

City of London Corporation Pension Fund

Actuarial Valuation as at 31 March 2016

Summary Report

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1. Introduction

- 1.1. We are currently carrying out an actuarial valuation of the City of London Corporation Pension Fund (“the Fund”) as at 31 March 2016.
- 1.2. The purpose of this document is to summarise the valuation results for the Fund and its participating employers and has been prepared further to our advice dated 2 September 2016.
- 1.3. This report is addressed to the City of London Corporation as administering authority to the Fund. It is not intended to assist any user other than the administering authority in making decisions. Neither we nor Barnett Waddingham LLP accept any liability to third parties in respect of this report.
- 1.4. The purpose of the valuation is to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund for the period from 1 April 2017 to 31 March 2020 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) as amended.
- 1.5. This report is designed only to provide a short summary of the preliminary results and a full report will follow by 31 March 2017.
- 1.6. This advice is subject to and complies with Technical Actuarial Standards (TASs) issued by the Financial Reporting Council (namely, the Pensions TAS and generic TASs relating to reporting, data and modelling).

2. Valuation Data

2.1. We were provided with membership data as at 31 March 2016 from the administering authority. This is summarised below:

Key membership statistics						
	Number of members		% of membership		Average age	
	2016	2013	2016	2013	2016	2013
Actives	4,186	3,797	33%	33%	45.1	45.0
Deferred pensioners	4,794	4,199	38%	37%	45.2	44.5
Pensioners	3,801	3,476	30%	30%	72.3	72.1
Total	12,781	11,472	100%	100%	53.2	53.1

Key pay/pension statistics						
	Total £000			Average £		
	2016	2013	% change	2016	2013	% change
Actives	123,127	111,178	11%	29,414	29,281	0%
Pensioners	32,755	28,245	16%	8,617	8,126	6%

2.2. We were also provided with the Fund accounts for the three years to 31 March 2016 for the purposes of calculating the assets attributable to the Fund and its participating employers.

2.3. A summary of the assets held by the Fund as at 31 March 2016 is shown below:

Asset class	£000
Gilts	-
Other bonds	-
Cash/temporary investments	2,200
Equities	500,300
Property	-
Multi-asset fund	267,100
Infrastructure	32,600
Total	802,200

3. Valuation Methods and Assumptions

3.1. In summary, we have adopted the following financial and mortality assumptions:

		31 March 2016	31 March 2013
Discount rate		5.7% p.a.	6.0% p.a.
Pay increases	Long-term	3.9% p.a.	4.2% p.a.
	Short-term	CPI for period from 31 March 2016 to 31 March 2020	1% for period from 31 March 2013 to 31 March 2016
Retail Price Inflation (RPI)		3.3% p.a.	3.5% p.a.
Consumer Price Inflation (CPI)		2.4% p.a.	2.7% p.a.
Pension increases		2.4% p.a.	2.7% p.a.
Post-retirement mortality (member) - base table		S2PA tables with a multiplier of 80% for males and 85% for females	95% of the S1PA tables
Allowance for improvements in life expectancy		2015 CMI Model with a long-term rate of improvement of 1.5% p.a.	2012 CMI Model with a long-term rate of improvement of 1.25% p.a.

3.2. We have issued a document to the administering authority which discusses the background, methods and central assumptions in further detail.

3.3. Full details of the financial and demographic assumptions together with their derivation will be provided in the final report.

4. Valuation Results

4.1. The following table sets out the valuation results for the Fund as at 31 March 2016.

Past service funding position		
	31 March 2016	31 March 2013
	£000	£000
Smoothed asset value	796,301	701,766
Past service liabilities		
Actives	308,945	278,788
Deferred pensioners	185,048	158,121
Pensioners	451,583	392,703
Total	945,576	829,612
Surplus (Deficit)	(149,275)	(127,846)
Funding level	84%	85%

