

Suffolk County Council Pension Fund

Draft Funding Strategy Statement

December 2013

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1 Introduction

1.1 What is this document?

This is the Funding Strategy Statement (FSS) of the Suffolk County Council Pension Fund ('the Fund') which is administered by Suffolk County Council ('the **Administering Authority**'). The County Council's statutory responsibilities for the Local Government Pension Scheme (LGPS) are delegated to the Suffolk County Council Pension Fund Committee.

It has been prepared by the Pension Fund Committee in collaboration with the Fund's actuary Hymans Robertson LLP and after consultation with the Fund's employers and investment advisers. It is effective from 1 April 2014.

1.2 What is the Suffolk County Council Pension Fund?

The Fund is part of the national Local Government Pension Scheme (LGPS). The LGPS provides retirement and death benefits for local government employees and those employed in similar or related bodies across the whole of the UK. The Pension Fund Committee runs the Suffolk County Council Pension Fund. The Fund:

- receives the proper amount of contributions from employees and employers and any transfer payments;
- invests the contributions appropriately with the aim that the Fund's assets grow over time with investment income and capital growth;
- uses the assets to pay Fund benefits to the members (as and when they retire for the rest of their lives) and to their dependants (as and when members die) as defined in the LGPS Regulations. Assets are also used to pay transfer values between pension funds and administration costs.

The roles and responsibilities of the key parties involved in the management of the Fund are summarised in **Appendix B**.

1.3 Why does the Fund need a Funding Strategy Statement?

Employees' benefits are guaranteed by the LGPS Regulations and do not change with market values or employer contributions. Employees' contributions are also fixed in those Regulations at a level which covers only part of the cost of the benefits.

Therefore **Employers** need to pay the balance of the cost of delivering the benefits to members and their dependants after taking account of the income from employees' contributions and the Fund's investment returns.

The FSS focuses on how employer liabilities are measured, the pace at which these liabilities are funded and how employers or pools of employers pay for their own liabilities. This statement sets out how the Pension Fund Committee has balanced the aims of:

- affordability of employer contributions
- stability of employers' contributions and
- prudence in the funding basis.

There are also regulatory requirements for an FSS as set out in **Appendix A**.

The FSS is a summary of the Fund's approach to funding its liabilities and this includes reference to the Fund's other policies; it is not an exhaustive statement of policy on all issues. The FSS forms part of a framework which includes:

- the LGPS Regulations;
- the ***Rates and Adjustments Certificate*** (confirming employer contribution rates for the next three years) which can be found in an appendix to the Actuary's valuation report;
- actuarial factors for valuing individual transfers, early retirement costs and the costs of buying added service; and
- the Fund's Statement of Investment Principles (see Section 4).

1.4 What does the FSS aim to do?

The FSS sets out the objectives of the Fund's funding strategy:

- to ensure the long-term ***solvency*** of the Fund using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return;
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

1.5 How do I find my way around this document?

In [Section 2](#) there is a brief introduction to some of the main principles behind funding i.e. deciding how much an employer should contribute to the Fund from time to time.

In [Section 3](#) we outline how the Fund calculates the contributions payable by different employers in different situations.

In [Section 4](#) we show how the funding strategy is linked with the Fund's investment strategy.

In the **Appendices** we cover various issues in more detail:

- A. the regulatory background including how and when the FSS is reviewed;
- B. who is responsible for what;
- C. what issues the Fund needs to monitor and how it manages its risks;
- D. some more details about the actuarial calculations required;
- E. the ***actuarial assumptions*** which the Fund actuary currently makes about the future;
- F. a **Glossary** explaining the technical terms used here (words shown in this document in ***bold italics*** are explained in more detail in the Glossary).

If you have any other queries please contact Geoff Dobson Head of Strategic Finance in the first instance at e-mail address geoff.dobson@suffolk.gov.uk.

2 Basic Funding issues

A more detailed explanation of funding issues is given in **Appendix D**.

2.1 How does the actuary calculate a contribution rate?

Employer contributions are normally made up of two elements:

- a) the estimated cost of future benefits being built up from year to year referred to as the '**future service rate**'; plus
- b) an adjustment for the difference between the assets built up to date and the value of past service benefits referred to as the '**past service adjustment**'. If there is a **deficit** the past service adjustment will be an increase in the employer's total contribution; if there is a surplus there may be a reduction in the employer's total contribution. Any past service adjustment will aim to return the employer to full funding over an appropriate period (the '**deficit recovery period**').

2.2 How is a deficit (or surplus) calculated?

An employer's '**funding level**' is defined as the ratio of:

- the market value of the employer's share of assets to
- the value placed by the actuary on the benefits built up to date for the employer's employees and ex-employees (the '**liabilities**'). The Fund actuary agrees with the Pension Fund Committee the assumptions to be used in calculating this value.

If this is less than 100% then it means the employer has a shortfall which is the employer's deficit; if it is more than 100% then the employer is said to be in surplus. The amount of deficit or shortfall is the difference between the asset value and the liabilities value.

A larger deficit will give rise to higher employer contributions. If a deficit is spread over a longer period then the **annual** employer cost is lower than if it is spread over a shorter period. However the **total** deficit contributions will be greater the longer the deficit recovery period that is adopted.

2.3 How are contribution rates calculated for different employers?

The Fund's actuary is required by the Regulations to report the **Common Contribution Rate** for all employers collectively at each triennial valuation combining items (a) and (b) above. This is based on **actuarial assumptions** about the likelihood size and timing of benefit payments to be made from the Fund in the future as outlined in **Appendix E**.

The Fund's actuary is also required to adjust the **Common Contribution Rate** for circumstances specific to each individual employer. The sorts of specific circumstances which are considered are discussed in Section 3. It is this adjusted contribution rate which the employer is required to pay and the rates for all employers are shown in the Fund's **Rates and Adjustments Certificate**.

In effect the **Common Contribution Rate** is a notional quantity as it is unlikely that any employer will pay that exact rate. Separate future service rates are calculated for each employer together with individual past service adjustments according to employer-specific circumstances.

Details of the outcome of the Actuarial Valuation as at 31 March 2013 can be found in the formal valuation report dated [*to be confirmed*] including an analysis at Fund Level of the

Common Contribution Rate. Further details of individual employer contribution rates can also be found in the formal actuarial report.

2.4 What else might affect the employer's contribution?

Employer **covenant** and likely term of membership are also considered when setting contributions: more details are given in [Section 3](#).

For some employers the Pension Fund Committee has agreed that they may pool contributions see [Section 3.4](#).

Any costs of non ill-health early retirements must be paid by the employer see [Section 3.6](#).

If an employer is approaching the end of its participation in the Fund then its contributions may be amended appropriately so that the assets meet (as closely as possible) the value of its liabilities in the Fund when its participation ends.

Employers' contributions are expressed as a minimum with employers permitted to pay contributions at a higher rate. The Fund Actuary will take account of any higher contributions at subsequent valuations.

2.5 What different types of employer participate in the Fund?

Historically the LGPS was open to local authority employees only. Over the years with the diversification and changes to delivery of local services many more types and numbers of employers now participate in the LGPS. There are currently more employers in the Fund than ever before, a significant part of this being due to new academies.

In essence participation in the LGPS is open to public sector employers providing some form of service to the local community. Whilst the majority of scheme **members** will be local authority employees (and ex-employees), the majority of participating **employers** are those providing services in place of (or alongside) local authority services: academy schools, contractors, housing associations, charities etc.

The LGPS Regulations define various types of employer as follows:

Scheduled bodies – principal local authorities and other specified employers such as academies and further education establishments. These must provide access to the LGPS in respect of their employees who are not eligible to join another public sector scheme (such as the Teachers Scheme). These employers are so-called because they are specified in a schedule to the LGPS Regulations.

It is possible for Local Education Authority schools to convert to academy status and for other forms of school (such as Free Schools) to be established under the academies legislation. All such academies become separate new employers in the Fund in respect of their non-teaching staff. Because academies are defined in the LGPS Regulations as 'Scheduled Bodies', the Pension Fund Committee has no discretion over whether to admit them to the Fund and the academy has no discretion over whether to allow its non-teaching staff to join the Fund. There has also been guidance issued by the DCLG regarding the terms of academies' membership in LGPS Funds.

Designating employers - employers such as town and parish councils are able to participate in the LGPS via resolution (and the Fund cannot refuse them entry where the resolution has been passed). These employers can designate which of their employees are eligible to join the scheme.

Admission Bodies - Other employers are able to participate in the Fund via an admission agreement and are referred to as '**Admission Bodies**'. Admission bodies are generally employers with a 'community of interest' with another scheme employer (**community admission bodies** 'CAB') or those providing a service on behalf of a scheme employer (**transferee admission bodies** 'TAB'). CABs will include housing associations and charities. TABs will generally be contractors. The Fund is able to set its own criteria for participation by these employers and can refuse entry if the requirements set out in the Fund's admissions policy are not met.

2.6 How does the Fund take account of the risks associated with individual employers?

Overall there is a balance to be struck between the Fund's need for maintaining prudent funding levels and the employers' need to manage their budgets appropriately. The Fund achieves this through various techniques which affect contribution increases to various degrees (see [Section 3.1](#)). In deciding which of these techniques to apply to any given employer the Fund will consider a risk assessment for that employer which is regularly monitored and kept up-to-date. This risk assessment will include such information as the type of employer, its membership profile and funding position, any **guarantor** or security provision, any material changes that are anticipated etc. This helps the Fund establish a picture of the financial standing of the employer i.e. its ability to meet its long term Fund commitments.

