

City of London Corporation

Pension Fund

Actuarial Valuation as at 31 March 2019

Summary Report

Barnett Waddingham LLP

10 January 2020

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Introduction

We are currently carrying out an actuarial valuation of the City of London Corporation Pension Fund ("the Fund") as at 31 March 2019.

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 10 October 2019. 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.

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 2020 to 31 March 2023 as required under the Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) as amended.

This report is designed only to provide a short summary of the preliminary results and a full report will follow by 31 March 2020.

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).

Valuation Data

Membership data

We were provided with membership data as at 31 March 2019 from the administering authority. This is summarised below:

Active members

	31 March 2019			31 March 2016		
	Number	Pensionable pay £000s	Average age	Number	Pensionable pay £000s	Average age
Males	2,468	83,191	54	2,359	71,467	47
Females	2,196	67,329	52	1,827	51,356	43
Total	4,664	150,519	53	4,186	122,823	45

Deferred members (including undecided)

	31 March 2019			31 March 2016		
	Number	Current Pension £000s	Average age	Number	Current Pension £000s	Average age
Males	2,317	7,464	53	2,071	6,294	46
Females	3,117	7,806	50	2,723	6,517	43
Total	5,434	15,270	52	4,794	12,811	44

Pensioner and dependant members

	31 March 2019			31 March 2016		
	Number	Current Pension £000s	Average age	Number	Current Pension £000s	Average age
Males	2,304	26,485	70	2,161	23,086	72
Females	1,839	12,888	69	1,640	9,668	73
Total	4,143	39,373	69	3,801	32,755	72

Fund accounts

We were also provided with the Fund accounts for the three years to 31 March 2019 for the purposes of calculating the assets attributable to the Fund and its participating employers.

The smoothed asset value as at 31 March 2019 was £1,062,901,000 which compares with a market value of £1,063,100,000. The following table sets out the annual Fund investment returns for the Fund over the intervaluation period as disclosed in the Fund accounts.

Annual Fund investment returns

Year to 31 March 2017	20.5%
Year to 31 March 2018	2.1%
Year to 31 March 2019	7.6%
Average return over intervaluation period (p.a.)	9.8%

Valuation Methods and Assumptions

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

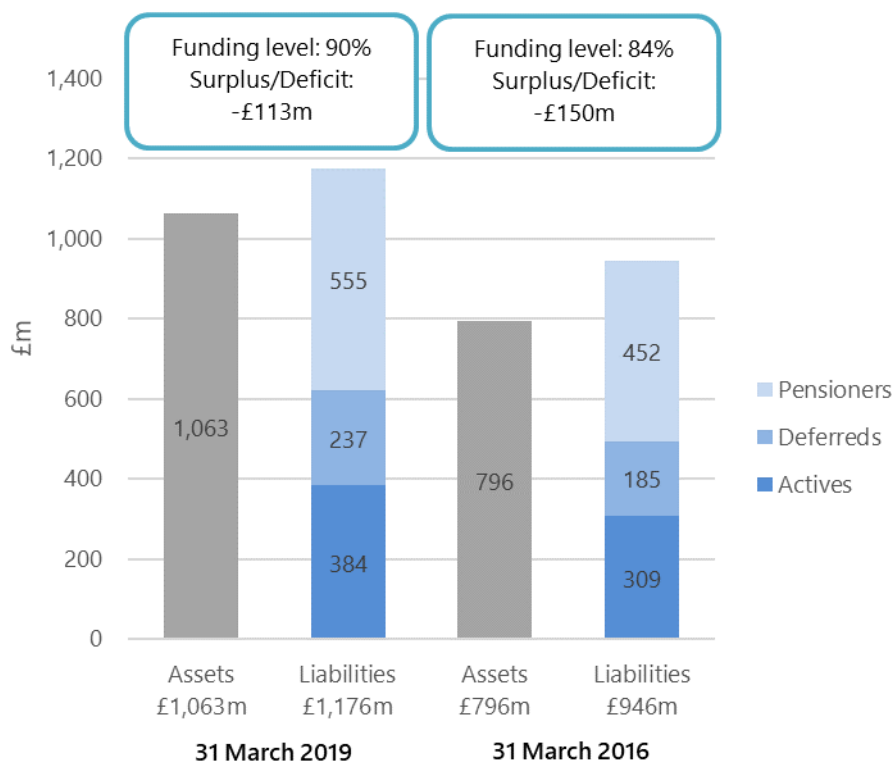
Assumptions	31 March 2019	31 March 2016
Financial assumptions		
Market date	31 March 2019	31 March 2016
CPI inflation	2.6% p.a.	2.4% p.a.
Salary increases		
<i>Short-term</i>	n/a	CPI to 31 March 2020
<i>Long-term</i>	3.6% p.a.	3.9% p.a.
Discount rate	5.1% p.a.	5.7% p.a.
Pension increases on GMP	Funds will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increases. For members that reach SPA after this date , we have assumed that Funds are required to pay the entire inflationary increases	
Demographic assumptions		
Post-retirement mortality	Male / Female	Male / Female
<i>Member base tables</i>	S3PA	S2PA
<i>Member mortality multiplier</i>	110% / 105%	80% / 85%
<i>Dependant base tables</i>	S3DMA / S3DFA	S2PA
<i>Dependant mortality multiplier</i>	70% / 80%	80% / 85%
<i>Projection model</i>	CMI 2018	CMI 2015
<i>Long-term rate of improvement</i>	1.25% p.a.	1.50% p.a.
<i>Smoothing parameter</i>	7.5	n/a
<i>Initial addition to improvements</i>	0.5% p.a.	n/a
Retirement assumption	Weighted average of each tranche retirement age	
Pre-retirement decrements	GAD 2019 scheme valuation with no salary scale, 50% IH decrement	GAD 2013 scheme valuation
50:50 assumption	Member data	Member data
Commutation	50% of maximum	50% of maximum
% members with qualifying dependant	75% / 70%	75% / 70%
Age difference	Husbands are 3 years older	Husbands are 3 years older

