

A rowing team of seven people is silhouetted against a bright sunset over a body of water. The sun is low on the horizon, creating a shimmering reflection on the water. The sky is a mix of orange and yellow. The rowers are in a long boat, and their oars are visible in the water.

Report on the 31 March 2019 actuarial valuation

Local Government Pension Scheme (Northern Ireland)

Prepared for Northern Ireland Local Government Officers' Superannuation Committee
as Scheme Manager of LGPS (NI)

Prepared by Aon

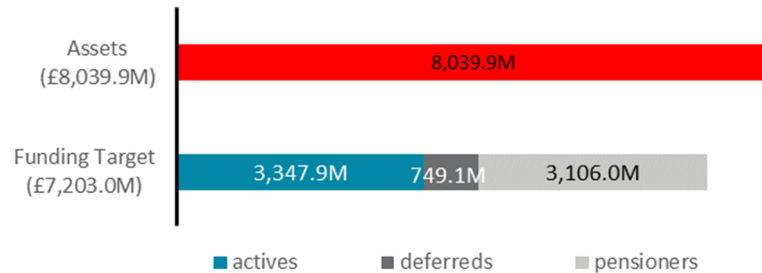
30 March 2020

2019

At a glance

Past Service Position

There was a surplus of £836.9M relative to the liabilities. The funding level was 112%.



Employer Contributions

% of Pensionable Pay	2019 valuation	2016 valuation
Future service rate	20.7%	19.3%
Past service rate	(4.3)%	1.7%
Allowance for possible cost of McCloud / Cost Cap	3.2%*	n/a
Total rate	19.6%	21.0%
Recovery period	20 years from 1 April 2020	20 years from 1 April 2017

*2.8% Future service, 0.4% past service.

The aggregate Employer future service contribution rate (the "common rate of employers' contribution") is 20.7% of Pensionable Pay.

The contributions payable by each employer or group of employers may differ because they allow for each employer's or group's membership profile, funding target and funding level, recovery period and other parameters appropriate to their circumstances.

Shorthand

Funding level: the value of assets held by the Fund divided by the liabilities.

Funding target (liabilities): the level of assets determined by the Committee as being appropriate to meet member benefits, assuming the Fund continues indefinitely.

Future service rate: the employer share of the cost of benefits being earned in future, expressed as a percentage of pensionable pay. The figure quoted is a weighted average of all employers' future service rates.

Pensionable Pay: as defined in the Regulations in relation to post-2015 membership.

Recovery period: the period over which any surplus or shortfall is eliminated.

Past service rate: the adjustment to the future service rate, expressed as a % of pensionable pay, needed to restore the funding level of the Fund as a whole to 100% over the recovery period, if the membership is broadly stable and pay increases and other assumptions are as assumed. This adjustment is negative when the Fund is in surplus.

Shortfall (deficit) / Surplus: the difference between the value of assets and the aggregate funding target (value of the liabilities) for the Fund as a whole, where the value of assets is less/higher than the funding target. Individual employers may have a surplus or shortfall, and the total of these will be equal to the shortfall or surplus for the Fund as a whole.

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Introduction

This actuarial valuation report is required by Regulation 68 of the Regulations. It summarises the results of the funding valuation of the Fund at as 31 March 2019, including the Rates and Adjustments Certificate which sets out the contributions payable by employers from 1 April 2020 to 31 March 2023.

Next steps

This report concludes the formal valuation process and draws together other pieces of work and advice. As required by Regulation 72 this report must be published and made available to the Department for Communities (Northern Ireland), current and prospective employers who contribute, or may become liable to make payments to the Fund.



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

Shorthand

Fund: Northern Ireland Local Government Officers' Pension Fund (or L.G.P.S (NI))

Committee: Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC), in its role as the Scheme Manager of the Fund

Employers: NILGOSC, and other employers with employees participating in the Fund

Regulations: The Local Government Pension Scheme Regulations (Northern Ireland) 2014 (as amended) (and other Regulations as referenced in the Glossary)

Additional information

Section a in the Further Information section appended to this report sets out the legal framework within which the valuation has been completed.

The benefits valued are set out in the Regulations.

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

The funding targets, recovery periods and other parameters which apply to individual employers or groups of employers are set out in other advice papers.

Update since the previous valuation

Key results from the previous valuation as at 31 March 2016:

The Fund's assets were £5,820.1M and the past service liabilities were £6,082.7M, corresponding to a shortfall of £262.6M and a funding level of 96%.

The aggregate employer future service contribution rate was 19.3% of Pensionable Pay.

Employer contributions from 1 April 2017 were agreed to broadly restore the funding level to 100% over a period of up to 20 years as follows:

- An average employer contribution rate of 19.3% of Pensionable Pay; and
- Additional monetary amounts giving total contributions as follows:

Year from 1 April	% of Pensionable Pay	Plus aggregate contribution amounts (£M)
2017	18.3	18.5
2018	19.2	18.7
2019	20.2	18.8

For employers in surplus or where contributions were being stepped up (or down) the % of Pay rate may have been lower (higher) than the future service contribution rate. Similarly, the aggregate contributions may have been higher or lower than the sum of theoretical employer past service contributions where contribution changes were being stepped or otherwise smoothed in line with the Funding Strategy Statement (FSS). The recovery period shown is the maximum permitted. Individual employers may have a period less than this in line with the FSS.

In addition, employers pay contributions to meet additional strains arising on early retirement or due to increases in benefits. Members also paid contributions as required by the Regulations.

Financial development

The table below compares the key financial assumptions made at the previous valuation with what actually happened and the corresponding assumptions for the 2019 valuation.

	2016 assumption	2016-2019 experience	2019 assumption
Investment returns	4.5% pa	11.0% pa ⁽¹⁾	4.1% pa
CPI increases	2.0% pa	2.1% pa ⁽²⁾	2.1% pa
Pay growth	3.5% pa ⁽³⁾	3.4% pa*	3.6% pa ⁽³⁾

(1) average figure, actual increases were: 21.6%, 6.2%, 5.9%

(2) average figure, actual increases were 1.0%, 3.0% and 2.4%

(3) plus a promotional pay scale

*Actual pay increase experience (estimated from the data) is shown over the period from 2016 to 2019. This is total pay experience. Stripping out an approximate allowance for promotional increases based on the valuation assumptions gives c3% of pay compared to the inflationary pay increase assumption of 3.5% in 2016

Notable changes since the previous valuation

Changes affecting funding are briefly described below:

- **Benefits / membership**

Responsibility for paying full CPI pension increases on GMPs passing to the Fund for members reaching State Pension Age (SPA) between 1 April 2016 and 5 April 2021.

The Government being denied leave to appeal the McCloud/Sargeant judgement followed by the Ministerial Statement on 15 July 2019, which is expected to lead to an extension of the final salary underpin in the LGPS (NI) or establishment of a new underpin.

Potential changes in benefits as a result of the cost management process to assess the cost of public sector schemes against a base cost, although these changes are currently paused following the McCloud/Sargeant judgement.

Changes in the discount rate and longevity assumptions on which many of the Scheme-wide actuarial factors, including early and late retirement factors, are based.

- **Uncertainties over GMPs and benefit improvements**

There are a number of uncertainties over the future benefit structure of the LGPS (NI), including GMP equalisation and indexation after 5 April 2021, the cost management process, and the remedy that may be agreed in relation to the McCloud/Sargeant case. Further explanation of these uncertainties is set out in Section c of the Further Information Section.

Shorthand

GMP: Guaranteed Minimum Pensions. These accrued to members between 1978 and 1997 due to the LGPS (NI) being contracted-out of the State Earnings Related Pension Scheme

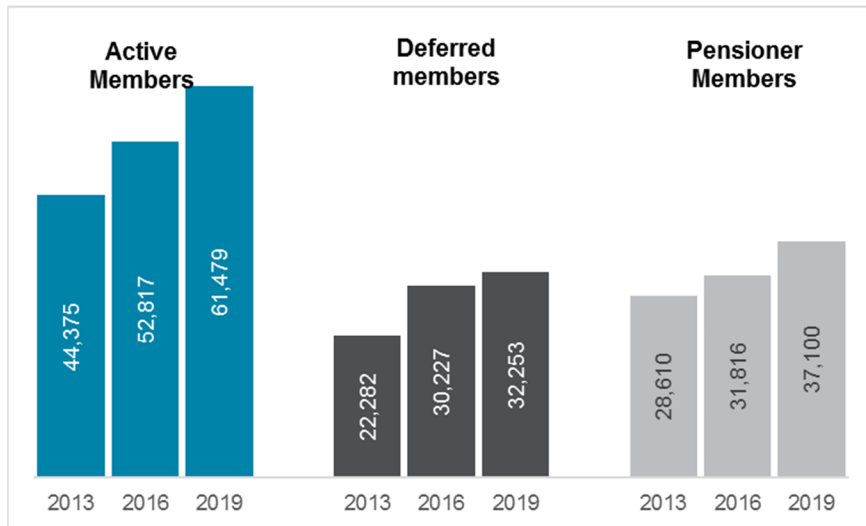
McCloud/Sargeant: Court cases involving the Judges' and Firefighters' Pension Schemes respectively which found that transitional protections granted to members within 10 years of pension age as part of the reforms to those schemes in 2015 constituted illegal age discrimination

Cost management: The process of checking the cost of public sector schemes against a base cost, and making changes if the current assessed cost of the scheme is higher or lower than this base cost.