Where an employer is considered relatively low risk then the Fund will permit greater smoothing of contribution increases (such as **stabilisation** or a longer **deficit recovery period**) which will temporarily produce lower contribution levels than would otherwise have applied. This is permitted in the expectation that the employer will still be able to meet its obligations for many years to come.

An employer whose risk assessment indicates a less strong **covenant** will generally be required to pay higher contributions (for instance with a more prudent funding basis or a shorter deficit recovery period relative to other employers). This is because of the higher probability that at some point it will fail or be unable to meet its pension contributions with its deficit in the Fund then falling to be met by other Fund employers.

The Pension Fund Committee consults with scheme employers, including in relation to its funding arrangements. See **Appendix A**.

3 Calculating contributions for individual Employers

3.1 General comments

A key challenge for the Pension Fund Committee is to balance the objective of stable and affordable employer contributions with the requirement to take a prudent longer-term view of funding and ensure the solvency of the Fund. With this in mind there are a number of methods which the Pension Fund Committee may permit in order to improve the stability of employer contributions. These include where circumstances permit:-

- capping of changes in employer contribution rates within a pre-determined range (**'stabilisation'**);
- the use of extended **deficit recovery periods**;
- the phasing in of contribution rises or reductions;
- the **pooling** of contributions amongst employers with similar characteristics;
- the use of some form of security or **guarantee** to justify a lower contribution rate than would otherwise be the case.

These and associated issues are covered in this Section.

The Pension Fund Committee recognises that there may occasionally be particular circumstances affecting individual employers that are not easily managed within the rules and policies set out in the Funding Strategy Statement. Therefore the Pension Fund Committee may direct the actuary to adopt alternative funding approaches on a case by case basis for specific employers.

3.2 The effect of paying contributions below the theoretical level

Employers which are permitted to use one or more of the above methods will often be paying for a time contributions less than the **theoretical contribution rate**. Such employers should appreciate that:

- their long term liability (i.e. the actual eventual cost of benefits payable to their employees and ex-employees) is not affected by the choice of method of setting contribution rates;
- lower contributions in the short term will be assumed to incur a greater loss of investment returns on the deficit. Thus deferring a certain amount of contribution will lead to higher contributions in the long-term; and
- it will take longer to reach full funding all other things being equal.

Overleaf ([Section 3.3](#)) is a summary of how the main funding policies differ for different types of employer.

[Section 3.4](#) onwards deals with other funding issues which apply to all employers.

3.3 The different approaches used to set deficit contributions

Type of employer	Scheduled Bodies			Community Admission Bodies and Designating Employers		Transferee Admission Bodies
Sub-type	Local Authorities	Police, Colleges etc.	Academies	Open to new entrants	Closed to new entrants	(all)
Basis used	Ongoing assumes long-term Fund participation (see Appendix E)			Ongoing but may move to ' <i>gilts basis</i> ' – see Note (a)		Ongoing assumes fixed contract term in the Fund (see Appendix E)
Future service rate	Projected Unit Credit approach (see Appendix D – D.2)				Attained Age approach (see Appendix D – D.2)	Projected Unit Credit approach (see Appendix D – D.2)
Stabilised rate?	Yes - see Note (b)	Yes - see Note (b)	Yes - see Note (b)	No	No	No
Maximum deficit recovery period – see Note (c)	20 years	20 years	20 years	15 years	15 years	Outstanding contract term
Deficit recovery payments – see Note (d)	% of payroll	% of payroll	% of payroll	% of payroll	Monetary amount	% of payroll
Treatment of surplus	Covered by stabilisation arrangement	Covered by stabilisation arrangement	Covered by stabilisation arrangement	Preferred approach: contributions kept at future service rate. However reductions may be permitted by the Pension Fund Committee.		Reduce contributions by spreading the surplus over the remaining contract term
Phasing of contribution changes	Covered by stabilisation arrangement	Covered by stabilisation arrangement	Covered by stabilisation arrangement	3 years - see Note (e)	3 years - see Note (e)	None
Review of rates – see Note (f)	Pension Fund Committee reserves the right to review contribution rates and amounts and the level of security provided at regular intervals between valuations					Particularly reviewed in last 3 years of contract
New employer	n/a	n/a	Note (g)	Note (h)		Notes (h) & (i)
Cessation of participation: cessation debt payable	Cessation is assumed not to be generally possible as Scheduled Bodies are legally obliged to participate in the LGPS. In the event of cessation occurring (e.g. machinery of Government changes) the cessation debt principles would be applied. See Note (j) .			Can be ceased subject to terms of admission agreement. Cessation debt will be calculated on a basis appropriate to the circumstances of cessation – see Note (j) .		Participation is assumed to expire at the end of the contract. Cessation debt (if any) calculated on ongoing basis. Letting employer will be liable for future deficits and contributions arising.

Notes to deficit contributions table

Note (a): Basis for CABs and Designating Employers closed to new entrants

In the circumstances where:

- the employer is a Designating Employer or a Community Admission Body (but not a Transferee Admission Body); and
- the employer has no guarantor; and
- the admission agreement is likely to terminate or the employer is likely to lose its last active member within a timeframe considered appropriate by the Pension Fund Committee to prompt a change in funding;

the Pension Fund Committee may vary the **discount rate** used to set employer contribution rate. In particular contributions may be set for an employer to achieve full funding on a more prudent basis (e.g. using a discount rate set equal to gilt yields, a **gilts basis**) by the time the agreement terminates or the last active member leaves, in order to protect other employers in the Fund. This policy will increase regular contributions and reduce, but not entirely eliminate, the possibility of a final deficit payment being required from the employer when a cessation valuation is carried out.

The Pension Fund Committee also reserves the right to adopt the above approach in respect of those Designating Employers and Community Admission Bodies with no guarantor, where the strength of covenant is considered to be weak.

Note (b): Stabilisation

Stabilisation is a mechanism whereby changes in employer contribution rates from year to year are kept within a pre-determined range, thus allowing those employers' rates to be relatively stable. In the interests of stability and affordability of employer contributions, the Pension Fund Committee, acting on the advice of the Fund Actuary, considers that stabilising contributions is a prudent longer-term approach. Employers whose contribution rates have been 'stabilised' (and may therefore be paying less than their **theoretical contribution rate**) should be aware of the risks of this approach and may wish to consider making additional payments to the Fund above those specified in the Rates and Adjustments Certificate.

This stabilisation mechanism allows short term investment market volatility to be managed so as not to cause volatility in employer contribution rates, on the basis that a long term view can be taken on net cash inflow, investment returns and the strength of the employer's covenant.

The current stabilisation mechanism will continue to apply if:

- the employer continues to satisfy the eligibility criteria set by the Pension Fund Committee and;
- there are no material events which cause the employer to become ineligible, e.g. significant reductions in active membership (due to outsourcing or redundancies) or changes in the nature of the employer's operations.

On the basis of the actuarial modelling that has been carried out for the 2013 valuation exercise (see [Section 4](#)) the stabilisation arrangements that have been adopted for this Funding Strategy are as follows:

Type of employer	Babergh, Mid Suffolk, Ipswich, Suffolk Coastal, Suffolk County Council, Suffolk Police, Waveney	St Edmundsbury, Forest Heath	Academies
Maximum contribution increase per year	+1% of pay	+2%	+1%
Maximum contribution decrease per year	-1% of pay	-1%	-1%

Note: Where stabilisation applies, any year on year increase or decrease in deficit contributions may be specified as the cash amount equivalent to the relevant percentage of pay. This is intended to ensure that any reductions in the employer’s payroll do not lead to an underpayment of the amount of deficit contributions that is required.

The stabilisation criteria and limits will be reviewed at the 31 March 2016 valuation to take effect from 1 April 2017. This will take into account the employer’s membership profiles, the issues surrounding employer security and other relevant factors.

Note (c): Deficit Recovery Periods

The deficit recovery period starts at the commencement of the revised contribution rate (1 April 2014 for the 2013 valuation). The Pension Fund Committee would normally expect the same period to be used at successive triennial valuations but would reserve the right to propose alternative spreading periods for example where there were no new entrants.

Where stabilisation applies the resulting employer contribution rate would be amended to comply with the stabilisation mechanism.

For employers with no (or very few) active members at this valuation the deficit will be recovered by a fixed monetary amount over a period to be agreed with the body or its successor not to exceed 7 years.

Note (d): Deficit Recovery Payments

The deficit recovery payments for each employer covering the three year period until the next valuation will often be set as a percentage of salaries. However the Pension Fund Committee reserves the right to require these payments in monetary terms instead for instance where:

- the employer is relatively mature;
- there has been a significant reduction in payroll due to outsourcing or redundancy exercises; or
- the employer has closed the Fund to new entrants.

Note (e): Phasing in of contribution changes

All phasing of increases in contributions is subject to the Pension Fund Committee being satisfied as to the strength of the employer's covenant.

Employers which have no active members at this valuation will not be permitted to have phased increases in contributions.

Note (f): Reviews of contribution rates

Regular reviews of employer contributions may be triggered by significant events including but not limited to: significant reductions in payroll altered employer circumstances Government restructuring affecting the employer's business or failure to pay contributions or arrange appropriate security as required by the Pension Fund Committee.

The result of a review may be to require increased contributions (by strengthening the actuarial assumptions adopted and/or moving to monetary levels of deficit recovery contributions) and/or an increased level of security or guarantee.

