

# Actuarial valuation as at 31 March 2013

Hampshire County Council Pension Fund



<b>Prepared for</b>	Hampshire County Council The Administering Authority of the Hampshire County Council Pension Fund
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<b>Date</b>	31 March 2014

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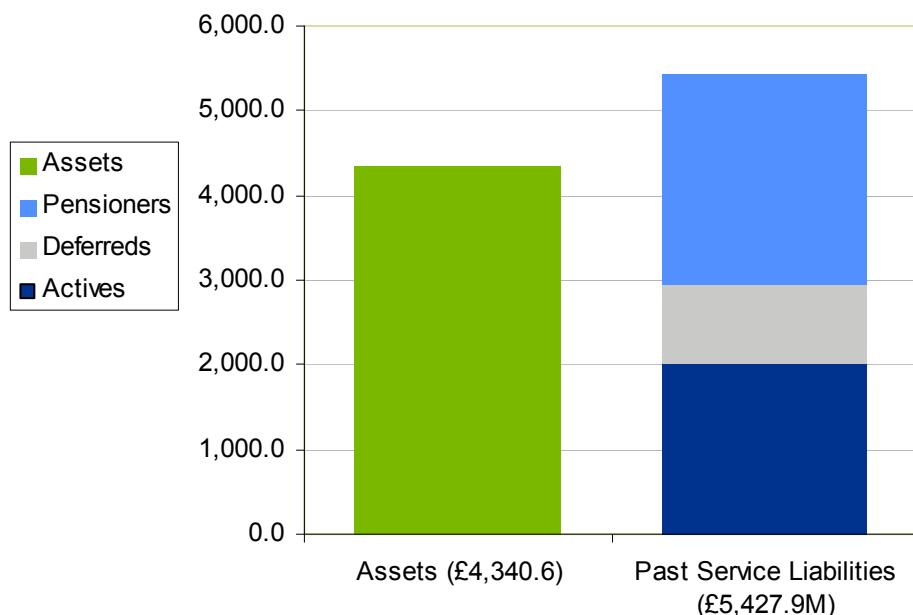
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# Executive Summary

*The key results of the valuation as at 31 March 2013 are set out below.*

**There was a shortfall of assets relative to the past service liabilities of £1,087.3M which corresponded to a funding ratio of 80%.**

The past service liabilities is the amount of assets agreed with the Administering Authority as being appropriate to meet members' benefits, assuming the Fund continues as a going concern.



The aggregate Employer future service contribution rate in respect of the benefits provided by the 2014 Scheme is 14.1% of Pensionable Pay.

The aggregate Employer contribution rate required to restore the funding ratio to 100% using a recovery period of 22 years from 1 April 2014, is 21.5% of Pensionable Pay (if the membership remains broadly stable and pay increases are in line with our assumptions). The comparable figure at the previous valuation, based on a recovery period of 25 years, was 19.7% of Pensionable Pay.

The contributions payable by each Employer may differ because they allow for each Employer's particular membership profile and funding ratio, and assumptions and recovery periods appropriate to their circumstances.

# Actuarial valuation as at 31 March 2013

## Hampshire County Council Pension Fund

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# Introduction

*This report has been prepared for the Administering Authority. It sets out the results and conclusions of the valuation as at 31 March 2013.*

This is our actuarial valuation report. It draws together other pieces of work and advice from throughout the valuation process. Appendix 1 sets out the legal framework within which the valuation has been completed.

Throughout this report, assets and liabilities in respect of defined contribution additional voluntary contributions (or AVCs) have been excluded.

Some shorthand used in this report is explained opposite. Some technical pensions terms are explained in the Glossary in Appendix 12.

## Shorthand

### Fund

Hampshire County Council Pension Fund

### Administering Authority

Hampshire County Council, the Administering Authority of the Hampshire County Council Pension Fund

### Employers

Hampshire County Council, and other Employers with employees participating in the Fund

### Regulations

The Local Government Pension Scheme Regulations (see Appendix 12)

### Pensionable Pay

As defined in the Regulations

### Pensionable Service

Periods of membership, as defined in the Regulations

## Snapshot view

The report concentrates on the Fund's financial position at the valuation date. As time moves on, the Fund's finances will fluctuate. If you are reading this report some time after the valuation date, the Fund's financial position could have changed significantly.

# Update since the previous valuation

## The key results from the previous valuation as at 31 March 2010 were:

The Fund's assets were £3,237.5M and the past service liabilities were £4,493.6M, which corresponded to a shortfall of £1,256.1M and a **funding ratio** of 72%.

The aggregate Employer future service rate was 13.2% of Pensionable Pay.

The Administering Authority agreed Employer contributions from 1 April 2011 designed to restore the funding ratio to 100% over a period not exceeding 25 years.

The resulting aggregate Employer contributions were

- The Employer future service contribution rate of 13.2% of Pensionable Pay and
- Additional shortfall contributions as follows:

Year	Aggregate shortfall contribution (£M)
2011/12	51.43
2012/13	51.52
2013/14	51.62
2014/15	58.38
2015/16	65.71
2016/17	73.65
2017/18	82.43
2018/19	91.85
2019/20	102.10
2020/21	107.51

At the end of the period shown above, the aggregate annual shortfall contributions were anticipated to increase at 5.3% a year and be payable until April 2036.

Employers paid additional contributions towards funding the increase in past service liabilities due to discretionary increases to benefits, including redundancies and early retirements.

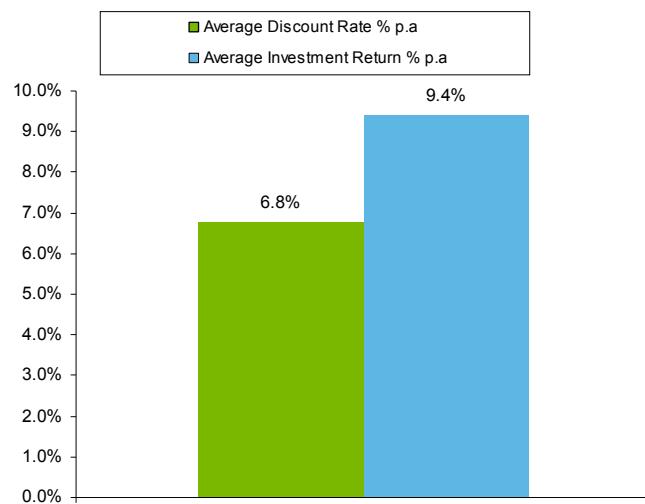
In addition, members paid contributions required under the Regulations.

## Financial development

To illustrate the Fund's financial development since the previous valuation, we compare below key financial assumptions made at the previous valuation with what actually happened.

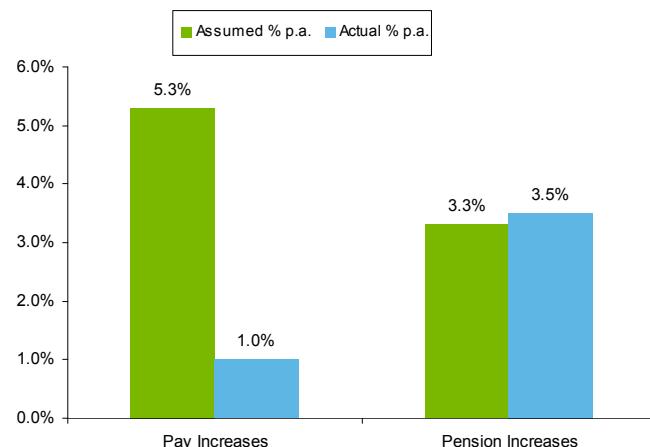
### ▪ Investment return (or discount rate)

The investment return has been higher than the discount rate assumed at the last valuation.



### ▪ Inflationary pay and pension increases

Increases to pay were lower than assumed while increases to pensions in payment were slightly higher than assumed.



Where material we show the financial impact of the above developments later in this report.

## Other key developments since the previous valuation

As well as the contributions paid to the Fund since the previous valuation and the returns achieved on the Fund's assets, there have been the following material developments since the previous valuation:

- **Change to pension increases**

The Government announced in 2010 that pension increases in deferment and payment for public sector pension schemes should be determined by reference to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) for all benefits in excess of Guaranteed Minimum Pensions.

This change was reflected in our previous valuation.

- **Changes to State Pension Age**

State Pension Age is currently transitioning from age 65 (60 for women) to age 68. The Chancellor recently announced proposals for how further changes in State Pension Age will be linked to future changes in longevity. This will affect the age at which pensions will normally commence under the 2014 Scheme. This valuation does not allow for these latest proposals. We comment later in this report on the potential effect.

- **Bulk transfers**

The following bulk transfers of assets are yet to be paid at the valuation date. Approximate allowance is included in the audited Fund asset value at the valuation date as shown in the Fund's accounts:

- Hampshire Constabulary to Thames Valley Police on 1 February 2011
- Hampshire Constabulary to Thames Valley Police on 1 November 2011
- Thames Valley Police to Hampshire Constabulary on 1 March 2012.

- **2014 Scheme**

A new scheme applies for Pensionable Service from 1 April 2014. The key features are:

- Career average structure
- Accrual rate of 49ths
- Pensions revalued by CPI before retirement
- Normal Retirement Age linked to State Pension Age
- Changes to member contribution rates, and in particular member contribution rates increased for those earning above £43,000 p.a.
- Member contribution rates will be based on actual (previously full time equivalent) pay
- Introduction of a 50/50 option, with member contribution rate and pension accrual rate both half rate
- An underpin to pensions for members within 10 years of age 65 in April 2012.

Benefits for Pensionable Service before 1 April 2014 are protected, and calculated by reference to current retirement ages. The link to final pay remains for active members.

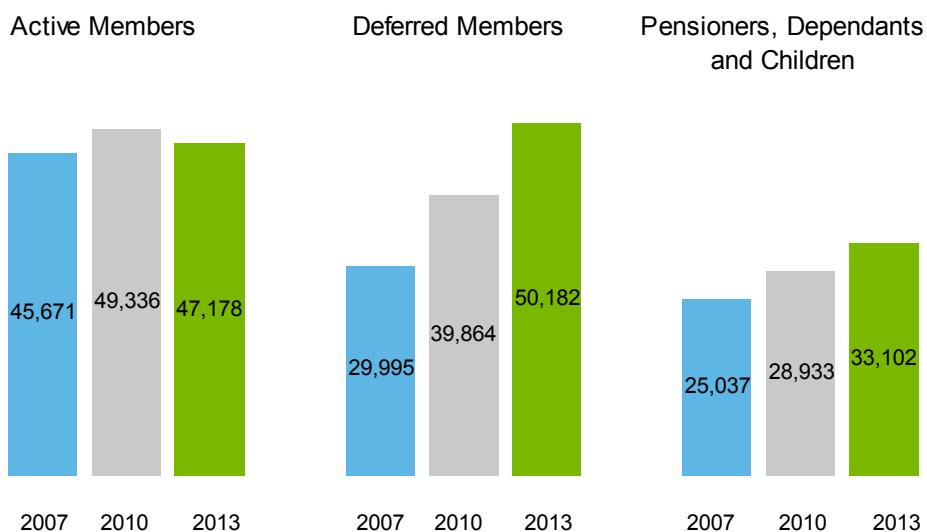
This valuation reflects our current understanding of the benefits to be provided by the new 2014 Scheme.

# Membership data

*This valuation is based on membership data as at 31 March 2013 supplied to us by the Administering Authority.*

Summaries of the membership data are included in Appendices 2 and 3.

The chart below shows how the membership profile of the Fund has changed over the last three valuations. Since the previous valuation the Fund's total membership has grown by over 12,000 and has matured slightly, with the proportion of the membership contributing to the Fund falling from 42% to 36%.



*Note: the figures for the Deferred Members exclude members who had yet to decide whether to take a transfer payment.*

## Membership data

We have carried out some general checks to satisfy ourselves that:

- The information used for this valuation is consistent with the information used for the previous valuation and also with that shown in the Fund's Annual Report and Accounts.
- The results of this valuation can be reconciled to the results of the previous valuation.

The results in this report rely entirely on the accuracy of the information supplied. The Administering Authority should notify us if the data provided for the valuation is incomplete or inaccurate.

### Pensionable Pay in the 2014 Scheme

We have been provided with Pensionable Pay for the year ended 31 March 2013, as required for the 2008 Scheme. A different definition applies for benefits building up after 1 April 2014. In particular certain elements of pay which were previously not pensionable, will be included.

In this valuation, we have assumed that members have not received significant non pensionable pay, and hence that Pensionable Pay for membership before and after 1 April 2014 will be broadly similar.

If this is not the case, total Pensionable Pay after 1 April 2014 will be higher than allowed for. In terms of the impact on the results of our valuation:

- We do not expect this to affect the cost of benefit build up as a percentage of Pensionable Pay, although the payroll to which the percentage is applied will be higher, increasing the cost in monetary terms.
- We do not expect it to affect past service liabilities prior to 31 March 2014 which will continue to be based on the current definition.
- Any shortfall contributions expressed as a percentage of pay may be applied to a higher payroll than anticipated. The shortfall might then be expected to reduce faster than assumed (if experience is otherwise as expected).

# Benefits valued

*Members are entitled to benefits defined in the Regulations. Different benefits apply to Pensionable Service before 1 April 2008, between 1 April 2008 and 31 March 2014, and after 1 April 2014. A summary of the benefits allowed for in our valuation is given in Appendix 4.*

## Discretionary benefits

Employers have discretion over the award of certain benefits and it is not practical to allow for the policies of each Employer. Most discretionary benefits are financed as they occur, so the financial impact on this valuation is minimal. No specific allowance has therefore been made for benefits which might be granted at the discretion of the Employer in the future.

## GMP equalisation

The Government issued a consultation in 2012 on equalising Guaranteed Minimum Pensions (GMPs) between men and women. However, there remains considerable uncertainty about exactly how this will be carried out in practice. Therefore, at this stage, we have made no allowance for the equalisation of GMPs in the valuation.

## State Pension Age changes

Normal Pension Age for Pensionable Service on or after 1 April 2014 will be State Pension Age. This is currently transitioning from age 65 (60 for women) to age 68 by 2046. Legislation to bring forward the increase to age 67 to 2028 is expected to be enacted in Spring 2014.

We have reflected these known increases in State Pension Age in this valuation. No allowance has been made for the Chancellor's recent announcement that State Pension Age might be linked to future increases in longevity. We comment further on this later in this report.

## 2013 Local Government Pension Scheme Regulations

The Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 come into force on 1 April 2014.

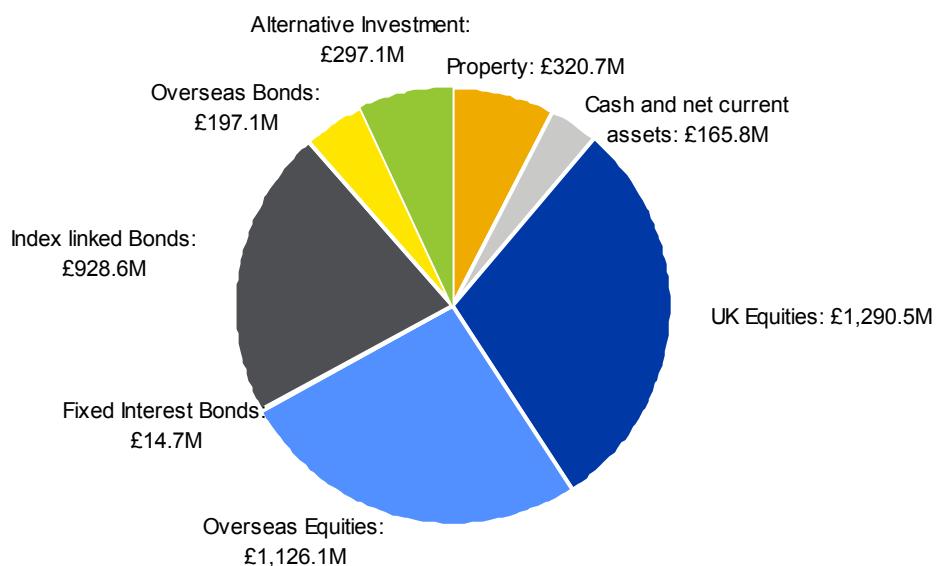
Our valuation reflects our understanding of the Regulations currently available. Any future changes may affect the conclusions in this report. However we do not anticipate any significant changes at this time.