CPI: Consumer Price Index (CPI) is the price inflation index that increases to pensions and deferred pensions paid by the Fund are currently based on. It is published every month by the Office for National Statistics.

Membership data and benefits valued

Membership numbers are shown graphically below. Further details can be found in Section b of the Further Information section.

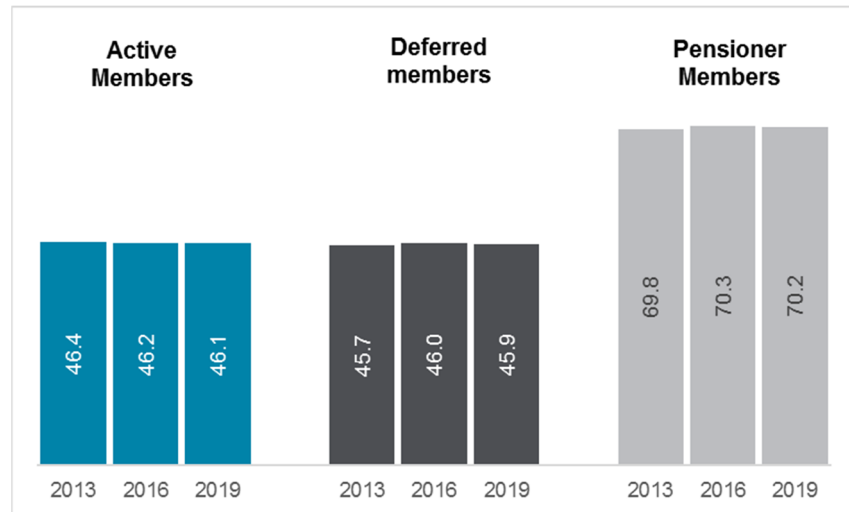


The deferred membership numbers include members who had yet to decide whether to take a refund of contributions.

We have carried out some general checks to satisfy ourselves that the information used for this valuation is broadly consistent compared with that used for the previous valuation and (where relevant) that shown in the Fund's Annual Report and Accounts.

However, the valuation results rely on the accuracy of the information supplied.

The value of liabilities is influenced by the average age of the members. The chart below shows unweighted average ages.



Members' benefits are set out in the Regulations. Different benefits (and retirement ages) apply to membership before 1 April 2009, between 1 April 2009 and 31 March 2015, and after 31 March 2015.

Our valuation calculations make no allowance for:

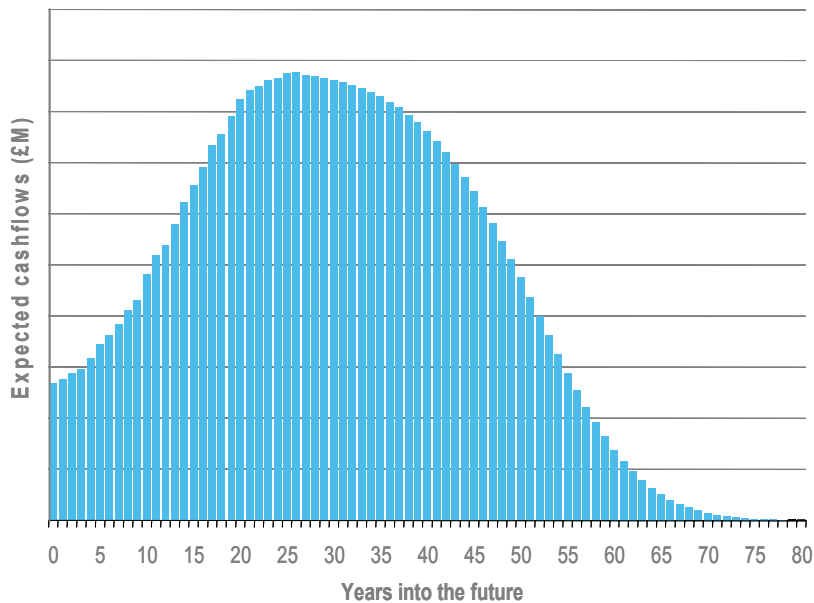
- any discretionary benefits
- any future changes to State Pension Age

Funding objectives

The Committee's funding objective is to hold assets at least equal in value to the funding target (past service liabilities).

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

The chart below shows the cashflow pattern for a typical LGPS fund (based on past service benefits). Most cashflows are linked to future levels of salary growth and inflation.



The discount rate

The Funding Strategy Statement describes the approach used to set the funding target and hence the discount rates. The Committee adopts different discount rates depending on employers' circumstances including the likelihood of exit and what would happen to the liabilities on exit.

Prudence in the valuation is achieved through the use of discount rates which have a materially better than evens chance of being achieved by the Fund's assets. Information on the level of prudence (or risk) in the funding strategy is contained in the Fund's Funding Strategy Statement and we have advised on this previously.

At the 2019 valuation there are 4 funding targets:

- the Main Employer group and subsumption bodies funding target, which assumes indefinite future investment in assets similar to the Fund's holdings at the valuation date (allowing for any known or planned changes to the long-term investment strategy as appropriate).
- the intermediate funding target for employers who are deemed to be less likely to exit than the orphan admission bodies but which do not have a subsumption commitment and are deemed to be less secure than the Main Employer group employers

- [the ongoing orphan funding target](#) for admission bodies whose liabilities would be orphan on exit, where the discount rate has regard to the possibility that participation may cease and that the exit valuation would assume a low risk investment portfolio made up of long dated Government bonds (of appropriate nature and term) at cessation.
- [the low risk funding target](#) for "orphaned" liabilities that relate to employers which have already exited the fund.

A description of these funding targets and employer categories is set out in the Glossary.

Investment strategy

The Committee's investment strategy is set out in its Statement of Investment Principles. In summary the current strategy is to invest approximately 56% of the Fund's assets in growth assets, such as equities, property and infrastructure, to generate investment returns. The Committee also invests approximately 44% in absolute return bonds, index linked gilts and multi asset credit to achieve diversification.

The assets as at the valuation date are described in Section d of the Further Information section of this report.

Summary of assumptions

The table below summarises the key assumptions agreed with the Committee at this and the previous valuation. The assumptions are used to calculate the past service liabilities, cost of future benefit accrual and contributions for the recovery plan. Further details of all of the assumptions are set out in Section e of the Further Information section of this report.

Assumptions	Previous valuation	This valuation
In-service discount rate		
<i>Main Employer group and subsumption bodies funding target</i>	4.5% pa	4.1% pa
<i>Intermediate funding target</i>	4.5% pa	4.1% pa
<i>Ongoing orphan funding target</i>	4.5% pa	4.1% pa
<i>Low risk funding target</i>	2.1% pa	1.3% pa
<i>Average in-service discount rate</i>	4.5% pa	4.1% pa
Left-service discount rate		
<i>Main Employer group and subsumption bodies funding target</i>	4.5% pa	4.1% pa
<i>Intermediate funding target</i>	3.5% pa	3.1% pa
<i>Ongoing orphan funding target</i>	2.5% pa	1.6% pa
<i>Low risk funding target</i>	2.1% pa	1.3% pa
<i>Average left-service discount rate</i>	3.9% pa	3.4% pa

Rate of revaluation of pension accounts and pension increases (on pension in excess of GMPs)	2.0% pa	2.1% pa
Pensionable Pay Increases	3.5% pa	3.6% pa
Post-retirement mortality assumption – base table (for retirements in normal health)	S2N tables with best-estimate scaling factors derived from experience analysis combined with postcode analysis	S2N tables with best-estimate scaling factors derived from experience analysis combined with postcode analysis
Post-retirement mortality assumption – future improvements	CMI 2014 core projections with long-term improvement rate of 1.5% p.a. for men and women	CMI 2018 projections with $S_K=7.5$, $A=0.0$ and long-term improvement rate of 1.5% p.a. for men and women

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

These have been updated to reflect recent research, a Fund membership postcode analysis and the Fund's pensioner mortality experience using Aon's Demographic Horizons™ longevity model.

Assumed life expectancy at age 65	Member currently aged 65		Member currently aged 45	
	Previous valuation	This valuation	Previous valuation	This valuation
Men	23.1	21.8	25.3	23.1
Women	25.7	24.9	28.0	26.3

In our view these assumptions are appropriate for the purposes of the valuation and setting Employer contributions to the Fund.

Valuation method

As for the previous valuation, the past service liabilities have been calculated using the projected unit method. This method, with a one year control period, has also been used to calculate the cost of future benefits building up for most employers. The attained age method has been used for some employers who do not admit new employees to the Fund. The methods which apply to individual employers or groups of employers are set out in other advice papers.

