

Actuarial valuation as at 31 March 2013

Tyne and Wear Pension Fund



Prepared for The Council of the Borough of South Tyneside
The Administering Authority of the Tyne and Wear Pension Fund

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Date 28 March 2014

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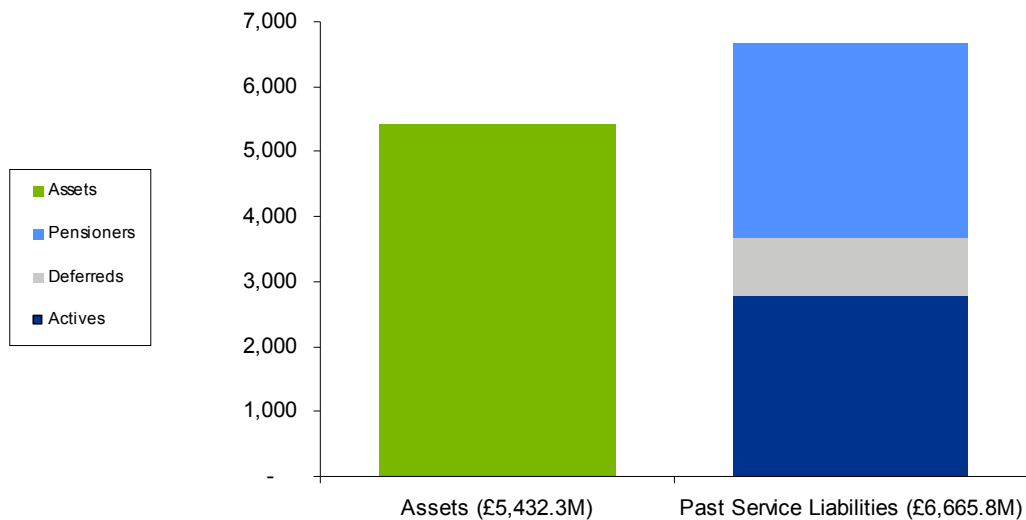
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Executive Summary

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

There was a shortfall of £1,233.5M relative to the past service liabilities

(I.e. relative to 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 16.1% 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 23.6% 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 was 21.2% of Pensionable Pay.

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

Actuarial valuation as at 31 March 2013

Tyne and Wear 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

Tyne and Wear Pension Fund

Administering Authority

The Council of Borough of South Tyneside, in its role as the Administering Authority

Employers

South Tyneside 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 £4,304.9M and the past service liabilities were £5,436.2M, which corresponded to a shortfall of £1,131.3M and a funding ratio of 79%.

The aggregate Employer future service contribution rate was 15.3% 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 22 years.

The resulting aggregate Employer contributions were

- The Employer future service contribution rate of 15.3% of Pensionable Pay; and
- Additional monetary amounts as follows

Year	Aggregate shortfall contribution (£M)
2011/12	72.0
2012/13	73.8
2013/14	76.2

The amount payable over 2013/14 was scheduled to increase on 1 April 2014 and each 1 April thereafter by approximately 5.3% a year.

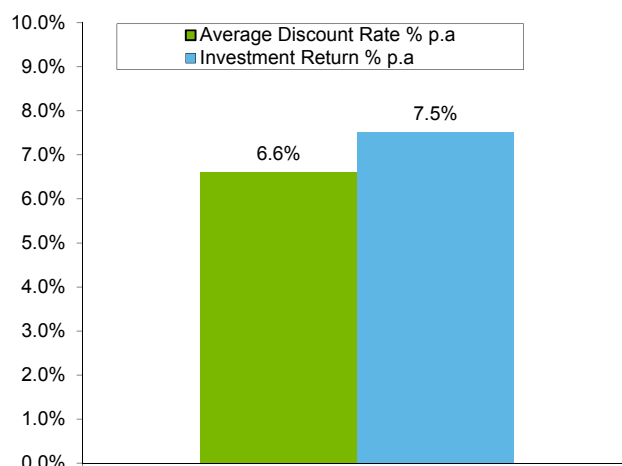
In addition the Employers paid contributions in respect of any additional strains arising on early retirement or due to increases in benefits. Members also paid contributions required by the Regulations.

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.

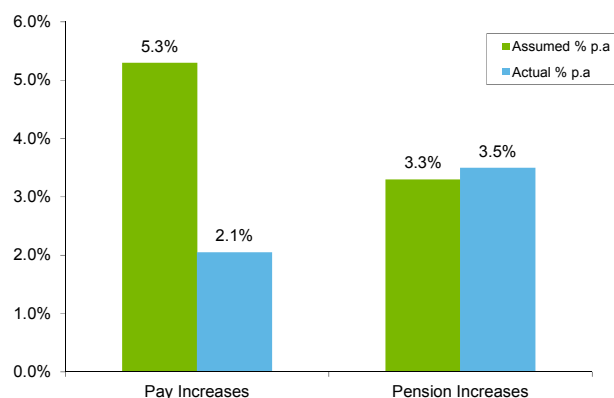
Investment return (or discount rate)

The investment return has been higher than the average discount rate assumed.



Inflationary pay and pension increases

Increases to pay were lower than assumed, while increases to pensions in payment were 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 date:

- **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.

- **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 Pension Age linked to State Pension Age
- Changes to member contribution rates, and in particular member contribution rates increased for those earning above £43,000 pa
- 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.

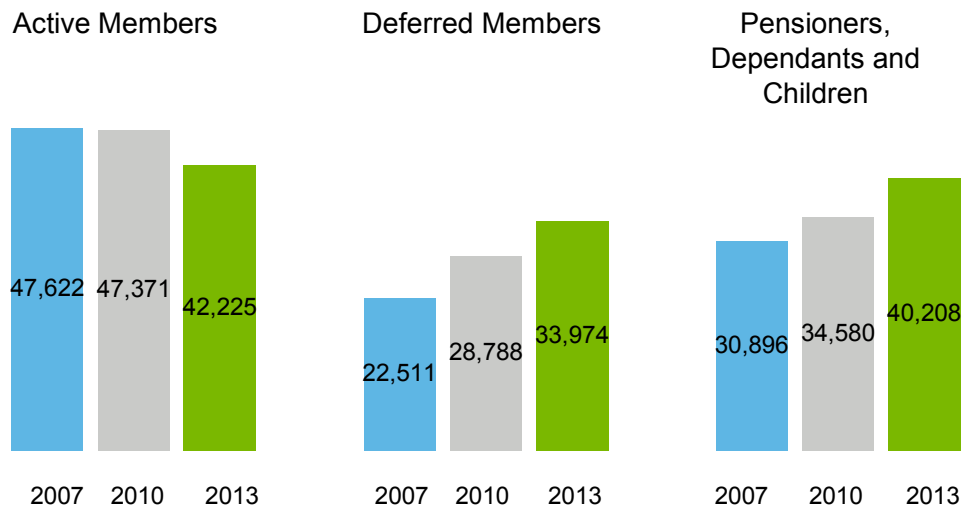
This valuation reflects our current understanding of the benefits to be provided by the new 2014 Scheme.

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. During this period, the Fund has become slightly more mature with the proportion of pensioners increasing from 31% of the Fund's membership at 31 March 2007 to 35% at 31 March 2013.



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Membership data

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

- The information used for this valuation is sensible compared 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 are consistent with the results of the previous valuation.

However, the results in this report rely entirely on the accuracy of the information supplied. If you believe the data we have used may be incomplete or inaccurate, please let us know.

Pensionable Pay in the 2014 Scheme

We have been provided with Pensionable Pay for the year ended 31 March 2013, as defined 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. The impact on the results of our valuation would be:

- We do not expect this to affect the cost of benefit build up as a percentage of Pensionable Pay, although the payroll to which this percentage is applied will be higher, increasing the cost in monetary terms.
- We do not expect this to affect liabilities in respect of service prior to 31 March 2014 which will continue to be based on the current definition.
- Any shortfall contributions expressed as a percentage of pay will 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 payment 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 discretionary benefits which are granted at the discretion of the Employer.

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.