Note (g): New Academy employers

The Fund's policies on academies' funding issues are as follows:

- a) The new academy will be regarded as a separate employer in its own right and will not be pooled with other employers in the Fund. The only exception is where the academy is part of a Multi Academy Trust (MAT) in which case the academy's figures will be calculated as below but can be combined with those of the other academies in the MAT;
- b) The new academy's past service liabilities on conversion will be calculated based on its active Fund members on the day before conversion. For the avoidance of doubt these liabilities will include all past service of those members but will exclude the liabilities relating to any ex-employees of the school who have deferred or pensioner status;
- c) The new academy will be allocated an initial asset share from the ceding council's assets in the Fund. This asset share will be calculated using the estimated funding position of the ceding council at the date of academy conversion. The share will be based on the active members' funding level having first allocated assets in the council's share to fully fund deferred and pensioner members. The asset allocation will be based on market conditions and the academy's active Fund membership on the day prior to conversion;

- d) The new academy's initial contribution rate will be calculated using market conditions the county council funding position and membership data all as at the day prior to conversion.

The Fund's policies on academies will be subject to review in the light of any future changes to DCLG guidance on academies. Any changes will be notified to academies and will be reflected in a subsequent version of this FSS.

Note (h): New Admission Bodies

With effect from 1 October 2012 the LGPS 2012 Miscellaneous Regulations introduced mandatory new requirements for all Admission Bodies brought into the Fund from that date. Under these Regulations all new Admission Bodies will be required to provide some form of security, such as a guarantee from the letting employer an indemnity or a bond. The security is required to cover some or all of the following:

- the strain cost of any redundancy or early retirements resulting from the premature termination of the contract;
- allowance for the risk of asset underperformance;
- allowance for the risk of a fall in gilt yields;
- allowance for the possible non-payment of employer and member contributions to the Fund;
- the current deficit.

For all new Transferee Admission Bodies the security must be to the satisfaction of the Pension Fund Committee as well as the letting employer and will be reassessed on an annual basis.

The Pension Fund Committee will only consider requests from Community Admission Bodies (or other similar bodies such as section 75 NHS partnerships) to join the Fund if they are sponsored by a Scheduled Body with tax raising powers guaranteeing their liabilities and also providing a suitable form of security as set out above.

The above approaches are intended to reduce the risk to other employers in the Fund of potentially having to pick up any shortfall in respect of Admission Bodies ceasing with an unpaid deficit.

Note (i): New Transferee Admission Bodies (TAB)

A new TAB usually joins the Fund as a result of the letting or outsourcing of some services from an existing employer (normally a Scheduled Body such as a council or academy) to another organisation (a 'contractor'). This involves the TUPE transfer of some staff from the letting employer to the contractor. Consequently for the duration of the contract the contractor is a new participating employer in the Fund so that the transferring employees maintain their eligibility for LGPS membership. At the end of the contract the employees transfer back to the letting employer or to a replacement contractor.

Ordinarily the TAB would be set up in the Fund as a new employer with responsibility for all the accrued benefits of the transferring employees; in this case the contractor would usually be assigned an initial asset allocation equal to the past service liability value of the employees' Fund benefits, i.e. set up on a fully funded basis. The contractor is then

expected to ensure that its share of the Fund is fully funded at the end of the contract: see **Note (j)**.

Employers which 'outsource' have flexibility in the way that they can deal with the pension risk potentially taken on by the contractor. There are three main alternative routes that such employers may wish to adopt. As the risk ultimately resides with the employer letting the contract (the **letting employer**) it is for them to agree the appropriate route with the contractor:

i) Pooling with the letting employer

Under this option the contractor is pooled with the letting employer. In this case the contractor pays the same rate as the letting employer.

ii) Letting employer retains pre-contract risks

Under this option the letting employer would retain responsibility for assets and liabilities in respect of service accrued prior to the contract commencement date. The contractor would be responsible for the future liabilities that accrue in respect of transferred staff. The contractor's contribution rate could vary from one valuation to the next. The contractor would be liable for any deficit at the end of the contract term in respect of assets and liabilities attributable to service accrued during the contract term.

iii) Fixed contribution rate agreed between letting employer and contractor

Under this option the contractor pays a fixed contribution rate (specified in the contract documentation) and the letting employer pays any difference between this rate and the contribution rate that is certified by the Fund Actuary.

The Pension Fund Committee is willing to administer any of the above options as long as the approach is documented in the Admission Agreement as well as in the contractual arrangements between the letting employer and the contractor. The Admission Agreement should ensure that some element of risk is retained by the contractor, for example where it relates to their decisions. For example the contractor should typically be responsible for pension costs that arise from;

- above average pay increases including the effect in respect of service prior to contract commencement, even if the letting employer takes on responsibility for the latter under option (ii) above;
- redundancy and early retirement decisions.

Note (j): Admission Bodies Ceasing

The Pension Fund Committee may consider any of the following as triggers for the cessation of an admission agreement with any type of body:

- Last active member ceasing participation in the Fund;
- The insolvency, winding up or liquidation of the Admission Body;
- Any breach by the Admission Body of any of its obligations under the Agreement that they have failed to remedy to the satisfaction of the Fund;
- A failure by the Admission Body to pay any sums due to the Fund within the period required by the Fund; or

- The failure by the Admission Body to renew or adjust the level of the bond or indemnity, or to confirm an appropriate alternative guarantor as required by the Fund.

On cessation the Pension Fund Committee will instruct the Fund actuary to carry out a cessation valuation to determine whether there is any deficit or surplus. Where there is a deficit, payment of this amount in full would normally be sought from the Admission Body; where there is a surplus, the current legislation does not permit a refund of the surplus to the Admission Body.

For non-Transferee Admission Bodies whose participation is voluntarily ended, either by themselves or the Fund, or where a cessation event has been triggered, the Pension Fund Committee must seek to protect the interests of other ongoing employers. The actuary will adopt an approach which, as far as is reasonably practicable, protects the other employers from the likelihood of any material loss emerging in future:

- a) Where there is a guarantor for future deficits and contributions the cessation valuation will normally be calculated using the ongoing basis as described in **Appendix E**;
- b) Alternatively it may be possible to transfer the former Admission Body's liabilities and assets to the guarantor without needing to crystallise any deficit. This approach may be adopted where the employer cannot pay the contributions due and this option is feasible within the terms of the guarantee;
- c) Where a guarantor does not exist then, in order to protect other employers in the Fund, the cessation liabilities and final deficit will normally be calculated using a 'gilts cessation basis' which is more prudent than the ongoing basis. This has no allowance for potential future investment outperformance above gilt yields and has added allowance for future improvements in life expectancy. This could give rise to significant cessation debts being required.

Under (a) and (c) any shortfall would usually be levied on the departing Admission Body as a single lump sum payment. If this is not possible then the Fund would seek to call on any bond indemnity or guarantee that is in place for the employer.

In the event that the Fund is not able to recover the required payment in full, then the unpaid amounts fall to be recovered across all of the other employers in the Fund. This may require a revision to the Rates and Adjustments Certificate affecting other employers in the Fund or instead be reflected in the contribution rates set at the next formal valuation following the cessation date.

As an alternative where the ceasing Admission Body is continuing in business, the Fund at its absolute discretion may enter into an agreement with the ceasing Admission Body. Under the terms of this agreement, the Fund would accept an appropriate alternative security to be held against any deficit and would carry out the cessation valuation on an ongoing basis. Continuing deficit recovery payments would be derived from this cessation debt. This approach would be monitored as part of each triennial valuation: the Fund would reserve the right to revert to a 'gilts cessation basis' and seek immediate payment of any funding shortfall identified. The Pension Fund Committee may need to seek legal advice in such cases.

3.4 Pooled contributions

From time to time the Pension Fund Committee may set up pools for employers with similar characteristics. This will always be in line with its broader funding strategy.

With the advice of the Actuary, the Pension Fund Committee allows smaller employers of similar types to pool their contributions as a way smoothing out the changes to contribution rates.

Community Admission Bodies that are deemed by the Pension Fund Committee to have closed to new entrants will not usually be permitted to participate in a pool. Transferee Admission Bodies are usually also ineligible for pooling.

Smaller admitted bodies may be pooled with the letting employer provided all parties (particularly the letting employer) agree.

Employers who are permitted to enter (or remain in) a pool at the 2013 valuation will not normally be advised of their individual contribution rate unless agreed by the Pension Fund Committee.

Those employers which have been pooled are identified in the Rates and Adjustments Certificate.

3.5 Additional flexibility in return for added security

The Pension Fund Committee may permit greater flexibility to the employer's contributions if the employer provides added security to the satisfaction of the Committee.

Such flexibility may include a reduced rate of contribution, an extended deficit recovery period or permission to join a pool with another body (e.g. the Local Authority).

Such security may include but is not limited to a suitable bond, a legally-binding guarantee from an appropriate third party, or security over an employer asset of sufficient value.

The degree of flexibility given may take into account factors such as:

- the extent of the employer's deficit;
- the amount and quality of the security offered;
- the employer's financial security and business plan;
- whether the admission agreement is likely to be open or closed to new entrants.

3.6 Non ill-health early retirement costs

The actuary has assumed that members' benefits are payable from the earliest age that the employee could retire without incurring a reduction to their benefit and without requiring their employer's consent to retire. Employers are required to pay additional contributions ('strain') wherever an employee retires before reaching this age. The actuary's funding basis makes no allowance for premature retirement except on grounds of ill-health. The Fund's policy is that these additional contributions are normally payable immediately.