We have made no allowance in this valuation for any future potential changes to member contributions or benefits resulting from the cost management mechanism under the Regulations.

# Asset data

*The audited accounts for the Fund for the year ended 31 March 2013 show the value of the assets to be £4,340.6M at the valuation date.*

The assets of £4,340.6M are invested as follows:



- This summary excludes assets for defined contribution AVC accounts to be consistent with the present value of liabilities.
- The audited pension Fund accounts included accruals for amounts due at the valuation date but not paid, including:
  - Strain payments due after the valuation date in respect of early retirements on redundancy or efficiency grounds that occurred before the valuation date.
  - Estimated amounts in respect of the following bulk transfers:
    - Hampshire Constabulary to Thames Valley Police on 1 February 2011
    - Hampshire Constabulary to Thames Valley Police on 1 November 2011
    - Thames Valley Police to Hampshire Constabulary on 1 March 2012.
- There was also an allowance in the accounts for payments due to the Fund by the Ministry of Justice in relation to the liabilities in the Fund relating to the Magistrates Courts.

The adjustments are consistent with the valuation of the liabilities and we have therefore used the published asset figure of £4,340.6M for the purpose of our valuation calculations.

The Statement of Investment Principles describes the Fund's investment strategy as follows:

*"The Pension Fund Panel agreed a specialist investment management structure, which took effect on 1 January 2007, with the aim of achieving the Pension Fund's overall long-term target return without exposing the Fund to excessive risk. Following the review in 2011, the long-term asset allocation was set as shown in the following table:*

<b>Investment sector</b>	<b>Management style</b>	<b>% of Fund</b>
UK Equities	Low-risk active	14
Global equities	High performance active	26
Global bonds	Active	5
UK index linked bonds	Passive	35
Property	Direct and indirect	10
Alternative investments	Various	10
<b>Total</b>		<b>100</b>

*In addition a Tactical Asset Allocation portfolio has been created from the allocation to UK index-linked bonds for which the short term allocation is 21% of the Pension Fund."*

Our valuation assumptions and calculations are consistent with these principles.

# Funding objective

## Terminology

### Past service liabilities

The funding target for a Fund agreed as part of the actuarial valuation.

### Funding objective

To hold sufficient and appropriate assets to meet the past service liabilities.

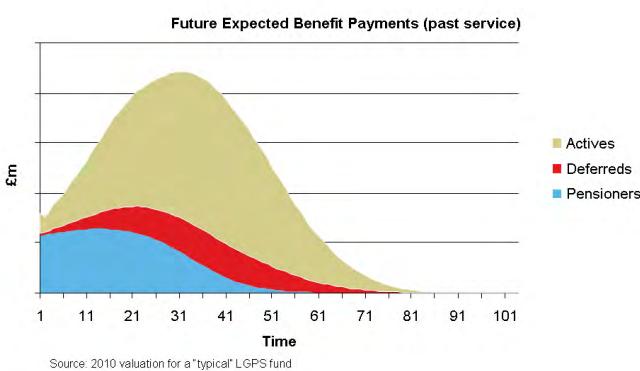
### Funding strategy statement

A document that sets out the Administering Authority's strategy for meeting the funding objective

The Administering Authority's funding objective is to hold assets which are at least equal to the past service liabilities.

In order to calculate the past service liabilities and the cost to the Employers of future benefit accrual, the benefits paid out by the Fund are estimated for each year into the future. The estimated benefit payments are then 'discounted back' to the valuation date using an agreed rate of interest known as the discount rate.

The benefit payments from the Fund are expected to be made for a very long period – the chart below shows the cashflow pattern for the current membership of a typical Fund. Some cashflows will be fixed but others will be linked to future levels of salary growth and inflation.



## The discount rate

The funding strategy statement describes the risk based approach used to set the funding strategy and hence the discount rate. Under this risk based approach:

- The discount rate for long term scheduled bodies assumes indefinite future investment in assets similar to the Fund's holdings at the valuation date (allowing for any known planned changes to the long term investment strategy). The Fund assets are considered to have a better than evens chance of delivering investment returns in excess of the scheduled body discount rate.
- For orphan bodies, the discount rate has regard to the possibility that participation might cease at any time and anticipates a move to a low risk investment portfolio made up of long dated gilts (of appropriate nature and term) at cessation.
- For subsumption bodies, where a long term scheduled body has agreed to subsume the liabilities of an admission body or other employer at cessation, we have agreed with the Administering Authority to use a discount rate as if it was a scheduled body. Details of the Employers to which this applies are given in Appendix 6.

An explanation of scheduled bodies, orphan bodies and subsumption bodies is given in the Glossary in Appendix 12.

# Summary of method and assumptions

*The Administering Authority has agreed the assumptions used to calculate the past service liabilities and the cost of future benefit accrual. The table below summarises the key assumptions, together with those used for the previous valuation, and the reasons for any change. Further details of all of the assumptions are set out in Appendix 7.*

Assumption	This valuation	Previous valuation	Rationale for change
<b>Average in service discount rate</b>	<b>5.5% pa</b>	<b>6.8% pa</b>	Updated to reflect the Administering Authority's attitude to risk and financial conditions at 31 March 2013.
<b>Average left service discount rate</b>	<b>5.5% pa</b>	<b>6.8% pa</b>	Updated to reflect the Administering Authority's attitude to risk and financial conditions at 31 March 2013.
<b>Rate of revaluation of pension accounts</b>	<b>2.4% pa</b>	<b>n/a</b>	Not required in the 2010 valuation.
<b>Pension increases (on pension in excess of GMPs)</b>	<b>2.4% pa</b>	<b>3.3% pa</b>	Updated to reflect the outlook for CPI inflation at 31 March 2013.
<b>Pensionable Pay Increases</b>	<b>3.9% pa</b>	<b>5.3% pa</b>	Updated to reflect the outlook at 31 March 2013.
<b>Post-retirement mortality assumption (normal health) – base table</b>	SAPS Light normal health tables with scaling factors of: Men 100% Women: 95%	SAPS Light normal health tables with scaling factors of: Men 100% Women: 100%	Updated to reflect the Fund's pensioner mortality experience since the last valuation
<b>Post-retirement mortality assumption – future improvements</b>	CMI 2012 core projections with long-term improvement rate of 1.5% p.a.	CMI 2009 core projections with long-term improvement rate of 1.25% p.a.	Updated to reflect our current views and recent research
<b>Life expectancies at age 65 resulting from the post retirement mortality assumptions:</b>			
<b>Member currently age 65</b> Men Women	24.3 26.0	24.0 25.0	
<b>Member currently age 45</b> Men Women	26.4 28.3	25.7 26.9	

We believe these assumptions are appropriate for the purposes of the valuation, and for setting Employer contributions to the Fund.

As for the previous valuation, the past service liabilities have been calculated using the projected unit method. This method, with a one year control period, has also been used to calculate the cost of future benefits building up for most Employers. The attained age method has been used for some Employers who do not permit new employees to join the Fund.

The costs of providing the cash sum on death in service in the period since the previous valuation have been pooled across all Employers in the Fund.

## Grouped Employers

Within the Fund there are two large groups of employers for funding purposes. Employers within these two groups share all risks of participation, with the exception of liability for lump sum benefits payable on death in service, with other employers in the group. A small number of employers sit outside of the groups.

One of the two large groups primarily includes scheduled bodies, and can also include Transferee Admission Bodies where there is a pass through arrangement with a Relevant Scheme Employer which is itself a grouped scheduled body. The other primarily includes community admission bodies.

Following the 2010 valuation it was agreed that the shortfall contributions for Employers who are grouped for funding purposes, as certified pursuant to the 2010 valuation, would be payable over the relevant recovery plan without amendment at subsequent valuations.

In effect, at subsequent valuations the outstanding stream of shortfall contributions would be valued as a net asset of the relevant group and a corresponding net balance sheet would be calculated. The surplus or shortfall identified in the net balance sheet would be recovered through an additional stream of contributions. Those streams would be allocated to Employers in proportion to their relative Pensionable Payrolls at the relevant valuation, and be payable over a recovery period agreed at the relevant valuation. In certain circumstances, contribution streams set at a previous valuation may be modified at subsequent valuations if the Administering Authority and Fund Actuary agree.

This process will generate successive streams of recovery adjustments for grouped Employers and is referred to as the Layered Employer Recovery Plan.

Further information is provided in the Funding strategy statement.

## Refinement of the subsumption commitment and underwriting of employer rates in the Admission Body Group

In the 2010 valuation all the Employers in the Admission Body Group were valued as if they were subject to a commitment from an Employer(s) in the Scheduled Body Group to subsume any residual liabilities and assets in respect of departing Employers.

This principle has continued in this valuation to facilitate the smoothing of contributions for all Employers in the group. In practice, should a community admission body leave the Fund, the funding target adopted at that time will be assessed in light of the Employer's circumstances and, in particular, whether its liabilities will be subsumed (i.e. another employer or group will be responsible for the future funding of those liabilities) or will become orphan (where the Fund has no access to further funding for those liabilities).

Further, in the 2010 valuation a policy was adopted whereby, should an Employer in the Admission Body Group leave the Fund, Employers in the Scheduled Body Group would underwrite any shortfall in the contributions certified for that Employer from 1 April 2011 against the theoretically correct rate. This is no longer required.

# Past service results

*A comparison of the Fund's past service liabilities with the assets is shown below. The past service liabilities have been calculated using the assumptions described in the previous section.*

	£M
Value of past service benefits for	
Actives	1,998.6
Deferred members	956.3
Pensioners	2,473.0
<b>Total past service liabilities</b>	<b>5,427.9</b>
Value of assets	4,340.6
<b>Past service surplus (shortfall)</b>	<b>(1,087.3)</b>
<b>Funding ratio</b>	<b>80%</b>

## Net Balance Sheet for Grouped Employers

At the 2010 valuation Employers in the Scheduled Body Group and Admission Body Group were certified a stream of shortfall contributions payable over a 25 year recovery period from 1 April 2011. The amounts that were certified over 2013/14 were assumed to increase at 5.3% p.a. over the remainder of the recovery period, but with 6 higher annual steps starting on 1 April 2014. If these contributions are treated as a net asset in this valuation, the resulting balance sheet of the grouped Employers is as follows:

Grouped Employers	£M
<b>Past service surplus (shortfall)</b>	<b>(1,102.2)</b>
Value of future shortfall contributions from Employers in the Scheduled Body Group and Admission Body Group	1,547.0
<b>Net past service surplus (shortfall)</b>	<b>448.8</b>

Employers' contributions will need to be adjusted to remove this net surplus. This is considered later.

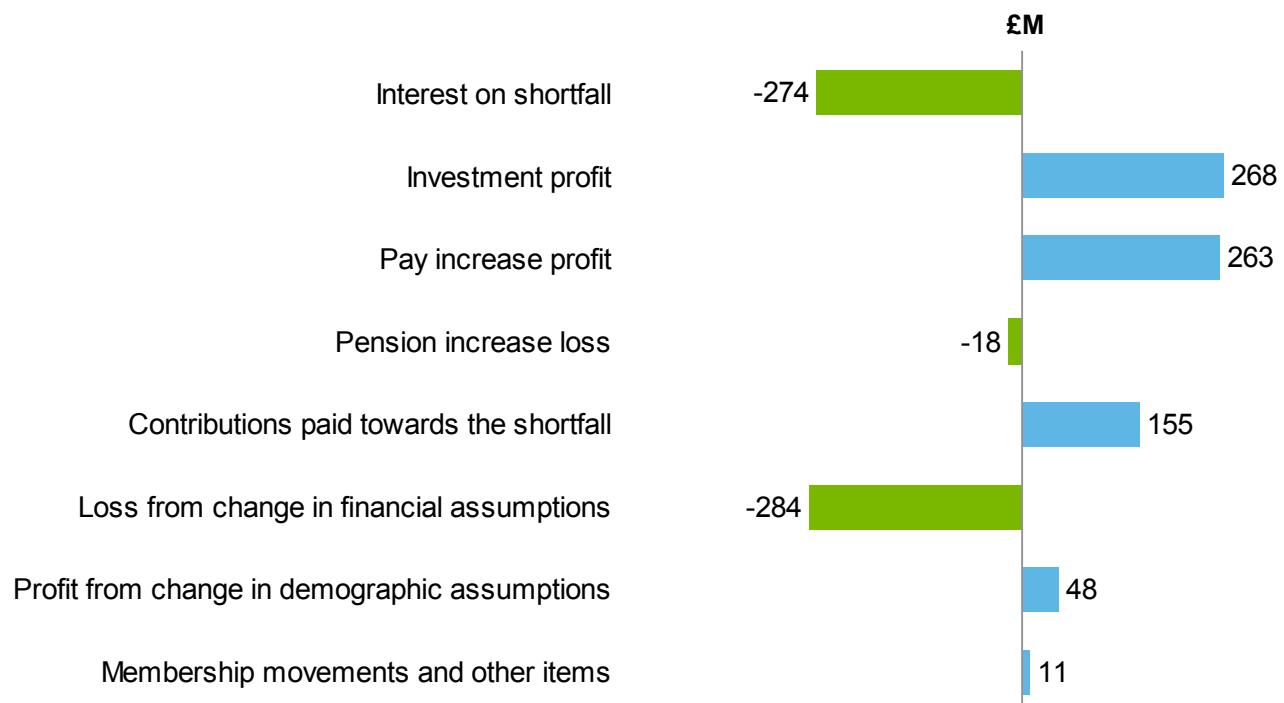
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# Reasons for change in past service position

*At the previous valuation, the Fund had a shortfall of £1,256.1M. The funding position has therefore improved by £168.8M over the period.*

The chart below shows the key reasons for the change in funding position.



The analysis shows that the main factors affecting the funding position since the previous valuation have been:

- Investment returns on the Fund's assets above the average discount rate of 6.8% p.a. assumed in the previous valuation
- Pay increases below those previously assumed
- Contributions above the cost of accrual, being part of the 2010 funding plan to eliminate the shortfall disclosed in that valuation over a 25 year period
- Changes to the demographic assumptions adopted, in particular changes to the assumed age of retirement, partially offset by the change to the longevity assumptions

which have all improved the position; and

- Interest on the shortfall at the previous valuation
- A loss from changes in the financial assumptions used, mainly from a reduction in the future assumed investment returns, partially offset by a reduction in the pay and pensions increase assumptions

which have all worsened the position.

Membership movements include fewer ill-health retirements than expected and more withdrawals from active service than expected, both of which led to an improvement in the funding position.

# Addressing the shortfall

*Employers will need to pay additional contributions to remove the shortfall.*

We have agreed with the Administering Authority that the shortfall will be removed by payment of additional contributions by the Employers over a range of different recovery periods not exceeding 22 years.

The recovery period used for each Employer is set out in Appendix 6. For some Employers, contribution increases will be phased in over a number of years (or 'steps'). These stepping periods are also shown in Appendix 6.

The assumptions used to calculate the recovery plans for each Employer are the same as those used to calculate the past service liabilities.

The aggregate contributions required to remove the shortfall by the end of 22 years from 1 April 2014 are £60.71M p.a., increasing at 3.9% pa. These are equivalent to approximately 7.4% of Pensionable Pay assuming the membership remains broadly stable and payroll increases in line with our pay increase assumption.

## Grouped Employers

The net balance sheets of the two main employer groups, including the net asset of the outstanding Employer contributions to 31 March 2036, show a surplus at the valuation date (further information on the net surplus in the groups was shown in the Past service results section of this report).

For administrative convenience, the Employer contributions set as a percentage of Pensionable Payroll for Employers in the Scheduled Body Group has been held at 13.1%. This is lower than the assessed employer cost of the benefits accruing to current members in the group. Part of the net surplus in the Scheduled Body Group has therefore been allocated to fund the payment of lower percentage of pay contributions over a 22 year period.