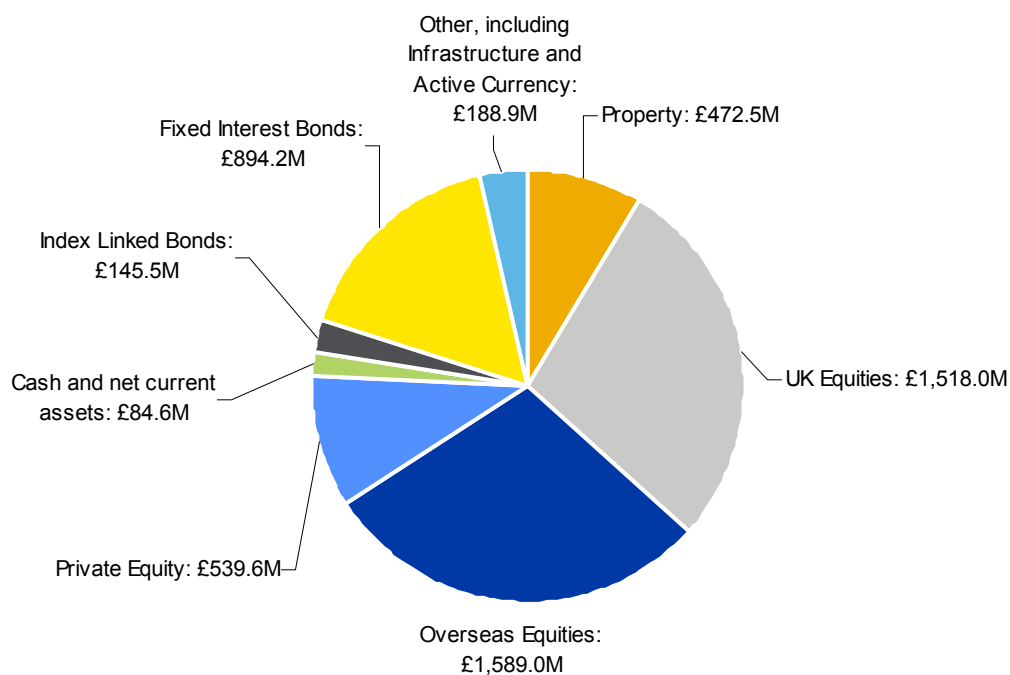
Our valuation reflects our understanding of the Regulations. Any future changes may affect the conclusions in this report.

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 £5,432.3M at the valuation date.

The assets of £5,432.3M were invested as follows:



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

"The Committee monitors the suitability of its investment policy on an ongoing basis in the light of the Fund's developing liabilities and finances. Asset liability modelling studies are carried out to assist in setting the policy and benchmark. These studies examine the Fund's financial position, the profile of its membership, the nature of its liabilities and include an analysis of the expected ranges of outcomes from differing investment policies."

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.

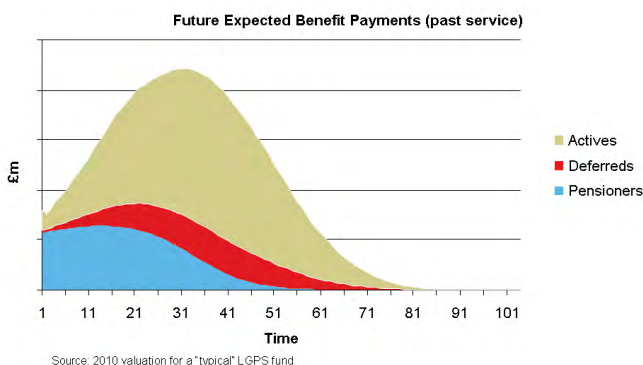
Funding strategy statement

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 ie to meet the funding objective.

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 materially 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 Government bonds (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 the scheduled body discount rate for that employer. Details of 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 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
Average in-service discount rate	5.15% pa	6.70% pa	Updated to reflect the Administering Authority's attitude to risk and financial conditions at 31 March 2013.
Average left-service discount rate	5.00% pa	6.50% pa	Updated to reflect the Administering Authority's attitude to risk and financial conditions at 31 March 2013.
Rate of revaluation of pension accounts	2.4% pa	n/a	Not required in the 2010 valuation.
Pension increases (on pension in excess of GMPs)	2.4% pa	3.3% pa	Updated to reflect the outlook for CPI inflation at 31 March 2013.
Pensionable Pay Increases	3.9% pa	5.3% pa	Updated to reflect financial expectations at 31 March 2013.
Post-retirement mortality assumption – base table	SAPS Normal Health Light tables with scaling factors of: Men 120% Women: 115%	SAPS Normal Health tables with scaling factors of: Men 110% Women: 110%	Updated to reflect recent research and the Fund's pensioner mortality experience since the last valuation
Post-retirement mortality assumption – future improvements	CMI 2012 core projections with long-term improvement rate of 1.5% pa	CMI 2009 core projections with long-term improvement rate of 1.25% pa	Updated to reflect recent research

We show below the assumed life expectancies for current members resulting from these mortality assumptions:

Assumed Life expectancy at age 65	Member currently aged 65		Member currently aged 45	
	This valuation	Previous valuation	This valuation	Previous valuation
Men	22.9	21.3	24.9	23.2
Women	24.5	23.5	26.8	25.5

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We believe these assumptions are appropriate for the purposes of the valuation, and 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 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.

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.

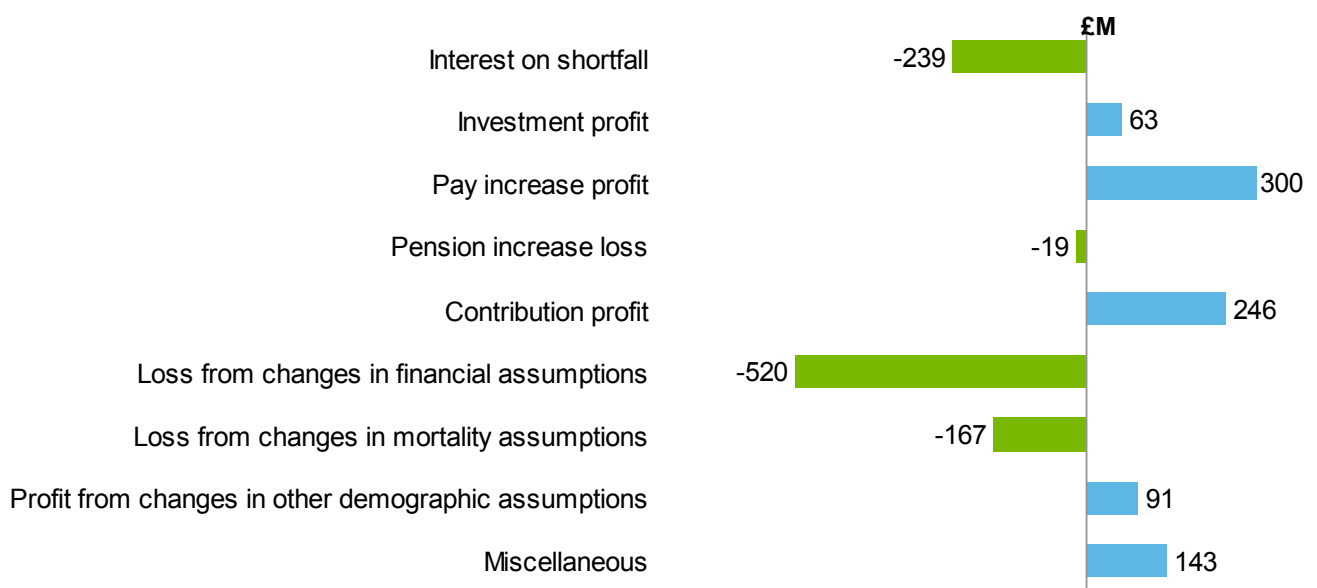
	£M
Value of past service benefits for	
Actives	2,783.8
Deferred pensioners	874.7
Pensioners	3,007.3
Total past service liabilities	6,665.8
Value of assets	5,432.3
Past service surplus / (shortfall)	(1,233.5)
Funding ratio	81%

Employers will need to pay additional contributions to remove this shortfall. This is considered later.

Reasons for change in past service position

At the previous valuation the Fund had a shortfall of £1,131.3M. The funding position has therefore worsened by £102.2M 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 those previously assumed
- Pay increases below those previously assumed
- Payment of shortfall contributions
- Changes in pay and pension increase assumptions, relative to RPI
- Changes to demographic assumptions other than mortality

which have all improved the position; and

- Interest on the shortfall at the previous valuation
- A change in the real discount rate (discount rate relative to RPI)
- Changes in mortality assumptions

which have all worsened the position.

The miscellaneous item includes the effect of membership movements. In particular, there have been fewer ill-health retirements than expected and more withdrawals from active service than expected, both leading to a gain.

Addressing the shortfall

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

We have agreed with the Administering Authority a recovery plan such 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').

The assumptions used to calculate the recovery plan are the same as those used to calculate the Employer's past service liabilities.

