

# **BROMSGROVE DISTRICT COUNCIL**

## **WORCESTERSHIRE COUNTY COUNCIL PENSION FUND LOCAL GOVERNMENT PENSION SCHEME**

### **PENSION SCHEME ACCOUNTING FIGURES AS AT 31 MARCH 2016**

APRIL 2016



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*This schedule must be read in conjunction with the separate supplementary paper, advice on actuarial assumptions used, and the latest formal actuarial valuation report for the Fund.*



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## Worcestershire County Council Pension Fund - Bromsgrove District Council

1. Disclosure items - 12 month period ended 31 March 2016

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<b>Balance sheet items as at 31 March 2016</b>	<b>£000s</b>	<b>Change in benefit obligation to 31 March 2016</b>	<i>Unfunded Benefits</i> <b>£000s</b>	<b>All Benefits</b> <b>£000s</b>
Present value of funded benefit obligations	81,544	Benefit obligation at beginning of period	2,076	85,570
Present value of unfunded benefit obligations	1,933	Current service cost	-	1,902 (25.3% of pay plus interest)
Total present value of benefit obligations	83,477	Interest on pension liabilities	64	2,704
Fair value of plan assets	(49,142)	Member contributions	-	509
Unrecognised past service cost	0	Past service cost (gain)	-	0
Deficit/(surplus)	34,335	Remeasurements (liabilities)		
		Experience (gain)/loss	-	0 (0% of period end liabilities)
		(Gain)/loss on financial assumptions	(67)	(4,582) (5.5% of period end liabilities)
		(Gain)/loss on demographic assumptions	-	0 (0% of period end liabilities)
		Curtailments	-	0
<b>Components of pension cost for period to 31 March 2016</b>		Settlements	-	0
Current service cost	1,902	Benefits/transfers paid	(140)	(2,626)
Net interest cost	1,099	Business combinations	-	0
Administration expenses	30	Benefit obligation at end of period	1,933	83,477
Past service cost (gain)	0			
Effect of curtailments	0	<b>Change in plan assets during period to 31 March 2016</b>		
Effect of settlements	0	Fair value of plan assets at beginning of period	-	50,220
Effect of asset ceiling	0	Interest on plan assets	-	1,605
Total pension cost recognised in I&E	3,031	Remeasurements (assets)	-	(2,524) (5.1% of period end assets)
		Administration expenses	-	(30)
<b>Statement of other comprehensive income</b>		Business combinations	-	0
Remeasurements (liabilities & assets)	(2,058)	Settlements	-	0
Effect of asset ceiling	0	Employer contributions	140	1,988
Total remeasurements included in SOCI	(2,058) (2.5% of period end liabilities)	Member contributions	-	509
		Benefits/transfers paid	(140)	(2,626)
		Fair value of plan assets at end of period	-	49,142
		<b>Actual Return on plan assets</b>		(920) (1.9% of period end assets)

Employer number 2

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### 2. Data used in calculations

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#### Investment return data

Supplied	0.9662 (i.e.-3.38%)	31 March 2015 to 31 December 2015 as supplied by the Fund.
Adjustment 1	1.016 (i.e. 1.6%)	31 December 2015 to 31 March 2016 estimated based on market indices.
Adjustment 2	N/A	N/A
Final return applied	<b>-1.83%</b>	Net of investment expenses
Expenses	£30,000	Administration expenses deducted from year end assets

#### Whole fund asset details (£m)

- Last actuarial valuation	1,721	31 March 2013
- Start of period	1,987	31 March 2015
- End of period	1,949	31 March 2016

*Provided for disclosure purposes only - not used in calculations*

Employer data	Data supplied	Revised	Notes
Balance sheet items:			
31 March 2015 assets	£50,220,000		
31 March 2015 liabilities	£85,570,000		
Materiality limit as advised by employer	Not provided		Please see supplementary paper.
Cashflows:			
Pensionable pay	£7,409,925		
Employer normal contributions	£1,848,322		
Employer other contributions	N/A		
Employee contributions	£508,867		
Transfer values received	£3,291		
Retirement lump sums paid	£169,331		
Pensions paid	£2,256,177		
Lump sum death benefits paid	N/A		
Payments on account of leavers	£63,295		
Recharged benefits (£ for £ basis)	£140,114		
Additional pension costs:			
Early retirement - redundancy	N/A		
Early retirement - non-redundancy	N/A		
Augmentation - redundancy	N/A		
Augmentation - non-redundancy	N/A		
Membership numbers as at 31 March 2016:			
Actives	321		
Deferreds	276		
Pensioners	380		
Spouses / dependants	0		

Particular events relevant to this employer of which we have been notified:

None

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### 3. Assumptions

#### Duration information as at the end of the accounting period

Estimated Macaulay duration of liabilities (at later of 31 March 2013 &amp; admission date): 18 years