Following an analysis of the contributing factors to the net surplus arising in the 2013 valuation, it has been decided that it would be appropriate to allocate the remainder of the net surplus to Employers in proportion to their existing shortfall contributions. This has been allowed for by reducing the annual steps and subsequent rate of increase in the stream of shortfall contributions allocated to Employers in the 2010 valuation.

## Terminology

### Recovery plan

A plan for making good any shortfall relative to the past service liabilities.

### Recovery period

The period for which any contributions to remove the shortfall are to be paid.

### Shortfall contributions

The additional contributions to remove the shortfall by the end of the recovery period.

More details are given in Appendix 6.

# Cost to the Employers of future benefits

*The table below shows the calculated cost to Employers at the valuation date of benefits in the 2014 Scheme that members will earn in the Fund in future. This rate of Employer contribution would be appropriate if the Fund had no surplus or shortfall.*

The rates have been calculated using the same assumptions used to calculate the past service liabilities.

	<b>% of Pensionable Pay</b>
Value of benefits building up	19.9
Death in service cash sum	0.3
Administration expenses	0.3
Less member contributions	(6.4)
<b>Net cost to the Employers</b>	<b>14.1</b>

Employers will also pay additional contributions to remove the shortfall for past service liabilities.

The cost of future benefits has increased since the previous valuation and the main reasons for this are:

- A reduction to the future assumed level of investment returns (i.e. the discount rate assumption)
- Changes in the demographic assumptions in particular the assumptions for the assumed retirement age, and allowances for longevity improvements

which have all increased the cost but have been partially offset by:

- The introduction of the 2014 Scheme
- Changes in the pension increase assumptions

which have all reduced the cost.

# Low risk funding measure

*The low risk measure shown below considers the position if no allowance is made in the discount rate for returns on the Fund assets to exceed the yields available on long dated UK government bonds as at 31 March 2013.*

Comparing the low risk measure with the past service result provides an indication of the level of reliance of the valuation past service results on future assumed investment returns on the Fund's asset holdings which are uncertain, and may not be achieved. Details of the assumptions used to calculate this low risk measure are summarised in Appendix 8.

	£M
Value of past service benefits for	
Actives	3,498.9
Deferred members	1,613.8
Pensioners	3,240.2
<b>Low risk value of liabilities</b>	<b>8,352.9</b>
Value of assets	4,340.6
<b>Low risk surplus / (shortfall)</b>	<b>(4,012.3)</b>
<b>Low risk funding ratio</b>	<b>52%</b>

# Risks and uncertainties

*The Fund faces a number of key risks which could affect its funding position.*

These risks include:

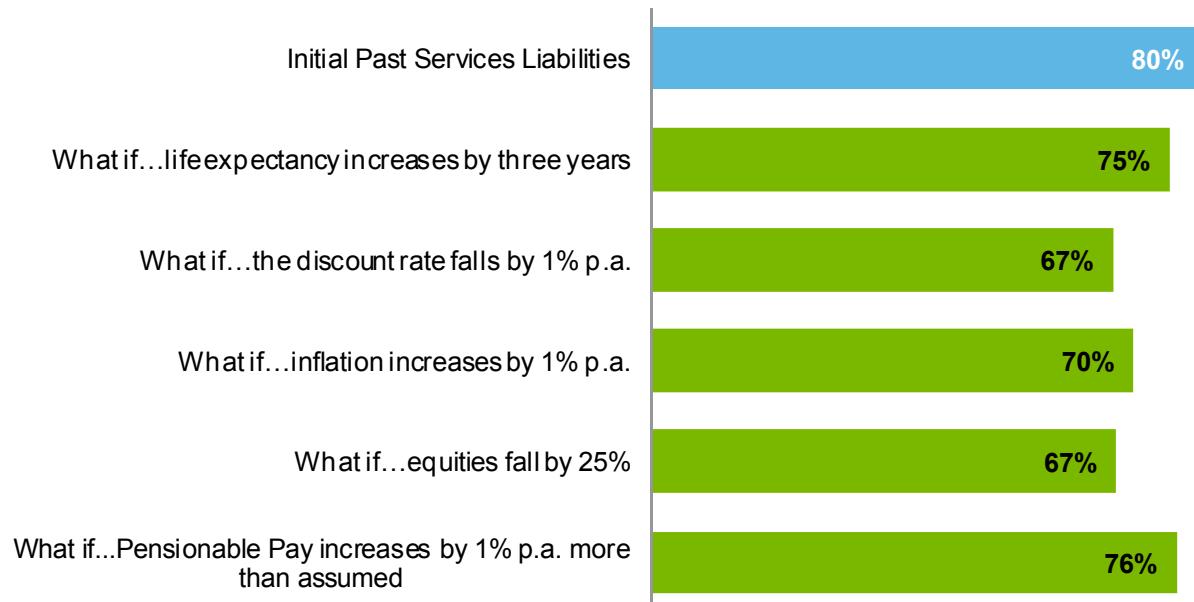
- Funding risk – the risk that the value placed on the past service liabilities is set too low and proves insufficient to meet the payments as they fall due.
- Employer risk – the risk that an Employer is no longer able to meet its liabilities in the Fund.
- Investment risks – the risk that investment returns are lower than allowed for in the valuation, and that investment returns and assets move out of line with the liabilities, so the funding position is not stable.
- Longevity risk – the risk that Fund members live for longer than assumed and that pensions would therefore need to be paid for longer resulting in a higher cost for the Fund.
- Inflation risk – the risk that inflation is higher than assumed, increasing the pensions that need to be paid.
- Options for members (or other parties) – the risk that members exercise options resulting in unanticipated extra costs. For example, members could swap less of their pension for cash than allowed for.

To quantify some of these risks, the chart on the following page shows the approximate impact of the following one-off step changes on the Fund's funding ratio on the past service liabilities (with all other elements of the valuation being unchanged):

- Life expectancy is three years longer than anticipated.
- A 1% fall in long term expected investment returns (the discount rate) with no change in asset values.
- A 1% p.a. increase in expected price inflation, measured by increases in the Consumer Prices Index.
- A 25% fall in the market value of equities (with no change in bond values).
- A 1% p.a. increase in expected Pensionable Pay increases.

## Risks and uncertainties

### Funding Ratio under different scenarios



The analysis demonstrates that on the approach used the Fund is susceptible to:

- Falls in expected investment returns, or the market value of equities
- Rising inflation and pay increase expectations
- Members living longer than expected

The scenarios considered are not 'worst case' scenarios, and could occur in combination (rather than in isolation).

The low risk measure is also highly sensitive to these factors.

# Individual Employer contribution rates

*Employers, or groups of Employers, are set their own contribution rate which reflects their specific circumstances.*

The Employer contribution rates are set by the Actuary taking into account a number of factors including:

- Administration Regulation 36 – which requires the Actuary to have regard to
  - The existing and prospective liabilities
  - The desirability of maintaining as nearly constant a common rate as possible and
  - The current version of the Administering Authority's funding strategy statement.
- The results of the valuation.
- Developments since the valuation date.
- Discussions between the actuary, the Administering Authority and Employers.

Contribution rates for Employers which contribute to the Fund are set out in the Rates and Adjustments Certificate in Appendix 11.

Rates of contribution payable by individual Employers, or groups of Employers, differ because they take into account Employers' particular membership profiles and funding ratios and, in some cases, the assumptions and recovery periods are specific to the Employer's circumstances.

The Actuary and the Administering Authority have agreed that increases in contribution rates for some Employers can be phased in over periods not exceeding 6 years.

## Grouped Employers

Repayment schedules have been agreed for the two groups of Employers. The shortfall contributions payable by Employers in the Scheduled Body Group over 2013/14 are subject to 6 annual increases at a rate of 8.8% p.a., with effect from 1 April 2014, followed by 16 annual steps at 3.9% p.a. The shortfall contributions payable by the Employers in the Admission Body Group over 2013/14 are subject to 4 annual increases at a rate of 20.0% p.a., with effect from 1 April 2014, followed by 18 annual steps at 3.9% p.a.

Further information on Employers' funding strategies is shown in Appendix 6.

- Member contributions are payable in addition to the Employers' contributions set out above and in Appendix 11. These are set out in the Regulations. AVCs are payable in addition.

For Employers that are in surplus, it has been agreed with the Administering Authority that the Employer can use the surplus to support the payment of contributions to the Fund at a rate below the future service contribution rate.

## Terminology

### Rates and Adjustments Certificate

Specifies the contributions payable by the Employers until March 2017.

Details are given in Appendix 6.

The aggregate Employer contributions certified for the 3 years from 1 April 2014 can be summarised as follows:

Year from 1 April	% of Pensionable Pay	Aggregate shortfall contribution (£M)
2014	13.2	56.72
2015	13.2	61.81
2016	13.2	67.37

- The contributions payable by individual Employers are set out in Appendix 11.
- Payments to meet additional costs arising from early retirements and other increases in benefits are payable in addition.
- The annual shortfall contributions above are the aggregate of the shortfall contributions for individual Employers in each year.
- At the end of the relevant recovery periods for the Employers, or group of Employers, the aggregate contributions are anticipated to be in line with the future service contribution rate of 14.1% of Pensionable Pay. These contributions will be subject to review at future actuarial valuations.

- Contributions by active members and Employers should be paid to the Fund at such time and at such frequency as required by the Regulations. Any shortfall contributions have been calculated on the basis that they are payable uniformly over the relevant year.

# Final comments

## The key results from this valuation are:

The Fund's assets were £4,340.6M and the past service liabilities were £5,427.9M which correspond to

- a shortfall of £1,087.3M and
- a funding ratio of 80%.

The cost of future benefits building up is 14.1% of Pensionable Pay after 1 April 2014.

If the shortfall is removed over a 22 year period, the aggregate Employer contributions needed would be equivalent to 21.5%\* of Pensionable Pay until 31 March 2036, reverting to 14.1% of Pensionable Pay thereafter.

*\* if the membership remains broadly stable and pay increases in line with our assumptions.*

## Developments since the valuation date

### ▪ State Pension Age changes

The Chancellor has recently announced proposals for how State Pension Age will be linked to future changes in longevity, and indicated that these might result in State Pension Age increasing

- To age 68 by the mid 2030s
- To age 69 by the late 2040s.

Normal Pension Age in the Fund is linked to State Pension Age so this will affect Normal Pension Age for benefits building up after 1 April 2014 for younger members in the Fund. As indicated earlier in this report no allowance has been made in this valuation for these possible further changes to State Pension Age.

We estimate that anticipating these further possible changes in this valuation might reduce the future service contribution rate by about 0.2% of Pensionable Pay, if no other changes were made. In practice, however, we would expect this to be offset by the cost of improvements in members' longevity so the overall impact might be expected to be negligible.

### ▪ Market movements since 31 March 2013

Since 31 March 2013, equity markets have generally risen, although this has been offset by a fall in bond markets and a reduction in the risk-based discount rate that would be used for scheduled and subsumption bodies. Therefore, overall, we believe that market movements since the valuation date have had little impact on the funding ratio.

## Abolition of contracting-out

The Government is due to enact legislation in Spring 2014 to abolish contracting out from the State Second Pension from 6 April 2016. As a result the rebate in employee and employer National Insurance contributions will cease from that date.

At this stage there are no proposals to amend the Local Government Pension Scheme to mitigate these additional costs for employers and employees.

## Monitoring the Fund

In light of the volatility inherent in situations where investments do not match liabilities, as for this Fund, we suggest the Administering Authority monitors the financial position in an appropriate manner on a quarterly basis.

## Next actuarial valuation

The next formal actuarial valuation is due to take place as at 31 March 2016.

If actual experience before the next actuarial valuation is in line with the assumptions in this report, we expect the Fund's funding ratio to increase to about 83%. This would be mainly due to contributions being made to eliminate the shortfall over the recovery period.

# Appendix 1: Legal framework

*It is a legal requirement to carry out a full valuation at least once every three years.*

This report was commissioned by and is produced solely for the use of the Administering Authority.

It is produced in compliance with:

- Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008.
- The terms of the agreement between the Administering Authority and Aon Hewitt Limited, on the understanding that the report is solely for the benefit of the addressees.

Unless prior written consent has been given by Aon Hewitt Limited, this report should not be disclosed to or discussed with anyone else unless they have a statutory right to see it.

We permit the Administering Authority to release copies of this report to the following parties only:

- Any Employer which contributes to the Fund.
- The Department for Communities and Local Government.

We also permit the Department for Communities and Local Government to pass our report to the Government Actuary's Department in connection with their statutory duties. None of the above bodies have our permission to pass our report on to any other parties.

**Notwithstanding such consent, Aon Hewitt Limited does not assume responsibility to anyone other than the addressees of this report.**

# Appendix 2: Membership data

*Membership data was provided by the Administering Authority.*

Active members		Number	Average age	Total pensionable pay (£000 p.a.)	Average pensionable pay (£ p.a.)	Average service (years)
Men	2013	11,473	45.9	287,062	25,021	9.8
	2010	12,992	45.9	319,250	25,972	9.9
Women	2013	35,705	45.8	522,153	14,624	6.0
	2010	37,044	45.2	557,697	15,055	5.7
<b>Total</b>	2013	47,178	45.8	809,215	17,152	6.9
	2010	49,336	45.3	876,947	17,775	6.8

*Note: Pensionable Pay is over the year to the valuation date, and includes annualised pay for new entrants during the year. Actual part-time pay is included for part-timers.*

Deferred members		Number	Average age	Total pension (£000 p.a.)	Average pension (£ p.a.)
Men	2013	11,807	44.6	23,693	2,007
	2010	10,018	45.0	20,484	2,045
Women	2013	38,375	45.7	39,009	1,017
	2010	29,846	44.8	27,524	922
<b>Total</b>	2013	50,182	45.5	62,702	1,249
	2010	39,864	44.9	48,008	1,204

*Note: The deferred pension amounts shown above include increases up to and including April 2013 (2010: April 2010). The table does not include a number of members who had yet to decide whether to take a transfer payment. Suitable allowance has been made for these members in our calculations.*

Pensioners		Number	Average age	Total pension (£000 p.a.)	Average pension (£ p.a.)
Men	2013	12,056	71.2	93,354	7,743
	2010	10,748	71.1	73,747	6,862
Women	2013	16,528	70.2	60,223	3,644
	2010	13,869	69.8	41,961	3,025
Dependants	2013	4,518	76.4*	12,674	2,805
	2010	4,316	76.0*	10,919	2,530
<b>Total</b>	2013	33,102	71.4	166,251	5,022
	2010	28,933	71.2	126,627	4,337

*Note: The pension amounts shown above include the increase awarded in April 2013 (2010: April 2010).*

*The 2013 figures include 282 children in receipt of pensions (2010:288). Suitable allowance has been made for these in our calculations.*

*\*This is the average age of widows/widowers, i.e. excluding children.*

# Appendix 3: Membership data by Employer

*The distribution of the membership by Employer, as indicated by the data, is shown below.*

Employer	Number of active members	Total Pensionable Pay (£000s )	Number of deferred members	Number of pensioners and dependants
<b>Scheduled Body Group</b>				
Hampshire County Council	21,313	299,741	24,599	14,484
Totton & Eling Town Council	24	263	13	12
Hampshire Probation Trust	480	11,809	369	368
Portchester Crematorium Joint Committee	10	164	3	22
Ringwood Town Council	13	204	5	6
Southern Inshore Fisheries and Conservation Authority	12	322	3	9
Yateley Town Council	6	100	3	9
Community First Portsmouth	0	-	7	14
Langstone Harbour Board	6	167	4	11
Whitehill Town Council	4	70	2	5
Lymington Harbour Commission	5	155	3	6
Alton Town Council	11	238	10	12
Basingstoke & Deane Borough Council	471	13,405	537	706
Hart District Council	130	3,199	225	305
Rushmoor Borough Council	257	7,233	361	505
Test Valley Borough Council	421	10,368	448	509
Winchester City Council	450	11,436	522	600
East Hampshire District Council	243	6,570	267	378
New Forest District Council	895	16,770	1,044	823
Southampton City Council	4,180	74,090	5,609	3,093
Eastleigh Borough Council	472	10,705	413	440
Fareham Borough Council	378	9,320	381	578
Gosport Borough Council	288	6,678	274	500
Portsmouth City Council	4,757	86,881	4,953	3,616