The contributions required to remove the shortfall using a recovery period of 22 years from 1 April 2014 would be £64.1M pa increasing at 3.9% pa. This is equivalent to approximately 7.5% pa of Pensionable Pay assuming the membership remains broadly stable and pay increases follow our assumptions.

In practice, different recovery periods apply to individual Employers or groups of Employers in the Fund. The actual shortfall contributions to be paid by each Employer or group are set out in Appendix 11 and reflect each Employer's specific recovery period.

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.

Cost to the Employers of future benefits

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

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

	% of Pensionable Pay
Value of benefits building up	22.0
Death in service cash sum	0.2
Administration expenses	0.3
Less member contributions	(6.4)
Net cost to the Employers	16.1

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 in the discount rate relative to price inflation
- Changes to the mortality assumptions which have increased the cost; and
- The introduction of the 2014 Scheme
- Changes to other demographic assumptions, in particular the assumed rate of ill health retirement which have 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 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 result 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	4,463.2
Deferred pensioners	1,353.7
Pensioners	3,763.1
Low risk value of liabilities	9,580.0
Value of assets	5,432.3
Low risk surplus / (shortfall)	(4,147.7)
Low risk funding ratio	57%

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 contributions paid into the Fund prove 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. For example, due to the insolvency of an Employer.
- Investment risks – the risk that investment returns are lower than allowed for in the valuation, and also that the assets are volatile and 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 foreseen 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, resulting in higher pension increases than assumed and therefore 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 position (all other elements of the valuation basis being unchanged):

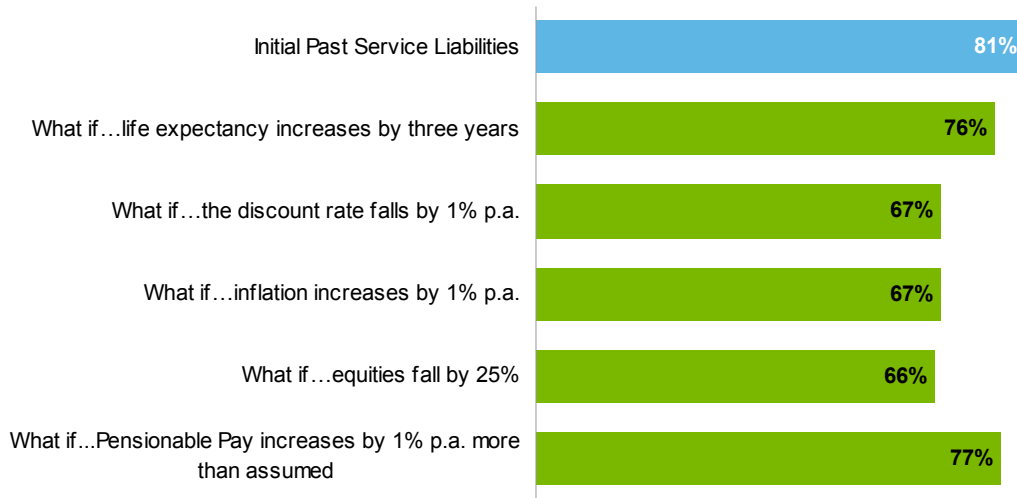
- Life expectancy at age 65 is three years longer than anticipated (with corresponding increases at other ages).
- A 1% fall in long term expected investment returns (the discount rate) with no change in asset values.

In practice, if changes in financial market conditions resulted in a reduction in the expected investment return and the discount rate were reduced, it is possible that there would be some compensating change in asset values, particularly the Fund's bond holdings. This effect is not shown in the chart on the next page.

- A 1% pa increase in expected price inflation (measured by CPI).
- A 25% fall in the market value of equities (with no change in bond markets).
- A 1% pa increase in expected Pensionable Pay increases.

Risks and uncertainties

The chart below shows the approximate impact on the funding ratio of the Fund under a number of 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).

All the risks considered have a negative impact on the funding level. Opposite movements could also apply for each scenario which would result in an increase in the funding level.

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 a constant rate as possible and
 - 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. We have agreed with the Administering Authority that increases in contribution rates for some Employers can be phased in over periods not exceeding 3 years.

For Employers who 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.

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	16.1	79.0
2015	16.1	80.3
2016	16.1	83.2

- The annual shortfall contributions above are the aggregate of the shortfall contributions certified for individual Employers in each year.
- 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.
- At the end of the period shown above, the annual shortfall contributions for each employer or group are anticipated to increase by approximately 3.9% pa until the end of the relevant recovery period. Thereafter, aggregate contributions are anticipated to be in line with the future service contribution rate of 16.1% pa of Pensionable Pay. These contributions will be subject to review at future actuarial valuations.
- Member contributions are payable in addition to the Employers contribution rates set out above and in Appendix 11. The member contributions are set out in the Regulations. AVCs may be payable in addition.
- Contributions by active members and Employers should be paid to the Fund at such time and at such frequency as required by the Regulations and the Administering Authority's Pensions Administration Strategy. Any monetary shortfall contributions have been calculated on the basis that they are payable uniformly over the relevant year.

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Final comments

The key results from this valuation are:

The Fund's assets were £5,432.3M and the past service liabilities were £6,665.8M which correspond to

- a shortfall of £1,233.5M and
- a funding ratio of 81 %.

The cost to the Employers of future benefits building up is 16.1% of Pensionable Pay.

If the shortfall is removed over 22 years from 1 April 2014, the aggregate Employer contributions needed would be equivalent to 23.6%* of Pensionable Pay until 31 March 2036, reverting to 16.1% 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 will be 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 falls in bond markets and in the risk-based discount rate that would be used for employing authorities and other long term 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 the light of the volatility inherent in situations where investments do not match liabilities, the Administering Authority monitors the financial position in an appropriate manner on a quarterly basis.

Next actuarial valuation

The next formal actuarial valuation under 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 85%. This would be mainly due to shortfall payments certified to be paid before the next actuarial valuation.

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 it 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 has 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 (£M pa)	Average pensionable pay (£000 pa)	Average service (years)
Men	2013	15,257	45.7	376.299	24.7	13.8
	2010	18,014	45.2	434.193	24.1	13.4
Women	2013	26,968	45.0	459.854	17.1	8.7
	2010	29,357	44.1	492.429	16.8	8.2
Total	2013	42,225	45.3	836.153	19.8	10.5
	2010	47,371	44.5	926.622	19.6	10.2

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 pensioners		Number	Average age	Total pension (£M pa)	Average pension (£000 pa)
Men	2013	12,268	44.0	27.8	2.3
	2010	10,628	43.9	21.1	2.0
Women	2013	21,706	44.4	29.8	1.4
	2010	18,160	44.2	20.8	1.1
Total	2013	33,974	44.3	57.6	1.7
	2010	28,788	44.1	41.9	1.5

Note: The deferred pension amounts shown above include increases up to and including April 2013 (2010: April 2010). There were also a number of members who had yet to decide whether to take transfer payments and suitable allowance has been made in our calculations.

Pensioners		Number	Average age	Total pension (£M pa)	Average pension (£000 pa)
Men	2013	16,468	68.4	114.6	7.0
	2010	14,392	68.0	88.3	6.1
Women	2013	17,821	68.5	62.4	3.5
	2010	14,667	68.1	44.6	3.0
Dependants	2013	5,919	71.0	14.5	2.5
	2010	5,521	74.0	11.9	2.3
Total	2013	40,208	68.8	191.5	4.8
	2010	34,580	69.0	144.8	4.2

Note: The pension amounts shown above include the increase awarded in April 2013 (2010: April 2010). The figures include 362 children in receipt of pensions (2010: 359). Suitable allowance has been made for these in our calculations.