3.7 Ill health early retirement costs

Admitted Bodies will usually have an 'ill health allowance' provided for within the actuarial assumptions that are used; Scheduled Bodies may have this also depending on the terms of their agreement with the Pension Fund Committee. The Fund monitors each employer's ill health experience on an ongoing basis. If the cumulative cost of ill health retirement in any financial year exceeds the allowance at the previous valuation, the employer will be charged additional contributions on the same basis as apply for non ill-health cases. Details will be included in each separate Admission Agreement.

3.8 Ill health insurance

If an employer provides satisfactory evidence to the Pension Fund Committee of a current insurance policy covering ill health early retirement strains then:

- the employer's contribution to the Fund each year is reduced by the amount of that year's insurance premium so that the total payment (employer's contributions plus insurance premium) is unchanged and
- there is no need for monitoring of allowances.

The employer must keep the Pension Fund Committee notified of any changes in the insurance policy's coverage or premium terms or if the policy is ceased.

3.9 Employers with no remaining active members

In general an employer ceasing in the Fund, due to the departure of the last active member, will pay a cessation debt on an appropriate basis (see [Section 3.3 Note \(j\)](#)) and consequently have no further obligation to the Fund. Thereafter it is expected that one of two situations will eventually arise:

- a) The employer's asset share runs out before all its ex-employees' benefits have been paid. In this situation the other Fund employers will be required to contribute to pay all remaining benefits: this will be done by the Fund actuary apportioning the remaining liabilities on a pro-rata basis at successive formal valuations;
- b) The last ex-employee or dependant dies before the employer's asset share has been fully utilised. In this situation the remaining assets would be apportioned pro-rata by the Fund's actuary to the other Fund, in effect increasing their total asset share;
- c) In exceptional circumstances the Fund may permit an employer with no remaining active members to continue contributing to the Fund. This would require the provision of a suitable security or guarantee, as well as a written ongoing commitment to fund the remainder of the employer's obligations over an appropriate period. The Fund would reserve the right to invoke the cessation requirements in the future. The Pension Fund Committee may need to seek legal advice in such cases.

3.10 Policies on bulk transfers

Each case involving a bulk transfer will be treated on its own merits but in general:

- The Fund will not pay bulk transfers greater than the lesser of: (a) the asset share of the transferring employer in the Fund: and (b) the value of the past service liabilities of the transferring members;

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- The Fund will not grant added benefits to members bringing in entitlements from another Fund unless the asset transfer is sufficient to meet the added liabilities;
- The Fund may permit shortfalls to arise on bulk transfers if the Fund employer has suitable strength of covenant and commits to meeting that shortfall in an appropriate period. This may require the employer's Fund contributions to increase between valuations.

4 Funding strategy and links to investment strategy

4.1 What is the Fund's investment strategy?

The Fund has built up assets over the years and continues to receive contribution and other income. All of this must be invested in a suitable manner and the Fund's approach to its investments is set out the investment strategy.

Investment strategy is set by the Pension Fund Committee after consultation with the employers and after taking investment advice. The precise mix of Fund assets between asset classes the allocations to individual fund managers and the Fund's target returns are set out in the Statement of Investment Principles (SIP), which is published on the Pension Fund's website (www.suffolkpensionfund.org).

The investment strategy is considered appropriate for the long-term, but it is reviewed from time to time. Normally a full review of the investment strategy is carried out after each actuarial valuation and it is kept under review annually between actuarial valuations to ensure that it remains appropriate to the Fund's liability profile.

The same investment strategy is currently followed for the assets of all employers in the Fund.

4.2 What is the link between funding strategy and investment strategy?

The Fund must be able to meet all benefit payments as and when they fall due. These payments will be met by employee contributions (determined in accordance with the LGPS regulations), employer contributions (resulting from the funding strategy) and asset returns and income (resulting from the investment strategy). To the extent that investment returns or investment income fall short from that expected from the investment strategy, then higher cash contributions are required from employers and vice versa.

Therefore the funding and investment strategies are closely linked.

4.3 How does the funding strategy reflect the Fund's investment strategy?

In the opinion of the Fund actuary, the current funding policy is consistent with the current investment strategy of the Fund. The asset outperformance assumption contained in the **discount rate** (see **Appendix E**) is within a range that would be considered acceptable for funding purposes; it is also considered to be consistent with the requirement to take a 'prudent longer-term view' of the funding of liabilities as required by the UK Government (see **Appendix A**).

In the short term – such as the three yearly assessments at formal valuations – there is the scope for considerable volatility and there is a material chance that in the short-term and even medium term asset returns will fall short of this target. The stability measures described in Section 3 will damp down but not remove the effect on employers' contributions.

The Fund does not hold a contingency reserve to protect it against the volatility of equity investments.

4.4 How does the funding strategy differ for a stable employer?

The Actuary has developed four key measures which capture the essence of the Fund's strategies for both funding and investment:

- Prudence - the Fund should have a reasonable expectation of being fully funded in the long term;
- Affordability – how much can employers afford;
- Stewardship – the assumptions used should be sustainable in the long term, without having to resort to optimistic assumptions about the future to maintain an apparently healthy funding position;
- Stability – employers should not see significant moves in their contribution rates from one year to the next, which will help to provide a more stable budgeting environment.

The key objectives can sometimes conflict. For example, minimising the long term cost of the scheme (i.e. keeping employer rates affordable) may be best achieved by investing in higher returning assets e.g. equities. However equities are very volatile (i.e. go up and down frequently in fairly large moves) which conflicts with the objective to have stable contribution rates. A balance needs to be maintained between risk and reward which has been considered by the use of Asset Liability Modelling: this is a set of calculation techniques applied by the Fund's actuary to model the range of potential future solvency levels and contribution rates.

The Actuary was able to model the impact of these four areas for the purpose of setting a stabilisation approach (see [Section 3.3 Note \(b\)](#)). The actuarial modelling has indicated that maintaining the present investment strategy combined with stabilising employer contribution rate changes, as described in [Section 3.3 Note \(b\)](#), will strike an appropriate balance between the above objectives. In particular the stabilisation approach currently adopted meets the need for stability of contributions without jeopardising the Pension Fund Committee's aims of prudent stewardship of the Fund.

Whilst the current stabilisation mechanism is to remain in place until 2017 for the purpose of setting employer contribution rates this will be reviewed following the 2016 valuation.

4.5 Does the Fund monitor its overall funding position?

The Pension Fund Committee monitors the funding position i.e. changes in the relationship between asset values and the liabilities valued on a quarterly basis. This is reported to the Pension Fund Committee and these reports are available in the committee papers that are published on the County Council's website.

Appendix A – Regulatory framework

A1 Why does the Fund need an FSS?

The Department for Communities and Local Government (DCLG) has stated that the purpose of the FSS is:

- *‘to establish a clear and transparent fund-specific strategy which will identify how employers’ pension liabilities are best met going forward;*
- *to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and*
- *to take a prudent longer-term view of funding those liabilities.’*

The requirement to maintain and publish a FSS is contained in LGPS Regulations which are updated from time to time. In publishing the FSS, the Pension Fund Committee has to have regard to any guidance published by Chartered Institute of Public Finance and Accountancy (CIPFA) (most recently in 2012) and to its Statement of Investment Principles.

This is the framework within which the Fund’s actuary carries out triennial valuations, to set employers’ contributions and provide recommendations to the Pension Fund Committee when other funding decisions are required, such as when employers join or leave the Fund. The FSS applies to all employers participating in the Fund.

A2 Does the Pension Fund Committee consult anyone on the FSS?

Yes. This is required by LGPS Regulations. It is covered in more detail in the most recent CIPFA guidance which states that the FSS must first be subject to ‘consultation with such persons as the authority considers appropriate’ and should include ‘a meaningful dialogue at officer and elected member level with council tax raising authorities and with corresponding representatives of other participating employers’.

For the Fund the consultation process for this FSS will be as follows:

- a) A draft version of the FSS will be issued to all participating employers in the Fund for comment in December 2013 *[following the consideration of the FSS by the Pension Fund Committee on 5 December 2013]*;
- b) All comments from Fund employers on the FSS will be reported to the Pension Fund Committee *[on 27 February 2014]*;
- c) Following the approval of the FSS by the Pension Fund Committee on 27 February 2014, the FSS will be published on the Pension Fund’s website by the end of March 2014 (www.suffolkpensionfund.org).

A3 How is the FSS published?

The FSS will be made available through the following routes:

- Published on the Suffolk Pension Fund’s website at www.suffolkpensionfund.org;
- A copy will be included by hyperlink from the on-line version of the annual report and accounts of the Fund;
- Copies will be made available to employers on request.

A4 How often is the FSS reviewed?

The FSS is reviewed in detail at least every three years as part of the triennial valuation. This version is expected to remain unaltered until it is consulted upon as part of the formal process for the next valuation in 2016.

It is possible that amendments may be needed within the three year period. These would be needed to reflect any regulatory changes or alterations to the way the Fund operates (e.g. to accommodate a new class of employer). Any such amendments would be consulted upon as appropriate:

- trivial amendments would be simply notified at the next round of employer communications;
- amendments affecting only one class of employer would be consulted with those employers;
- other more significant amendments would be subject to full consultation.

Any changes to the FSS between valuations will be agreed by the Pension Fund Committee and will be included in the relevant Committee agenda minutes, which are published on the County Council's website.

A5 How does the FSS relate to other Fund policy documents?