Employer	Number of active members	Total Pensionable Pay (£000s )	Number of deferred members	Number of pensioners and dependants
<b>Scheduled Body Group</b>				
Havant Borough Council	310	7,469	359	557
Petersfield Town Council	9	144	1	4
Fawley Parish Council	15	181	21	11
Blackwater & Hawley Town Council	4	67	1	7
Lymington & Pennington Town Council	14	287	5	13
New Milton Town Council	12	217	1	10
Hythe & Dibden Parish Council	9	156	4	6
Tadley Town Council	6	66	1	2
University of Portsmouth	1,228	31,447	934	686
Southampton Solent University	595	17,413	514	317
Old Basing Parish Council	4	37	2	0
Marchwood Parish Council	4	90	2	0
Hardley Secondary School	47	526	46	15
Burgate School & Sixth Form	0	-	17	8
Arnewood School	0	-	19	11
Ringwood School	0	-	44	12
Crofton School	55	708	28	11
City of Portsmouth Boys School	32	472	29	16
Testwood School	0	-	46	17
Abbotswood Junior School	50	357	51	3
Front Lawn Junior School	13	181	3	0
Priory Primary School	0	-	2	0
St Joseph's RC Primary School	1	-	14	1
Bay House School	0	-	41	16
Calmore Junior School	8	79	15	5
Bohun Community School	0	-	41	14
Barton Peveril College	74	1,392	55	18
Peter Symonds College	154	2,159	116	40
Eastleigh College of Further Education	176	3,242	171	66
Sparsholt College	272	4,740	299	90
VIth Form College Farnborough	79	1,419	68	23

Employer	Number of active members	Total Pensionable Pay (£000s )	Number of deferred members	Number of pensioners and dependants
<b>Scheduled Body Group</b>				
Queen Mary's College	91	1,662	66	28
Alton College	80	1,186	62	40
Basingstoke College of Technology	173	2,466	204	83
Farnborough College of Technology	185	3,124	304	144
Havant College	66	961	62	30
Portsmouth College	54	735	39	17
St Vincent College	87	1,215	61	22
Fareham Tertiary College	81	1,434	88	68
Highbury College	240	4,366	409	150
South Downs College	350	4,925	257	79
Itchen College	63	828	54	20
Tauntons College	50	817	59	13
Totton College	155	2,177	153	17
Brockenhurst College	211	3,023	219	52
Southampton City College	120	2,265	305	124
Blackfield Middle School	0	-	9	5
All Hallows RC Secondary	50	760	41	18
Testbourne Community School	48	528	34	6
Oaklands RC School	0	-	33	15
Applemore College	28	463	16	14
Hordle Primary School	26	220	32	6
Ashley Junior School	21	179	15	8
St Edmunds RC School	39	592	42	18
Purbeck Park School	42	563	42	16
St Peter's RC Primary School	29	201	16	4
St Paul's RC Primary School	44	409	52	9
St George's RC Secondary School	16	265	25	7
Lyndhurst Junior School	31	259	23	11
Cams Hill School	0	-	21	13
St Peters CE Junior	0	-	13	3
Mill Rythe Infants School	21	151	16	1

Employer	Number of active members	Total Pensionable Pay (£000s )	Number of deferred members	Number of pensioners and dependants
<b>Scheduled Body Group</b>				
St Anne's Convent School	2	-	28	18
Horndean Parish Council	4	74	6	2
Petersfield School	0	-	45	20
Curridge Parish Council	0	-	1	1
West End Parish Council	3	-	3	1
Botley Parish Council	2	-	1	0
New Alresford Town Council	2	-	2	1
Osborne School	57	640	101	16
Hampshire Constabulary	2,343	56,884	1,712	932
Hamble Le Rice Parish Council	4	86	2	1
Denmead Parish Council	7	110	4	2
Milford on Sea Parish Council	2	-	0	0
Liss Parish Council	3	-	0	3
Overton Parish Council	1	-	0	0
Bramshott & Liphook Parish Council	2	-	3	1
Fair Oak & Horton Heath Parish Council	4	70	1	1
Whitchurch Town Council	2	-	0	0
Swanmore Parish Council	2	-	0	0
Twyford Parish Council	1	-	1	0
Romsey Town Council	4	73	2	4
Crondall Parish Council	0	-	1	1
Hound Parish Council	3	-	4	0
Bishops Waltham Parish Council	5	86	6	1
Hedge End Town Council	9	209	4	1
Colden Common Parish Council	3	-	1	0
Wickham Parish Council	1	-	0	0
Kingsclere Parish Council	2	-	0	1
Kings Worthy Parish Council	2	-	1	0
Headley Parish Council	2	-	1	1
Beech Parish Council	0	-	1	0
Bishopstoke Parish Council	2	-	0	0

Employer	Number of active members	Total Pensionable Pay (£000s )	Number of deferred members	Number of pensioners and dependants
<b>Scheduled Body Group</b>				
Romsey Extra Parish Council	1	-	0	0
Four Marks Parish Council	0	-	0	1
South Wonston Parish Council	1	-	0	0
A2 Housing Group Ltd	0	-	1	4
Hordle Parish Council	1	-	0	1
Brockenhurst Parish Council	2	-	0	0
New Forest National Park Authority	71	2,015	33	10
Owlesbury Parish Council	0	-	1	0
Hampshire Fire & Rescue Authority	308	6,732	171	114
Whiteley Parish Council	1	-	0	0
Durley Parish Council	1	-	0	0
Baughurst Parish Council	1	-	0	0
Shedfield Parish Council	1	-	0	0
Oasis Community Learning	108	1,694	64	21
Upper Shirley High School	0	-	7	0
Upham Parish Council	1	-	0	0
ARK Academies	38	730	16	7
Blackfield & Fawley Schools	39	324	10	1
Fleet Town Council	2	-	0	0
Elvetham Heath Parish Council	1	-	0	0
Church Crookham Parish Council	2	-	0	0
Chamberlayne College of the Arts	33	602	4	0
Wildern School	69	1,019	16	0
Mountbatten School	64	928	16	3
Thornden School	72	883	13	3
Freemantle Church of England Community Academy	28	297	4	0
Priestlands School	62	742	13	4
Perins School	63	898	21	2
Noadswood School	44	589	5	3
The Romsey School	64	855	15	5

Employer	Number of active members	Total Pensionable Pay (£000s )	Number of deferred members	Number of pensioners and dependants
<b>Scheduled Body Group</b>				
Hounslow School	64	652	11	1
The Priory Primary School	7	72	0	0
Arnewood School	44	602	6	3
Bohun School	32	531	3	1
Ringwood School	69	956	24	1
Burgate School	53	625	10	1
The Petersfield School	36	499	10	2
Springhill Catholic Primary School	41	379	4	0
Testwood Sports College	47	639	7	2
Jefferys Education Trust	135	1,402	22	2
The Catholic Academy Trust in Havant	56	751	5	0
Everest Community Academy	48	766	6	0
The Catholic Academy Trust in Aldershot	16	160	0	0
St Anthony's Catholic Primary School	24	170	4	0
Littleton & Harestock Parish Council	1	-	0	0
Ludlow Juniors	2	-	8	0
Cantell College	44	637	14	1
Weston Park Primary	36	261	6	2
Woodlands	47	631	6	1
Hightown Primary	16	182	1	1
Kanes Hill Primary	21	234	2	0
Harefield Primary	20	169	1	0
Mansel Park Primary	12	153	3	0
Dove House School Academy Trust	22	358	1	0
Amery Hill School Academy Trust	56	549	7	0
Cams Hill School	35	503	1	1
Bransgore Primary School	24	267	6	2
Great Oaks	30	476	3	1
St Marys Primary	40	382	4	2

Employer	Number of active members	Total Pensionable Pay (£000s )	Number of deferred members	Number of pensioners and dependants
<b>Scheduled Body Group</b>				
Eversley Parish Council	1	-	0	0
Robert Mays School	55	657	13	0
Bay House School	88	1,076	13	0
Havant Academy (TKAT)	36	723	35	9
Eggar's School	30	441	1	0
Cowplain Community School	74	858	0	0
Action for Children (Hampshire Childrens' Services)	99	1,737	55	4
4 Children	18	198	9	1
Wyvern Technology College	100	1,068	17	0
Costello Technology College	48	545	5	0
Thornhill Primary	36	274	3	2
St Anne's School	44	633	3	1
Bridgemary School	49	775	3	2
Portsmouth Primary School	20	235	1	0
Winton School	25	375	0	0
Hook with Warsash Church of England School	32	213	1	1
St Columba Academy	26	175	0	0
Ludlow Infants School	36	224	0	0
Ludlow Junior School	39	273	0	0
Paulsgrove Primary School	30	320	1	0
Fordingbridge Town Council	0	-	1	0

Employer	Number of active members	Total Pensionable Pay (£000s )	Number of deferred members	Number of pensioners and dependants
<b>Admission Body Group</b>				
University of Winchester	279	5,919	189	121
Gosport Community Association	1	-	0	0
St Edward's School	29	751	23	13
Basingstoke & District Sports Trust	16	291	9	14
South East Employers	9	339	22	19
St John's College	22	496	20	6
King Edward VI School	44	981	26	40
Basingstoke Voluntary Services	9	175	10	11
Portsmouth Housing Association Ltd	4	121	15	15
Community First New Forest	4	81	7	4
Havant Council of Community Service	3	-	10	11
Community Action Hampshire	11	337	29	31
Hampshire & Isle of Wight Playfields Association	1	-	1	5
Bedales School	50	1,125	45	38
Southampton Voluntary Services	2	-	4	4
Tourism South East	7	180	33	37
One Community Eastleigh	3	-	19	15
Churchers College	37	755	17	29
QEII Silver Jubilee Centre	4	84	2	3
Age Concern Hampshire	49	578	29	27
Tadley & District Citizens Advice Bureau	2	-	7	3
Age Concern Basingstoke	3	-	6	4
Community Action Fareham	2	-	0	1
Hampshire Association for the Care of the Blind	1	-	1	10
Age UK Portsmouth	1	-	1	5
Options	1	-	1	2
Valley Leisure Ltd	21	257	74	11
SCA Community Care Services Ltd	2	-	16	14

Employer	Number of active members	Total Pensionable Pay (£000s )	Number of deferred members	Number of pensioners and dependants
<b>Admission Body Group</b>				
Winchester Community Action	11	136	13	8
Basingstoke Community Transport	1	-	0	1
Hampshire Association of Local Councils	3	-	1	4
Guinness Partnership	7	298	11	34
Sentinel Housing Association	5	116	21	58
Atlantic Housing Ltd	3	-	15	20
The Hampton Trust	9	216	14	5
Drum housing Association	16	671	19	30
Southampton University	3	-	10	11
Horizon Leisure Trust	6	177	21	6
Hart Voluntary Action	1	-	3	7
Southampton University (LSU)	5	155	8	11
Andover Citizens Advice Bureau	3	-	4	0
Shopmobility Basingstoke	1	-	0	0
Dibden Allotments Fund	1	-	0	1
Romsey & District Citizens Advice Bureau	2	-	0	0
PARCS	1	-	1	1
Aster Communities	9	291	51	46
Wessex Property Ltd	1	-	2	7
The Handy Trust	2	-	0	0
Care Quality Commission	5	174	4	7
SLM Community Leisure Ltd	16	378	13	3
SLM Fitness & Health Ltd	3	-	6	0
First Wessex Housing Group	6	143	2	12
Sovereign Housing Association	4	161	12	25
Citizens Advice – Hart District	2	-	2	2

Employer	Number of active members	Total Pensionable Pay (£000s )	Number of deferred members	Number of pensioners and dependants
<b>Ungrouped Employers</b>				
Interserve (Southampton)	1	-	3	2
Colas	10	278	1	6
Capita (SCC)	263	7,440	121	63
Amey Services	18	406	4	7
Capita (Hart)	16	387	2	0
PNBPT	2	-	0	0
Capita (Hart Central Services)	4	91	11	8
Capita (Havant)	11	233	3	0
Street Lighting PFI (SSE)	4	100	0	0
Hampshire Partnership NHS Trust	2	-	0	0
DC Leisure	1	-	3	0
Active Nation (SCC Leisure)	45	793	17	2
Mytime Active (SCC Golf)	5	89	1	0
Balfour Beatty Living Places Ltd	63	1,647	11	8
Carisway Facilities Management	1	-	1	0
Kier Facilities Services (Oasis)	2	-	0	0
Southsea Skate Park	2	-	1	0
Rentokil Initial	1	-	0	1
Veolia	18	358	0	0
ABM Catering (Portsmouth Girls School)	3	-	0	0
ABM Catering (St Vincent's)	1	-	0	0
Sodexo (Oasis)	5	46	2	0
Commserv UK Ltd	2	-	0	0
Mytime Active (New Forest DC)	11	196	1	0
European Electronique (Basingstoke College)	1	-	0	0
ABM Catering (Portsmouth College)	4	43	0	0
Innovate Services	6	61	0	0
Balfour Beatty CCTV (SCC)	10	268	0	0
Randstad SSU (Academic Support Workers)	3	-	1	0
Norland Managed Services	2	-	0	0

Employer	Number of active members	Total Pensionable Pay (£000s )	Number of deferred members	Number of pensioners and dependants
<b>Ungrouped Employers</b>				
European Electronique (Alton College)	2	-	1	0
Haywards Services	2	-	0	0
<b>Employer</b>				
<b>Orphan Employers</b>				
	Number of active members	Total Pensionable Pay (£000s )	Number of deferred members	Number of pensioners and dependants
Orphan Employers	0	-	695	951

**Note:**

*Pensionable Pay is over the year to the valuation date, and includes annualised pay for new entrants during the year. Actual part-time pay is included for part-timers.*

*For Employers with three or fewer members, Pensionable Pay is not shown for data privacy reasons, but has been included in the total.*

*The numbers of deferred members excludes members who had yet to decide whether to take a transfer payment at the valuation date.*

# Appendix 4: Benefits

The benefits of the Local Government Pension Scheme are set out in Regulations, the principal Regulations currently being:

- the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as subsequently amended) for membership before April 2014
- the Local Government Pension Scheme Regulations 2013 for membership from 1 April 2014

A broad summary of the benefits payable to active members as at 31 March 2014 is given below. This reflects our understanding of the Regulations at the time of writing. This may however be subject to change and readers should refer to the Regulations for further details.