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Appendix 3: Membership data by Employer

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

Employer	Number of active members	Total Pensionable Pay (£000s)	Number of deferred pensioners	Number of pensioners and dependants
Scheduled and Designating Bodies				
Care And Support Sunderland Ltd	115	2,375	0	1
Castle View Fitness Centre Ltd	3	-	6	1
Charge Your Car (North) Limited	4	138	0	0
Chief Constable for Northumbria	1,637	38,159	1,375	1,348
City Of Sunderland College	285	5,470	374	167
City Of Sunderland Council	6,402	113,645	6,483	6,944
Gateshead College	321	6,673	303	91
Gateshead Council	5,783	105,406	5,579	6,335
Gateshead Housing Company	284	6,405	171	96
Grindon Hall Christian School	12	201	0	0
National Probation and After-Care Service	538	14,612	234	439
Newcastle College	894	16,927	1,175	267
Newcastle Council	7,176	145,548	6,525	8,396
Nexus	571	16,494	467	1,385
North Tyneside Council	4,705	78,787	4,110	5,021
Northumbria University	1,440	35,405	1,170	870
Northumbria University Nursery Ltd	8	158	0	0
Police And Crime Commissioner for Northumbria	3	-	0	0

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Employer	Number of active members	Total Pensionable Pay (£000s)	Number of deferred pensioners	Number of pensioners and dependants
South Tyneside College	175	3,202	209	195
South Tyneside Council	3,926	65,119	4,376	4,327
South Tyneside Homes	573	14,202	182	159
T&W ITA	1	-	27	93
The Intraining Group Ltd	35	610	2	0
Tyne & Wear Fire & Rescue	279	6,449	175	224
Tyne Metropolitan College	126	2,381	168	44
University Of Sunderland	809	20,912	756	522
Your Homes Newcastle	705	16,651	321	176
Academies				
Academy 360	48	867	12	5
Benedict Biscop C E Academy	17	211	2	0
Cardinal Hume Catholic School	35	723	3	0
Castle View Enterprise Academy	48	678	16	2
Discover Learning Trust (previously called Oxclose Community Academy)	50	779	0	0
East Herrington Primary Academy	38	295	2	1
Eppleton Academy Primary School	9	76	1	1
Fulwell Infant School Academy	22	225	0	0
Gosforth Federated Academies Ltd	77	1,261	17	2
Grasmere Academy	15	142	0	0
Holley Park Academy	16	155	1	0
Houghton Kepier Sports College Academy Trust	51	884	6	1
Inspire Multi Academy Trust	54	553	0	0
Joseph Swan Academy	56	950	9	0

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Employer	Number of active members	Total Pensionable Pay (£000s)	Number of deferred pensioners	Number of pensioners and dependants
Kenton School Newcastle	120	2,191	5	0
Kibblesworth Academy	21	102	0	0
Laidlaw School Trust (previously called Excelsior Academy)	90	1,511	23	4
Lord Lawson Of Beamish Academy	45	801	4	1
Monkton Infants School	8	107	0	0
Monkton Junior School	5	51	0	0
Red House Academy	38	662	12	2
Redby Primary Academy	26	249	2	0
Riverside Primary Academy	18	133	2	0
Sacred Heart Catholic High School	33	575	13	1
South Tyneside College Academy Trust	10	126	0	0
Southmoor Academy	33	627	1	0
St Aidans Education Trust	55	685	0	0
St Anthony's Girls' Catholic Academy	39	482	6	1
St Cuthbert's Catholic High School	31	497	1	3
St Thomas More Partnership of Schools	45	693	6	0
St Thomas More Roman Catholic Academy (N Tyneside)	54	853	2	1
The Ascent Academies Trust	97	1,292	0	1
The Cedars Academy Trust	20	289	2	0
The Northern Education Trust (Hilton Academy)	20	217	0	0
The Venerable Bede C Of E Academy	34	518	0	0
Whickham School And Sports College	64	1,102	14	1
Whitburn C Of E Academy	50	778	2	3
Wise Academies	66	624	6	2

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Employer	Number of active members	Total Pensionable Pay (£000s)	Number of deferred pensioners	Number of pensioners and dependants
Admission Bodies				
Age Concern Newcastle	16	246	43	52
Association Of North East Councils (ANEC)	8	387	41	10
Balfour Beatty (Power Networks Ltd)	14	377	3	6
Balfour Beatty Work Place	10	214	0	1
Baltic Art Flour Mill	3	-	5	1
Bell Decorating Group Ltd	1	-	0	0
Benwell Young Peoples Development Project	2	-	1	0
BT South Tyneside	302	7,642	46	58
Busways Travel Services Ltd	102	2,525	159	692
Capita Symonds Ltd (North Tyneside)	211	3,476	3	2
Carillion (Jarrow School)	9	72	0	2
Carillion Services Limited (Lord Lawson)	3	-	0	0
Childcare Enterprise	1	-	18	1
Cofely Workplace Ltd (N Tyneside) (previously called Balfour Beatty Workplace Ltd (N Tyneside))	372	8,672	9	2
D B Regio Tyne And Wear Ltd	446	13,386	59	63
Disability North	6	129	20	10
Gentoo Group Ltd	762	18,811	346	84
Gentoo Group Ltd	566	15,301	204	405
Groundwork South Tyneside and Newcastle	1	-	5	4
Insitu Cleaning (Gateshead)	7	46	3	1
International Centre For Life	9	466	10	9
Involve North East (previously called	6	164	5	0

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Employer	Number of active members	Total Pensionable Pay (£000s)	Number of deferred pensioners	Number of pensioners and dependants
Community Action on Health)				
John Laing (Nefra)	2	-	0	0
Kenton Park Sports Centre	5	26	8	1
Kier North Tyneside Ltd	318	8,068	27	101
Lend Lease FM (EMEA) Limited	7	126	0	0
Managed Business Space Ltd	1	-	0	2
Mears Ltd (Gateshead)	227	5,412	2	10
Mitie Pfi (Boldon)	6	66	2	0
Newcastle International Airport	130	4,571	286	340
Newcastle Law Centre	1	-	16	2
Newcastle Theatre Royal Trust	51	851	48	23
No Limits Theatre Co	2	-	0	0
North East Regional Employers Organisation	6	258	2	8
Northern Grid for Learning	5	174	3	3
The Ozanam House Probation Hostel	22	426	19	10
Percy Hedley Foundation	22	445	3	5
Praxis Service	2	-	3	1
R M Education (Sunderland)	3	-	3	3
Raich Carter Sports Centre	32	263	35	1
Robertson F M (N'Cle Phase 2)	3	-	0	1
Robertson Fm Ltd	9	160	0	2
Scolarest Newcastle	10	80	7	8
Scolarest North Tyneside	4	45	0	1
Search Project	2	-	1	1
Simonside Community Centre	1	-	1	0

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Employer	Number of active members	Total Pensionable Pay (£000s)	Number of deferred pensioners	Number of pensioners and dependants
Sodexo Limited	11	157	0	0
South Tyneside Football Trust	1	-	0	0
SSE Contracting Ltd	19	592	5	10
St Mary Magdalene & Holy Jesus Trust	5	137	8	3
TT2 Ltd	42	1,390	19	36
Tyne & Wear Enterprise Trust	3	-	13	23
Tyne & Wear Play Association	1	-	0	0
Other employers				
AQA	0	-	2	10
Birtley Town Council	0	-	3	3
Benton Grange School	0	-	0	7
Blue Square Trading	0	-	8	4
Bovis Lend Lease	0	-	7	0
Brunswick Young Peoples Project	0	-	3	0
Bullough Contract Services (Ryton)	0	-	1	0
Bulloughs Cleaning Services	0	-	0	1
Catholic Care North East	0	-	19	26
Cbs Outdoor Ltd	0	-	2	0
Gateshead Law Centre	0	-	12	3
Gateshead Magistrates	0	-	9	15
H.E.F.C.E.	0	-	1	9
Hebburn Nac	0	-	4	1
Hospital of St Mary the Virgin	0	-	0	1
Information North (NRLS)	0	-	0	3
Jarvis Accommodation Service Ltd	0	-	3	4

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Employer	Number of active members	Total Pensionable Pay (£000s)	Number of deferred pensioners	Number of pensioners and dependants
Jarvis-Sandhill View	0	-	3	4
Learning World	0	-	7	1
Maxim Cleaning Services (Gateshead)	0	-	1	0
Maxim Facilities Management Ltd	1	-	0	0
Mitie Cleaning (North) Ltd	0	-	1	0
Mitie Pfi Limited	0	-	1	0
MLAANE	0	-	16	7
Monkwearmouth College	0	-	2	5
Morrison Facilities Service Ltd	0	-	12	20
Morrison Facilities Services Ltd 2	8	134	62	57
Morse (S Tyneside & Gateshead)	0	-	14	0
National Car Parks Limited	0	-	3	3
National Glass Centre	0	-	1	1
Newcastle EAZ	0	-	4	2
Newcastle Family Service Unit	0	-	1	6
Newcastle Healthy City Project	0	-	19	8
Newcastle Magistrates	0	-	15	15
Newcastle Tenants And Residents Federation	2	-	0	0
Newcastle Tenants Federation	0	-	3	2
Newcastle West End Partnership	0	-	2	0
Newcastle Youth Congress	0	-	1	1
NORCARE	0	-	1	1
Norland Road Community Centre	0	-	1	0
North East Innovation Centre	0	-	14	16
North East Regional Airport	0	-	0	15