The FSS is a summary of the Fund's approach to funding liabilities. It is not an exhaustive statement of policy on all issues for example there are a number of separate statements published by the Fund including the Statement of Investment Principles, Governance Strategy and Communications Strategy. In addition the Fund publishes an Annual Report and Accounts with up to date information on the Fund.

These documents can be found on the web at www.suffolkpensionfund.org.

Appendix B – Responsibilities of key parties

The efficient and effective operation of the Fund needs various parties to each play their part.

B1 The Pension Fund Committee should:-

- operate the Fund in accordance with the LGPS Regulations;
- effectively manage any potential conflicts of interest arising from its role as Administering Authority and the County Council's role as a Fund employer;
- collect employer and employee contributions and investment income and other amounts due to the Fund;
- ensure that cash is available to meet benefit payments as and when they fall due;
- pay from the Fund the relevant benefits and entitlements that are due;
- invest surplus monies (i.e. contributions and other income which are not immediately needed to pay benefits) in accordance with the Fund's Statement of Investment Principles (SIP) and LGPS Regulations;
- communicate appropriately with employers so that they fully understand their obligations to the Fund;
- take appropriate measures to safeguard the Fund against the consequences of employer default;
- manage the valuation process in consultation with the Fund's actuary;
- prepare and maintain a FSS and a SIP, after consultation;
- notify the Fund's actuary of material changes which could affect funding; and
- monitor all aspects of the fund's performance and funding and amend the FSS/SIP as necessary and appropriate.

B2 The Individual Employer should:-

- deduct contributions from employees' pay correctly;
- pay all employer and employee contributions as determined by the actuary promptly by the due date;
- have a policy in relation to its powers in respect of the LGPS and exercise discretions within the regulatory framework;
- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits and early retirement strain; and
- notify the Pension Fund Committee promptly of all changes to its circumstances, prospects or membership which could affect future funding.

B3 The Fund Actuary should:-

- prepare valuations, including the setting of employers' contribution rates. This will involve agreeing assumptions with the Pension Fund Committee having regard to the FSS and LGPS Regulations and targeting each employer's solvency appropriately;

- provide advice relating to new employers in the Fund, including the level and type of bonds or other forms of security (and the monitoring of these);
- prepare advice and calculations in connection with bulk transfers and individual benefit-related matters;
- assist the Pension Fund Committee in considering possible changes to employer contributions between formal valuations, where circumstances suggest this may be necessary;
- advise on the termination of Admission Bodies' participation in the Fund; and
- fully reflect actuarial professional guidance and requirements in the advice given to the Pension Fund Committee.

B4 Other parties:-

- investment advisers (either internal or external) should ensure the Fund's SIP remains appropriate and consistent with this FSS;
- investment managers custodians and bankers should all play their part in the effective investment (and dis-investment) of Fund assets in line with the SIP;
- auditors should comply with their auditing standards, ensure Fund compliance with all requirements, monitor and advise on fraud detection and sign off annual reports and financial statements as required;
- governance advisers may be appointed to advise the Administering Authority on efficient processes and working methods in managing the Fund;
- legal advisers (either internal or external) should ensure the Fund's operation and management remains fully compliant with all regulations and broader local government requirements including Suffolk County Council's own procedures.

Appendix C – Key risks and controls

C1 Types of risk

The Pension Fund Committee has an active risk management programme in place. The measures that it has in place to control key risks are summarised below under the following headings:

- financial;
- demographic;
- regulatory; and
- governance.

C2 Financial risks

Risk	Summary of Control Mechanisms
Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of Fund liabilities over the long-term.	<p>Only anticipate long-term return on a relatively prudent basis to reduce risk of under-performing.</p> <p>Assets invested on the basis of specialist advice in a suitably diversified manner across asset classes geographies managers etc.</p> <p>Analyse progress at three yearly valuations for all employers.</p> <p>Inter-valuation roll-forward of liabilities between valuations at whole Fund level.</p>
Inappropriate long-term investment strategy.	<p>Overall investment strategy options considered as an integral part of the funding strategy. Used asset liability modelling to measure 4 key outcomes (prudence, stability, affordability, stewardship).</p> <p>Chosen option considered to provide the best balance.</p>
Fall in risk-free returns on Government bonds leading to rise in value placed on liabilities.	<p>Stabilisation modelling at whole Fund level allows for the probability of this within a longer term context.</p> <p>Inter-valuation monitoring as above.</p> <p>Some investment in bonds helps to mitigate this risk.</p>
Active investment manager under-performance relative to benchmark.	<p>Quarterly investment monitoring analyses market performance and active managers relative to their index benchmark.</p>

Risk	Summary of Control Mechanisms
<p>Pay and price inflation significantly more than anticipated.</p>	<p>The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases.</p> <p>Inter-valuation monitoring, as set out above, gives early warning.</p> <p>Some investment in bonds also helps to mitigate this risk.</p> <p>Employers pay for their own salary awards and should be mindful of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.</p>
<p>Effect of possible increase in employer's contribution rate on service delivery and admission/scheduled bodies</p>	<p>An explicit stabilisation mechanism has been agreed as part of the funding strategy. Other measures are also in place to limit sudden increases in contributions.</p>
<p>Orphaned employers give rise to added costs for the Fund</p>	<p>The Fund seeks to recover a cessation debt (or call on security/ guarantor) to minimise the risk of this happening in the future.</p> <p>If it occurs the Actuary calculates the added cost spread pro-rata among all employers – (see Section 3.9).</p>

C3 Demographic risks

Risk	Summary of Control Mechanisms
<p>Pensioners living longer, thus increasing cost to Fund.</p>	<p>Set mortality assumptions with some allowance for future increases in life expectancy.</p> <p>The Fund Actuary has direct access to the experience of over 50 LGPS funds which allows early identification of changes in life expectancy that might in turn affect the assumptions underpinning the valuation.</p>
<p>Maturing Fund – i.e. proportion of actively contributing employees declines relative to retired employees.</p>	<p>Continue to monitor at each valuation; consider seeking monetary amounts rather than % of pay and consider alternative investment strategies.</p>

Risk	Summary of Control Mechanisms
<p>Deteriorating patterns of early retirements</p>	<p>Employers are charged the extra cost of non ill-health retirements following each individual decision.</p> <p>Employer ill health retirement experience is monitored and ill health retirement insurance is an option.</p>
<p>Reductions in payroll causing insufficient deficit recovery payments</p>	<p>In many cases this may not be cause for concern and will in effect be caught at the next formal valuation. However there are protections where there is concern as follows:</p> <p>Employers in the stabilisation mechanism may be brought out of that mechanism to permit appropriate contribution increases (see Note (b) to <u>Section 3.3</u>).</p> <p>For other employers review of contributions is permitted in general between valuations (see Note (f) to <u>Section 3.3</u>) and may require a move in deficit contributions from a percentage of payroll to fixed monetary amounts.</p>

C4 Regulatory risks

Risk	Summary of Control Mechanisms
<p>Changes to national pension requirements and/or HMRC rules e.g. changes arising from public sector pensions reform.</p>	<p>The Pension Fund Committee considers all consultation papers issued by the Government and comments where appropriate.</p> <p>The results of the most recent reforms (the introduction of LGPS 2014) have been built into the 2013 valuation. Any changes to member contribution rates or benefit levels will be carefully communicated with members to minimise possible opt-outs or adverse actions.</p>

C5 Governance risks

Risk	Summary of Control Mechanisms
<p>Pension Fund Committee unaware of structural changes in an employer's membership (e.g. large fall in employee members large number of retirements) or not advised of an employer closing to new entrants.</p>	<p>The Pension Fund Committee has a close relationship with employing bodies and communicates required standards e.g. for submission of data.</p> <p>The Actuary may revise the rates and Adjustments certificate to increase an employer's contributions (under Regulation 38) between triennial valuations</p> <p>Deficit contributions may be expressed as monetary amounts.</p>
<p>Actuarial or investment advice is not sought or is not heeded or proves to be insufficient in some way</p>	<p>The Pension Fund Committee maintains close contact with its specialist advisers.</p> <p>Advice is delivered via formal meetings involving Elected Members and recorded appropriately.</p> <p>Actuarial advice is subject to professional requirements such as peer review.</p>
<p>Pension Fund Committee failing to commission the Fund Actuary to carry out a termination valuation for a departing Admission Body.</p>	<p>The Pension Fund Committee requires employers with Best Value contractors to inform it of forthcoming changes.</p> <p>Community Admission Bodies' memberships are monitored and if active membership decreases, steps will be taken.</p>

Risk	Summary of Control Mechanisms
<p>An employer ceasing to exist with insufficient funding or adequacy of a bond.</p>	<p>The Pension Fund Committee believes that it would normally be too late to address the position if it was left to the time of departure.</p> <p>The risk is mitigated by:</p> <p>Seeking a funding guarantee from another scheme employer or external body where-ever possible (see Notes (h) and (j) to <u>Section 3.3</u>).</p> <p>Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice.</p> <p>Vetting prospective employers before admission.</p> <p>Where permitted under the regulations, requiring a bond to protect the Fund from various risks.</p> <p>Requiring new Community Admission Bodies to have a guarantor.</p> <p>Reviewing bond or guarantor arrangements at regular intervals (see Note (f) to <u>Section 3.3</u>).</p> <p>Reviewing contributions well ahead of cessation if thought appropriate (see Note (a) to <u>Section 3.3</u>).</p>

Appendix D – The calculation of Employer contributions

In [Section 2](#) there was a broad description of the way in which contribution rates are calculated. This Appendix considers these calculations in much more detail.