	2008 (and Pre 2008) Scheme	2014 Scheme
<b>Type of scheme</b>	Final salary	Career average revalued earnings (CARE)
<b>Normal Pension Age</b>	65	Linked to State Pension Age (or age 65 if higher)
<b>Member contributions</b>	Between 5.5% of pay and 7.5% of full time equivalent Pensionable Pay dependent on contribution band the member is in (average 6.5% across all LGPS Funds)  Special provisions apply for certain categories of former manual workers.	Between 5.5% of pay and 12.5% of actual Pensionable Pay dependent on contribution band the member is in (average 6.5% across all LGPS Funds)
<b>50:50 option</b>	Not applicable	Members can opt to pay 50% contributions for 50% of member's pension benefit (dependants' benefits not affected)

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	2008 (and Pre 2008) Scheme	2014 Scheme
<b>Pensionable Pay</b>	Generally total pay (excluding non contractual overtime)	Generally total pay (including non contractual overtime)
<b>Final Pay</b>	Generally Pensionable Pay over the 12 months prior to retirement or earlier exit or, if higher, in one of the preceding two years.	Not applicable
<b>Pensionable service</b>	Membership of Fund (years and days), plus periods of credited service	Not applicable
<b>Normal retirement pension</b>	<p>1/60 of Final Pay for each year of Pensionable Service on or after 1 April 2008.</p> <p>For each year of Pensionable Service before 1 April 2008:</p> <ul style="list-style-type: none"> <li>▪ a pension of 1/80 of Final Pay, plus</li> <li>▪ a cash sum of 3/80 of Final Pay</li> </ul>	<p>1/49 of revalued Pensionable Pay received for each year of membership from 1 April 2014.</p> <p>The resulting accumulated pension is called the 'pension account'.</p>
<b>Retirement cash sum</b>	<p>Pension can be surrendered for additional cash sum to a maximum cash sum of one quarter of the total capital value of benefits.</p> <p>Conversion rate is £12 for each £1 pa of pension given up according to HMRC rules.</p>	<p>Pension can be surrendered for cash sum to a maximum cash sum of one quarter of the total capital value of benefits.</p> <p>Conversion rate is £12 for each £1 pa of pension given up according to HMRC rules.</p>

	2008 (and Pre 2008) Scheme	2014 Scheme
<b>Early retirement pension</b>	<p>Reduced pension payable on retirement after age 60, or after age 55 with Employer consent.</p> <p>Pension calculated as for normal retirement but based on Pensionable Service to early retirement date, and reduced for early payment.</p> <p>Certain categories of member eligible for protection can retire on unreduced pension if their age plus Pensionable Service is greater than or equal to 85 years, with Employer consent required if under age 60.</p>	<p>Reduced pension payable on retirement after age 55.</p> <p>Pension calculated as for normal retirement but based on revalued Pensionable Pay up to early retirement date, and reduced for early payment.</p> <p>Certain categories of member eligible for protection can retire on unreduced pension if their age plus Pensionable Service is greater than or equal to 85 years.</p>
<b>Incapacity and ill-health pensions</b>	<p>In each case members must be permanently incapable of efficiently discharging their current duties to qualify.</p> <p><b>Tier 1</b></p> <ul style="list-style-type: none"> <li>▪ Payable to members with more than 3 months' Pensionable Service based on Final Pay at exit and potential Pensionable Service that would have been completed to Normal Retirement Age.</li> <li>▪ To qualify for this benefit there must be no reasonable prospect of the member being capable of undertaking any gainful employment.</li> </ul>	<p>In each case members must</p> <ul style="list-style-type: none"> <li>▪ be permanently incapable of efficiently discharging the duties of the employment they were engaged in to qualify and</li> <li>▪ be incapable of immediately undertaking any gainful employment</li> </ul> <p><b>Tier 1</b></p> <ul style="list-style-type: none"> <li>▪ Payable to members with more than 2 years' Pensionable Service.</li> <li>▪ Immediate payment of accrued pension, plus an enhancement equal to the amount of earned pension the member would have accrued between the date of leaving and Normal Pension Age, based on the current Pensionable Pay.</li> <li>▪ To qualify for this benefit the member must be unlikely to be capable of undertaking any gainful employment before Normal Pension Age.</li> </ul>

	2008 (and Pre 2008) Scheme	2014 Scheme
<b>Incability and ill-health pensions (continued)</b>	<p><b>Tier 2</b></p> <ul style="list-style-type: none"> <li>▪ Payable to members with more than 3 months' service based on Final Pay at exit and Pensionable Service completed to date of exit plus 25% of the period from date of exit to Normal Retirement Age.</li> <li>▪ To qualify for this benefit the member must be expected to be capable of undertaking gainful employment at some point after 3 years, but before Normal Pension Age.</li> </ul>	<p><b>Tier 2</b></p> <ul style="list-style-type: none"> <li>▪ Payable to members with more than 2 years' Pensionable Service.</li> <li>▪ Immediate payment of accrued pension, plus an enhancement equal to 25% of the Tier 1 enhancement.</li> <li>▪ To qualify for this benefit the member must be expected to be capable of undertaking gainful employment at some point after 3 years, but before Normal Pension Age.</li> </ul>
	<p><b>Tier 3</b></p> <ul style="list-style-type: none"> <li>▪ Payable to members with more than 3 months' Pensionable Service based on Final Pay at exit and Pensionable Service completed to date of exit.</li> <li>▪ To qualify for this benefit the member must be expected to be capable of undertaking gainful employment at some point within 3 years of date of exit.</li> <li>▪ Payable for 3 years or until gainful employment obtained, if earlier.</li> </ul>	<p><b>Tier 3</b></p> <p>As 2008 Scheme, but subject to members having qualifying service of 2 years or more.</p>

	2008 (and Pre 2008) Scheme	2014 Scheme
<b>Leaving Pensionable Service</b>	<p>Pension payable on retirement at Normal Retirement Age based on Final Pay at exit and Pensionable Service to date of exit.</p> <p>Certain categories of member can retire early on unreduced pension if aged 60 or over and their age plus service is greater than or equal to 85 years. Service in this case includes the period between date of exit and date pension commences.</p>	Pension payable on retirement at Normal Pension Age calculated as for normal retirement based on revalued Pensionable Pay during period of membership.
<b>CARE revaluation in service</b>	Not applicable	In line with increases in the Consumer Prices Index (CPI)
<b>Deferred pension revaluation after leaving</b>	<ul style="list-style-type: none"> <li>▪ Guaranteed Minimum Pensions (GMPs) increase in deferment in line with State revaluation factors.</li> <li>▪ Deferred pensions in excess of GMPs increase in line with CPI</li> </ul>	In line with CPI
<b>Pension increases in payment</b>	<ul style="list-style-type: none"> <li>▪ GMPs accrued after 6 April 1988 increase at the lower of 3% pa and CPI</li> <li>▪ Pensions in payment in excess of GMPs increase in line with CPI</li> </ul>	In line with CPI

	2008 (and Pre 2008) Scheme	2014 Scheme
<b>Death benefits</b>	<ul style="list-style-type: none"> <li>▪ A cash sum of 3 x Final Pay at exit.</li> <li>▪ A partner's pension of 1/160 of Final Pay at exit for each year of Pensionable Service, including a service enhancement that would have applied had retirement due to ill-health under Tier 1 occurred at the date of death.</li> </ul> <p>Partners are spouses, civil partners and co habitees.</p> <ul style="list-style-type: none"> <li>▪ Children's pensions may be payable.</li> </ul>	<ul style="list-style-type: none"> <li>▪ A cash sum of 3 x Pensionable Pay at exit.</li> <li>▪ A partner's pension of 1/160 of revalued Pensionable Pay received during membership to date of death plus an enhancement to pension of 1/160 of Pensionable Pay at death for each year between death and Normal Pension Age.</li> </ul> <p>Partners are spouses, civil partners and co habitees.</p> <ul style="list-style-type: none"> <li>▪ Children's pensions may be payable.</li> </ul>
<b>State pension scheme</b>	The Scheme is contracted out of the State Second Pension Scheme.	<p>The Scheme is contracted out of the State Second Pension Scheme.</p> <p>Note that the Government proposes abolishing contracting out from April 2016.</p>
<b>Protections /underpins</b>	<p>Pre 2008 benefits protected.</p> <p>Rule of 85 retained for members aged over 60 on 31 March 2016. Partial protection of Rule of 85 for members aged over 60 on 31 March 2020.</p>	<p>Pre 2014 benefits protected (including link to eventual Final Pay).</p> <p>Underpin of benefits on 2008 Scheme structure for members aged over 55 in April 2012.</p> <p>Rule of 85 protections where applicable will continue to apply in the 2014 Scheme.</p>
<b>Vesting period</b>	A refund of member contributions is paid for members leaving membership with qualifying service of less than 3 months.	A refund of member contributions is paid for members leaving membership with qualifying service of less than 2 years.

# Appendix 5: Consolidated revenue account

*We show a summary of the revenue and outgo of the Fund since the previous valuation below.*

		Total £000s
<b>Fund as at 31 March 2010</b>		<b>3,237,535</b>
<b>Income</b>		
Contributions	Employer normal	479,243
	Employer special	33,264
	Employee	165,645
Transfers-in		67,314
Investment income		255,732
<b>Total income</b>		<b>1,001,198</b>
<b>Outgo</b>		
Pensions paid		435,267
Retirement cash sums		133,517
Transfers-out		43,169
Refunds of contributions on leaving		95
Expenses	Investment	31,546
	Administration	8,035
Death benefits paid		11,820
State scheme premiums		(40)
<b>Total outgo</b>		<b>663,409</b>
<b>Change in market value</b>		<b>765,294</b>
<b>Fund as at 31 March 2013</b>		<b>4,340,618</b>

# Appendix 6: Employer funding strategies

*An Employer's funding strategy depends on its own circumstances. Key details for each Employer are set out below. See the sections on Funding Objective and the Glossary in Appendix 12 for more details.*

Employer	Recovery period	Stepping period	Subsuming Employer
Scheduled Bodies Group	22	6	-
Admission Bodies Group	22	4	Scheduled Body Group *
Interserve (Southampton)	3	-	-
Colas	5	-	-
Capita (SCC)	22	-	Southampton City Council
Amey Services	1.1	-	Hampshire County Council
Capita (Hart)	3.6	-	Hart District Council
Capita (Hart Central Services)	3.4	-	Hart District Council
Capita (Havant)	3.5	-	Havant Borough Council
Street Lighting PFI (SSE)	15.0	-	Southampton City Council
Hampshire Partnership NHS Trust	1.0	-	Southampton City Council
DC Leisure	9.0	-	Winchester City Council
Active Nation (SCC Leisure)	11.4	-	Southampton City Council
Mytime Active (SCC Golf)	7.4	-	-
Balfour Beatty Living Places Ltd	6.5	-	Southampton City Council
Carisway Facilities Management	0.4	-	-
Kier Facilities Services (Oasis)	5.0	-	-
Southsea Skate Park	9.0	-	-
Veolia	4.5	-	Hart District Council
ABM Catering (Portsmouth Girls School)	2.4	-	-
ABM Catering (St Vincent's)	2.4	-	Hampshire County Council
Sodexo (Oasis)	9.0	-	-
Commserv UK Ltd	1.0	-	Fareham Borough Council
Mytime Active (New Forest DC)	8.4	-	New Forest District Council
ABM Catering (Portsmouth College)	1.2	-	Portsmouth College
Innovate Services	2.4	-	Hampshire County Council
Balfour Beatty CCTV (SCC)	8.5	-	Southampton City Council

Employer	Recovery period	Stepping period	Subsuming Employer
Randstad SSU (Academic Support Workers)	1.5	-	Southampton Solent University
Norland Managed Services	3.3	-	Southampton Solent University
European Electronique (Alton College)	3.4	-	Alton College
Haywards Services	1.3	-	Hampshire County Council

#### Admission Bodies using an alternative funding target

Admission Bodies which have a Subsuming Employer have been valued using the assumptions for scheduled and subsumption bodies. Under this arrangement, the Subsuming Employer will take on the responsibility for the future financing of the Admission Body's liabilities after the Admission Body exits the Fund and has paid any contributions necessary to ensure a funding ratio of 100%.

\* The Scheduled Body Group is the Subsuming Employer for certain employers in the Admission Body Group. For the purpose of this valuation the liabilities of all Employers in the Admission Body Group have been valued using the assumptions for scheduled and subsumption bodies.

# Appendix 7: Assumptions used to evaluate the liabilities

*The assumptions used for calculating the past service liabilities and the future service rates are summarised below. Different assumptions are used for the low risk measure, as set out in Appendix 8.*

## Financial assumptions

<b>In service discount rate</b> <i>Scheduled and subsumption bodies</i> <i>Orphan bodies</i>	<b>5.5% pa</b> <b>5.2% pa</b>
<b>Left service discount rate</b> <i>Scheduled and subsumption bodies</i> <i>Orphan bodies</i>	<b>5.5% pa</b> <b>3.9% pa</b>
<b>Rate of Pensionable Pay increases</b> (service up to 31 March 2014 only) (in addition to promotional increases)	<b>3.9% pa</b>
<b>Rate of RPI price inflation</b>	<b>3.3% pa</b>
<b>Rate of CPI price inflation</b>	<b>2.4% pa</b>
<b>Rate of revaluation of pension accounts</b>	<b>2.4% pa</b>
<b>Rate of pension increases</b> <i>on non GMPs</i> <i>on post 88 GMPs</i>	<b>2.4% pa</b> <b>2.0% pa</b>
<b>Rate of deferred pension increases</b>	<b>2.4% pa</b>
<b>Administration expenses</b>	<b>0.3% of Pensionable Pay</b>

## Demographic assumptions

<b>Pre-retirement base mortality</b>	Males: 65% of Standard SAPS Normal Health tables (all amounts) Females: 65% of Standard SAPS Normal Health tables (all amounts)	
<b>Post-retirement base mortality (normal health)</b>	Males: 100% of Standard SAPS Normal Health tables (light) Females: 95% of Standard SAPS Normal Health tables (light)	
<b>Post-retirement base mortality (ill health)</b>	Males: 80% of Standard SAPS III Health tables Females: 80% of Standard SAPS III Health tables	
<b>Improvements to base mortality</b>	An allowance for future improvements from 2002 line with the CMI 2012 Core Projections assuming a long-term annual rate of improvement in mortality rates of 1.5% pa for men and women.	
<b>Promotional salary increases</b>	Allowance has been made for age-related promotional increases (see sample rates below).	
<b>Withdrawals</b>	Allowance has been made for withdrawals from service (see sample rates below). On withdrawal, members are assumed to leave a deferred pension in the Fund.	
<b>Retirement age</b>	Members were assumed to retire at the following ages:	
	<b>Member group</b>	<b>Assumed age at retirement</b>
	Active members with protected Rule of 85 age (joined LGPS before 1 October 2006 and attained age 60 before 1 April 2020)	Rule of 85 age (or age 60 if higher).  Any part of their pension which is not protected will be reduced if it is paid before Normal Pension Age.
	All other active members	Age 65.  Post 2014 pensions will be reduced if the member's State Pension Age is projected to be over age 65 at that point.
	Deferred members who left the Fund before 1 April 2013 with a protected Rule of 85 age	Rule of 85 age (or age 60 if higher).  Any part of their pension which is not protected will be reduced if it is paid before Normal Pension Age.
<b>Retirement cash sum</b>	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 70% of the permitted maximum.	

<b>Family details</b>	<p>A man is assumed to be three years older than his wife/partner.</p> <p>90% of non-pensioners are assumed to be married or have a spouse, civil partner or co-habitee ('partner') at retirement or earlier death.</p> <p>90% of pensioners are assumed to be married or have a partner at age 65 or younger.</p> <p>Dependants/partners are assumed to exhibit mortality rates based on Normal Health base tables.</p> <p>No allowance for children's pensions.</p>				
<b>Retirement due to ill-health</b>	<p>Allowance has been made for retirements due to ill-health (see below). Proportions assumed to fall into the different benefit tiers are:</p> <table> <tr> <td>Tier 1</td> <td>75%</td> </tr> <tr> <td>Tier 2</td> <td>15%</td> </tr> </table>	Tier 1	75%	Tier 2	15%
Tier 1	75%				
Tier 2	15%				
<b>Take up of 50:50 scheme</b>	An allowance consistent with that used by the Government Actuary's Department in the costing of the 2014 Local Government Pension Scheme based on an assumption of 10% of members earning less than £21,000 electing to join the 50:50 scheme				

### Sample rates

The table below illustrates the allowances made for withdrawals from service and ill-health retirement at various ages. Also shown is the allowance included for promotional pay increases, which is shown as the percentage increase over the next year.

