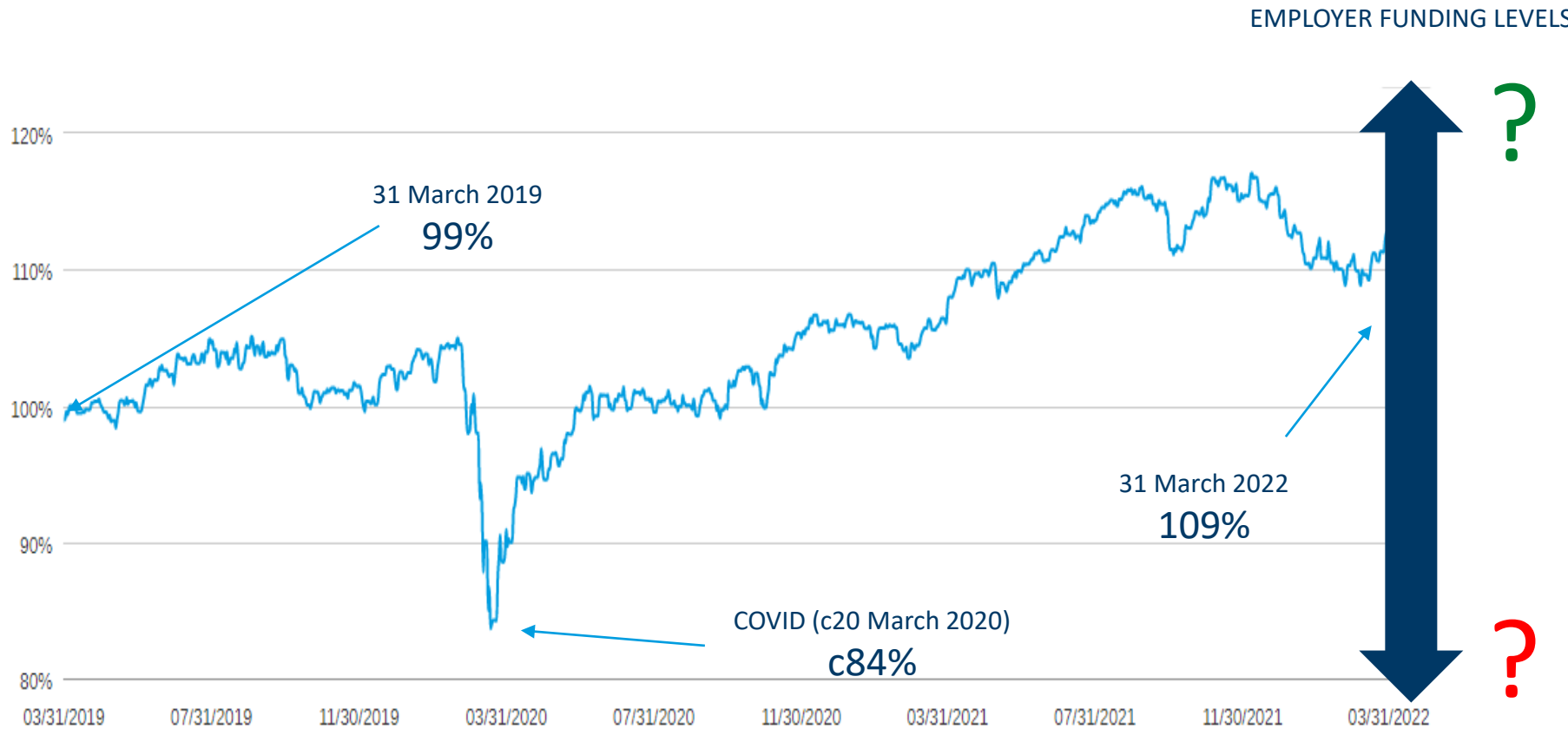
Investment returns

- Fund investments have performed well over the period. While asset values fell at the peak of the COVID crisis, they have subsequently recovered, and are **£3.3bn** at the valuation date (compared to £2.7bn at 2019). **Returns have been c25%** over the period.