Past service results

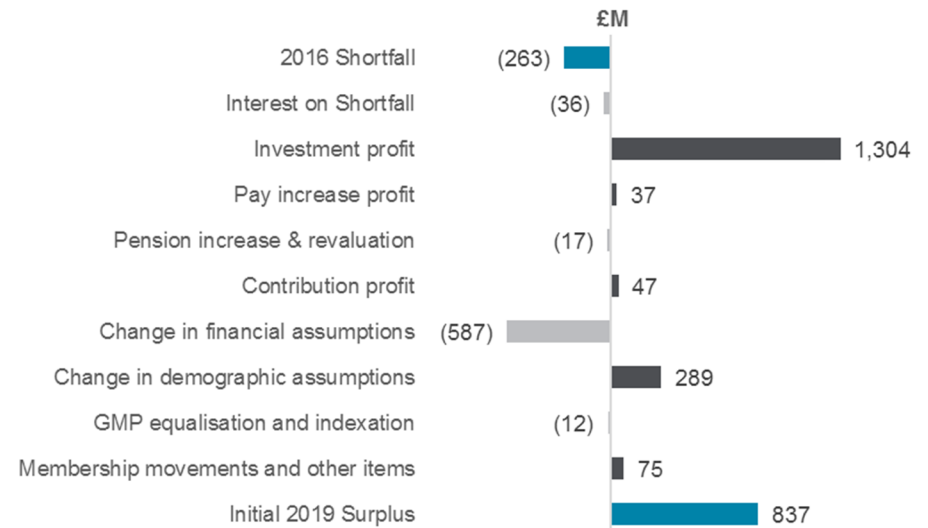
A comparison of the Fund's assets with the past service liabilities calculated using the assumptions described in the previous section is set out below.

	(£M)
Value of past service benefits for:	
Active members	3,347.9
Deferred members	749.1
Pensioner members	3,106.0
Value of liabilities	7,203.0
Value of assets	8,039.9
Past service surplus/(shortfall)	836.9
Funding Level	112%

The above results exclude an allowance for past service McCloud costs of £72M.

The Fund has moved from a past service shortfall of £262.6M at 31 March 2016 to a past service surplus of £836.9M at 31 March 2019.

The chart below shows the key reasons for the change in funding position, (the dark grey bars to the right of the chart are source of profit to the Fund and the light grey bars to the left are source of loss).



Addressing the shortfall / allowing for the surplus

We have agreed with the Committee that for individual employers the surplus/shortfall will be removed by reducing contributions payable/payment of additional contributions by the employers over a range of different recovery periods not exceeding 17 years for a shortfall and 20 years in the case of a surplus.

Across the Fund as a whole, the past service contributions required to remove the surplus over a recovery period of 20 years from 1 April 2020 are a reduction in employer contributions of 4.3% of Pensionable Pay assuming the membership remains broadly stable and pay increases and other assumptions are as assumed.

In practice, different recovery periods apply to individual employers or groups of employers in the Fund. Contributions payable by each employer or group are set out in the Rates and Adjustments Certificate and reflect each employer's recovery period and funding position.

Past service contributions allow for interest on the employer's surplus or shortfall between 31 March 2019 and 1 April 2020 as well as the difference between contributions payable and the cost of benefit accrual over 2019/20.

For some employers, contribution increases/reductions will be phased in over a number of years (or 'steps') as permitted by the Funding Strategy Statement in order to deliver greater stability of contributions.

Shorthand

Pensionable Pay: as defined in the Regulations in relation to post-2015 membership

Recovery period: the period over which any surplus or shortfall is eliminated.

Past service contribution: the adjustment to the future service rate, expressed as a % of pensionable pay or as a £ amount, needed to restore the funding level of the Fund as a whole to 100% over the recovery period, if the membership is broadly stable and experience is as assumed.

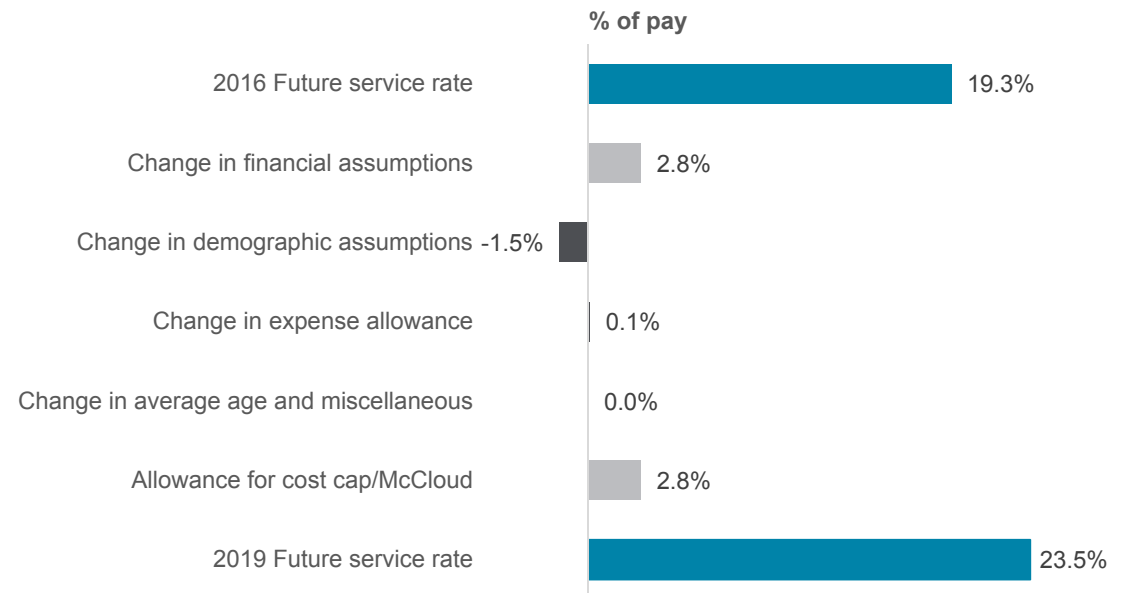
Future service results

The table below shows the aggregate cost to employers at the valuation date of benefits members will earn in future (the aggregate future service contribution rate) based on the funding assumptions. Contributions at the aggregate future service rate would be appropriate if the Fund had no surplus or shortfall.

	% Pensionable Pay
Value of benefits building up (before McCloud/Cost Management)	26.4
Expected cost of death in service cash sum	0.1
Allowance for administration expenses	0.5
Less member contributions	(6.3)
Allowance for Cost Cap / McCloud (future service)	2.8
2019 cost to employers (future service contribution rate)	23.5

The future service contribution rate has increased from 19.3% of Pensionable Pay to 23.5% of Pensionable Pay.

The chart below shows the key reasons for the change in the future service contribution rate. The light grey bars to the right are sources of increase in the future service rate and the dark grey bars to the left are sources of reduction.



In addition, there is an employer cost of 0.4% of pay for the (past service) allowance for the Cost Cap / McCloud. See Section c of the Further Information section for more information on how we have assessed the total employer cost of 3.2% of pay for Cost Cap / McCloud.

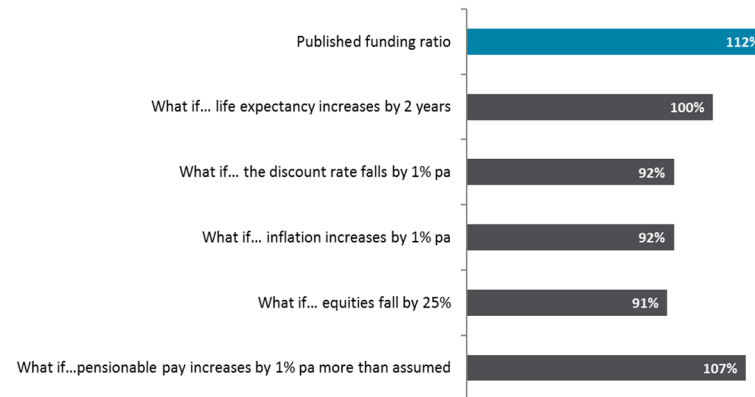
Risks and uncertainties

Key risks which could affect the Fund's future cashflows and funding position, include:

- Funding risk –that the value placed on the past service liabilities is set too low and contributions paid into the Fund prove insufficient to meet the payments as they fall due.
- Employer risk –that an employer is no longer able to meet its liabilities in the Fund, e.g. due to insolvency.
- Investment risks –that investment returns are lower than allowed for in the valuation, and also that the assets are volatile and move out of line with the liabilities, so the funding position is not stable.
- Longevity risk –that Fund members live for longer than expected and pensions are therefore paid for longer resulting in a higher cost for the Fund.
- Inflation risk –that inflation is higher than expected, resulting in higher pension increases (and payments to pensioners revaluation of pension accounts) than allowed for in the valuation.
- Options for members (or other parties) – the risk that members exercise options resulting in unanticipated extra costs. For example, members could exchange less of their pension for a cash lump sum than allowed for in the valuation.
- Legislative/Regulatory risk –that changes to general and LGPS (NI) specific regulations, taxation, national changes to pension requirements, or employment law result in an increased cost of administration, investment or funding for benefits. We have made explicit allowance for known uncertainties as set out in Section c of the Further Information.
- COVID-19 related risks – the current outbreak of the novel Coronavirus COVID-19 may impact adversely on the investments, on the ability of the Fund to realise future investment returns and on the Fund employers' covenant. (We have commented further on the impact of recent adverse market movements within the "Final comments" section of this report.)

- Other risks – issues relating to climate change and other environmental risks as well as long-term uncertainty around geopolitical, societal and technological shifts may also impact on the funding, investments and Fund employers' covenant.