The calculations involve actuarial assumptions about future experience and these are described in detail in **Appendix E**.

D1 What is the difference between calculations across the whole Fund and calculations for an individual employer?

Employer contributions are normally made up of two elements:

- a) the estimated cost of future benefits being accrued referred to as the ‘future service rate’; plus
- b) an adjustment for the funding position of accrued benefits relative to the Fund’s solvency target ‘*past service adjustment*’. If there is a surplus there may be a reduction in the employer’s contribution rate. If there is a deficit there will be an increase in the employer’s contribution rate, with the surplus or deficit spread over an appropriate period. The aim is to return the employer to full funding over that period. See [Section 3](#) for deficit recovery periods.

The Fund’s actuary is required by the regulations to report the *Common Contribution Rate*¹ for all employers collectively at each triennial valuation. It combines items (a) and (b) and is expressed as a percentage of pay; it is in effect an average rate across all employers in the Fund.

The Fund’s actuary is also required to adjust the Common Contribution Rate for circumstances which are deemed ‘peculiar’ to an individual employer². It is the adjusted contribution rate which employers are actually required to pay. The sorts of ‘peculiar’ factors which are considered are discussed below.

In effect the *Common Contribution Rate* is a notional quantity. Separate future service rates are calculated for each employer together with individual past service adjustments according to employer-specific past service deficit spreading and increased employer contribution phasing periods.

D2 How is the Future Service Rate calculated?

The future service element of the employer contribution rate is calculated with the aim that these contributions will meet benefit payments in respect of members’ future service in the Fund. This is based upon the cost (in excess of members’ contributions) of the benefits which employee members earn from their service each year.

The future service rate is calculated separately for all the employers, although employers within a pool will pay the contribution rate applicable to the pool as a whole. The calculation is on the ‘ongoing’ valuation basis (see **Appendix E**), but where it is considered appropriate to do so the Pension Fund Committee reserves the right to set a future service rate by reference to liabilities valued on a more prudent basis (see [Section 3](#)).

¹ See LGPS (Administration) Regulations 36(5).

² See LGPS (Administration) Regulations 36(7).

The approach used to calculate each employer's future service contribution rate depends on whether or not new entrants are being admitted. Only Admission Bodies and Designating Employers have the power not to automatically admit all eligible new staff to the Fund depending on the terms of their Admission Agreements and employment contracts.

a) Employers which admit new entrants

These rates will be derived using the 'Projected Unit Method' of valuation with a one year period, i.e. only considering the cost of the next year's benefit accrual and contribution income. If future experience is in line with assumptions and the employer's membership profile remains stable, this rate should be broadly stable over time. If the membership of employees matures (e.g. because of lower recruitment) the rate would rise over time.

b) Employers which do not admit new entrants

To give more long term stability to such employers' contributions, the 'Attained Age' funding method is normally adopted. This measures benefit accrual and contribution income over the whole future anticipated working lifetimes of current active employee members.

Both approaches include expenses of administration to the extent that they are borne by the Fund and include allowances for benefits payable on death in service and ill health retirement.

D3 How is the Solvency / Funding Level calculated?

The Fund's actuary is required to report on the 'solvency' of the whole Fund in a valuation which should be carried out at least once every three years. As part of this valuation the actuary will calculate the solvency position of each employer.

'Solvency' is defined to be the ratio of the market value of the employer's asset share to the value placed on accrued benefits on the Fund actuary's chosen assumptions. This quantity is known as a funding level.

For the value of the employer's asset share see [Section D5](#) below.

For the value of benefits the Fund actuary agrees the assumptions to be used with the Pension Fund Committee – see **Appendix E**. These assumptions are used to calculate the present value of all benefit payments expected in the future, relating to that employer's current and former employees, based on pensionable service to the valuation date only (i.e. ignoring further benefits to be built up in the future).

The Fund operates the same target funding level for all employers of 100% of their accrued liabilities valued on the ongoing basis, unless otherwise determined (see [Section 3](#)).

D4 What affects a given employer's valuation results?

The results of these actuarial calculations for a given individual employer will be affected by their experience since the last valuation in respect of:

- past contributions relative to the cost of accruals of benefits;
- different liability profiles of employers (e.g. mix of members by age gender service vs. salary);
- the effect of any differences in the valuation basis on the value placed on the employer's liabilities;

- any different deficit/surplus spreading periods or phasing of contribution changes that has been adopted in the past;
- the difference between actual and assumed rises in pensionable pay;
- the difference between actual and assumed increases to pensions in payment and deferred pensions;
- the difference between actual and assumed retirements on grounds of ill-health from active status;
- the difference between actual and assumed amounts of pension ceasing on death;
- the additional costs of any non ill-health retirements relative to any extra payments made.

Actual investment returns achieved on the Fund between each valuation are applied proportionately across all employers, to the extent that employers in effect share the same investment strategy. Currently the same investment strategy applies to all employers in the Fund. Transfers of liabilities between employers within the Fund occur automatically within this process with a sum broadly equivalent to the reserve required on the ongoing basis being exchanged between the two employers.

D5 How is each employer's asset share calculated?

The Pension Fund Committee does not account for each employer's assets separately. Instead the Fund's actuary is required to apportion the assets of the whole Fund between the employers at each triennial valuation.

This apportionment uses the income and expenditure figures provided for certain cash flows for each employer. This process adjusts for transfers of liabilities between employers participating in the Fund but does make a number of simplifying assumptions. The split is calculated using an actuarial technique known as 'analysis of surplus'.

The Fund actuary does not allow for certain relatively minor events, including but not limited to:

- the actual timing of employer contributions within any financial year;
- the effect of the premature payment of any deferred pensions on grounds of incapacity.

These effects are included within a miscellaneous item in the analysis of surplus which is split between employers in proportion to their liabilities.

The methodology adopted means that there will inevitably be some difference between the asset shares calculated for individual employers and those that would have resulted had they participated in their own ring-fenced section of the Fund.

The asset apportionment is capable of verification but not to audit standard. The Pension Fund Committee recognises the limitations in the process, but it considers that the Fund actuary's approach addresses the risks of employer cross-subsidisation to an acceptable degree.

Appendix E – Actuarial assumptions

E1 What are the actuarial assumptions?

Actuarial assumptions are expectations of future experience used to place a value on future benefit payments ('the liabilities'). Assumptions are made about the amount of benefit payable to members (the financial assumptions) and the likelihood or timing of payments (the demographic assumptions). For example financial assumptions include investment returns, salary growth and pension increases; demographic assumptions include life expectancy, probabilities of ill-health early retirement and the proportion of member deaths giving rise to dependants' benefits.

Changes in assumptions will affect the measured value of future service accrual and past service liabilities and hence the measured value of the past service deficit. Different actuarial assumptions will not affect the actual benefits payable by the Fund in future.

The combination of all assumptions is described as the actuarial 'basis'. A more optimistic actuarial basis might involve higher assumed investment returns (discount rate) or lower assumed salary growth, pension increases or life expectancy; a more optimistic basis will give lower liability values and lower employer costs. A more prudent basis will give higher liability values and higher employer costs.

E2 What basis is used by the Fund?

The Fund's standard funding basis is described as the 'ongoing basis' which applies to most employers in most circumstances. This is described in more detail below. It anticipates employers remaining in the Fund in the long term.

However in certain circumstances typically where the employer is not expected to remain in the Fund long term a more prudent basis applies: see Note (a) to [Section 3.3](#).

E3 What assumptions are made in the ongoing basis?

a) Investment return / discount rate

The key financial assumption is the anticipated return on the Fund's investments. This 'discount rate' assumption makes allowance for an anticipated out-performance of Fund returns relative to long term yields on UK Government bonds ('gilts'). There is no guarantee that Fund returns will out-perform gilts. The risk of underperformance is greater when measured over short periods such as the three years between formal actuarial valuations, when the actual returns and assumed returns can differ significantly.

Given the very long-term nature of the liabilities, a long term view of prospective asset returns is taken. The long term in this context would be 20 to 30 years or more.

For the purpose of the triennial funding valuation at 31 March 2013 and setting contribution rates effective from 1 April 2014 the Fund actuary has assumed that future investment returns earned by the Fund over the long term will be 1.6% per annum greater than gilt yields at the time of the valuation (this is the same basis as that used at the 2010 valuation). In the opinion of the Fund actuary, based on the current investment strategy of the Fund, this asset out-performance assumption is within a range that would be considered acceptable for the purposes of the funding valuation.

b) Salary growth

Pay for public sector employees is currently subject to restriction by the UK Government until 2016. Although this 'pay freeze' does not officially apply to local government and associated employers, it has been suggested that they are likely to show similar restraint in respect of pay awards. Based on long term historical analysis of the membership in LGPS funds, the salary increase assumption at the 2013 valuation has been set to 1% above the retail prices index (RPI) per annum. This is a change from the previous valuation which assumed a two year restriction at 1% per annum, followed by longer term growth at RPI plus 1.5% per annum.

c) Pension increases

Since 2011 the consumer prices index (CPI), rather than the retail prices index (RPI), has been the basis for increases to public sector pensions in deferment and in payment. This change was allowed for in the valuation calculations as at 31 March 2010. The basis of such increases is set by the Government and is not under the control of the Fund or any employers.