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Employer	Number of active members	Total Pensionable Pay (£000s)	Number of deferred pensioners	Number of pensioners and dependants
North Tyne Magistrates	0	-	4	8
North Tyneside City Challenge	0	-	3	1
North Tyneside College	0	-	63	25
North Tyneside Disability Advice Centre	0	-	0	1
Northern Arts Association	0	-	28	18
Northern Council For Further Education	0	-	12	15
Northern Counties School	1	-	15	23
Northumbria Tourist Board	0	-	21	18
One North East	0	-	1	8
Ouseburn Trust	0	-	1	0
Parsons Brinkerhoff (Gateshead)	0	-	4	2
Passenger Transport Company	0	-	0	93
Port Of Tyne Authority	0	-	0	2
Scolarest Pfi (Boldon)	2	-	0	1
South Tyne Magistrates	0	-	4	20
South Tyneside EAZ	0	-	1	1
South Tyneside Victim Support	0	-	1	1
Sunderland City TEC	0	-	37	35
Sunderland EAZ	0	-	1	1
Sunderland Empire Theatre Ltd	0	-	4	5
Sunderland Live	4	125	0	0
Sunderland Magistrates	0	-	4	21
Sunderland Outdoor Activities	0	-	2	1
Sunderland Streetlighting Ltd	21	659	23	28
Taylor Shaw (Sunderland)	0	-	4	2

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Employer	Number of active members	Total Pensionable Pay (£000s)	Number of deferred pensioners	Number of pensioners and dependants
Thomas Gaughan Community Centre	0	-	2	0
Tyne & Wear County Council	0	-	44	262
Tyne & Wear Development Co Ltd	7	169	16	9
Tyne & Wear Development Corporation	0	-	18	32
Tyne & Wear Residuary Body	0	-	3	29
Tyne & Wear Small Business Services	0	-	11	12
Tyne Waste Limited	0	-	7	12
Tynemouth College	0	-	27	10
Tyneside Deaf Youth Project	0	-	3	1
Tyneside Tec	0	-	42	38
Valley Citizens Advice Bureau	0	-	1	1
Walker Profiles (NE) Ltd	0	-	25	5
Wallsend Citizens Advice Centre	0	-	1	2
Wallsend Peoples Centre	1	-	2	3
Wearside College	0	-	4	8
Workshops for the Adult Blind	0	-	13	72

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 include the number of members who had yet to decide whether to take transfer payments.

For Employers with three or fewer members, Pensionable Pay is not shown for data privacy reasons.

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 Scheme	2014 Scheme
Type of scheme	Final salary	Career average revalued earnings (CARE)
Normal Retirement / Pension Age	65	Linked to State Pension Age (or age 65 if higher)
Member contributions	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%) 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%)
50:50 option	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 Scheme	2014 Scheme
Pensionable Pay	Generally total pay (excluding non contractual overtime)	Generally total pay (including non contractual overtime)
Final Pay	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
Pensionable service	Membership of Fund (years and days), plus periods of credited service	Not applicable
Normal retirement pension	<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"> ▪ a pension of 1/80 of Final Pay, plus ▪ a cash sum of 3/80 of Final Pay 	<p>1/49 of revalued Pensionable Pay received during membership from 1 April 2014.</p> <p>The resulting accumulated pension is called the 'pension account'.</p>
Retirement cash sum	<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.</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.</p>

	2008 Scheme	2014 Scheme
Early retirement pension	<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>
Incapacity and ill-health pensions	<p>In each case members must be permanently incapable of efficiently discharging their current duties to qualify.</p> <p>Tier 1</p> <ul style="list-style-type: none"> ▪ 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. ▪ To qualify for this benefit there must be no reasonable prospect of the member being capable of undertaking any gainful employment. 	<p>In each case members must</p> <ul style="list-style-type: none"> ▪ be permanently incapable of efficiently discharging the duties of the employment they were engaged in to qualify and ▪ be incapable of immediately undertaking any gainful employment <p>Tier 1</p> <ul style="list-style-type: none"> ▪ Payable to members with more than 2 years of Pensionable Service. ▪ 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. ▪ To qualify for this benefit the member must be unlikely to be capable of undertaking any gainful employment before Normal Pension Age.

	2008 Scheme	2014 Scheme
Incapacity and ill-health pensions (continued)	<p>Tier 2</p> <ul style="list-style-type: none"> 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. 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 Retirement Age. 	<p>Tier 2</p> <ul style="list-style-type: none"> Payable to members with more than 2 years of Pensionable Service. Immediate payment of accrued pension, plus an enhancement equal to 25% of the Tier 1 enhancement. 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.
	<p>Tier 3</p> <ul style="list-style-type: none"> Payable to members with more than 3 months' Pensionable Service based on Final Pay at exit and Pensionable Service completed to date of exit. 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. Payable for 3 years or until gainful employment obtained, if earlier. 	<p>Tier 3</p> <p>As 2008 Scheme, but subject to members having qualifying service of 2 years or more.</p>

	2008 Scheme	2014 Scheme
Leaving Pensionable Service	<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.
CARE revaluation in service	Not applicable	In line with increases in the Consumer Prices Index (CPI)
Deferred pension revaluation after leaving	<ul style="list-style-type: none"> Guaranteed Minimum Pensions (GMPs) increase in deferment in line with State revaluation factors. Deferred pensions in excess of GMPs increase in line with CPI 	In line with CPI
Pension increases in payment	<ul style="list-style-type: none"> GMPs accrued after 6 April 1988 increase at the lower of 3% pa and CPI Pensions in payment in excess of GMPs increase in line with CPI 	In line with CPI

	2008 Scheme	2014 Scheme
Death benefits	<ul style="list-style-type: none"> A cash sum of 3 x Final Pay at exit. 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. <p>Partners are spouses, civil partners and co-habitees.</p> <ul style="list-style-type: none"> Children's pensions may be payable. 	<ul style="list-style-type: none"> A cash sum of 3 x Pensionable Pay at exit. 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. <p>Partners are spouses, civil partners and co-habitees.</p> <ul style="list-style-type: none"> Children's pensions may be payable.
State pension scheme	The Scheme is contracted out of the State Second Pension Scheme.	The Scheme is contracted out of the State Second Pension Scheme. Note that the Government proposes abolishing contracting out from April 2016.
Protections /underpins	Pre 2008 benefits protected. 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.	Pre 2014 benefits protected (including link to eventual Final Pay). Underpin of benefits on 2008 Scheme structure for members aged over 55 in April 2012. Rule of 85 protections where applicable will continue to apply in the 2014 Scheme.
Vesting period	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 £000
Fund as at 31 March 2010	4,302,337
Income	
Contributions	
Employer normal	401,879
Employer additional	274,576
Employer special	249
Employee	175,286
Transfers-in	31,807
Investment income	258,734
Underwriting commission	129
Total income	1,142,660
Outgo	
Pensions paid	536,273
Retirement cash sums	178,620
Transfers-out	41,350
Death benefits paid out	15,565
Refunds of contributions on leaving	86
Expenses	
Investment	27,969
Administration	7,055
State scheme premiums	(196)
Other	(32,780)
Total outgo	773,942
Change in market value	761,286
Fund as at 31 March 2013	5,432,341

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 (years)	Subsuming Employer (if any)
Scheduled and Designating Bodies		
Care And Support Sunderland Ltd	22.0	City of Sunderland Council
Castle View Fitness Centre Ltd	22.0	
Charge Your Car (North) Limited	13.0	
Chief Constable for Northumbria	22.0	
City Of Sunderland College	11.0	
City of Sunderland Council	22.0	
Gateshead College	13.0	
Gateshead Council	22.0	
Gateshead Housing Company	22.0	Gateshead Council
Grindon Hall Christian School	22.0	
National Probation and After-Care Service	n/a	
Newcastle College	19.0	
Newcastle Council	22.0	
Nexus	3.5	
North Tyneside Council	22.0	
Northumbria University	22.0	
Northumbria University Nursery Ltd	22.0	Northumbria University
Police and Crime Commissioner for Northumbria	22.0	
South Tyneside College	20.0	
South Tyneside Council	22.0	
South Tyneside Homes	12.0	South Tyneside Council
T&W ITA	14.1	