Current age	Percentage promotional pay increase over year	Percentage leaving the Fund each year as a result of withdrawal from service		Percentage leaving the Fund each year as a result of ill-health early retirement	
		Men	Women	Men	Women
20	3.7	13.4	15.6	0.00	0.00
25	3.1	11.8	13.9	0.00	0.00
30	2.9	10.3	12.1	0.04	0.02
35	1.6	8.8	10.4	0.06	0.02
40	1.5	7.3	8.7	0.09	0.05
45	0.8	5.8	7.2	0.12	0.09
50	0.1	4.7	5.9	0.21	0.17
55	0.0	3.6	4.7	0.39	0.33
60	0.0	0.0	0.0	0.76	0.70
64	0.0	0.0	0.0	1.18	0.96

# Appendix 8: Assumptions for low risk measure

*The low risk measure considers the position if no allowance is made in the discount rate for returns on the Fund's assets to exceed the yields available on long dated UK government bonds as at 31 March 2013, as shown below.*

*All other assumptions are the same as shown in Appendix 7.*

## Financial Assumptions

<b>In service discount rate</b>	<b>3.2% pa</b>
<b>Left service discount rate</b>	<b>3.2% pa</b>

# Appendix 9: Membership experience

*We have compared the actual numbers of deaths, retirements and other exits since the previous valuation with the numbers expected on the assumptions used for the current valuation:*

Type of exit	Men	Women
<b>Death in service</b>		
Actual	46	78
Expected	61	144
<b>Withdrawals (excluding refunds)</b>		
Actual	3,240	11,314
Expected	2,444	9,653
<b>Normal and voluntary retirements</b>		
Actual	1,843	3,161
Expected	2,566	3,109
<b>Ill-health retirements</b>		
Actual	89	172
Expected	124	189
<b>Severance and redundancy retirements</b>		
Actual	484	864
Expected	0	0

# Appendix 10: Current contribution rates

*Employers have paid contributions at the following annualised rates in the year ended 31 March 2014.*

Employers	Pensionable Pay %	Additional monetary amount £000s
<b>Scheduled Body Group</b>		
Hampshire County Council	13.1%	19,688.4
Totton & Eling Town Council	13.1%	23.3
Hampshire Probation Trust	13.1%	792.5
Portchester Crematorium Joint Committee	13.1%	9.8
Ringwood Town Council	13.1%	10.8
Southern Inshore Fisheries and Conservation Authority	13.1%	12.1
Yateley Town Council	13.1%	4.6
Langstone Harbour Board	13.1%	8.0
Whitehill Town Council	13.1%	3.6
Lymington Harbour Commission	13.1%	9.6
Alton Town Council	13.1%	15.1
Basingstoke & Deane Borough Council	13.1%	907.9
Hart District Council	13.1%	256.2
Rushmoor Borough Council	13.1%	452.2
Test Valley Borough Council	13.1%	610.0
Winchester City Council	13.1%	678.6
East Hampshire District Council	13.1%	430.6
New Forest District Council	13.1%	1,073.0
Southampton City Council	13.1%	5,598.5
Eastleigh Borough Council	13.1%	722.4
Fareham Borough Council	13.1%	625.9
Gosport Borough Council	13.1%	470.6
Portsmouth City Council	13.1%	5,633.6
Havant Borough Council	13.1%	517.8
Petersfield Town Council	13.1%	10.0
Fawley Parish Council	13.1%	11.4

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Employers	Pensionable Pay %	Additional monetary amount £000s
<b>Scheduled Body Group</b>		
Blackwater & Hawley Town Council	13.1%	4.7
Lymington & Pennington Town Council	13.1%	11.9
New Milton Town Council	13.1%	11.6
Hythe & Dibden Parish Council	13.1%	8.2
Tadley Town Council	13.1%	3.9
University of Portsmouth	13.1%	1,809.2
Southampton Solent University	13.1%	891.3
Old Basing Parish Council	13.1%	2.1
Marchwood Parish Council	13.1%	6.3
Hardley Secondary School	13.1%	30.4
Crofton School	13.1%	36.6
City of Portsmouth Boys School	13.1%	28.6
Abbotswood Junior School	13.1%	16.5
Front Lawn Junior School	13.1%	8.3
Calmore Junior School	13.1%	10.2
Barton Peveril College	13.1%	71.6
Peter Symonds College	13.1%	117.5
Eastleigh College of Further Education	13.1%	182.1
Sparsholt College	13.1%	287.6
VIth Form College Farnborough	13.1%	74.6
Queen Mary's College	13.1%	89.8
Alton College	13.1%	77.7
Basingstoke College of Technology	13.1%	149.0
Farnborough College of Technology	13.1%	199.7
Havant College	13.1%	64.8
Portsmouth College	13.1%	46.5
St Vincent College	13.1%	54.3
Fareham Tertiary College	13.1%	86.8
Highbury College	13.1%	276.9
South Downs College	13.1%	315.5
Itchen College	13.1%	39.9
Tauntons College	13.1%	42.4
Totton College	13.1%	112.3

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Employers	Pensionable Pay %	Additional monetary amount £000s
<b>Scheduled Body Group</b>		
Brockenhurst College	13.1%	168.3
Southampton City College	13.1%	177.7
All Hallows RC Secondary	13.1%	39.9
Testbourne Community School	13.1%	24.7
Applemore College	13.1%	28.8
Hordle Primary School	13.1%	13.5
Ashley Junior School	13.1%	9.1
St Edmunds RC School	13.1%	42.4
Purbrook Park School	13.1%	30.0
St Peter's RC Primary School	13.1%	12.5
St Paul's RC Primary School	13.1%	18.5
St George's RC Secondary School	13.1%	14.7
Lyndhurst Junior School	13.1%	13.3
Mill Rythe Infants School	13.1%	5.3
Horndean Parish Council	13.1%	5.1
West End Parish Council	13.1%	3.6
Botley Parish Council	13.1%	1.2
New Alresford Town Council	13.1%	2.0
Osborne School	13.1%	35.8
Hampshire Constabulary	13.1%	3,689.6
Hamble Le Rice Parish Council	13.1%	5.3
Denmead Parish Council	13.1%	4.0
Milford on Sea Parish Council	13.1%	1.6
Liss Parish Council	13.1%	3.1
Overton Parish Council	13.1%	0.6
Bramshott & Liphook Parish Council	13.1%	2.3
Fair Oak & Horton Heath Parish Council	13.1%	5.7
Whitchurch Town Council	13.1%	1.8
Swanmore Parish Council	13.1%	1.8
Romsey Town Council	13.1%	3.7
Hound Parish Council	13.1%	4.1
Bishops Waltham Parish Council	13.1%	5.7
Hedge End Town Council	13.1%	11.4

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Employers	Pensionable Pay %	Additional monetary amount £000s
<b>Scheduled Body Group</b>		
Colden Common Parish Council	13.1%	2.6
Wickham Parish Council	13.1%	1.1
Kingsclere Parish Council	13.1%	1.3
Kings Worthy Parish Council	13.1%	1.9
Headley Parish Council	13.1%	1.7
Bishopstoke Parish Council	13.1%	1.3
Romsey Extra Parish Council	13.1%	0.5
South Wonston Parish Council	13.1%	0.9
Hordle Parish Council	13.1%	1.5
Brockenhurst Parish Council	13.1%	2.1
New Forest National Park Authority	13.1%	113.5
Hampshire Fire & Rescue Authority	13.1%	460.2
Whiteley Parish Council	13.1%	0.7
Durley Parish Council	13.1%	0.6
Baughurst Parish Council	13.1%	0.6
Shedfield Parish Council	13.1%	1.2
Oasis Community Learning	13.1%	105.5
Upham Parish Council	13.1%	0.2
ARK Academies	13.1%	47.6
Blackfield & Fawley Schools	13.1%	4.1
Fleet Town Council	19.1%	0.0
Elvetham Heath Parish Council	19.1%	0.0
Church Crookham Parish Council	19.1%	0.0
Chamberlayne College of the Arts	13.1%	0.0
Wildern School	13.1%	56.3
Mountbatten School	13.1%	50.8
Thornden School	13.1%	46.3
Freemantle Church of England Community Academy	13.1%	17.8
Priestlands School	13.1%	41.4
Perins School	13.1%	49.9
Noadswood School	13.1%	35.7
The Romsey School	13.1%	49.6
Hounslow School	13.1%	35.8

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Employers	Pensionable Pay %	Additional monetary amount £000s
<b>Scheduled Body Group</b>		
The Priory Primary School	13.1%	3.9
Arnewood School	13.1%	33.7
Bohunt School	13.1%	33.6
Ringwood School	13.1%	49.7
Burgate School	13.1%	24.0
The Petersfield School	13.1%	35.4
Springhill Catholic Primary School	13.1%	22.8
Testwood Sports College	13.1%	40.5
Jefferys Education Trust	13.1%	58.1
The Catholic Academy Trust in Havant	13.1%	38.9
Everest Community Academy	13.1%	44.8
The Catholic Academy Trust in Aldershot	13.1%	9.3
St Anthony's Catholic Primary School	13.1%	7.4
Littleton & Harestock Parish Council	19.1%	0.0
Cantell College	13.1%	0.0
Weston Park Primary	13.1%	0.0
Woodlands	13.1%	0.0
Hightown Primary	13.1%	0.0
Mansel Park Primary	13.1%	0.0
Dove House School Academy Trust	13.1%	18.3
Amery Hill School Academy Trust	13.1%	30.5
Cams Hill School	13.1%	27.0
Bransgore Primary School	13.1%	13.5
Great Oaks	13.1%	0.0
St Marys Primary	13.1%	0.0
Eversley Parish Council	19.1%	0.0
Robert Mays School	13.1%	36.2
Bay House School	13.1%	60.6
Havant Academy (TKAT)	13.1%	44.9
Eggar's School	13.1%	24.9
Cowplain Community School	13.1%	49.3
Action for Children (Hampshire Childrens Services)	13.1%	0.0
4 Children	13.1%	0.0

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Employers	Pensionable Pay %	Additional monetary amount £000s
<b>Scheduled Body Group</b>		
Wyvern Technology College	13.1%	59.9
Costello Technology College	13.1%	28.3
Thornhill Primary	13.1%	0.0
St Anne's School	13.1%	37.4
Bridgemary School	13.1%	46.7
Portswood Primary School	13.1%	12.2
Winton School	13.1%	21.9
Hook with Warsash Church of England School	13.1%	12.4
St Columba Academy	13.1%	8.8
Ludlow Infants School	13.1%	11.9
Ludlow Junior School	13.1%	13.6
Paulsgrove Primary School	13.1%	18.9

Employers	Pensionable Pay %	Additional monetary amount £000s
<b>Admission Body Group</b>		
University of Winchester	15.6%	259.1
Gosport Community Association	15.6%	1.1
St Edward's School	15.6%	35.3
Basingstoke & District Sports Trust	15.6%	19.7
South East Employers	15.6%	23.9
St John's College	15.6%	22.2
King Edward VI School	15.6%	48.9
Basingstoke Voluntary Services	15.6%	8.7
Portsmouth Housing Association Ltd	15.6%	8.1
Community First New Forest	15.6%	6.8
Havant Council of Community Service	15.6%	4.1
Community Action Hampshire	15.6%	27.5
Hampshire & Isle of Wight Playfields Association	15.6%	1.9
Bedales School	15.6%	63.2
Southampton Voluntary Services	15.6%	4.5

Employers	Pensionable Pay %	Additional monetary amount £000s
<b>Admission Body Group</b>		
Tourism South East	15.6%	24.3
One Community Eastleigh	15.6%	7.1
Churchers College	15.6%	29.8
QEII Silver Jubilee Centre	15.6%	3.5
Age Concern Hampshire	15.6%	23.1
Tadley & District Citizens Advice Bureau	15.6%	2.5
Age Concern Basingstoke	15.6%	3.6
Community Action Fareham	15.6%	3.0
Hampshire Association for the Care of the Blind	15.6%	4.8
Age UK Portsmouth	15.6%	1.7
Options	15.6%	2.1
Valley Leisure Ltd	15.6%	13.1
SCA Community Care Services Ltd	15.6%	9.3
Winchester Community Action	15.6%	10.2
Basingstoke Community Transport	15.6%	1.7
Hampshire Association of Local Councils	15.6%	3.6
Guinness Partnership	15.6%	14.0
Sentinel Housing Association	15.6%	14.3
Atlantic Housing Ltd	15.6%	4.4
The Hampton Trust	15.6%	6.4
Drum housing Association	15.6%	32.6
Southampton University	15.6%	10.2
Horizon Leisure Trust	15.6%	11.7
Hart Voluntary Action	15.6%	1.8
Southampton University (LSU)	15.6%	12.8
Andover Citizens Advice Bureau	15.6%	4.1
Shopmobility Basingstoke	15.6%	1.2
Dibden Allotments Fund	15.6%	1.7
Romsey & District Citizens Advice Bureau	15.6%	1.4
PARCS	15.6%	3.6
Aster Communities	15.6%	15.2
Wessex Property Ltd	15.6%	3.4
The Handy Trust	15.6%	1.1

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Employers	Pensionable Pay %	Additional monetary amount £000s
<b>Admission Body Group</b>		
Care Quality Commission	15.6%	14.6
SLM Community Leisure Ltd	15.6%	17.1
SLM Fitness & Health Ltd	15.6%	2.3
First Wessex Housing Group	15.6%	17.1
Sovereign Housing Association (SHA)	15.6%	8.8
Citizens Advice – Hart District	15.6%	2.4

Employers	Pensionable Pay %	Additional monetary amount £000s
<b>Ungrouped employers</b>		
Interserve (Southampton)	24.1%	5.0
Colas	25.2%	31.9
Capita (SCC)	14.6%	67.9
Amey Services	18.4%	0.0
Capita (Hart)	15.3%	0.0
Capita (Hart Central Services)	15.4%	0.0
Capita (Havant)	15.0%	0.0
Street Lighting PFI (SSE Contracting)	20.6%	0.0
Hampshire Partnership NHS Trust	14.2%	0.0
DC Leisure	16.2%	0.0
Active Nation (SCC Leisure)	17.9%	0.0
Mytime Active (SCC Golf)	18.5%	0.0
Balfour Beatty Living Places Ltd	20.9%	0.0
Carisway Facilities Management	20.0%	0.0
Kier Facilities Services (Oasis)	25.9%	0.0
Southsea Skate Park	21.3%	0.0
Veolia	15.6%	0.0
ABM Catering (Portsmouth Girls School)	21.8%	0.0
ABM Catering (St Vincent's)	13.4%	0.0
Sodexo (Oasis)	23.6%	0.0
Commserv UK Ltd	16.8%	0.0

Employers	Pensionable Pay %	Additional monetary amount £000s
<b>Ungrouped employers</b>		
Mytime Active (New Forest DC)	17.4%	0.0
ABM Catering (Portsmouth College)	22.0%	0.0
Innovate Services	16.3%	0.0
Balfour Beatty CCTV (SCC)	19.7%	0.0
Randstad SSU (Academic Support Workers)	20.6%	0.0
Norland Managed Services	22.6%	0.0
European Electronique (Alton College)	14.5%	0.0
Haywards Services	13.5%	0.0

*Notes*

*The additional monetary amounts for employers which joined the Fund over 2012/13 are shown as annualised rates.*

*The annualised rate of additional monetary amounts for Hampshire County Council, Southampton City Council and Portsmouth City Council have been adjusted to reflect the transfer of shortfall contributions to new academy employers over the years ending 31 March 2011, 2012 and 2013.*

*The table excludes Employers which joined the Fund after the valuation date.*

*The table excludes Employers which ceased after the valuation date.*

*Further to a review of the funding arrangements, Capita will participate in the Scheduled Body Group by virtue of having a pass through arrangement with Southampton City Council.*

# Appendix 11: Rates and Adjustments Certificate

*Actuarial certificate given for the purposes of Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008*

In accordance with Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008 (the 'Administration Regulations'), we certify that contributions should be paid by Employers at the following rates for the period 1 April 2014 to 31 March 2017.