Further details on the background, methods and central assumptions can be found in the Initial Results Advice report which we issued to the administering authority on 10 October 2019.

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

Valuation Results

The following chart and tables set out the valuation results for the Fund as at 31 March 2019.



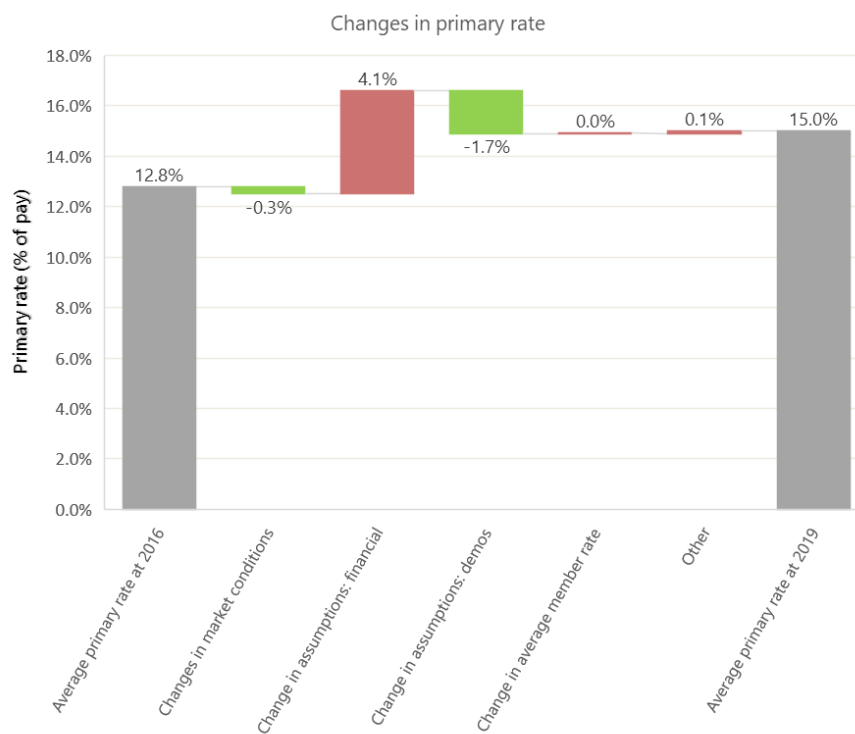
Primary rate	31 March 2019 % of payroll p.a.	31 March 2016 % of payroll p.a.
Average total future service rate	22.3%	20.1%
Less average member rate	-7.3%	-7.3%
Fund primary rate	15.0%	12.8%

Total rate	31 March 2019 % of payroll p.a.	31 March 2016 % of payroll p.a.
Average total future service rate	22.3%	20.1%
Less average member rate	-7.3%	-7.3%
Plus deficit recovery rate	5.7%	7.9%
Total rate	20.7%	20.7%

The deficit recovery period at 2019 is 14 years compared to 17 years as at 2016.

We are also required to report the funding level to the LGPS Scheme Advisory Board using their standardised basis. The funding level on the standardised basis was 92%.

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



Individual employer contribution rates are set out in the Appendix.

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



Graeme Muir FFA
Barnett Waddingham LLP
10 January 2020

Appendix Required Contribution Rates

The contributions payable by each employing authority for the period 1 April 2020 to 31 March 2023 are set out below.

Employer Code	Employer name	Primary rate	Secondary rate (% pay plus monetary adjustment)			Total contributions i.e. primary (% of pay) plus secondary		
		(% pay)	2020/21	2021/2	2022/23	2020/21	2021/2	2022/23
Employers participating in the Fund								
City of London								
54	City of London	15.2%	5.8%	5.8%	5.8%	21.0%	21.0%	21.0%
1	Irish Society	15.2%	5.8%	5.8%	5.8%	21.0%	21.0%	21.0%
Academies								
7	City Academy	17.1%	-	-	-	17.1%	17.1%	17.1%
19	City of London Academies Trust	17.1%	-	-	-	17.1%	17.1%	17.1%
3	Museum of London	13.2%	2.9%	2.9%	2.9%	16.1%	16.1%	16.1%
10	Enterprise	15.2%	5.8%	5.8%	5.8%	21.0%	21.0%	21.0%
15	Cook and Butler (Guildhall Club Outsourcing)	15.2%	5.8%	5.8%	5.8%	21.0%	21.0%	21.0%
17	London CIV	tbc						
14	Agilisys	15.2%	5.8%	5.8%	5.8%	21.0%	21.0%	21.0%
18	Westminster Drug Unit	15.2%	5.8%	5.8%	5.8%	21.0%	21.0%	21.0%

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.

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.