Employer	Recovery period (years)	Subsuming Employer (if any)
The Intraining Group Ltd	1.3	
Tyne & Wear Fire & Rescue	22.0	
Tyne Metropolitan College	15.0	
University Of Sunderland	22.0	
Your Homes Newcastle	22.0	Newcastle Council
Academies		
Academy 360	22.0	
Benedict Biscop C E Academy	n/a	
Cardinal Hume Catholic School	3.0	
Castle View Enterprise Academy	n/a	
Discover Learning Trust (previously called Oxclose Community Academy)	4.8	
East Herrington Primary Academy	1.6	
Eppleton Academy Primary School	4.9	
Fulwell Infant School Academy	3.1	
Gosforth Federated Academies Ltd	3.7	
Grasmere Academy	2.1	
Holley Park Academy	1.1	
Houghton Kepier Sports College Academy Trust	3.0	
Inspire Multi Academy Trust	2.6	
Joseph Swan Academy	n/a	
Kenton School Newcastle	3.0	
Kibblesworth Academy	1.3	
Laidlaw School Trust (previously called Excelsior Academy)	10.4	
Lord Lawson Of Beamish Academy	3.0	
Monkton Infants School	3.8	
Monkton Junior School	8.6	
Red House Academy	0.3	

Employer	Recovery period (years)	Subsuming Employer (if any)
Redby Primary Academy	1.2	
Riverside Primary Academy	5.1	
Sacred Heart Catholic High School	3.6	
South Tyneside College Academy Trust	3.0	
Southmoor Academy	3.7	
St Aidans Education Trust	5.7	
St Anthony's Girls' Catholic Academy	3.9	
St Cuthbert's Catholic High School	2.6	
St Thomas More Partnership of Schools	3.0	
St Thomas More Roman Catholic Academy (N Tyneside)	2.8	
The Ascent Academies Trust	4.7	
The Cedars Academy Trust	3.7	
The Northern Education Trust (Hilton Academy)	3.0	
The Venerable Bede C Of E Academy	2.7	
Whickham School And Sports College	3.5	
Whitburn C Of E Academy	3.0	
Wise Academies	3.0	
Admission Bodies		
Age Concern Newcastle	22.0	
Association Of North East Councils (ANEC)	22.0	
Balfour Beatty (Power Networks Ltd)	10.2	
Balfour Beatty Work Place	8.2	
Baltic Art Flour Mill	15.3	
Bell Decorating Group Ltd	0.5	
Benwell Young Peoples Development Project	10.1	
BT South Tyneside	4.4	South Tyneside Council
Busways Travel Services Ltd	8.0	
Capita Symonds Ltd (North Tyneside)	9.0	North Tyneside Council

Employer	Recovery period (years)	Subsuming Employer (if any)
Carillion (Jarrow School)	6.0	
Carillion Services Limited (Lord Lawson)	0.1	
Childcare Enterprise	13.2	North Tyneside Council
Cofely Workplace Ltd (N Tyneside) (previously called Balfour Beatty Workplace Ltd (N Tyneside))	9.0	North Tyneside Council
D B Regio Tyne And Wear Ltd	5.0	Nexus
Disability North	22.0	
Gentoo Group Ltd	6.5	
Groundwork South Tyneside and Newcastle	12.0	
Insitu Cleaning (Gateshead)	2.0	
International Centre For Life	8.8	
Involve North East (previously called Community Action on Health)	22.0	
John Laing (Nefra)	7.2	
Kenton Park Sports Centre	10.1	
Kier North Tyneside Ltd	10.7	North Tyneside Council
Lend Lease FM (EMEA) Limited	10.0	
Managed Business Space Ltd	8.8	
Mears Ltd (Gateshead)	8.2	
Mitie Pfi (Boldon)	10.3	
Newcastle International Airport	7.5	Newcastle Council
Newcastle Law Centre	22.0	
Newcastle Theatre Royal Trust	22.0	
No Limits Theatre Co	13.3	
North East Regional Employers Organisation	22.0	
Northern Grid for Learning	10.1	
The Ozanam House Probation Hostel	10.1	
Percy Hedley Foundation	22.0	
Praxis Service	10.1	

Employer	Recovery period (years)	Subsuming Employer (if any)
R M Education (Sunderland)	0.4	City of Sunderland Council
Raich Carter Sports Centre	22.0	City of Sunderland Council
Robertson F M (N'Cle Phase 2)	8.1	
Robertson Fm Ltd	5.3	
Scolarest Newcastle	2.0	
Scolarest North Tyneside	5.7	
Search Project	22.0	
Simonside Community Centre	10.1	
Sodexo Limited	3.4	
South Tyneside Football Trust	8.8	
SSE Contracting Ltd	7.1	
St Mary Magdalene & Holy Jesus Trust	10.1	
Sunderland Streetlighting Limited	11.1	
TT2 Ltd	16.8	T&W ITA
Tyne & Wear Enterprise Trust	22.0	
Tyne & Wear Play Association	10.1	

Appendix 7: Assumptions used to value the liabilities

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

Financial assumptions

In-service discount rate <i>Scheduled bodies</i> <i>Orphan bodies</i>	5.15% pa 5.1% pa
Left-service discount rate <i>Scheduled bodies</i> <i>Orphan bodies</i>	5.15% pa 3.7% pa
Rate of Pensionable Pay increases (service up to 31 March 2014 only) (in addition to promotional increases)	3.9% pa
Rate of RPI price inflation	3.3% pa
Rate of CPI price inflation	2.4% pa
Rate of revaluation of pension accounts	2.4% pa
Rate of pension increases on non GMPs on post 88 GMPs	2.4% pa 2.0% pa
Rate of deferred pension increases non GMP GMP	2.4% pa 3.9% pa
Administration expenses	0.3% of Pensionable Pay

Demographic assumptions

Pre-retirement base mortality	Males: 65% of Standard SAPS Normal Health Light tables Females: 65% of Standard SAPS Normal Health Light tables	
Post-retirement base mortality	Males: 120% of Standard SAPS Normal Health Light tables Females: 115% of Standard SAPS Normal Health Light tables	
III-health retirement base mortality	Males: 110% of Standard SAPS III Health tables Females: 125% of Standard SIPS III Health tables	
Improvements to mortality	An allowance for improvements between 2002 and 2013 and an allowance for future improvements has been made in 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.	
Promotional salary increases	Allowance has been made for age-related promotional increases (see sample rates below).	
Withdrawals	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.	
Retirement age	Members were assumed to retire at the following ages:	
	Member group	Assumed age at retirement
	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 payable from a later age will be reduced.
	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 pensioners who left the Fund before 1 April 2013 with protected Rule of 85 age	Rule of 85 age (or age 60 if higher). Any part of their pension payable from a later age will be reduced.
	Deferred pensioners who left the Fund before 1 April 2013 with no protected Rule of 85 age	Age 65.
Retirement cash sum	Each member was assumed to surrender pension on retirement, such that the total cash received is 75% of the permitted maximum.	
Family details	<p>Each man was assumed to be three years older than his wife/partner.</p> <p>90% of non-pensioners were assumed to be married or have a spouse, civil partner or co-habitee ('partner') at retirement or earlier death.</p> <p>90% of pensioners were assumed to be married or have a partner at age 65.</p> <p>Partners were assumed to exhibit the same mortality as pensioners of the same sex who retired in normal health.</p> <p>No allowance for children's pensions.</p>	

Retirement due to ill-health	<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 border="0"> <tr> <td>Tier 1</td> <td>85%</td> </tr> <tr> <td>Tier 2</td> <td>10%</td> </tr> <tr> <td>Tier 3</td> <td>5%</td> </tr> </table>	Tier 1	85%	Tier 2	10%	Tier 3	5%
Tier 1	85%						
Tier 2	10%						
Tier 3	5%						
Take up of 50:50 scheme	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 retirement
20	4.7	10.0	0
25	3.2	8.5	0.03
30	1.8	7.0	0.05
35	1.2	5.5	0.08
40	0.6	4.0	0.11
45	0.0	2.7	0.20
50	0.0	1.4	0.28
55	0.0	0.0	0.62
60	0.0	0.0	1.37

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 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

In-service discount rate	3.2% pa
Left-service discount rate	3.2% pa

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
Death in service		
Actual	65	61
Expected	56	63
Withdrawals (excluding refunds)		
Actual	2,992	6,164
Expected	1,553	2,767
Normal and voluntary retirements		
Actual	920	1,062
Expected	1,552	1,531
Ill-health retirements		
Actual	151	161
Expected	191	270
Severance and redundancy retirements		
Actual	1,634	1,701
Expected	0	0

Appendix 10: Current contribution rates

Employers have paid contributions at the following levels in the year ended 31 March 2014.