- A common rate of 14.1% of Pensionable Pay.
- Individual adjustments which, when added to or subtracted from the common rate, produce the following minimum Employer contribution rates

<b>Employer</b>	<b>Contribution rate 1 April 2014 to 31 March 2017 % Pensionable Pay</b>	<b>Additional monetary amount Year commencing 1 April</b>		
		<b>2014 £000s</b>	<b>2015 £000s</b>	<b>2016 £000s</b>
<b>Scheduled Body Group</b>				
Hampshire County Council	13.1%	21,421.0	23,306.0	25,357.0
Totton & Eling Town Council	13.1%	25.4	27.6	30.0
Hampshire Probation Trust	13.1%	862.2	938.1	1,020.7
Portchester Crematorium Joint Committee	13.1%	10.7	11.6	12.6
Ringwood Town Council	13.1%	11.8	12.8	13.9
Southern Inshore Fisheries and Conservation Authority	13.1%	13.2	14.3	15.6
Yateley Town Council	13.1%	5.0	5.4	5.9
Langstone Harbour Board	13.1%	8.7	9.5	10.3
Whitehill Town Council	13.1%	3.9	4.3	4.6
Lymington Harbour Commission	13.1%	10.4	11.4	12.4
Alton Town Council	13.1%	16.4	17.9	19.4
Basingstoke & Deane Borough Council	13.1%	987.8	1,074.7	1,169.3
Hart District Council	13.1%	278.7	303.3	330.0
Rushmoor Borough Council	13.1%	492.0	535.3	582.4
Test Valley Borough Council	13.1%	663.7	722.1	785.6
Winchester City Council	13.1%	742.0	807.3	878.4
East Hampshire District Council	13.1%	468.5	509.7	554.6
New Forest District Council	13.1%	1,167.4	1,270.2	1,381.9
Southampton City Council	13.1%	6,191.0	6,735.7	7,328.5
Eastleigh Borough Council	13.1%	788.1	857.5	933.0

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Employer	Contribution rate 1 April 2014 to 31 March 2017 % Pensionable Pay	Additional monetary amount Year commencing 1 April		
		2014 £000s	2015 £000s	2016 £000s
<b>Scheduled Body Group</b>				
Fareham Borough Council	13.1%	681.0	740.9	806.1
Gosport Borough Council	13.1%	512.0	557.1	606.1
Portsmouth City Council	13.1%	6,136.4	6,676.4	7,264.0
Havant Borough Council	13.1%	563.4	612.9	666.9
Petersfield Town Council	13.1%	10.9	11.8	12.9
Fawley Parish Council	13.1%	12.4	13.5	14.7
Blackwater & Hawley Town Council	13.1%	5.1	5.6	6.1
Lymington & Pennington Town Council	13.1%	12.9	14.1	15.3
New Milton Town Council	13.1%	12.6	13.7	14.9
Hythe & Dibden Parish Council	13.1%	8.9	9.7	10.6
Tadley Town Council	13.1%	4.2	4.6	5.0
University of Portsmouth	13.1%	1,968.4	2,141.6	2,330.1
Southampton Solent University	13.1%	969.7	1,055.1	1,147.9
Old Basing Parish Council	13.1%	2.3	2.5	2.7
Marchwood Parish Council	13.1%	6.9	7.5	8.1
Hardley Secondary School	13.1%	33.1	36.0	39.2
Crofton School	13.1%	39.8	43.3	47.1
City of Portsmouth Boys School	13.1%	31.1	33.9	36.8
Abbotswood Junior School	13.1%	18.0	19.5	21.3
Front Lawn Junior School	13.1%	9.0	9.8	10.7
Calmore Junior School	13.1%	11.1	12.1	13.1
Barton Peveril College	13.1%	77.9	84.8	92.2
Peter Symonds College	13.1%	127.8	139.1	151.3
Eastleigh College of Further Education	13.1%	198.1	215.6	234.5
Sparsholt College	13.1%	312.9	340.4	370.4
11th Form College Farnborough	13.1%	81.2	88.3	96.1
Queen Mary's College	13.1%	97.7	106.3	115.7
Alton College	13.1%	84.5	92.0	100.1
Basingstoke College of Technology	13.1%	162.1	176.4	191.9
Farnborough College of Technology	13.1%	217.3	236.4	257.2
Havant College	13.1%	70.5	76.7	83.5
Portsmouth College	13.1%	50.6	55.0	59.9
St Vincent College	13.1%	59.1	64.3	69.9

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Employer	Contribution rate 1 April 2014 to 31 March 2017 % Pensionable Pay	Additional monetary amount Year commencing 1 April		
		2014 £000s	2015 £000s	2016 £000s
<b>Scheduled Body Group</b>				
Fareham Tertiary College	13.1%	94.4	102.7	111.8
Highbury College	13.1%	301.3	327.8	356.6
South Downs College	13.1%	343.3	373.5	406.3
Itchen College	13.1%	43.4	47.2	51.4
Tauntons College	13.1%	46.1	50.2	54.6
Totton College	13.1%	122.2	132.9	144.6
Brockenhurst College	13.1%	183.1	199.2	216.8
Southampton City College	13.1%	193.3	210.4	228.9
All Hallows RC Secondary	13.1%	43.4	47.2	51.4
Testbourne Community School	13.1%	26.9	29.2	31.8
Applemore College	13.1%	31.3	34.1	37.1
Hordle Primary School	13.1%	14.7	16.0	17.4
Ashley Junior School	13.1%	9.9	10.8	11.7
St Edmunds RC School	13.1%	46.1	50.2	54.6
Purbrook Park School	13.1%	32.6	35.5	38.6
St Peter's RC Primary School	13.1%	13.6	14.8	16.1
St Paul's RC Primary School	13.1%	20.1	21.9	23.8
St George's RC Secondary School	13.1%	16.0	17.4	18.9
Lyndhurst Junior School	13.1%	14.5	15.7	17.1
Mill Rythe Infants School	13.1%	5.8	6.3	6.8
Horndean Parish Council	13.1%	5.5	6.0	6.6
West End Parish Council	13.1%	3.9	4.3	4.6
Botley Parish Council	13.1%	1.3	1.4	1.5
New Alresford Town Council	13.1%	2.2	2.4	2.6
Osborne School	13.1%	39.0	42.4	46.1
Hampshire Constabulary	13.1%	4,014.3	4,367.5	4,751.9
Hamble Le Rice Parish Council	13.1%	5.8	6.3	6.8
Denmead Parish Council	13.1%	4.4	4.7	5.2
Milford on Sea Parish Council	13.1%	1.7	1.9	2.1
Liss Parish Council	13.1%	3.4	3.7	4.0
Overton Parish Council	13.1%	0.7	0.7	0.8
Bramshott & Liphook Parish Council	13.1%	2.5	2.7	3.0

<b>Employer</b>	<b>Contribution rate 1 April 2014 to 31 March 2017 % Pensionable Pay</b>	<b>Additional monetary amount Year commencing 1 April</b>		
		<b>2014 £000s</b>	<b>2015 £000s</b>	<b>2016 £000s</b>
<b>Scheduled Body Group</b>				
Fair Oak & Horton Heath Parish Council	13.1%	6.2	6.7	7.3
Whitchurch Town Council	13.1%	2.0	2.1	2.3
Swanmore Parish Council	13.1%	2.0	2.1	2.3
Romsey Town Council	13.1%	4.0	4.4	4.8
Hound Parish Council	13.1%	4.5	4.9	5.3
Bishops Waltham Parish Council	13.1%	6.2	6.7	7.3
Hedge End Town Council	13.1%	12.4	13.5	14.7
Colden Common Parish Council	13.1%	2.8	3.1	3.3
Wickham Parish Council	13.1%	1.2	1.3	1.4
Kingsclere Parish Council	13.1%	1.4	1.5	1.7
Kings Worthy Parish Council	13.1%	2.1	2.2	2.4
Headley Parish Council	13.1%	1.8	2.0	2.2
Bishopstoke Parish Council	13.1%	1.4	1.5	1.7
Romsey Extra Parish Council	13.1%	0.5	0.6	0.6
South Wonston Parish Council	13.1%	1.0	1.1	1.2
Hordle Parish Council	13.1%	1.6	1.8	1.9
Brockenhurst Parish Council	13.1%	2.3	2.5	2.7
New Forest National Park Authority	13.1%	123.5	134.4	146.2
Hampshire Fire & Rescue Authority	13.1%	500.7	544.8	592.7
Whiteley Parish Council	13.1%	0.8	0.8	0.9
Durley Parish Council	13.1%	0.7	0.7	0.8
Baughurst Parish Council	13.1%	0.7	0.7	0.8
Shedfield Parish Council	13.1%	1.3	1.4	1.5
Oasis Community Learning	13.1%	114.8	124.9	135.9
Upham Parish Council	13.1%	0.2	0.2	0.3
ARK Academies	13.1%	51.8	56.3	61.3
Blackfield & Fawley Schools	13.1%	4.5	4.9	5.3
Fleet Town Council	14.0%	0.0	0.0	0.0
Elvetham Heath Parish Council	14.0%	0.0	0.0	0.0
Church Crookham Parish Council	14.0%	0.0	0.0	0.0
Chamberlayne College of the Arts	13.1%	0.0	0.0	0.0
Wildern School	13.1%	61.3	66.6	72.5

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Employer	Contribution rate 1 April 2014 to 31 March 2017 % Pensionable Pay	Additional monetary amount Year commencing 1 April		
		2014 £000s	2015 £000s	2016 £000s
<b>Scheduled Body Group</b>				
Mountbatten School	13.1%	55.3	60.1	65.4
Thornden School	13.1%	50.4	54.8	59.6
Freemantle Church of England Community Academy	13.1%	19.4	21.1	22.9
Priestlands School	13.1%	45.0	49.0	53.3
Perins School	13.1%	54.3	59.1	64.3
Noadswood School	13.1%	38.8	42.3	46.0
The Romsey School	13.1%	54.0	58.7	63.9
Hounslow School	13.1%	39.0	42.4	46.1
The Priory Primary School	13.1%	3.6	3.9	4.3
Arnewood School	13.1%	39.2	42.6	46.4
Bohun School	13.1%	38.0	41.3	44.9
Ringwood School	13.1%	53.1	57.8	62.9
Burgate School	13.1%	20.2	22.0	24.0
The Petersfield School	13.1%	39.4	42.9	46.6
Springhill Catholic Primary School	13.1%	24.8	27.0	29.4
Testwood Sports College	13.1%	45.9	50.0	54.3
Jefferys Education Trust	13.1%	66.6	72.4	78.8
The Catholic Academy Trust in Havant	13.1%	39.0	42.4	46.1
Everest Community Academy	13.1%	48.7	53.0	57.7
The Catholic Academy Trust in Aldershot	13.1%	7.1	7.7	8.4
St Anthony's Catholic Primary School	13.1%	8.1	8.8	9.5
Littleton & Harestock Parish Council	14.0%	0.0	0.0	0.0
Cantell College	13.1%	0.0	0.0	0.0
Weston Park Primary	13.1%	0.0	0.0	0.0
Woodlands	13.1%	0.0	0.0	0.0
Hightown Primary	13.1%	0.0	0.0	0.0
Mansel Park Primary	13.1%	0.0	0.0	0.0
Dove House School Academy Trust	13.1%	19.9	21.7	23.6
Amery Hill School Academy Trust	13.1%	33.2	36.1	39.3
Cams Hill School	13.1%	30.2	32.9	35.8
Bransgore Primary School	13.1%	14.7	16.0	17.4
Great Oaks	13.1%	0.0	0.0	0.0

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<b>Employer</b>	<b>Contribution rate 1 April 2014 to 31 March 2017 % Pensionable Pay</b>	<b>Additional monetary amount Year commencing 1 April</b>		
		<b>2014 £000s</b>	<b>2015 £000s</b>	<b>2016 £000s</b>
<b>Scheduled Body Group</b>				
St Marys Primary	13.1%	0.0	0.0	0.0
Eversley Parish Council	14.0%	0.0	0.0	0.0
Robert Mays School	13.1%	39.4	42.9	46.6
Bay House School	13.1%	67.5	73.4	79.9
Havant Academy (TKAT)	13.1%	48.9	53.2	57.8
Eggar's School	13.1%	27.1	29.5	32.1
Cowplain Community School	13.1%	53.6	58.4	63.5
Action for Children (Hampshire Childrens' Services)	13.1%	0.0	0.0	0.0
4 Children	13.1%	0.0	0.0	0.0
Wyvern Technology College	13.1%	65.2	70.9	77.1
Costello Technology College	13.1%	30.8	33.5	36.4
Thornhill Primary	13.1%	0.0	0.0	0.0
St Anne's School	13.1%	40.7	44.3	48.2
Bridgemary School	13.1%	50.8	55.3	60.1
Portswood Primary School	13.1%	13.3	14.4	15.7
Winton School	13.1%	23.8	25.9	28.2
Hook with Warsash Church of England School	13.1%	13.5	14.7	16.0
St Columba Academy	13.1%	9.6	10.4	11.3
Ludlow Infants School	13.1%	12.9	14.1	15.3
Ludlow Junior School	13.1%	14.8	16.1	17.5
Paulsgrove Primary School	13.1%	20.6	22.4	24.3
Capita (SCC)	16.1%	638.1	694.3	755.4

<b>Employer</b>	<b>Contribution rate 1 April 2014 to 31 March 2017 % Pensionable Pay</b>	<b>Additional monetary amount Year commencing 1 April</b>		
		<b>2014 £000s</b>	<b>2015 £000s</b>	<b>2016 £000s</b>
<b>Admission Body Group</b>				
University of Winchester	15.6%	310.9	373.1	447.7
Gosport Community Association	15.6%	1.3	1.6	1.9
St Edward's School	15.6%	42.4	50.8	61.0
Basingstoke & District Sports Trust	15.6%	23.6	28.4	34.0

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Employer	Contribution rate 1 April 2014 to 31 March 2017 % Pensionable Pay	Additional monetary amount Year commencing 1 April		
		2014 £000s	2015 £000s	2016 £000s
<b>Admission Body Group</b>				
South East Employers	15.6%	28.7	34.4	41.3
St John's College	15.6%	26.6	32.0	38.4
King Edward VI School	15.6%	58.7	70.4	84.5
Basingstoke Voluntary Services	15.6%	10.4	12.5	15.0
Portsmouth Housing Association Ltd	15.6%	9.7	11.7	14.0
Community First New Forest	15.6%	8.2	9.8	11.8
Havant Council of Community Service	15.6%	4.9	5.9	7.1
Community Action Hampshire	15.6%	33.0	39.6	47.5
Hampshire & Isle of Wight Playfields Association	15.6%	2.3	2.7	3.3
Bedales School	15.6%	75.8	91.0	109.2
Southampton Voluntary Services	15.6%	5.4	6.5	7.8
Tourism South East	15.6%	29.2	35.0	42.0
One Community Eastleigh	15.6%	8.5	10.2	12.3
Churchers College	15.6%	35.8	42.9	51.5
QEII Silver Jubilee Centre	15.6%	4.2	5.0	6.0
Age Concern Hampshire	15.6%	27.7	33.3	39.9
Tadley & District Citizens Advice Bureau	15.6%	3.0	3.6	4.3
Age Concern Basingstoke	15.6%	4.3	5.2	6.2
Community Action Fareham	15.6%	3.6	4.3	5.2
Hampshire Association for the Care of the Blind	15.6%	5.8	6.9	8.3
Age UK Portsmouth	15.6%	2.0	2.4	2.9
Options	15.6%	2.5	3.0	3.6
Valley Leisure Ltd	15.6%	15.7	18.9	22.6
SCA Community Care Services Ltd	15.6%	11.2	13.4	16.1
Winchester Community Action	15.6%	12.2	14.7	17.6
Basingstoke Community Transport	15.6%	2.0	2.4	2.9
Hampshire Association of Local Councils	15.6%	4.3	5.2	6.2
Guinness Partnership	15.6%	16.8	20.2	24.2
Sentinel Housing Association	15.6%	17.2	20.6	24.7
Atlantic Housing Ltd	15.6%	5.3	6.3	7.6