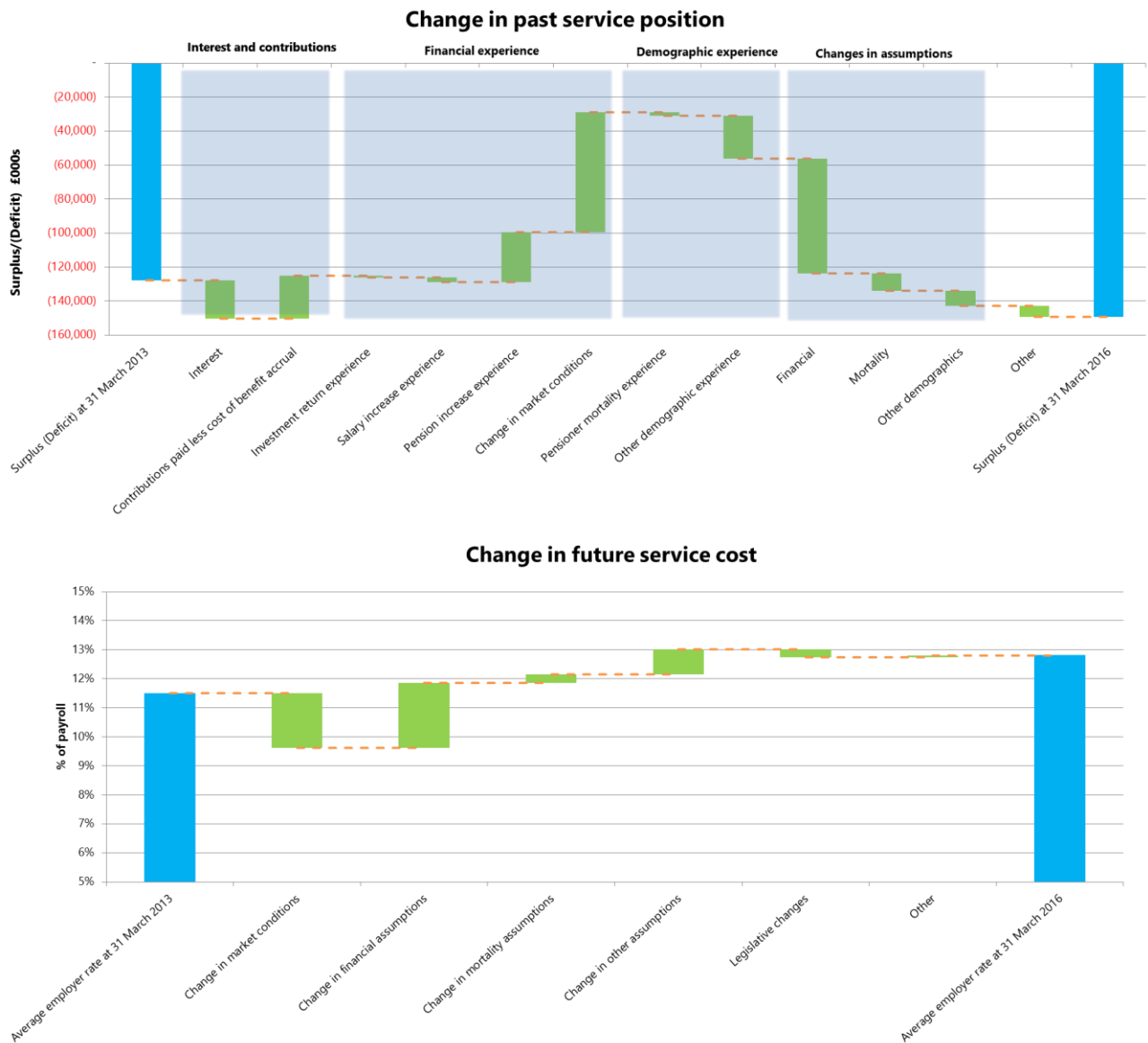
Primary rate	% of payroll	
Total future service rate	20.1%	18.5%
less Employee contribution rate	(7.3%)	(7.0%)
Primary Rate	12.8%	11.5%

Total rate	% of payroll	
Total future service rate	20.1%	18.5%
less Employee contribution rate	(7.3%)	(7.0%)
plus Deficit recovery	8.2%	5.5%
Total rate	21.0%	17.0%

4.2. The deficit recovery period at 2016 is 17 years compared to 20 years as at 2013.

4.3. We are also required to report the funding level to the LGPS Scheme Advisory Board using their standardised basis. Whilst their basis uses different assumptions to our assumptions, the funding level on the standardised basis was also 84%.

4.4. The following charts show the change in deficit and future service costs between valuations.



4.5. Individual employer results are set out in the Appendix.

4.6. We would be pleased to answer any questions arising from this report.

Graeme Muir FFA
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Appendix Required Contribution Rates

The Primary Rate of employer contribution payable by each employing authority under Regulation 64(5) for the period 1 April 2017 to 31 March 2020 is **12.8%** of pensionable payroll.

The Secondary Rates of employer contribution payable by each employing authority under Regulation 64(7) for the period 1 April 2017 to 31 March 2020, resulting in Minimum Total Contribution Rates, are as set out below:

		Minimum employer contributions due as a % of pensionable pay for the year ending		
Employer Code	Employer	31 March 2018	31 March 2019	31 March 2020
54	City of London	21.0%	21.0%	21.0%
1	Irish Society	21.0%	21.0%	21.0%
3	Museum of London	15.1%	15.7%	16.1%
7	City Academy	17.1%	17.1%	17.1%
9	Brookwood	21.0%	21.0%	21.0%
10	Enterprise	21.0%	21.0%	21.0%
14	Agilisys	21.0%	21.0%	21.0%
15	Cook and Butler	21.0%	21.0%	21.0%
16	Agilisys (Police)	21.0%	21.0%	21.0%
17	London CIV	21.0%	21.0%	21.0%
18	Westminster Drug Unit	21.0%	21.0%	21.0%

Notes

1. Further sums should be paid to the Fund to meet the costs of any early retirements using methods and assumptions issued by us from time to time
2. The certified contribution rates represent the minimum level of contributions to be paid. Employing authorities may pay further amounts at any time and future periodic contributions may be adjusted on a basis approved by ourselves.