The chart below shows the approximate impact of a number of one-off step changes on the Fund's funding position (all other elements of the valuation basis being unchanged):



These are not intended to be "worst case scenarios" and could occur in combination rather than in isolation. Conversely, in practice, some of these changes may be partially offset by other changes, e.g. a reduction in the expected investment return or inflation might lead to a compensating change in asset values, or a change in asset values might lead to a compensating change in expected investment returns.

The Funding Strategy Statement sets out the key actions taken by the Committee to mitigate the above risks.

Individual employer contribution rates

Contributions are set for employers, or groups of employers that take into account a number of factors including:

- Regulation 68 – which requires the Fund Actuary to have regard to
 - The existing and prospective liabilities
 - The desirability of maintaining as nearly a constant a common rate of employers' contribution as possible
 - The Committee's Funding Strategy Statement, and
 - The requirement to secure the solvency of the Fund and the long-term cost efficiency of the LGPS (NI), so far as relating to the Fund.
- The results of the valuation.
- Any individual adjustments to the common rate by reason of any circumstances peculiar to the employer.
- Discussions between the Fund Actuary, the Committee and employers, including the Committee's view of the affordability of contributions, where relevant.
- The employer's (or group's) membership profile and funding level and, where relevant, assumptions and recovery periods specific to the employer's circumstances.

For certain employers which are in surplus, it has been agreed with the Committee that the employer may use part of the surplus to support the payment of contributions to the Fund at a rate below the future service contribution rate.

Projections

We estimate that, by the next valuation, these contributions will have reduced the funding level to about 110%, assuming the experience of the Fund between the two valuation dates is in line with the assumptions and the assumptions underlying the funding targets remain unchanged.

The aggregate employer contributions certified for the 3 years from 1 April 2020 are as follows

Year from 1 April	% of pensionable pay	Plus total contribution amount (£M)
2020	19.7	2.540
2021	19.7	2.604
2022	19.7	2.671

- The % of Pensionable Pay contributions shown in the above table are an average (weighted by Pensionable Pay) of the amounts certified for individual employers in each year.
- The annual contribution amounts are the aggregate of the additional contribution amounts certified for individual employers in each year.
- Payments to meet additional costs arising from early retirements and other increases in benefits are payable in addition.
- At the end of the period shown above, the annual contribution amounts for each employer or group are anticipated to increase by approximately 3.6% pa until the end of the relevant recovery period. Thereafter, aggregate contributions are anticipated to be in line with the future service contribution rate of that employer, subject to review at future actuarial valuations.

Final comments

Developments since the valuation date

- Market movements

We believe that over the period between the valuation date and the date of signature of this report, the Fund's assets have not kept pace with the discount rate underpinning the liabilities (4.1%), on account of the fall in asset values within the last month due to the emerging COVID-19 crisis. It is not yet clear to what extent the liabilities may have fallen through changes to discount rates (net of assumed inflation) but our view is that overall the funding level is likely to have reduced for employers subject to the Main Employer group, subsumption and intermediate funding targets.

Whilst gilt yields have experienced considerable volatility in recent weeks, it is likely that the reduction in funding level will have been more significant for employers subject to a funding target where the discount rate is linked to gilt yields (i.e. the ongoing orphan funding target and the low risk (orphan) exit funding target).

Overall, we believe that market movements in the period since the valuation date will have led to a reduction in the funding level of the Fund as a whole and the impact on employers' future service contribution rate will vary between employers depending on, among other things, which funding target the employer is subject to.

The above means that if we were carrying out the valuation based on current conditions rather than as at 31 March 2019 (and assuming an unchanged level of risk in the funding strategy) it is likely that we would be recommending higher employer contributions. However bearing in mind the overall level of prudence in the funding strategy, the long-term nature of the Fund and the fact that a high percentage of the liabilities are backed by public sector government-funded employers, we have agreed with the Committee that certifying contributions based on market conditions at the valuation date, as has been the practice at previous valuations, remains appropriate. However, as employer contributions, particularly for those in the Main Employer Group, have been reduced below the assessed cost of future service benefits in light of the surplus calculated as at 31 March 2019, we have further agreed

The key results from this valuation are:

The Fund's assets were £8,039.9M and the past service liabilities £7,203.0M, corresponding to a surplus of £836.9M and a funding level of 112%.

The future service contribution rate for the Fund as a whole is 23.5% of Pensionable Pay including the future service element of the McCloud/cost management allowance.

If the surplus is removed over 20 years from 1 April 2020, the aggregate total employer contributions needed would be equivalent to 19.6%* of Pensionable Pay until 31 March 2040, reverting to 23.9% (including the total McCloud/cost management allowance) of Pensionable Pay thereafter.

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

with the Committee that contributions from 1 April 2021 and/or 1 April 2022 will be reviewed. If market conditions are deemed to warrant it, those contributions may be increased above the rate shown in the Rates and Adjustments Certificate in order to avoid a higher increase being needed from 1 April 2023. In addition, as market conditions continue to evolve, consideration will be given to revisiting contributions for short-term employers under Regulation 70(8) in advance of the next valuation.

- Employers joining or exiting since the valuation date

Contributions for employers joining since 31 March 2019 will be advised separately.

A revised Rates and Adjustments Certificate will have been prepared as necessary for employers exiting the Fund since 31 March 2019 where this has been requested by the Committee. Where a revised Rates and Adjustments Certificate has not yet been produced for such employers, the employer has been included in the Rates and Adjustments Certificate amended to this report but with zero contributions in anticipation of the revised certificates being issued.

Monitoring the Fund

In the light of the volatility inherent in situations where investments do not match liabilities, the Committee monitors the financial position on a regular basis. It will also consider monitoring the position of individual employers, particularly those subject to the ongoing orphan funding target and those which may exit the Fund before 1 April 2023. Where appropriate and permitted by the Regulations, contributions for those employers may be amended before the next valuation due as at 31 March 2022.



Further Information



a. Legal framework

It is a legal requirement to carry out a full valuation as at 31 March 2019

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

It is produced in compliance with:

- Regulation 68 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014.
- The terms of the agreement between the Committee and Aon Hewitt Limited, on the understanding that it is solely for the benefit of the addressee.
- Technical Actuarial Standard 100: Principles for Technical Actuarial Work ('TAS 100') and Technical Actuarial Standard 300: Pensions ('TAS 300').

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

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

- Any employer which contributes to the Fund, and their guarantors.
- The Department for Communities (Northern Ireland).
- The Northern Ireland Audit Office.

We also permit the Committee to pass our report to the Government Actuary's Department (GAD) in connection with their statutory duties. None of the above bodies has our permission to pass our report on to any other parties.

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

At the request of the Committee, we have consented to their releasing a copy of this report to certain specified parties and/or via certain communication routes. We consent on the basis that there is no duty of care established toward, and





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No decisions should be taken on the basis of this report by any party other than our client, the Committee, and nothing in this report removes the need for readers to take proper advice in relation to their specific circumstances.



b. Membership data

The results in this report are based on membership data which is summarised below.

Active members	Number	Average age	Total pensionable salaries (2015 scheme definition) (£000 pa)	Total pre 2015 pension (£000 pa)	Total pre 2015 accrued lump sum (£000)	Total post 2015 pension (£000 pa)
2016 Male	17,735	47.3	408,172	75,130	133,100	8,229
Female	35,082	45.7	442,496	76,007	127,243	8,823
Total	52,817	46.2	850,668	151,137	260,343	17,052
2019 Male	19,155	47.1	451,159	62,344	105,193	32,451
Female	42,324	45.7	531,360	65,475	106,137	36,292
Total	61,479	46.1	982,519	127,819	211,330	68,743

Notes: The average ages shown in these tables are unweighted

Pensionable Pay is over the year to the valuation date, and includes annualised pay for new entrants during the year.

Actual part-time pay is included for part-timers

Post 2015 pension figures include the April 2019 revaluation

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Deferred members		Number	Average age	Total pension (£000 pa)	Average pension (£ pa)	Total pre 2015 accrued lump sum (£000)
2016	Male	9,592	46.9	15,883	1,656	38,380
	Female	20,635	45.5	20,276	983	46,689
	Total	30,227	46.0	36,159	1,196	85,069
2019	Male	9,758	46.3	17,338	1,787	32,726
	Female	22,495	45.7	24,327	1,088	44,152
	Total	32,253	45.9	41,665	1,300	76,878

Notes: Averages ages are unweighted. The deferred pension amounts shown above are at the valuation date and include the April 2019 revaluation.

Included in the above, there were 3,871 (4,787 in 2016) members who are yet to decide whether to take a refund of contributions.

Pensioner members		Number	Average age	Total pension (£000 pa)	Average pension (£ pa)
2016	Male	13,420	70.6	90,785	6,765
	Female	13,051	69.4	52,687	4,037
	Dependants	5,345	71.7	12,500	2,339
	Total	31,816	70.3	155,972	4,902
2019	Male	14,982	70.6	103,718	6,923
	Female	16,339	69.2	66,931	4,096
	Dependants	5,779	70.3	15,433	2,671
	Total	37,100	70.2	186,082	5,016

Notes: The pension amounts shown above include the increase awarded in April of the appropriate year.

Average ages are unweighted.