Duration profile used to determine assumptions: Very Mature

Financial assumptions	Beginning of period (p.a.)	End of period (p.a.)
- CPI inflation	2.0%	2.0%
- Increase in salaries	3.5%*	3.5%*
- Increase in pensions	2.0%	2.0%
- Discount rate	3.2%	3.5%

\*An adjustment has been made for short term pay restraint in line with the latest actuarial valuation

#### Post retirement mortality assumptions (normal health)

- Non-retired members	S1PA CMI_2012_[1.5%] (94% males, 94% females)	S1PA CMI_2012_[1.5%] (94% males, 94% females)
- Retired members	S1PA CMI_2012_[1.5%] (94% males, 94% females)	S1PA CMI_2012_[1.5%] (94% males, 94% females)

#### Life expectancy of a male (female)

- future pensioner age 65 in 20 years' time	25.6 (28.1) years	25.8 (28.2) years
- current pensioner age 65	23.4 (25.8) years	23.5 (25.9) years

### 4. Budgeting figures for 2016/17

A - Projected pension cost	£000s	£000s	£000s
Estimated pay:	7,410		
Service Cost (% of pay):	22.9%		
Implied Service Cost including interest:		1,725	
Net interest cost		1,166	
Administration expenses		30	
Total pension cost recognised in I&E			<b>2,921</b>

#### B - Projected employer contributions

Normal contributions		1,919	
£ for £ recharges		140	
Total employer contributions next year			<b>2,059</b>

#### C - Current deficit/(surplus)

**34,335**

#### D - Projected deficit/(surplus) next year

**35,197**

*This is calculated as C + A - B*



### Worcestershire County Council Pension Fund - Bromsgrove District Council

#### 5. Sensitivity analysis as at 31 March 2016

Disclosure item	Central	Sensitivity 1 <i>+ 0.1% p.a. discount rate</i>	Sensitivity 2 <i>+ 0.1% p.a. inflation</i>	Sensitivity 3 <i>+ 0.1% p.a. pay growth</i>	Sensitivity 4 <i>1 year increase in life expectancy</i>
	£000s	£000s	£000s	£000s	£000s
Liabilities	83,477	82,003	84,977	83,778	85,108
Assets	(49,142)	(49,142)	(49,142)	(49,142)	(49,142)
Deficit/(Surplus)	34,335	32,861	35,835	34,636	35,966
Projected Service Cost for next year	1,725	1,670	1,783	1,725	1,763
Projected Net Interest Cost for next year	1,166	1,146	1,221	1,179	1,225

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### 6. Detailed asset breakdown

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Asset category	Sub-category	Quoted (Y/N)	31 March 2015 £000s	31 March 2016 £000s
Equities:	UK quoted	Y	11,149	361
	Overseas quoted	Y	19,234	16,783
	PIV - UK Managed Funds	N	5,122	13,761
	PIV - UK Managed Funds - (Overseas equities)	N	10,245	9,776
	PIV - Overseas Managed Funds	N	402	362
Bonds:	UK Corporate	Y	352	204
	Overseas Corporate	Y	2,913	2,808
Property:	European Property Funds	N	0	1,538
	UK Property Debt	N	0	575
	Overseas Property Debt	N	0	110
Alternatives:	UK Infrastructure	N	0	1,823
Cash:	Cash instruments	Y	251	272
	Cash accounts	Y	50	265
	Net current assets	N	502	504
<b>Total:</b>			<b>50,220</b>	<b>49,142</b>

## Accounting Q & A contacts

Our supplementary paper FAQs which will answer many queries arising as part of the audit process, and auditors should be referred to this in the first instance. But if you need further help then please get in touch with our accounting Q & A contacts (below).

*Note that additional charges may be incurred for further work in relation to these disclosures, depending on the scope and complexity required.*



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## LGPS employers - further support and advice

Mercer provide actuarial services to numerous LGPS Funds and employers such as Universities, Colleges, Contractors, Housing Associations and Charities.

Our LGPS practice includes over 50 specialists, with 21 qualified actuaries, two qualified Pensions Management Institute members, three qualified Chartered Insurance Institute members and one qualified lawyer. The team provides actuarial advice all core actuarial service requirements and independent advice to employers.

We are able to provide support to Funds and employers across the following areas:

- *Funding Requirements, including assumptions and contribution requirements*
- *Accounting disclosures, including assumptions setting*
- *Governance advice in relation to LGPS regulations, administration processes/practices and legislation*
- *Financial risk management and cost mitigation, including investment strategy and de-risking*
- *Planning for termination and managing exit payments*
- *Liability management exercises*
- *Talent management and HR support*
- *Pension tax advice*

Our independent specialists would be happy to help if you require assistance in any of these areas. Contact **Clive Lewis (0151 242 7297, [clive.lewis@mercer.com](mailto:clive.lewis@mercer.com))** or your usual Mercer contact.