Inflation / return expectations

- All Fund benefits are linked (directly or indirectly) to CPI inflation, so the Fund's exposure to changes in inflation is very significant.
- Over the inter-valuation period CPI has increased significantly. At the valuation date 1 year CPI was 7%, and has since increased further.
- The impact on our assumptions saw **expected long term CPI increase by c0.7%** at the valuation date. In isolation, this would have **added c13% to the liabilities** and **increased future service rates by c4%**. However, analysis of the Fund's expected investment returns showed much of this increase to be offset by increases in expected real investment returns.
- We have also allowed for the impact of actual inflation between September 2021 and the valuation date – this will feed into September 2022 CPI, and so the April 2023 pension increase. The impact of this – just 6 months of inflation significantly above expectations – was to **increase liabilities by c£90m**.
- This illustrates the risks to the Fund if inflation remains relatively high for longer than expected (more on this later).

Funding Progression



Strong investment performance since 2019. This has caused the like for like (i.e. before any changes to assumptions or strategy) funding level to improve significantly.

At employer level the impact of this will vary **significantly** – better funded employers have more assets and so get more benefit

2022 Valuation Results

Whole Fund Results & Key Assumptions

	31/03/2019 (exc McCloud)	31/03/2022 base results
Discount rate (past service) (CPI +)	1.25%	1.25%
Discount rate (future service) (CPI +)	2.00%	2.00%
Recovery period	12	10
Funding level buffer	N/A	110%
Surplus / (deficit)	-£28m	£309m
Funding level	99%	110%
Primary contributions	18.6%	18.9%
Secondary contributions (p.a.)	£6m	-£1m
Pay	£328m	£328m
Secondary contributions as % of pay	1.8%	-0.3%
Total employer contributions (%)	20.4%	18.6%
Total employer contributions (£)	£67m	£61m
Prudence (past service)	67%	73%
Prudence (future service)	54%	61%

Note: The funding level buffer is a limit on the level of surplus offsets – surplus below this is retained within the Fund as a buffer against adverse experience (particularly in light of the current environment) to ensure solvency and long term contribution stability. This is discussed on subsequent slides

Outcomes and considerations

Outcomes

- The valuation results show :
 - Strong funding position – the funding level is significantly improved, meaning expected deficit contributions down for many employers.
 - Where contribution are reducing, the approach adopted is to target modest reductions on average while retaining a “buffer” against adverse future experience. The aim here is to reduce both current contributions BUT also the chance that they increase in the future . The aim is to help improve future stability. (Note the buffer in itself will not lead to any contribution increases.)
 - So on average employer contributions will be reduced, **but with significant variability** (and some employers seeing increases).

Other considerations

- While the base valuation position is positive, we must overlay ‘real world’ considerations alongside the model outputs.
- Since 31 March the economic outlook has changed markedly, with turmoil in bond market, increased uncertainty, and a real risk of global stagflation emerging and being more pronounced / persistent than is built into the valuation results. This will be key to the sustainability of contributions at future valuations.
- The proposed funding approach allows for this specific risk (alongside the aim to target stable contributions).

Post Valuation Experience

Post valuation experience

Since the valuation date we have seen:

- **Assets down** – the Fund’s assets fell by c6% over the six months to end of September, compared to an expected return of c+2.2%
 - **High inflation** – inflation between March and September was 5.7% (so equivalent to c12% pa). This will feed into the April 2023 pension increase and so directly increase liabilities (the full increase is 10.1% - so from April 2023 all current and most future cashflows will increase by 10.1%)
 - **Funding level down** - in isolation, these two factors would reduce the like for like funding level from 110% to below 100% at the end of September (before considering likely future investment returns)
-
- The above further illustrates the potential impact of very high inflation for even a short period.
 - If the current high inflation persists – i.e. inflation is higher than expected – then this **unexpected high inflation will increase the value of the liabilities** and so reduce the funding level
 - Also a risk that high inflation leads to lower asset growth which also impacts the Fund’s assets.
 - Fund is looking to hold a “buffer” to protect against these risks

2025 Valuation – Simple Scenario Analysis

To reflect the possible impact of higher than expected inflation, below are 3 scenarios for 2022/25. In each case we assume over 2022/25 inflation is higher than expected and returns are lower (but otherwise the 2022 assumptions are borne out in practice).