Employer	% Pensionable Pay	Additional monetary amount £
Scheduled and Designating Bodies		
Care And Support Sunderland Ltd	16.4	0
Castle View Fitness Centre Ltd	7.3	0
Charge Your Car (North) Limited	13.9	0
Chief Constable for Northumbria	13.0	1,600,000
City Of Sunderland College	14.5	244,000
City of Sunderland Council	14.4	12,072,000
Gateshead College	13.2	192,000
Gateshead Council	14.7	9,900,000
Gateshead Housing Company	13.5	102,000
Grindon Hall Christian School	19.0	0
National Probation and After-Care Service	15.2	2,550,300
Newcastle College	14.1	319,000
Newcastle Council	14.6	13,400,000
Nexus	15.1	5,300,000
North Tyneside Council	14.3	8,540,000
Northumbria University	14.1	2,100,000
Northumbria University Nursery Ltd	28.4	0
Police and Crime Commissioner for Northumbria	13.0	0
South Tyneside College	14.9	175,000
South Tyneside Council	14.3	7,400,000
South Tyneside Homes	14.2	451,500

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Employer	% Pensionable Pay	Additional monetary amount £
T&W ITA	18.1	978,000
The Intraining Group Ltd	19.4	7,400
Tyne & Wear Fire & Rescue	13.2	560,000
Tyne Metropolitan College	13.6	206,000
University Of Sunderland	14.4	1,550,000
Your Homes Newcastle	14.0	0
Academies		
Academy 360	13.2	0
Benedict Biscop C E Academy	15.0	13,500
Cardinal Hume Catholic School	16.9	36,600
Castle View Enterprise Academy	13.8	31,600
Discover Learning Trust (previously called Oxclose Community Academy)	18.9	26,400
East Herrington Primary Academy	20.1	9,200
Eppleton Academy Primary School	19.7	5,100
Fulwell Infant School Academy	18.7	6,600
Gosforth Federated Academies Ltd	14.6	98,000
Grasmere Academy	21.9	0
Holley Park Academy	18.9	4,900
Houghton Kepier Sports College Academy Trust	15.8	51,000
Inspire Multi Academy Trust	21.7	0
Joseph Swan Academy	18.5	35,900
Kenton School Newcastle	16.8	128,100
Kibblesworth Academy	18.7	3,800
Laidlaw School Trust (previously called Excelsior Academy)	13.9	37,700
Lord Lawson Of Beamish Academy	18.2	34,000
Monkton Infants School	18.3	5,200
Monkton Junior School	20.8	2,300

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Employer	% Pensionable Pay	Additional monetary amount £
Red House Academy	14.1	35,800
Redby Primary Academy	16.7	12,100
Riverside Primary Academy	19.3	7,500
Sacred Heart Catholic High School	20.0	17,700
South Tyneside College Academy Trust	21.2	0
Southmoor Academy	20.1	26,100
St Aidans Education Trust	22.8	0
St Anthony's Girls' Catholic Academy	22.3	19,300
St Cuthbert's Catholic High School	20.6	15,800
St Thomas More Partnership of Schools	16.6	38,000
St Thomas More Roman Catholic Academy (N Tyneside)	17.9	33,100
The Ascent Academies Trust	22.5	0
The Cedars Academy Trust	19.3	13,800
The Northern Education Trust (Hilton Academy)	21.2	0
The Venerable Bede C Of E Academy	19.5	13,800
Whickham School And Sports College	15.9	54,800
Whitburn C Of E Academy	15.1	64,000
Wise Academies	13.6	30,200
Admission Bodies		
Age Concern Newcastle	23.9	89,000
Association Of North East Councils (ANEC)	21.8	138,400
Balfour Beatty (Power Networks Ltd)	24.1	112,000
Balfour Beatty Work Place	17.2	0
Baltic Art Flour Mill	21.1	16,600
Bell Decorating Group Ltd	27.7	0
Benwell Young Peoples Development Project	21.8	2,000
BT South Tyneside	0.2	0
Busways Travel Services Ltd	24.9	3,033,000

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Employer	% Pensionable Pay	Additional monetary amount £
Capita Symonds Ltd (North Tyneside)	17.9	0
Carillion (Jarrow School)	16.2	0
Carillion Services Limited (Lord Lawson)	31.8	0
Childcare Enterprise	23.9	60,000
Cofely Workplace Ltd (N Tyneside) (previously called Balfour Beatty Workplace Ltd (N Tyneside))	17.6	0
D B Regio Tyne And Wear Ltd	15.9	0
Disability North	23.9	35,900
Gentoo Group Ltd	22.6	2,070,000
Groundwork South Tyneside and Newcastle	23.7	36,100
Insitu Cleaning (Gateshead)	30.9	0
International Centre For Life	23.9	89,100
Involve North East (previously called Community Action on Health)	21.8	4,800
John Laing (Nefra)	25.4	0
Kenton Park Sports Centre	21.8	6,700
Kier North Tyneside Ltd	12.6	0
Lend Lease FM (EMEA) Limited	29.6	0
Managed Business Space Ltd	23.9	15,500
Mears Ltd (Gateshead)	30.4	0
Mitie Pfi (Boldon)	24.3	14,400
Newcastle International Airport	15.6	1,830,000
Newcastle Law Centre	21.8	9,000
Newcastle Theatre Royal Trust	21.8	63,500
No Limits Theatre Co	22.0	5,500
North East Regional Employers Organisation	21.8	74,000
Northern Grid for Learning	21.8	52,000
The Ozanam House Probation Hostel	21.8	64,300
Percy Hedley Foundation	23.9	73,200

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Employer	% Pensionable Pay	Additional monetary amount £
Praxis Service	21.8	41,600
R M Education (Sunderland)	0.0	0
Raich Carter Sports Centre	21.8	12,600
Robertson F M (N'Cle Phase 2)	27.1	0
Robertson Fm Ltd	25.2	0
Scolarest Newcastle	26.6	0
Scolarest North Tyneside	27.1	3,770
Search Project	23.9	9,900
Simonside Community Centre	21.8	550
Sodexo Limited	27.4	0
South Tyneside Football Trust	23.9	890
SSE Contracting Ltd	24.0	173,000
St Mary Magdalene & Holy Jesus Trust	21.8	40,900
Sunderland Streetlighting Limited	22.6	36,600
TT2 Ltd	14.4	0
Tyne & Wear Enterprise Trust	23.9	56,360
Tyne & Wear Play Association	21.8	5,200

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 16.1% pa of Pensionable Pay.
- Individual adjustments which, when added to or subtracted from the common rate, produce the following minimum Employer contribution rates.

Employer	Contribution rate 1 April 2014 to 31 March 2017 % Pensionable Pay	Additional monetary amount Year commencing 1 April		
		2014 £	2015 £	2016 £
Scheduled bodies				
Care And Support Sunderland Ltd	19.9	1,000	1,000	1,100
Castle View Fitness Centre Ltd	6.2	0	0	0
Charge Your Car (North) Limited	12.0	0	0	0
Chief Constable for Northumbria	13.6	1,500,000	1,558,500	1,619,300
City Of Sunderland College	16.0	250,000	259,800	269,900
City of Sunderland Council	15.9	11,333,000	11,775,000	12,234,200
Gateshead College	14.4	380,000	394,800	410,200
Gateshead Council	15.7	10,900,000	11,325,100	11,766,800
Gateshead Housing Company	14.0	80,000	83,100	86,400
Grindon Hall Christian School	14.3	0	0	0
National Probation and After-Care Service	15.2	448,000	0	0
Newcastle College	13.3	460,000	477,900	496,600
Newcastle Council	16.3	14,100,400	14,650,300	15,221,700