The dependants data includes 421 (379 in 2016) members in receipt of a child's pension.





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Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
342	Abbey Christian Brothers Grammar School	26	0.401	14	14
332	Acorn Integrated Primary School	33	0.205	1	2
156	Agricultural Research Institute Northern Ireland	0	0.000	33	87
365	Alpha Housing Association	0	0.000	7	14
370	Amey Community Limited	5	0.108	0	3
1	Antrim and Newtownabbey Borough Council	766	17.610	424	513
239	Apex Housing	168	4.362	181	69
359	Apleona (HSG) Limited	3	0.072	0	2
268	Aquinas Diocesan Grammar School	48	0.837	22	9
344	Arc21	10	0.441	5	1
2	Ards and North Down Borough Council	817	18.859	501	640
282	Ards Citizens' Advice Bureau	0	0.000	6	3
317	Ark Housing Association Northern Ireland Limited	25	0.579	28	4



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Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
341	Armagh & Down Tourism Partnership	0	0.000	3	1
89	Armagh County Welfare Committee	0	0.000	1	0
347	Armagh Integrated College	0	0.000	2	1
62	Armagh Planetarium & Observatory	24	0.941	39	24
3	Armagh, Banbridge and Craigavon District Council	1,725	31.381	643	657
118	Arts Council of Northern Ireland	41	1.326	69	51
338	Assumption Grammar School	22	0.410	11	7
148	Ballymena Academy	39	0.532	14	33
132	Bangor Grammar School	47	0.683	17	36
149	Belfast Charitable Society	2	0.073	54	98
7	Belfast City Council	2,302	62.608	1,175	2,245
138	Belfast High School	39	0.538	22	33
292	Belfast Metropolitan College	409	10.270	277	230



Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
137	Belfast Royal Academy	82	1.012	36	44
323	Belfast Visitor & Convention Bureau	50	1.242	38	3
395	Belfast Waterfront and Ulster Hall Limited	181	2.162	113	3
367	Blackwater Integrated College	28	0.300	31	8
279	Braidside Integrated Primary & Nursery School	29	0.176	4	4
266	Bridge Integrated Primary School	39	0.265	8	4
136	Campbell College	91	1.627	38	46
371	Capita Managed IT Solutions Limited	9	0.270	7	0
5	Causeway Coast and Glens District Council	662	17.509	289	553
288	Cedar Integrated Primary School	22	0.159	7	1
229	Choice Housing Ireland Limited	116	3.155	224	140
147	Christian Brothers Grammar School	34	0.629	22	13
280	Citizens Advice Bureau	0	0.000	44	7

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Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
366	City of Derry Airport	33	1.086	15	7
179	Citybus Limited	885	25.480	347	783
257	Clothing & Industrial Training Services Limited	0	0.000	2	6
214	Coleraine Grammar School	33	0.507	21	33
110	Coleraine Harbour Commissioners	3	0.081	3	5
328	Comhairle na Gaelscolaiochta	8	0.288	19	6
251	Community Relations Council	16	0.534	59	19
319	Connswater Homes Limited	28	1.039	10	4
252	Construction Industry Training Board (CITB)	27	0.746	41	47
394	Controlled Schools Support Council	15	0.444	2	3
362	Corran Integrated Primary School	30	0.158	14	4
222	Council for Catholic Maintained Schools	54	1.832	49	53
170	Council for the Curriculum, Examinations and Assessment (CCEA)	267	7.731	184	114



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Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
240	Covenanter Residential Association Limited	1	0.016	1	1
369	Cranmore Integrated Primary School	13	0.170	10	0
192	Dalriada School	35	0.415	16	35
19	Derry City and Strabane District Council	910	23.574	340	537
277	Derry Visitor and Convention Bureau	13	0.327	4	2
208	Dominican College, Belfast	39	0.559	19	29
335	Dominican College, Portstewart	14	0.230	10	4
83	Down County Health & Welfare	0	0.000	3	0
283	Down District Citizens Advice Bureau	0	0.000	6	0
349	Drumlins Integrated Primary School	27	0.152	11	0
284	Drumragh Integrated College	32	0.540	8	3
245	Dungannon and District Housing Association	0	0.000	3	0
27	Education Authority	32,992	320.607	16,617	14,314



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Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
254	Engineering Training Council for Northern Ireland	0	0.000	9	6
267	Enniskillen Integrated Primary School	5	0.088	0	2
396	Enniskillen Royal Grammar School	52	0.669	4	3
181	Enterprise Ulster	0	0.000	187	482
276	Erne Integrated College	2	0.041	2	5
15	Fermanagh and Omagh District Council	876	18.715	380	426
84	Fermanagh County Health & Welfare	0	0.000	0	1
216	Foyle and Londonderry College	60	0.841	17	25
134	Friends School	57	0.689	30	27
337	General Teaching Council for Northern Ireland	18	0.527	9	4
131	Glenmona Resource Centre	0	0.000	129	120
364	Graham Asset Management	4	0.087	0	4
388	Greenwich Leisure Limited	297	4.538	89	36



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Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
234	Grove Housing Association Limited	2	0.046	3	3
238	Habinteg Housing Association (Ulster) Limited	77	1.690	41	20
260	Hazelwood College	60	0.979	33	12
261	Hazelwood Integrated Primary School Limited	66	0.428	19	13
230	Hearth Housing Association Limited	0	0.000	1	3
167	Hunterhouse College	27	0.378	23	22
348	Ilex Urban Regeneration Company Limited	0	0.000	19	4
278	Integrated College Dungannon	87	0.728	27	3
129	Jordanstown Schools	3	0.065	11	25
262	Lagan College	78	1.091	34	10
226	Laganside Corporation	0	0.000	17	11
154	Larne Grammar School	36	0.448	11	16
361	Libraries NI	664	11.386	89	369



Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
123	Linen Hall Library	21	0.498	22	18
9	Lisburn and Castlereagh City Council	875	19.418	613	529
163	Livestock & Meat Commission for Northern Ireland	15	0.362	61	44
219	Local Government Staff Commission	2	0.071	7	6
904	Londonderry Development Committee	0	0.000	0	4
213	Loreto College	22	0.383	7	7
215	Loreto Grammar School	33	0.453	18	15
99	Lough Bradan (C.Tyr) W'works JB	0	0.000	2	2
330	Loughview Integrated Primary School	29	0.244	16	0
287	Lumen Christi College	33	0.483	29	4
345	Maine Integrated Primary School	15	0.098	9	2
316	Malone College	28	0.528	23	7
322	Methodist College	74	1.282	69	32

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Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
4	Mid and East Antrim District Council	752	18.815	341	557
11	Mid Ulster District Council	908	18.502	363	367
358	Middletown Centre for Autism Limited	36	1.048	10	1
263	Mill Strand Integrated Primary School	19	0.218	5	5
321	Millennium Forum	14	0.385	10	4
333	Millennium Integrated Primary School	27	0.218	18	1
250	Mount Lourdes Grammar School	47	0.606	9	13
290	Mourne Heritage Trust	6	0.167	10	3
320	New-Bridge Integrated College	26	0.474	10	5
236	Newington Housing Association (1975) Limited	11	0.298	7	3
13	Newry, Mourne and Down District Council	1,007	23.598	408	550
235	North Belfast Housing Association Limited	29	0.763	24	3
324	North Coast Integrated College	24	0.341	8	8



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Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
306	North West Regional College	279	5.798	125	70
372	Northern Community Leisure Trust	28	0.536	19	4
391	Northern Community Leisure Trust 2	2	0.043	0	4
165	Northern Ireland Agricultural Trust	0	0.000	0	4
198	Northern Ireland Consumer Council	0	0.000	1	0
242	Northern Ireland Co-Ownership Housing Association Limited	57	1.943	17	24
158	Northern Ireland Council For Educational Research	0	0.000	0	3
275	Northern Ireland Council for Integrated Education	8	0.293	25	9
190	Northern Ireland Development Agency	0	0.000	0	9
203	Northern Ireland Federation of Housing Associations	8	0.245	13	14
114	Northern Ireland Fire & Rescue Service	240	6.621	122	210
180	Northern Ireland Fishery Harbour Authority	20	0.432	5	32
313	Northern Ireland Hospice	79	2.081	65	40



Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
115	Northern Ireland Housing Executive	2,762	71.103	742	4,054
223	Northern Ireland Legal Services Commission	0	0.000	193	50
150	Northern Ireland Local Government Association (NILGA)	9	0.307	28	4
119	Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC)	78	2.019	65	22
256	Northern Ireland Open Learning Centre	0	0.000	1	1
206	Northern Ireland Railway Company Limited	987	35.904	320	597
265	Northern Ireland Rural Development Council	0	0.000	39	15
373	Northern Ireland Screen	25	0.871	12	3
116	Northern Ireland Tourist Board	119	4.004	112	75
153	Northern Ireland Training Executive	0	0.000	6	86
197	Northern Ireland Transport Holding Company	28	1.866	47	45
293	Northern Regional College	211	4.792	217	177
273	Oakgrove Integrated College	43	0.705	19	12