As at the previous valuation, the Fund actuary derives the assumption for RPI from market data as the difference between the yield on long-dated fixed interest and index-linked government bonds. This is then reduced to arrive at the CPI assumption in order to allow for the 'formula effect' of the difference between RPI and CPI. At this valuation we propose a reduction of 0.8% per annum, to derive the projected CPI from the RPI figure. This is a larger reduction than at 2010 which will serve to reduce the value placed on the Fund's liabilities (all other things being equal).

d) Life expectancy

The demographic assumptions are intended to be best estimates of future experience in the Fund based on past experience of LGPS funds which participate in Club Vita, the longevity analytics service used by the Fund and endorsed by the actuary.

The longevity assumptions that have been adopted at this valuation are a bespoke set of 'VitaCurves' produced by the Club Vita's detailed analysis, which are specifically tailored to fit the membership profile of the Fund. These curves are based on the data provided by the Fund for the purposes of this valuation.

Future life expectancy and in particular the allowance for future improvements in life expectancy is uncertain. There is a consensus amongst actuaries, demographers and medical experts that life expectancy is likely to improve in the future. Allowance has been made in the ongoing valuation basis for future improvements in line with 'medium cohort' and a 1.25% per annum minimum underpin to future reductions in mortality rates. This is a higher allowance for future improvements than was made in 2010.

The combined effect of the above changes from the 2010 valuation approach is to add around $[X]$ years of life expectancy on average. The approach taken is considered reasonable in light of the long term nature of the Fund and the assumed level of security underpinning members' benefits.

e) General

The same financial assumptions are adopted for all employers in deriving the past service deficit and the future service rate. As set out in (Section 3.3), these calculated figures are translated in different ways into employer contributions, depending on the employer's circumstances.

The demographic assumptions, in particular the life expectancy assumption, , vary by type of member and so reflect the different membership profiles of employers.

Appendix F – Glossary

Actuarial assumptions/ actuarial basis	The combined set of assumptions made by the actuary regarding the future to calculate the value of liabilities . The main assumptions will relate to the discount rate , salary growth, pension increases and longevity. More prudent assumptions will give a higher liability value, whereas more optimistic assumptions will give a lower value. See Appendix E .
Administering Authority	The council with statutory responsibility for running the Fund (Suffolk County Council in the case of the Suffolk County Council Pension Fund).
Admission Bodies	Employers which voluntarily participate in the Fund so that their employees and ex-employees are members . There will be an Admission Agreement setting out the employer's obligations. For more details (see <u>Section 2.5</u>).
Common contribution rate	The Fund-wide future service rate plus past service adjustment . It should be noted that this will differ from the actual contributions payable by individual employers .
Covenant	The assessed financial strength of the employer. A strong covenant indicates a greater ability (and willingness) to pay for pension obligations in the long run. A weaker covenant means that it appears that the employer may have difficulties meeting its pension obligations in full over the longer term.
Deficit	The shortfall between the assets value and the liabilities value. This relates to assets and liabilities built up to date and ignores the future build-up of pension (which in effect is assumed to be met by future contributions).
Deficit repair/recovery period	The target length of time over which the current deficit is intended to be paid off. A shorter period will give rise to a higher annual past service adjustment (deficit repair contribution) and vice versa.
Designating Employer	Employers such as town and parish councils that are able to participate in the LGPS by passing a resolution. These employers can designate which of their employees are eligible to join the Fund.
Discount rate	The annual rate at which future assumed cashflows (in and out of the Fund) are discounted to their present day value. This is necessary to provide a liabilities value which is consistent with the present day valuation of the assets in order to calculate the deficit . A lower discount rate gives a higher liabilities value and vice versa. It is similarly used in the calculation of the future service rate and the common contribution rate .

Employer	An individual participating body in the Fund which employs (or used to employ) members of the Fund. Normally the assets and liabilities values for each employer are individually tracked together with its future service rate at each valuation .
Funding level	The ratio of assets value to liabilities value: for further details (see <u>Section 2.2</u>).
Future service rate	The actuarially calculated cost of each year's build-up of pension by the current active members excluding members' contributions but including Fund administrative expenses. This is calculated using a chosen set of actuarial assumptions .
Gilt	A UK Government bond i.e. a promise by the Government to pay interest and capital as per the terms of that particular gilt in return for an initial payment of capital by the purchaser. Gilts can be 'fixed interest' where the interest payments are level throughout the gilt's term, or 'index-linked' where the interest payments vary each year in line with a specified index (usually RPI). Gilts can be bought as assets by the Fund but their main use in funding is as a measure of solvency.
Guarantee / guarantor	A formal promise by a third party (the guarantor) that it will meet any pension obligations not met by a specified employer. The presence of a guarantor will mean for instance that the Fund can consider the employer's covenant to be as strong as that of its guarantor.
Letting employer	An employer which outsources or transfers a part of its services and workforce to another employer (usually a contractor). The contractor will pay towards the LGPS benefits accrued by the transferring members but ultimately the obligation to pay for these benefits may revert to the letting employer. A letting employer will usually be a local authority but can sometimes be another type of employer such as an Academy.
Liabilities	The actuarially calculated present value of all pension entitlements of all members of the Fund built up to date. This is compared with the present market value of Fund assets to derive the deficit . It is calculated on a chosen set of actuarial assumptions .
LGPS	The Local Government Pension Scheme, a public sector pension arrangement put in place via Government Regulations for workers in local government. These Regulations also dictate eligibility (particularly for Scheduled Bodies), members' contribution rates, benefit calculations and certain governance requirements. The LGPS is divided into 101 Funds which map the UK. Each LGPS Fund is autonomous to the extent not dictated by Regulations e.g. regarding investment strategy, employer contributions and choice of advisers.

Maturity	A general term to describe a Fund (or an employer's position within a Fund) where the members are closer to retirement (or more of them already retired) and the investment time horizon is shorter. This has implications for investment strategy and consequently funding strategy.
Members	The individuals who have built up (and may still be building up) entitlement in the Fund. They are divided into actives (current employee members), deferreds (ex-employees who have not yet retired) and pensioners (ex-employees who have now retired and dependants of deceased ex-employees).
Past service adjustment	The part of the employer's annual contribution which relates to past service deficit repair.
Pooling	Employers may be grouped together for the purpose of calculating contribution rates so that their combined membership and asset shares are used to calculate a single contribution rate applicable to all employers in the pool. A pool may still require each individual employer to ultimately pay for its own share of deficit or (if formally agreed) it may allow deficits to be passed from one employer to another. For further details of the Fund's current pooling policy (see Section 3.4).
Profile	The profile of an employer's membership or liability reflects various measurements of that employer's members i.e. current and former employees. This includes: the proportions which are active, deferred or pensioner; the average ages of each category; the varying salary or pension levels; the lengths of service of active members versus their salary levels etc. A membership (or liability) profile might be measured for its maturity also.
Rates and Adjustments Certificate	A formal document required by the LGPS Regulations which must be updated at least every three years at the conclusion of the formal valuation . This is completed by the actuary and confirms the contributions to be paid by each employer (or pool of employers) in the Fund for the three year period until the next valuation is completed.
Scheduled Bodies	Types of employer explicitly defined in the LGPS Regulations, whose employers must be offered membership of their local LGPS Fund. These include local authorities, colleges, universities, academies, police (civilian employees) and fire authorities etc., other than those employees who have entitlement to a different public sector pension scheme (e.g. teachers, police officers, fire-fighters, university lecturers).

Solvency	In a funding context this usually refers to a 100% funding level i.e. where the assets value equals the liabilities value.
Stabilisation	Any method used to smooth out changes in employer contributions from one year to the next. This is encouraged by the LGPS guidance from DCLG but in practice is particularly employed for large stable employers in the Fund. Different methods may involve: probability-based modelling of future market movements; longer deficit recovery periods; higher discount rates; or some combination of these.
Theoretical contribution rate	The employer's contribution rate including both future service rate and past service adjustment which would be calculated on the standard actuarial basis before any allowance for stabilisation or other agreed adjustment.
Valuation	An actuarial investigation to calculate the liabilities future service contribution rate and common contribution rate for a Fund and usually individual employers too. This is normally carried out in full every three years (last done as at 31 March 2013) but can be approximately updated at other times. The assets value is based on market values at the valuation date and the liabilities value and contribution rates are based on long term bond market yields at that date also.