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Employer	Contribution rate 1 April 2014 to 31 March 2017 % Pensionable Pay	Additional monetary amount Year commencing 1 April		
		2014 £	2015 £	2016 £
Nexus	16.2	5,300,000	4,367,000	4,368,000
North Tyneside Council	16.2	9,602,100	9,976,600	10,365,700
Northumbria University	14.9	2,400,000	2,493,600	2,590,900
Northumbria University Nursery Ltd	14.5	0	0	0
Police and Crime Commissioner for Northumbria	13.6	0	0	0
South Tyneside College	16.8	240,000	249,400	259,100
South Tyneside Council	15.9	8,100,000	8,415,900	8,744,100
South Tyneside Homes	15.6	400,000	415,600	431,800
T&W ITA	20.5	0	0	0
The Intraining Group Ltd	16.6	23,300	7,300	0
Tyne & Wear Fire & Rescue	15.3	430,000	446,800	464,200
Tyne Metropolitan College	14.9	210,000	218,200	226,700
University Of Sunderland	15.2	1,800,000	1,870,200	1,943,100
Your Homes Newcastle	14.2	0	0	0
Academies				
Academy 360	16.0	26,000	27,000	28,100
Benedict Biscop C E Academy	12.4	0	0	0
Cardinal Hume Catholic School	13.2	31,000	33,000	34,000
Castle View Enterprise Academy	15.4	0	0	0
Discover Learning Trust (previously called Oxclose Community Academy)	23.6	0	0	0
East Herrington Primary Academy	14.8	33,000	20,000	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 £	2015 £	2016 £
Eppleton Academy Primary School	11.2	11,000	12,000	12,000
Fulwell Infant School Academy	15.6	23,000	24,000	25,000
Gosforth Federated Academies Ltd	14.9	140,000	145,500	151,100
Grasmere Academy	17.2	16,000	17,000	2,000
Holley Park Academy	14.4	12,000	8,000	0
Houghton Kepier Sports College Academy Trust	15.7	36,000	38,000	39,000
Inspire Multi Academy Trust	23.6	0	0	0
Joseph Swan Academy	11.8	0	0	0
Kenton School Newcastle	13.4	65,000	68,000	70,000
Kibblesworth Academy	13.8	12,000	4,000	0
Laidlaw School Trust (previously called Excelsior Academy)	23.6	0	0	0
Lord Lawson Of Beamish Academy	14.3	47,000	49,000	51,000
Monkton Infants School	15.5	14,000	14,500	15,100
Monkton Junior School	18.9	5,000	5,200	5,400
Red House Academy	15.7	20,000	0	0
Redby Primary Academy	15.8	25,000	5,000	0
Riverside Primary Academy	17.1	12,000	12,500	13,000
Sacred Heart Catholic High School	18.6	42,000	43,600	45,300
South Tyneside College Academy Trust	17.2	0	0	0
Southmoor Academy	17.1	54,000	56,000	58,000
St Aidans Education Trust	23.6	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 £	2015 £	2016 £
St Anthony's Girls' Catholic Academy	20.4	26,000	27,000	28,000
St Cuthbert's Catholic High School	15.7	51,000	53,000	55,100
St Thomas More Partnership of Schools	17.9	0	0	0
St Thomas More Roman Catholic Academy (N Tyneside)	16.8	99,000	102,900	106,900
The Ascent Academies Trust	23.6	0	0	0
The Cedars Academy Trust	16.8	27,000	28,100	29,100
The Northern Education Trust (Hilton Academy)	23.6	0	0	0
The Venerable Bede C Of E Academy	16.4	49,000	50,000	52,000
Whickham School And Sports College	15.4	117,000	121,600	126,300
Whitburn C Of E Academy	15.6	70,000	73,000	75,000
Wise Academies	22.2	0	0	0
Admission Bodies				
Age Concern Newcastle	25.6	93,000	96,600	100,400
Association Of North East Councils (ANEC)	13.3	0	0	0
Balfour Beatty (Power Networks Ltd)	26.3	0	0	0
Balfour Beatty Work Place	20.3	5,600	5,800	6,000
Baltic Art Flour Mill	22.6	8,000	8,300	8,600
Bell Decorating Group Ltd	0.0	0	0	0
Benwell Young Peoples Development Project	21.1	1,100	1,100	1,200

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Employer	Contribution rate 1 April 2014 to 31 March 2017 % Pensionable Pay	Additional monetary amount Year commencing 1 April		
		2014 £	2015 £	2016 £
BT South Tyneside	0.0	0	0	0
Busways Travel Services Ltd	28.2	3,600,000	3,740,400	3,886,300
Capita Symonds Ltd (North Tyneside)	11.7	0	0	0
Carillion (Jarrow School)	13.3	0	0	0
Carillion Services Limited (Lord Lawson)	0.0	0	0	0
Childcare Enterprise	0.0	0	0	0
Cofely Workplace Ltd (N Tyneside) (previously called Balfour Beatty Workplace Ltd (N Tyneside))	12.6	0	0	0
D B Regio Tyne And Wear Ltd	16.5	680,000	706,500	734,100
Disability North	25.6	29,000	30,100	31,300
Gentoo Group Ltd	20.5	2,800,000	2,909,200	3,022,700
Groundwork South Tyneside and Newcastle	25.6	30,000	31,200	32,400
Insitu Cleaning (Gateshead)	0.0	0	0	0
International Centre For Life	25.6	97,000	100,800	104,700
Involve North East (previously called Community Action on Health)	25.6	2,000	2,100	2,200
John Laing (Nefra)	25.9	0	0	0
Kenton Park Sports Centre	21.1	3,100	3,200	3,300
Kier North Tyneside Ltd	0.0	0	0	0
Lend Lease FM (EMEA) Limited	22.2	0	0	0
Managed Business Space Ltd	25.6	9,000	9,400	9,700
Mears Ltd (Gateshead)	1.9	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 £	2015 £	2016 £
Mitie Pfi (Boldon)	20.1	0	0	0
Newcastle International Airport	18.5	2,190,000	2,275,400	2,364,200
Newcastle Law Centre	21.1	9,100	9,500	9,800
Newcastle Theatre Royal Trust	21.1	56,500	58,700	61,000
No Limits Theatre Co	15.0	0	0	0
North East Regional Employers Organisation	21.1	65,800	68,400	71,000
Northern Grid for Learning	21.1	24,200	25,100	26,100
The Ozanam House Probation Hostel	21.1	34,700	36,100	37,500
Percy Hedley Foundation	25.6	52,000	54,000	56,100
Praxis Service	21.1	23,700	24,600	25,600
R M Education (Sunderland)	0.0	0	0	0
Raich Carter Sports Centre	17.9	8,000	8,300	8,600
Robertson F M (N'Cle Phase 2)	0.0	0	0	0
Robertson Fm Ltd	12.1	0	0	0
Scolarest Newcastle	27.3	190	200	0
Scolarest North Tyneside	30.6	2,800	2,900	3,000
Search Project	25.6	9,000	9,400	9,700
Simonside Community Centre	21.1	300	300	300
Sodexo Limited	0.0	0	0	0
South Tyneside Football Trust	25.6	1,000	1,000	1,100
SSE Contracting Ltd	26.0	20,000	20,800	21,600

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Employer	Contribution rate 1 April 2014 to 31 March 2017 % Pensionable Pay	Additional monetary amount Year commencing 1 April		
		2014 £	2015 £	2016 £
St Mary Magdalene & Holy Jesus Trust	21.1	22,800	23,700	24,600
Sunderland Streetlighting Limited	22.6	12,000	12,500	13,000
TT2 Ltd	12.6	0	0	0
Tyne & Wear Enterprise Trust	25.6	37,000	38,400	39,900
Tyne & Wear Play Association	21.1	3,800	3,900	4,100

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 may 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 would 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 of the 2013 Regulations 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



Timothy Lunn FIA
Fellow of the Institute and Faculty of Actuaries



Scott Campbell FIA
Fellow of the Institute and Faculty of Actuaries

28 March 2014

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Notes to Actuary's certificate

The contribution rates certified have been assessed using the actuarial methods and assumptions detailed in our report dated 28 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
Normal, late and voluntary under Regulations 30(1), 30(3) and 30(5) of the 2013 Regulations or Regulation 16 or 30 of the Benefits Regulations	4,111	34,012
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>	
Ill-health under Regulation 35 of the 2013 Regulations or Regulation 20 of the Benefits Regulations	621	4,571
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>The Administering Authority should monitor the number of ill-health retirements arising and refer the position to the Actuary if numbers exceed the levels implied.</p>	

Type of Retirement	Anticipated retirements over 4 year period from 1 April 2013 to 31 March 2017	
	Number	New Pension £'000
Severance and redundancy under Regulation 30(7) of the 2013 Regulations or Regulation 19 of the Benefits Regulations	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>	
Flexible retirement under Regulation 30(6) of the 2013 Regulations or Regulation 18 of the Benefits Regulations	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, eg due to family leave or sickness).

Admission Body

An employer admitted to the Fund under an admission agreement.

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 accrue to members over their expected remaining membership of the Fund expressed as a percentage of their expected future pensionable pay. It allows for projected future increases to pay 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, 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 pensioner

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 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 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 from that employer for 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. 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 pay 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 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 by 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 how the Administering Authority intends 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 key sets of regulations defining 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

Bodies which participate in the Fund under Schedule 2 of the Administration Regulations.

Shortfall

Where the assets are less than the Funding Target, the shortfall is the Funding Target less the value of assets.

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
 - 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 to the 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.

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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.

In this document this is known as subsumption. In this document the first employer in the description above is referred to as a subsumption body and its liabilities are known as subsumed liabilities.

Surplus

Where the assets are more than the Funding Target, the surplus is the value of assets less the Funding Target.

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.