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Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
318	Oakgrove Integrated Primary School	9	0.127	5	5
334	Oakwood Integrated Primary School	34	0.244	26	2
343	Omagh Integrated Primary School	2	0.018	5	0
173	Our Lady & St Patrick's College	31	0.512	23	28
289	Our Lady's Grammar School	27	0.447	10	12
325	Outdoor Recreation (NI)	17	0.456	26	0
387	Phoenix Integrated Primary School	19	0.154	2	0
125	Pigs Marketing Board for Northern Ireland	0	0.000	6	48
350	Portadown Integrated Primary School	72	0.331	19	3
211	Probation Board for Northern Ireland (PBNI)	345	9.878	195	280
194	Radius Housing Association Ltd	300	6.934	470	271
281	Rainey Endowed School	11	0.205	5	6
172	Rathmore Grammar School	39	0.731	24	22



Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
253	Road Transport Industrial Training Board	0	0.000	2	12
351	Roe Valley Integrated Primary School	19	0.128	1	0
368	Rowandale Integrated Primary School	31	0.282	7	0
128	Royal Belfast Academical Institution	60	0.839	41	26
117	Royal College of Nursing for Northern Ireland	0	0.000	0	18
157	Royal School, Armagh	72	0.752	20	17
218	Royal School, Dungannon	32	0.542	8	17
271	Rural Housing Association	17	0.441	4	1
221	Sacred Heart Grammar School	31	0.437	14	21
336	Saints and Scholars Integrated Primary School	23	0.151	11	6
122	Seapark House Management Committee	0	0.000	2	19
140	Seed Potato Marketing Board, Northern Ireland	0	0.000	0	6
274	Shimna Integrated College	45	0.575	19	15

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Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
314	Slemish Integrated College	73	0.735	27	5
298	South Eastern Regional College	412	7.855	234	156
232	South Ulster Housing Association Limited	10	0.276	6	3
305	South West College	283	5.637	175	79
304	Southern Regional College	458	6.911	199	122
339	Sperrin Integrated College	38	0.457	14	3
326	Spires Integrated Primary School	17	0.105	11	2
187	Sports Council for Northern Ireland	99	2.937	130	58
363	St Colman's College	18	0.373	15	4
142	St Columb's College	38	0.810	9	32
188	St Dominic's High School	30	0.506	11	17
309	St Joseph's Grammar School	24	0.370	11	10
202	St Joseph's Training School (Adolescent Centre) Middletown	0	0.000	12	28



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Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
285	St Louis Grammar School	30	0.506	6	9
139	St Malachy's College	47	0.830	37	29
145	St Mary's Christian Brothers Grammar School	37	0.652	22	11
220	St Mary's Grammar School	85	0.937	32	18
175	St Mary's University College	75	2.039	55	72
241	St Matthew's Housing Association Limited	5	0.151	0	3
209	St Michael's College	37	0.513	33	16
196	St Patrick's Academy	46	0.615	26	21
160	St Patricks Grammar School	22	0.395	17	9
393	St Patrick's Grammar School, Armagh	23	0.218	5	0
392	St Ronan's College	83	1.038	5	5
329	Strangford College	40	0.558	15	8
176	Stranmillis University College	133	2.797	87	105



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Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
212	Strathearn School	41	0.678	23	25
146	Sullivan Upper School	63	0.880	36	37
161	Thornhill College	29	0.633	7	33
87	Tyrone County Health Committee	0	0.000	0	1
327	Ulidia Integrated College	58	0.729	29	9
204	Ulster American Folk Park	0	0.000	3	13
189	Ulsterbus Limited	2,222	62.595	959	2,064
126	United Dairy Farmers	0	0.000	195	751
164	University of Ulster	639	13.153	786	1,162
205	Victoria College	64	1.083	40	23
174	Victoria Voluntary Homes For Girls	0	0.000	1	0
152	Wallace High School	54	0.705	42	25
331	Windmill Integrated Primary School	29	0.194	12	1



Employer Code(s)	Employer	Number of active members	Total pensionable pay ⁽¹⁾ (£M)	Number of deferred members ⁽²⁾	Number of pensioners and dependants
237	Woodvale and Shankill Co	5	0.123	4	4
340	Youth Justice Agency For NI	0	0.000	264	267
224	Youthnet	0	0.000	13	7
Totals:		61,479	983	32,253	37,100

Notes:

- 1) Pensionable Pay is over the year to the valuation date and includes annualised pay for new entrants during the year. Actual part-time pay is included for part-timers. The breakdown above includes Councillors.*
- 2) Deferred members include the number of members who are yet to decide whether to take a refund of contributions.*

Section c below sets out the approach to dealing with current legislative uncertainties relating to members' benefits in this valuation.

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c. Uncertainties

Allowance for McCloud, Cost Management and GMP equalisation/indexation

Background on McCloud/Sargeant

Following a review of public service pension schemes by the Independent Public Services Pensions Commission led by Lord Hutton (the [Hutton Report](#)) UK public service pension schemes were reformed with effect from 1 April 2015 (1 April 2014 for the LGPS in England and Wales), with the objective of reducing the overall cost to the taxpayer and putting schemes on a more sustainable footing.

Reforms common to all the main public service pension schemes included later retirement ages (State Pension Age in most cases); benefits based on career average earnings (so no longer being linked to 'final pay' at retirement), and tiered member contribution rates. The reforms also included transitional protections for members within 10 years of their Normal Pension Age on 1 April 2012. Generally, this was implemented by allowing those members to retain membership of the 'pre-reformed' schemes, whilst all other members were moved into the new arrangements (for a number of the schemes this was subject to a "tapering" approach for members who were close to the 10-year cut-off).

In relation to the LGPS (NI), all members joined the new 2015 Scheme for membership after 1 April 2015, but members within 10 years of normal retirement were given an underpin (or 'better of both') promise, so their benefits earned after 1 April 2015 would be at least as valuable in terms of amount and when they could be drawn, as if they had remained in the 2009 Scheme.

In December 2018 the Government lost a Court of Appeal case (the 'McCloud/Sargeant' judgement) which ruled that the transitional protection arrangements, put in place when the judges' and firefighters' pension schemes were reformed, amounted to illegal age discrimination. The Government was subsequently denied leave to appeal the Court of Appeal's decision on 27 June 2019.

While the judgement was not in relation to the LGPS NI, the Government announced in a Written Ministerial Statement on 15 July 2019 "... as 'transitional protection' was offered to members of all the main public service pension schemes, the government believes that the difference in treatment will need to be remedied across all those schemes". The remedy is likely to differ by scheme depending on the transitional protections adopted.



In line with guidance issued by the Scheme Advisory Board (SAB) of the LGPS in England and Wales, we have discussed and agreed with the Committee the allowance which should be made in this valuation for possible additional liabilities arising from the McCloud case.

It should be noted that since we provided our advice to the Committee on the allowance to be made in this valuation, case management discussions have commenced for both the judges' and firefighters' schemes, as well as police via a similar case – the Aarons case which had previously stayed behind the McCloud/Sargeant judgement. However, as at the date of this report, we do not have confirmed details of any benefit changes for the LGPS NI.

Cost management and McCloud/Sargeant

The design of the new public service schemes also included a cost control mechanism which was intended to protect employers from rising pension costs due to demographic and other factors. This mechanism includes both a floor and a cap on employer contributions and requires that if the cost, assessed by GAD in line with assumptions set by HM Treasury, is more than 2% of pay above the cap or below the floor, member contributions and/or benefits must be amended to bring the cost for employers back to level of the cap.

The cost management process considered changes in the cost of the LGPS NI between those assessed based when the new benefit designs were implemented and 31 March 2016, and as the floor was breached it was expected that improvements to benefits or member contributions would be implemented with effect from 1 April 2019, and taken into account in this valuation when setting employer contributions from 1 April 2020.

However, following the Court of Appeal judgement in the McCloud case, the cost management process was paused in January 2019. It is not yet clear what the effect on the liabilities will be, but we believe the outcome will be one or other of the following:

- The McCloud changes mean the cost management floor has no longer been breached (in which case the additional liabilities are simply those due under the McCloud remedy)
- After allowing for the McCloud changes the cost management floor has still been breached (in which case the additional liabilities will be a combination of those due under McCloud and those that would be agreed under the re-started cost management process)





The McCloud changes, and their effect on the cost management process, and hence on the benefits and cost of the LGPS, are currently uncertain. However, any change is likely to increase the benefits payable from the scheme, and therefore the cost of the scheme. We set out below the allowance made for potential increases in benefits at this valuation as set out in previous advice papers.

It should be noted that since our calculations were carried out, in December 2019 the Fire Brigades' Union announced that it was considering mounting a legal challenge to the Government's decision to pause the cost management process and to press for any cost management changes to be in addition to any remedy for McCloud/Sargeant. Whilst this presents the possibility of additional costs falling on employers, given the uncertainty over whether such action will be taken and whether it will be successful we have not revisited the allowance made in this valuation for McCloud and cost management.

Allowance for McCloud/Cost Management

Our advice, given in October 2019, showed the results of our calculation of the proposed allowance for McCloud. This calculation was based on the Main Employer Group funding assumptions and the following additional assumptions:

- the final salary underpin is extended to all members who were active members as at 1 April 2015
- as for the existing underpin, the underpin applies only to members' benefits on retirement (i.e. not on withdrawal from service before retirement, and not to the benefits of spouses or dependants)
- the underpin continues to apply for service until at least 31 March 2023 (ie till the end of the period covered by the Rates and Adjustments Certificate) for affected members

The past service cost has been converted to a % of pay calculated across the Fund as a whole using the 20 year recovery period.