Annex A – Employers' Contributions 2014-15 – 2016-17

Emp Ref.	Scheme Employers	2013-14 Percent rate	2013-14 Addit. Monetary amount	2014-15 Theoretical rate	2014-15	2015-16	2016-17
		%	£	%	%	%	%
	Suffolk County Council	22.5%	0	28.8%	25.0%	26.0%	27.0%
2	Waveney District Council	16.0%	1,637,000	19.5% plus £1,404k p.a.	16% plus £1.8m	16% plus £1.95m	16% plus £2.1m
3	Forest Heath District Council	16.0%	162,000	19.2% plus £542k p.a.	16% plus £0.25m	16% plus £0.34m	16% plus £0.43m
4	St Edmundsbury Borough Council	19.7%	0	20.8% plus £1,472k p.a.	17.7% plus £400k	17.7% plus £620k	17.7% plus £840k
5	Mid Suffolk District Council	28.9%	0	21.5% plus £951k p.a.	17.7% plus £650k	17.7% plus £730k	17.7% plus £810k
6	Suffolk Coastal District Council	16.6%	1,387,000	19.3% plus £1,158k p.a.	16.6% plus £1.52m	16.6% plus £1.66m	16.6% plus £1.80m
7	Babergh District Council	18.4%	933,000	21.2% plus £780k p.a.	18.4% plus £1.0m	18.4% plus £1.1m	18.4% plus £1.2m
	Ipswich Borough Council	17.1%	£2.016m	20.5% plus £2,667k p.a.	17.1% plus £2.3m	17.1% plus £2.6m	17.1% plus £2.9m
40	Suffolk Police Authority (Office of Police and Crime Commissioner)	21.0%	0	23.2%	22.0%	23.0%	23.2%

SUFFOLK COUNTY COUNCIL PENSION FUND

Emp Ref.	Scheme Employers	2013-14 Percent rate	2013-14 Addit. Monetary amount	2014-15 Theoretical rate	2014-15	2015-16	2016-17
141	Association of Inshore Fisheries and Conservation Authorities	% 20.2%	£ 0	% 22.9%	% 22.9%	% 22.9%	% 22.9%
	Town and Parish Councils pool	21.2%	0	27.3%	22.2%	23.2%	24.2%
	Further and Higher Education Bodies						
52	Lowestoft College	21.4%	0	28.0%	23.6%	25.8%	28.0%
53	Suffolk College	21.3%	0	28.5%	23.7%	26.1%	28.5%
55	West Suffolk College	19.3%	0	24.5%	21.0%	22.8%	24.5%
76	University Campus Suffolk	22.3%	0	22.5% plus £131K	22.5% plus £131K	22.5% plus £131K	22.5% plus £131K
108	Lowestoft 6th Form College	22.5%	0	19.1%	19.1%	19.1%	19.1%
	Association of the Colleges of the Eastern Region (ACER)	19.5%	0	26.8%	21.9%	24.4%	26.8%
	Transferee Admission Bodies						
60	The Partnership in Care Ltd	23.0%	23,000	29.2% plus £8k p.a.	29.2% plus £8k p.a.	29.2% plus £8k p.a.	29.2% plus £8k p.a.

SUFFOLK COUNTY COUNCIL PENSION FUND

Emp Ref.	Scheme Employers	2013-14 Percent rate	2013-14 Addit. Monetary amount	2014-15 Theoretical rate	2014-15	2015-16	2016-17
65	Suffolk Coastal Leisure Community Association Ltd	21.8%	£ 0	23.1% plus £17k p.a.	23.1% plus £17k p.a.	23.1% plus £17k p.a.	23.1% plus £17k p.a.
70	Sports and Leisure Management Ltd.	19.7%	0	22.4% plus £9k p.a.	22.4% plus £9k p.a.	22.4% plus £9k p.a.	22.4% plus £9k p.a.
100	Churchill Contract Services	22.6%	0	26.5%	26.5%	26.5%	26.5%
102	Housing 21	19.5%	0	25.1%	25.1%	25.1%	25.1%
111	Sentinel Leisure Services	12.2%	0	17.1%	17.1%	17.1%	17.1%
129	Eastern Facilities Management Ltd	22.4%	0	23.7%	23.7%	23.7%	23.7%
137	Leading Lives	23.0%	0	23.4%	23.4%	23.4%	23.4%
138	Suffolk Libraries IPS	23.7%	0	24.4%	24.4%	24.4%	24.4%
142	Realise Futures	20.4%	0	21.3%	21.3%	21.3%	21.3%
143	Care UK	23.4%	0	23.8% plus £21k p.a.	23.8% plus £21k p.a.	23.8% plus £21k p.a.	23.8% plus £21k p.a.
144	Reliance Facilities Management Ltd	26.90%	0	27.3%	27.3%	27.3%	27.3%
145	Suffolk Norse Ltd	23.9%	0	23.5%	23.5%	23.5%	23.5%
146	Suffolk Norse Transport	25.3%	0	27.7%	27.7%	27.7%	27.7%

SUFFOLK COUNTY COUNCIL PENSION FUND

Emp Ref.	Scheme Employers	2013-14 Percent rate	2013-14 Addit. Monetary amount	2014-15 Theoretical rate	2014-15	2015-16	2016-17
	Community Admission Bodies	%	£	%	%	%	%
	Care Quality Commission	17.5%	£46K	20.0% plus £37k p.a.	20.0% plus £37k p.a.	20.0% plus £37k p.a.	20.0% plus £37k p.a.
62	Havebury Housing Partnership	19.8%	124,000	23.4% plus £87k p.a.	23.4% plus £87k p.a.	23.4% plus £87k p.a.	23.4% plus £87k p.a.
67	Kings Forest Housing	21.3%	77,000	23.6% plus £43k p.a.	23.6% plus £43k p.a.	23.6% plus £43k p.a.	23.6% plus £43k p.a.
68	Papworth Trust	22.2%	0	29.3% plus £1k p.a.	29.3% plus £1k p.a.	29.3% plus £1k p.a.	29.3% plus £1k p.a.
69	Abbeycroft Leisure	15.4%	0	16.7% plus £46k p.a.	16.7% plus £46k p.a.	16.7% plus £46k p.a.	16.7% plus £46k p.a.
78	Waveney Norse Ltd	18.5%	0	23.8%	23.8%	23.8%	23.8%
79	Anglia Community Leisure	18.2%	0	21.1%	21.1%	21.1%	21.1%
150	Marina Theatre	16.0%	0	21.3%	21.3%	21.3%	21.3%
	Other Admitted Bodies						
48	Seckford Foundation	22.1%	74,000	30.6% plus £38k p.a.	30.6% plus £38k p.a.	30.6% plus £38k p.a.	30.6% plus £38k p.a.
	Museum of East Anglian Life	-	£7K	£11K	£11K	£11K	£11K

SUFFOLK COUNTY COUNCIL PENSION FUND

Emp Ref.	Scheme Employers	2013-14 Percent rate	2013-14 Addit. Monetary amount	2014-15 Theoretical rate	2014-15	2015-16	2016-17
126	Lapwing	% 22.50%	£ 0	% 20.5%	% 20.5%	% 20.5%	% 20.5%
Academies							
105	Hartismere School	23.4%	0	27.7%	24.4%	25.4%	26.4%
106	Samuel Ward Academy	21.5%	0	21.8%	21.8%	21.8%	21.8%
107	Forest Academy	13.5%	0	17.4%	14.5%	15.5%	16.5%
109	Debenham Academy	16.8%	0	22.0%	17.8%	18.8%	19.8%
110	Ipswich Academy	17.2%	0	21.2%	18.2%	19.2%	20.2%
112	Thomas Mills School	24.2%	0	23.8%	24.2%	24.2%	24.2%
113	Hadleigh High School	20.8%	0	23.7%	21.8%	22.8%	23.7%
114	Farlingaye High School	24.8%	0	23.7%	24.8%	24.8%	24.8%
115	Copleston High School	22.9%	0	21.1%	22.9%	22.9%	22.9%
116	Holbrook High School	25.5%	0	27.8%	26.5%	27.5%	27.8%
117	Bury St Edmunds Academy Trust	25.5%	0	24.9%	25.5%	25.5%	25.5%
118	East Bergholt High School	25.5%	0	25.5%	25.5%	25.5%	25.5%
119	Sir John Lehman	25.5%	0	24.0%	25.5%	25.5%	25.5%
120	Kesgrave High School	25.5%	0	25.3%	25.5%	25.5%	25.5%
121	Bungay High School	25.5%	0	24.0%	25.5%	25.5%	25.5%

SUFFOLK COUNTY COUNCIL PENSION FUND

Emp Ref.	Scheme Employers	2013-14 Percent rate	2013-14 Addit. Monetary amount	2014-15 Theoretical rate	2014-15	2015-16	2016-17
		%	£	%	%	%	%
122	The Ashley School	25.5%	0	23.5%	25.5%	25.5%	25.5%
123	The Priory School	25.5%	0	26.6%	26.5%	26.6%	26.6%
124	Eastpoint Academy	25.5%	0	23.1%	25.5%	25.5%	25.5%
125	Felixstowe Academy	25.5%	0	23.9%	25.5%	25.5%	25.5%
127	St Albans School	25.5%	0	23.0%	25.5%	25.5%	25.5%
128	Thurleston School (Ormiston Endeavour)	25.5%	0	28.1%	26.5%	27.5%	28.1%
130	Stour Valley Community School	16.8%	0	18.9%	17.8%	18.8%	18.9%
131	St Marys School	25.5%	0	23.4%	25.5%	25.5%	25.5%
132	Thomas Wolsey Academy	25.5%	0	23.7%	25.5%	25.5%	25.5%
133	Stradbroke School	26.8%	0	27.2%	27.2%	27.2%	27.2%
134	Langer Primary	24.5%	0	31.5%	25.5%	26.5%	27.5%
135	Castle Manor Academy	24.5%	0	20.8%	24.5%	24.5%	24.5%
136	Place Farm Academy	24.5%	0	25.8%	25.5%	25.8%	25.8%
139	Breckland Free School	22.5%	0	19.0%	22.5%	22.5%	22.5%
140	Ormiston Sudbury Academy	24.5%	0	24.0%	24.5%	24.5%	24.5%
147	Elveden Primary School	18.4%	0	18.3%	18.4%	18.4%	18.4%
148	Westbourne High School	23.6%	0	22.1%	23.6%	23.6%	23.6%

SUFFOLK COUNTY COUNCIL PENSION FUND

Emp Ref.	Scheme Employers	2013-14 Percent rate	2013-14 Addit. Monetary amount	2014-15 Theoretical rate	2014-15	2015-16	2016-17
149	Suffolk New Academy	% 24.5%	£ 0	% 25.0%	% 25.0%	% 25.0%	% 25.0%