	Scenarios over 2022-2025			
	31/03/2022 base results	1. CPI 1% pa higher, real returns 1% lower	2. CPI 1.5% pa higher, real returns 1.5% lower	3. CPI 2% pa higher, real returns 2% lower
Discount rate (past service) (CPI +)	1.25%	1.25%	1.25%	1.25%
Discount rate (future service) (CPI +)	2.00%	2.00%	2.00%	2.00%
Surplus / (deficit)	£309m	£158m	£43m	-£71m
Funding level	110%	104%	101%	98%
Primary contributions	18.9%	18.9%	18.9%	18.9%
Secondary contributions as % of pay	-0.3%	-0.3%	-0.3%	2.4%
Total employer contributions (%)	18.6%	18.6%	18.6%	21.3%

All positions show a greatly reduced funding level.

But, contribution increases are far smaller as the buffer absorbs at least some of the impact.

This highlights the potential risks faced by the Fund in the current environment, and in turn the reason for (and value of) the buffer. If contributions were reduced further at 2022, then a) the positions at 2025 would be worse (due to three years of lower income) and b) contributions would need to increase to a greater degree. This may lead to real difficulties for employers who have already allocated funds elsewhere.

Employer results schedules

Example schedule (page 1)

VALUATION BALANCE SHEET

Assets	£1,110,000
Liabilities	£1,000,000
Surplus / (Deficit)	£110,000
Funding Level	111%

EMPLOYER CONTRIBUTION REQUIREMENTS

Contributions requirements	Future Service Rate	(Surplus) / Deficit Contributions
2023/24	18.0%	(£1,100)
2024/25	18.0%	(£1,100)
2025/26	18.0%	(£1,200)

TERMINATION POSITION

Assets	£1,110,000
Liabilities	£1,020,000
Surplus / (Deficit)	£90,000
Funding Level	109%

SUPPORTING INFORMATION

Employer Information	
Employer Type	Transferee Admission
Open/Closed	Open
Funding Basis	Ongoing
Guarantor in Fund	Example Council

Future Service Prepayment Selected	None
Surplus / Deficit Prepayment Selected	None
Recovery Period from 1 April 2023	10 years

Example schedule (page 2)

DETAILED RESULTS

	Final results at 31 March 2019	Actuarial Valuation Results at 31 March 2022
Assets	£940,000	£1,110,000
Liabilities	£950,000	£1,000,000
Surplus / (Deficit)	(£10,000)	£110,000
Funding Level	99%	111%
Employer Future Service Rate (% of pay)	17.5%	18.0%
2023/24 Projected Payroll	£109,400	£109,400
Recovery Period	13 years	10 years

BASE RESULTS - like for like comparison before prepayment and phasing

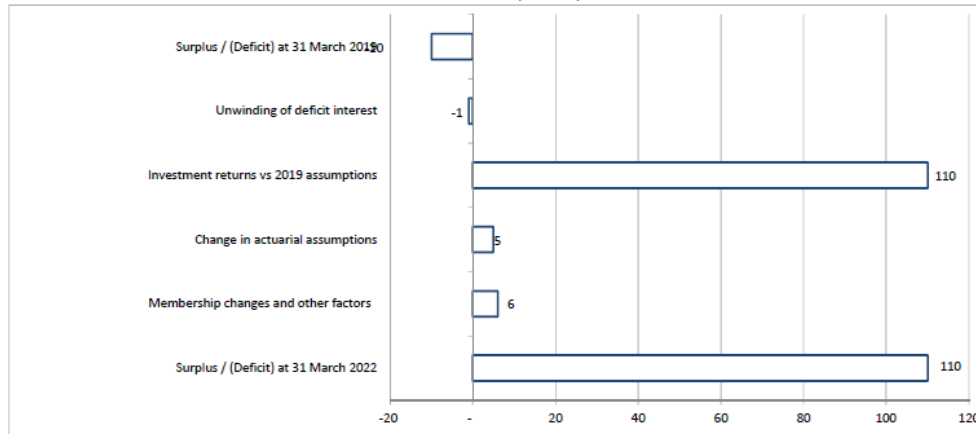
2023/24 Future Service Amount (% and £)	17.5%	£19,100	18.0%	£19,700
2023/24 (Surplus) / Deficit Amount	0.9%	£1,000	-1.0%	(£1,100)
2023/24 Total Contributions	18.4%	£20,100	17.0%	£18,600