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<b>Employer</b>	<b>Contribution rate 1 April 2014 to 31 March 2017 % Pensionable Pay</b>	<b>Additional monetary amount Year commencing 1 April</b>		
		<b>2014 £000s</b>	<b>2015 £000s</b>	<b>2016 £000s</b>
<b>Admission Body Group</b>				
The Hampton Trust	15.6%	7.7	9.2	11.1
Drum housing Association	15.6%	39.1	46.9	56.3
Southampton University	15.6%	12.2	14.7	17.6
Horizon Leisure Trust	15.6%	14.0	16.8	20.2
Hart Voluntary Action	15.6%	2.2	2.6	3.1
Southampton University (LSU)	15.6%	15.4	18.4	22.1
Andover Citizens Advice Bureau	15.6%	4.9	5.9	7.1
Shopmobility Basingstoke	15.6%	1.4	1.7	2.1
Dibden Allotments Fund	15.6%	2.0	2.4	2.9
Romsey & District Citizens Advice Bureau	15.6%	1.7	2.0	2.4
PARCS	15.6%	4.3	5.2	6.2
Aster Communities	15.6%	18.2	21.9	26.3
Wessex Property Ltd	15.6%	4.1	4.9	5.9
The Handy Trust	15.6%	1.3	1.6	1.9
Care Quality Commission	15.6%	17.5	21.0	25.2
SLM Community Leisure Ltd	15.6%	20.5	24.6	29.5
SLM Fitness & Health Ltd	15.6%	2.8	3.3	4.0
First Wessex Housing Group	15.6%	20.5	24.6	29.5
Sovereign Housing Association	15.6%	10.6	12.7	15.2
Citizens Advice – Hart District	15.6%	2.9	3.5	4.1

<b>Employer</b>	<b>Contribution rate 1 April 2014 to 31 March 2017 % Pensionable Pay</b>	<b>Additional monetary amount Year commencing 1 April</b>		
		<b>2014 £000s</b>	<b>2015 £000s</b>	<b>2016 £000s</b>
<b>Ungrouped employers</b>				
Interserve (Southampton)	20.5%	26.2	27.2	28.3
Colas	17.9%	0.0	0.0	0.0
Amey Services	0.0%	0.0	0.0	0.0
Capita (Hart)	0.0%	0.0	0.0	0.0
Capita (Hart Central Services)	0.0%	0.0	0.0	0.0
Capita (Havant)	0.0%	0.0	0.0	0.0
Street Lighting PFI (SSE)	13.9%	0.0	0.0	0.0

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Employer	Contribution rate 1 April 2014 to 31 March 2017 % Pensionable Pay	Additional monetary amount Year commencing 1 April		
		2014 £000s	2015 £000s	2016 £000s
<b>Ungrouped employers</b>				
Hampshire Partnership NHS Trust	0.0%	0.0	0.0	0.0
DC Leisure	0.0%	0.0	0.0	0.0
Active Nation (SCC Leisure)	5.9%	0.0	0.0	0.0
Mytime Active (SCC Golf)	0.0%	0.0	0.0	0.0
Balfour Beatty Living Places Ltd	0.0%	0.0	0.0	0.0
Carisway Facilities Management	0.0%	0.0	0.0	0.0
Kier Facilities Services (Oasis)	25.2%	0.0	0.0	0.0
Southsea Skate Park	12.6%	0.0	0.0	0.0
Veolia	0.0%	0.0	0.0	0.0
ABM Catering (Portsmouth Girls School)	0.0%	0.0	0.0	0.0
ABM Catering (St Vincent's)	0.0%	0.0	0.0	0.0
Sodexo (Oasis)	8.1%	0.0	0.0	0.0
Commserv UK Ltd	0.0%	0.0	0.0	0.0
Mytime Active (New Forest DC)	0.0%	0.0	0.0	0.0
ABM Catering (Portsmouth College)	0.0%	0.0	0.0	0.0
Innovate Services	0.0%	0.0	0.0	0.0
Balfour Beatty CCTV (SCC)	7.3%	0.0	0.0	0.0
Randstad SSU (Academic Support Workers)	13.0%	0.0	0.0	0.0
Norland Managed Services	0.0%	0.0	0.0	0.0
European Electronique (Alton College)	0.0%	0.0	0.0	0.0
Haywards Services	0.0%	0.0	0.0	0.0

In addition to the contributions shown above, the following contributions are payable with effect from 1 April 2014, on payment terms to be agreed with the Administering Authority

- Southampton City Council: £811,300
- Capita (SCC): £849,600

The contributions shown above represent the minimum contributions to be paid by each Employer. Employers may choose to pay additional contributions from time to time subject to the Administering Authority's agreement.

Where payments due from an Employer are expressed as monetary amounts, the amounts payable by that Employer should be adjusted to take account of any amounts payable, in respect of a surplus or shortfall to which those monetary payments relate, by new employers created after the valuation date which have been credited with proportions of the assets and liabilities of the relevant Employer. Any adjustment should be as advised by the Fund Actuary.

Additional contributions may be required in respect of any additional liabilities that arise under the provisions of Regulations 30, 31, 35 and 38 and Employers will be notified of such contributions separately by the Administering Authority.

Additional contributions may be payable by any Employers which have ceased to participate in the Fund since 31 March 2013 and these will be certified separately.

Contribution rates for Employers commencing participation in the Fund after 31 March 2013 will be advised separately.

This certificate should be read in conjunction with the notes overleaf.

**Signed on behalf of Aon Hewitt Limited**



Tim Lunn FIA

Fellow of the Institute and Faculty of Actuaries



Joel Duckham FIA

Fellow of the Institute and Faculty of Actuaries

31 March 2014

Aon Hewitt Limited  
25 Marsh Street  
Bristol  
BS1 4AQ

## Notes to Actuary's certificate

The contribution rates certified have been assessed using the actuarial methods and assumptions detailed in our report dated 31 March 2014.

These assumptions imply the following levels of new retirement liabilities from active membership status:

Type of Retirement	Anticipated retirements over 4 year period from 1 April 2013 to 31 March 2017	
	Number	New Pension £'000
<b>Normal, late and voluntary retirements under Regulations 30(1), 30(3) and 30(5) of the 2013 Regulations or Regulation 16 or 30 of the Benefits Regulations</b>	4,922	32,327
Comments on Funding	<p>Such retirements are generally 'cost neutral'. Additional funding would not normally be required if actual retirements exceed the number anticipated, unless retirements occur before Normal Pension Age and no reduction for early payment applies.</p> <p>The Administering Authority requires separate funding of any additional liabilities arising from such retirements and, as such, the financial impact of these retirements is neutral.</p>	
<b>Ill-health retirements under Regulation 35 of the 2013 Regulations or Regulation 20 of the Benefits Regulations</b>	371	2,178
Comments on Funding	<p>Such retirements increase costs due to the early payment of enhanced benefits. If actual retirements exceed the number anticipated, and no action is taken before the next valuation, this would be identified as a source of loss at the next valuation.</p> <p>In accordance with Regulation 64(6)(b) of the 2013 Regulations the Administering Authority should monitor the number of ill-health retirements arising over each Fund year and refer the position to the Actuary if numbers exceed the levels implied above.</p>	

<b>Type of Retirement</b>	<b>Anticipated retirements over 4 year period from 1 April 2013 to 31 March 2017</b>	
	<b>Number</b>	<b>New Pension £'000</b>
<b>Severance and redundancy retirement under Regulation 30(7) of the 2013 Regulations or Regulation 19 of the Benefits Regulations</b>	Nil	Nil
Comments on Funding	<p>Such retirements increase costs due to the early payment of benefits. Any enhancement of benefits through the Fund would increase costs further. If actual retirements exceed the number anticipated, and no action is taken before the next valuation, this would be identified as a source of loss at the next valuation.</p> <p>The Administering Authority requires separate funding of liabilities arising from such retirements and, as such, the financial impact of these retirements is neutral.</p>	
<b>Flexible retirement under Regulation 30(6) of the 2013 Regulations or Regulation 18 of the Benefits Regulations</b>	Nil	Nil
Comments on Funding	<p>Such retirements are generally 'cost neutral'. Additional funding would not normally be required if actual retirements exceed the number anticipated, unless retirements occur before Normal Pension Age and no reduction for early payment applies.</p> <p>The Administering Authority requires separate funding of any additional liabilities arising from such retirements and, as such, the financial impact of these retirements is neutral</p>	

In this certificate references to

- the 2013 Regulations mean the Local Government Pension Scheme Regulations 2013
- the Benefits Regulations mean the Local Government Pension Scheme (Benefits, Membership, and Contributions) Regulations 2007
- the Administration Regulations mean the Local Government Pension Scheme (Administration) Regulations 2008

# Appendix 12: Glossary

## **Active member**

A person who is employed by an employer participating in the Fund, and is paying (or is treated as paying) contributions to the Fund (includes certain members temporarily absent, e.g. due to family leave or sickness).

## **Admission body**

An Employer admitted to the Fund under an admission agreement.

## **Admission Body Group**

Many of the Employers in the Fund are allocated into two main funding groups; a group containing predominantly scheduled bodies (the Scheduled Body Group), and a group containing predominantly community admission bodies (the Admission Body Group). The Employers in each group are identified in the Rates and Adjustments Certificate.

## **Attained age method**

This is one of the methods used by actuaries to calculate a contribution rate to the Fund. This method calculates the present value of the benefits expected to build up over members' expected remaining membership of the Fund expressed as a percentage of their expected future pensionable pay. It allows for projected future increases to pension accounts through to retirement or date of leaving service. The method is based on the current membership and takes no account of the possibility of further members joining the Fund. If there are no new members, this method would be expected to result in a stable contribution rate as a percentage of pay, once surpluses or shortfalls are taken into account, and if all the other assumptions are borne out. However, if more members join the Fund to replace older leavers, the contribution rate can be expected to fall.

## **Best estimate**

Best estimate assumptions are such that the eventual outcome is considered equally likely to be higher or lower than the best estimate.

## **Consumer Prices Index (CPI)**

This is the price inflation index that increases to pensions and deferred pensions paid by the Fund are based on. It is published every month by the Office of National Statistics.

## **Deferred member**

A former employee who has left active membership, but has not yet received any benefits from the Fund and is prospectively entitled to receive a deferred pension from his/her Normal Pension Age.

## **Discount rate**

This is used to place a present value on a future payment. A 'low risk' discount rate is usually derived from the investment return achievable by investing in UK government bonds. A discount rate higher than the 'low risk' rate is often used to allow for some of the extra investment return that is expected by investing in assets other than UK government bonds.

## **Funding objective**

To hold sufficient and appropriate assets to cover the funding target.

## **Funding ratio**

This is the ratio of the value of assets to the funding target.

## **Funding strategy statement**

A document prepared by the Administering Authority in accordance with the Administration Regulations which sets out the funding strategy adopted for the Fund. The Actuary must have regard to this statement in preparing this actuarial valuation.

## **Funding target**

An assessment of the present value of the benefits that will be paid from the Fund in the future, normally based on pensionable service prior to the valuation date. Under the current Funding strategy statement the funding target is equal to the past service liabilities calculated using a prudent set of assumptions.

## **Future service contribution rate**

The contribution rate (expressed as a percentage of Pensionable Pay) required to meet the cost of benefits which will accrue to members in future.

## **Guaranteed Minimum Pensions (GMPs)**

Most Funds that were contracted out of the State Earnings Related Pension Scheme (SERPS) before April 1997 have to provide a pension for service before that date at least equal to the Guaranteed Minimum Pension (GMP). This is approximately equal to the SERPS pension that the member would have earned had the Fund not been contracted out. GMPs ceased to accrue on 6 April 1997 when the legislation changed.

## **Orphan body**

This is an admission body or other employer whose participation in the Fund may cease at some future point in time, after which it is expected that the Administering Authority will have no access to future contributions in respect of the employer's liabilities in the Fund once any liability on cessation has been paid.

## **Past service liabilities**

This is the present value of the benefits to which members are entitled based on pensionable service to the valuation date, assessed using the assumptions agreed between a Fund's Administering Authority and the Actuary. For benefits based on final pay, it generally allows for projected future increases to pay through to retirement or date of leaving service.

## **Present value**

Actuarial valuations involve projections of pay, pensions and other benefits into the future. To express the value of the projected benefits in terms of a cash amount at the valuation date, the projected amounts are discounted back to the valuation date by a discount rate. This value is known as the present value. For example, if the discount rate was 6% a year and if we had to pay a cash sum of £1,060 in one year's time the present value would be £1,000.

## **Projected unit method**

One of the common methods used by actuaries to calculate a contribution rate to a Fund.

This method calculates the present value of the benefits expected to accrue to members over a control period (often one year) following the valuation date. The present value is usually expressed as a percentage of the members' pensionable pay. It allows for projected future increases to pension accounts through to retirement or date of leaving service. Provided that the distribution of members remains stable with new members joining to take the place of older leavers, the contribution rate calculated can be expected to remain stable, if all the other assumptions are borne out. If there are no new members however, the average age will increase and the contribution rate can be expected to rise.

## **Prudent**

Prudent assumptions are such that the actual outcome is considered to be more likely to be favourable, than unfavourable, than the prudent assumption. For example, prudent assumptions are more likely to overstate than understate the amount of money actually required to meet the cost of the benefits.

## **Rates and Adjustments Certificate**

A certificate required at each actuarial valuation under the Regulations, setting out the contributions payable by employers for the 3 years from the 1 April following the valuation date.

## **Recovery period**

The period over which any surplus or shortfall is to be eliminated.

## **Recovery plan**

Where a valuation shows a funding shortfall against the past service liabilities, a recovery plan sets out plans to meet the funding objective.

## **Regulations**

The statutory regulations setting out the contributions payable to, and the benefits payable from, the Local Government Pension Scheme and how the Funds are to be administered. They currently include the following sets of regulations:

▪ 1997 Regulations	Local Government Pension Scheme Regulations 1997
▪ Administration Regulations	Local Government Pension Scheme (Administration) Regulations 2008
▪ Benefits Regulations	Local Government Pension Scheme (Benefits, Membership, and Contributions) Regulations 2007
▪ Transitional Regulations	Local Government Pension Scheme (Transitional provisions) 1997

From April 2014 the following will be the relevant sets of regulations describing the new 2014 Scheme:

▪ 2013 Regulations	Local Government Pension Scheme Regulations 2013
▪ 2014 Transitional Regulations	Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014

## **Scheduled body**

A body which participates in the Fund under Schedule 2 of the Administration Regulations.

## **Scheduled Body Group**

Many of the Employers in the Fund are allocated into two main funding groups; a group containing predominantly scheduled bodies (the Scheduled Body Group), and a group containing predominantly community admission bodies (the Admission Body Group). The Employers in each group are identified in the Rates and Adjustments Certificate.

## **Shortfall**

This is the funding target less the value of the assets. If the value of the assets is greater than the funding target, then the difference is called a surplus.

## **Shortfall contributions**

Additional contributions payable by employers to remove the shortfall by the end of the recovery period.

## **State Pension Age (SPA)**

Age at which State pensions are payable. Current legislation specifies the following ages:

- Currently age 65 for men; transitioning to age 65 for women by 2018.
- Current legislation transitions State Pension Age for both men and women to age 68 by 2046, as follows:
  - to age 66 by 2020
  - to age 67 by 2036

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- to age 68 by 2046

Legislation to bring forward the increase to age 67 to 2028 is expected to be enacted in Spring 2014.

The Government has announced further proposed changes to link changes in State Pension Age to improvements in longevity.

## **Strains**

These represent the cost of additional benefits granted to members under a discretion of the employer or the Administering Authority. They include the cost of providing enhanced benefits on retirement or redundancy.

## **Subsumption and subsumption body**

When an admission body or other employer ceases participation in the Fund, so that it has no employees contributing to the Fund, and once any contribution on cessation as required by the regulations has been paid, the Fund will normally be unable to obtain further contributions from that employer (eg if future investment returns are less than assumed). It is however possible for another long term employer in the Fund (generally a scheduled body) to agree to be a source of future funding should any funding shortfalls emerge on the original employer's liabilities. The long term employer effectively subsumes the assets and liabilities of the ceasing employer into its own assets and liabilities.

In this document this is known as subsumption. In this document the admission body or other employer being subsumed is referred to as a subsumption body and its liabilities are known as subsumed liabilities.

## **Surplus**

This is the value of assets less the funding target. If the funding target is greater than the value of assets, then the difference is called a shortfall.

## **Transfer value**

Members generally have a legal right to transfer their benefits to another pension arrangement before they retire. In taking a transfer, members give up their benefits in a Fund, and a sum of money (called the transfer value) is paid into another approved pension Fund; this is used to provide pension benefits on the terms offered in that Fund.