It should be noted that the calculated cost is particularly sensitive to the real salary increase assumption (and to a lesser extent the withdrawal assumption) which was previously advised on for funding purposes and not for the purpose of estimating the possible cost of the McCloud judgement.

In addition, we recommended that the minimum allowance made for McCloud and cost management should be an increase of 3.2% of pay in the employer contribution rate (the average increase to employer costs that had been expected to apply under the cost management process if no McCloud remedy had been required).





We allowed for the same adjustment to individual employer contributions as calculated for the Fund as a whole, expressed as a % of pay. The adjustment has been set to be as a minimum of the 3.2% of pay expected from the cost management process.

Since our advice was given and the calculations carried out, the case management discussions which have taken place have led to the suggestion that for the LGPS NI the changes may mean:

- the application of the new underpin is restricted to fewer members than we have allowed for, i.e. only those who joined pre 2012 but of any age
- the application of the new underpin is time limited and may not apply to all membership until the end of the Rates and Adjustment Certificate in 31 March 2023 (although the exact time period is subject to considerable uncertainty)
- the underpin is extended to benefits on withdrawal and to dependants, including possibly transfers out, which goes beyond what has been allowed for in the valuation
- there is a need to ensure the revised underpin is checked for all retirements since 2015 to avoid "reverse discrimination", again going beyond what has been allowed for in the valuation

As this information became available after the majority of contributions had been advised to employers, and there is still no certainty in relation to any benefit changes for the LGPS NI, we have not sought to review the allowance made. In general, if the underpin applies to pre 2012 joiners rather than pre 2015 joiners then this would reduce the cost, but extending the underpin to benefits on withdrawal, spouses and transfers would increase the cost, and it is not clear what the net effect would be. We will advise the Committee of the expected effect of any changes once there is greater clarity on the precise details of those changes, and on whether contributions for employers should be revisited before the next formal valuation as at 31 March 2022, assuming this can be done within the regulatory provisions.

GMP indexation and equalisation

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 5 April 1997. The rate at which GMP was accrued, and the date it is payable, is different for men and women, meaning there is an inequality for male and female members who have GMP. This was a consequence of the State Pension itself being unequal at the time.

Prior to 6 April 2016 the LGPS was not required to pay any pension increases on GMPs accrued before April 1988 and was only required to pay limited increases on GMPs accrued after 1988 (CPI inflation capped at 3% p.a.). In return, the Additional Pension (AP) element of the State Pension included top-up payments to pensioners to give inflation





protection on the GMP element where this was not provided by the LGPS. However, reforms were made to the State Pension system in April 2016 which scrapped AP and therefore removed the facility for central government to fully index the combined pension through AP.

In March 2016 the government introduced an 'interim solution' for public service schemes to pay full inflationary increases on GMPs for those reaching State Pension Age (SPA) between 6 April 2016 and 5 April 2021 to ensure members continued to receive full inflationary increases on their combined public service scheme and State pensions. This was allowed for in the 2016 valuation of the Fund. In January 2018 the interim solution was extended to individuals reaching SPA on or before 5 April 2021. Further, the Government has indicated that it is committed to continuing to compensate all members of public service pension schemes reaching SPA after 5 April 2021.

The Government's view is that this solution (including its ongoing commitment to compensate members reaching SPA after 5 April 2021) will meet equalisation requirements.

On 26 October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs is required. The ruling confirmed that trustees have a duty "to equalise benefits for men and women so as to alter the result which is at present produced in relation to GMPs".

Allowance for GMP indexation

As agreed with the Committee we have allowed for an extension of the interim arrangements such that full CPI on all GMP is assumed to be payable from the Fund for members reaching State Pension Age after 5 April 2021. We believe that the cost would be very similar if the solution were to be conversion of GMP to scheme benefits on a 1:1 basis.



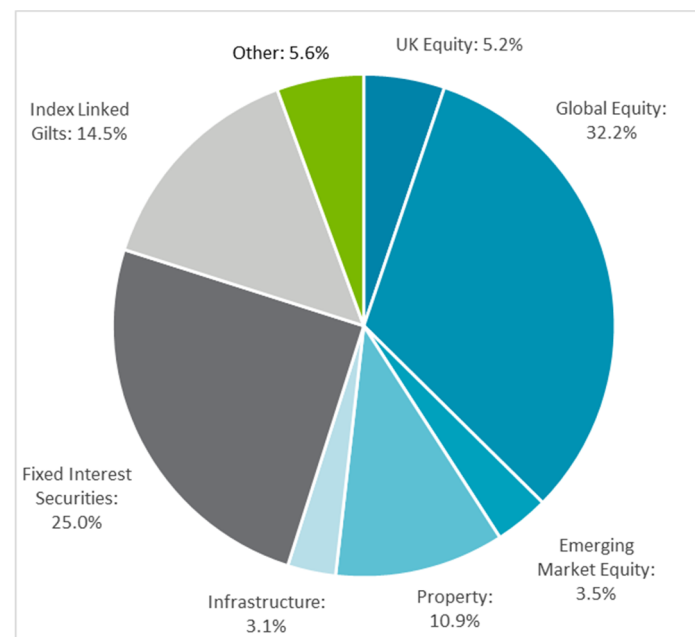


d. Assets

The audited accounts for the Fund for the year ended 31 March 2019 show the assets were £8,039.9M.

The chart shows how the assets are broadly invested at the valuation date.

The discount rate has been set using the long term target asset split for the Fund as set out in the Statement of Investment Principles and not the current split of the Fund assets.



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e. Assumptions used to value the liabilities and assess contribution rates

Financial assumptions

In-service discount rate

<i>Main Employer group / subsumption funding target</i>	4.1% pa
<i>Intermediate funding target</i>	4.1% pa
<i>Ongoing orphan funding target</i>	4.1% pa
<i>Low risk funding target</i>	1.3% pa

Left-service discount rate

<i>Main Employer group/ subsumption funding target</i>	4.1% pa
<i>Intermediate funding target</i>	3.1% pa
<i>Ongoing orphan funding target</i>	1.6% pa
<i>Low risk funding target</i>	1.3% pa

Rate of Pensionable Pay increases (service up to 31 March 2015 only) (in addition to promotional increases)	3.6% pa
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Rate of CPI inflation	2.1% pa
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Rate of revaluation of pension accounts	2.1% pa
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Rate of pension increases (all pensions)	2.1% pa
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Administration expenses	0.5% of Pensionable Pay
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Demographic assumptions

Pre-retirement base mortality

Males: 25% of Standard SAPS S2NMA tables

Females: 25% of Standard SAPS S2NFA tables

Post-retirement base mortality

Current normal health pensioners who retired in normal health:

Males: 105% of Standard SAPS S2NMA tables

Females: 90% of Standard SAPS S2NFA tables

Dependants of current pensioners:

Males: 110% of Standard SAPS S2NMA tables

Females: 115% of Standard SAPS S2NFA tables

Current dependants:

Males: 105% of Standard SAPS S2NMA tables

Females: 115% of Standard SAPS S2NFA tables

Current non-pensioners retiring in normal health:

Males: 110% of Standard SAPS S2NMA tables

Females: 95% of Standard SAPS S2NFA tables

Dependants of current non-pensioners:

Males: 115% of Standard SAPS S2NMA tables

Females: 125% of Standard SAPS S2NFA tables

Pensioners retiring in ill-health:

Males: 105% of Standard SAPS S2IMA tables

Females: 105% of Standard SAPS S2IFA tables

Improvements to mortality

An allowance for improvements between 2007 and 2019 and for future improvements in line with the CMI 2018 Mortality Projections Model with s_k of 7.5 and parameter A of 0.0 assuming a long-term annual rate of improvement in mortality rates of 1.5% pa for men and women.



Promotional salary increases

Allowance has been made for age-related promotional increases based on analysis of actual experience of the fund (see sample rates below).

Withdrawals

Allowance has been made for withdrawals from service based on analysis of actual experience of the fund (see sample rates below). On withdrawal, members are assumed to retain a deferred pension in the Fund.

Retirement age

Members were assumed to retire at the following ages:

Member group	Assumed age at retirement
Active members with protected Rule of 85 age (joined LGPS NI before 1 October 2006 and attained age 60 before 1 April 2020) (Group 1 and 2 members)	Age 63
Members who joined before 1 October 2006 and have a rule of 85 age of 60 (Group 3 members)	Age 63
Members who joined before 1 October 2006 and have a rule of 85 age of greater than 60 and members who joined before 1 April 2015 but after 1 October 2006 (Group 4 members)	Age 65
Members who joined after 31 March 2015 (Group 4 members)	State Pension Age (or age 65 if higher)
Any part of a member's pension payable from a later age than the assumed retirement age will be reduced.	