FINAL RESULTS - allowing for prepayment and phasing

2023/24 Future Service Amount (£)	18.0%	£19,700
2024/25 Future Service Amount (£)	18.0%	£20,600
2025/26 Future Service Amount (£)	18.0%	£21,500
2023/24 (Surplus) / Deficit Amount (£)	(£1,100)	
2024/25 (Surplus) / Deficit Amount (£)	(£1,100)	
2025/26 (Surplus) / Deficit Amount (£)	(£1,200)	
Total Contributions 2023/26	£58,400	
Prepayment saving	£0	

Example schedule (page 3)

ANALYSIS OF CHANGE IN FUNDING POSITION (£000s)



SUMMARY OF MEMBERSHIP DETAILS

	31 March 2019	31 March 2022
Number of Active members	8	7
Total Post 2014 Actual Salaries (£ p.a.)	100,000	90,000
Average Age (weighted by CARE pay)	48.0	47.5
Average Employee Rate (% of pensionable pay)	6.5%	6.5%
Number of Deferred Pensioners	5	5
Total Deferred Pensions at the Valuation Date (£ p.a.)	10,000	9,000
Number of Current Pensioners and Dependants	5	6
Total Pensions Payable at the Valuation Date (£ p.a.)	15,000	13,000

ANALYSIS OF CHANGE IN FUTURE SERVICE RATE

	% of Pay
2019 Future service rate	17.5%
Change in employee contribution rate	-0.1%
Change in profile of membership	+1.0%
Change in actuarial assumptions	-0.4%
2022 Future service rate	18.0%

#N/A

KEY MEMBERSHIP EXPERIENCE - 2019 TO 2022

	Actual	Actual vs Expected
Pensioner Deaths	1	140%
Ill-health Retirements	0	0%
Pay Growth (liability weighted)	12%	

Next steps

1. Funding Strategy Statement – The Fund will consult with employers on this and we would encourage you all to feed back
2. Review your results and raise any queries / concerns with the Fund
3. For employers facing contribution increases, consider the option of phasing increases
4. Also consider contribution prepayment option
5. **New contributions payable from 1 April 2023**

Questions?

Date of next meeting

November 2023

Date to be confirmed

Closing comments

Appendix

Nominal Financial assumptions

	31 March 2019	31 March 2022
Fixed interest gilts	1.5% p.a.	1.7% p.a.
Index linked gilts	-1.9% p.a.	-2.2% p.a.
Market implied RPI inflation	3.4% p.a.	3.9% p.a.
Assumed discount rate above CPI (past / future service)	1.25% / 2.0% p.a.	1.25% / 2.0% p.a.
RPI / CPI wedge*	1.0% p.a.	0.8% p.a.
<i>Assumptions used:</i>		
Discount rate (past / future service)	3.65% / 4.4% p.a.	4.35% / 5.1% p.a.
Salary increases	3.9% p.a.	4.6% p.a.
CPI inflation / pension increases	2.4% p.a.	3.1% p.a.

**The 2019 assumption of 1% pa incorporates both a Inflation Risk Premium (“IRP”) and the assumed difference between RPI and CPI, and was made prior to the announced RPI reform. The figure was subsequently adjusted to 0.6% pa. The 2022 assumption of 0.8% allows for RPI reform and a 0.2% increase to the IRP*

Data summary

	31 March 2022
Active members	
Number	17,859
Total Pensionable Salaries	£314m p.a.
Average Pensionable Salary	£17,561 p.a.
Deferred pensioners	
Number	23,830
Total deferred pensions revalued to valuation date	£31.3m p.a.
Average deferred pension	1,313 p.a.
Pensioners (including dependants)	
Number	18,258
Total pensions payable	£81.1m p.a.
Average pension	4,443 p.a.

Actuarial Advice

- We have prepared this document for the Administering Authority for the purpose of assisting employers with planning ahead of the 2022 valuation of the Fund
- “Technical Actuarial Standard 100: Principles for Technical Actuarial Work” issued by the Financial Reporting Council applies to this presentation and the associated work, and we confirm compliance with this standard. This presentation should be read in conjunction with our report on the actuarial valuation of the Fund as at 31 March 2019 and our preliminary results paper and inflation assumption setting paper dated June 2022.
- Unless otherwise stated, we have relied on the information and data supplied to us in preparing the information, without independent verification. We will not be responsible for any inaccuracy in the advice that is a result of any incorrect information provided to us.
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- This presentation is correct as at November 2022. It will not be updated unless requested.





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