Retirement cash sum	Each member is assumed to surrender pension on retirement, such that the total cash received is 75% of the permitted maximum.				
Family details	<p>Each man is assumed to be three years older than his wife/partner.</p> <p>80% of non-pensioners are assumed to be married or have a spouse, civil partner or co-habitee ('partner') at retirement or earlier death.</p> <p>80% of pensioners are assumed to be married or have a partner at age 65.</p> <p>No allowance for child's pensions.</p>				
Retirement due to ill-health	<p>Allowance has been made for retirements due to ill-health based on actual experience of the fund (see below). Proportions assumed to fall into the different benefit tiers are:</p> <table><tr><td>Tier 1</td><td>80%</td></tr><tr><td>Tier 2</td><td>20%</td></tr></table>	Tier 1	80%	Tier 2	20%
Tier 1	80%				
Tier 2	20%				
Take up of 50:50 scheme	All members are assumed to remain in the scheme they are in at the date of the valuation.				
Discretionary benefits	No allowance				

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Sample rates

The table below illustrates the proposed allowance for withdrawals from service, ill-health retirement and promotional pay increases at sample ages.

Current age	Percentage promotional pay increase over year	Percentage leaving the Fund each year as a result of withdrawal from service	Percentage leaving the Fund each year as a result of ill-health retirement
	Male & Female	Male & Female	Male & Female
20	3.6%	9.4%	0.00%
25	3.2%	6.2%	0.02%
30	2.0%	4.4%	0.03%
35	1.6%	3.5%	0.05%
40	0.4%	2.8%	0.07%
45	0.0%	2.3%	0.11%
50	0.0%	1.8%	0.26%
55	0.0%	1.5%	0.70%
60	0.0%	0.9%	1.39%
65	0.0%	0.0%	1.39%





f. Membership experience

As required by the Regulations, the demographic assumptions used in valuing the liabilities of the Fund are set out in Further Information section e, above. The demographic assumptions have been informed by an analysis of membership experience including experience since the last valuation of the Fund up to the effective date of our analysis, as well as recent research and other relevant factors, such as a membership postcode analysis for death after retirement assumptions.

For death after retirement the experience analysis was undertaken for the period 1 April 2009 to 31 March 2018. For withdrawal rates and ill health retirement rates our analysis was undertaken for the period 1 April 2014 to 31 March 2018.

The table below shows a comparison of expected membership movements measured by pension amount based on the assumptions adopted for the 2019 valuation with observed membership movements for death after retirement (in normal and ill health), withdrawal rates and rates of ill health retirement. The figures are based on our full experience analysis pro-rated for a 3 year period for ease of comparison.

Type of exit	Men (£000 of pension)	Women (£000 of pension)
Death after retirement in normal health		
Actual	4,656	3,051
Expected	4,448	2,814
Death after retirement in ill health		
Actual	2,133	751
Expected	2,019	759
Withdrawals (including refunds)		
Actual	3,530	4,678
Expected	5,488	6,334
Ill-health retirements		
Actual	970	807
Expected	1,366	1,177





g. Dashboard

Following the review by the Government Actuary's Department of all LGPS valuations as at 31 March 2016 under section 13 of the Public Service Pensions Act 2013 for funds in England and Wales, with a separate exercise for the LGPS NI under the Public Service Pensions Act (Northern Ireland) 2014, a standard "dashboard" has been added to the valuation reports for funds in England and Wales to aid comparison between the valuations for those funds. We have included this Dashboard as agreed with the Committee although we note that GAD's Section 13 review of the LGPS NI is quite separate from that in England and Wales and therefore there is no statutory requirement (nor power) to compare the Fund's valuation to that of LGPS funds in England and Wales.

Past service funding position – local funding basis

Funding level (assets/liabilities)	112%
Funding level (change since last valuation)	16%
Asset value used at the valuation	£8,039.9M
Value of liabilities	£7,203.0M
Surplus (deficit)	£836.9M
Discount rate(s)	1.30% - 4.10%
Assumed pension increases (CPI)	2.10%
Method of derivation of discount rate, plus any changes since previous valuation	
The Funding Strategy Statement describes the approach used to set the funding target and hence the discount rates. The Committee adopts different discount rates depending on employers' circumstances including the likelihood of exit and what would happen to the liabilities on exit.	
Assumed life expectancies at age 65:	
▪ Average life expectancy for current pensioners - men currently age 65	21.8 years
▪ Average life expectancy for current pensioners - women currently age 65	24.9 years
▪ Average life expectancy for future pensioners - men currently age 45	23.1 years
▪ Average life expectancy for future pensioners - women currently age 45	26.3 years



Past service funding position – England & Wales Scheme Advisory Board basis (for comparison purposes only)

Market value of assets	£8,039.9M
Value of liabilities	£6,501.5M
Funding level on England & Wales SAB basis (assets/liabilities)	124%
Funding level on England & Wales SAB basis (change since last valuation)	15%

Contribution rates payable

Future service contribution rate	20.7%
Past service contribution rate (cash amounts in each year in line with CIPFA guidance):	
▪ Past service contribution rate 2020/21	(£8.148M)
▪ Past service contribution rate 2021/22	(£8.469M)
▪ Past service contribution rate 2022/23	(£8.799M)
Giving total expected contributions:	
▪ Total expected contributions 2020/21 (£ figure based on assumed payroll of £1,036.2m)	£206.871M
▪ Total expected contributions 2021/22 (£ figure based on assumed payroll of £1,073.5m)	£214.291M
▪ Total expected contributions 2022/23 (£ figure based on assumed payroll of £1,112.2m)	£221.979M
Average employee contribution rate (% of pay)	6.3%
Employee contribution rate (£ figure based on assumed payroll of £1,036.2m)	£64.9M

Additional information

Percentage of liabilities relating to employers with deficit recovery periods of longer than 20 years	0%
Percentage of total liabilities that are in respect of current employers that are not included in the Main Employer Group	4%



h. Rates and Adjustments Certificate

Actuarial certificate given for the purposes of Regulation 68 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014.

In accordance with Regulation 68 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014 ('the 2014 Regulations'), we certify that contributions should be paid by employers at the following rates for the period 1 April 2020 to 31 March 2023.

- Future service contribution rates for individual employers. The common rate for the whole Fund, calculated as a weighted average of the employers' individual rates, is 20.7% p.a. of Pensionable Pay based on the benefits in force on the valuation date.
- An allowance for the impact of the McCloud judgement and the cost management, of 3.2% of pay, has been included in the % of pay rates set out below.
- Individual adjustments (i.e. past service contribution rates) which, when added to or subtracted from the Future service rate, produce the following minimum employer contribution rates.

Employer Code(s)	Employer	Contributions in year commencing 1 April 2020		Contributions in year commencing 1 April 2021		Contributions in year commencing 1 April 2022	
		% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)
342	Abbey Christian Brothers Grammar School	19.5%	0	19.5%	0	19.5%	0
332	Acorn Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
370	Amey Community Limited	37.5%	0	37.5%	0	37.5%	0
375	Antrim and Newtownabbey Borough Council	19.5%	0	19.5%	0	19.5%	0



Employer Code(s)	Employer	Contributions in year commencing 1 April 2020		Contributions in year commencing 1 April 2021		Contributions in year commencing 1 April 2022	
		% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)
239	Apex Housing	39.7%	401,000	39.7%	415,000	39.7%	430,000
359	Apleona (HSG) Limited	0.0%	0	0.0%	0	0.0%	0
268	Aquinas Diocesan Grammar School	19.5%	0	19.5%	0	19.5%	0
344	Arc21	19.5%	0	19.5%	0	19.5%	0
385	Ards and North Down Borough Council	19.5%	0	19.5%	0	19.5%	0
317	Ark Housing Association Northern Ireland Limited	19.5%	0	19.5%	0	19.5%	0
62	Armagh Planetarium & Observatory	19.5%	0	19.5%	0	19.5%	0
376	Armagh, Banbridge and Craigavon District Council	19.5%	0	19.5%	0	19.5%	0
118	Arts Council of Northern Ireland	19.5%	0	19.5%	0	19.5%	0
338	Assumption Grammar School	19.5%	0	19.5%	0	19.5%	0
148	Ballymena Academy	19.5%	0	19.5%	0	19.5%	0
132	Bangor Grammar School	19.5%	0	19.5%	0	19.5%	0
149	Belfast Charitable Society	36.5%	20,000	36.5%	21,000	36.5%	22,000
377	Belfast City Council	19.5%	0	19.5%	0	19.5%	0



Employer Code(s)	Employer	Contributions in year commencing 1 April 2020		Contributions in year commencing 1 April 2021		Contributions in year commencing 1 April 2022	
		% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)
138	Belfast High School	19.5%	0	19.5%	0	19.5%	0
353	Belfast Metropolitan College	19.5%	0	19.5%	0	19.5%	0
137	Belfast Royal Academy	19.5%	0	19.5%	0	19.5%	0
323	Belfast Visitor & Convention Bureau	20.5%	0	20.5%	0	20.5%	0
395	Belfast Waterfront and Ulster Hall Limited	18.1%	0	18.1%	0	18.1%	0
367	Blackwater Integrated College	19.5%	0	19.5%	0	19.5%	0
279	Braidside Integrated Primary & Nursery School	19.5%	0	19.5%	0	19.5%	0
266	Bridge Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
136	Campbell College	19.5%	0	19.5%	0	19.5%	0
371	Capita Managed IT Solutions Limited	38.8%	9,600	38.8%	9,900	38.8%	10,300
378	Causeway Coast and Glens District Council	19.5%	0	19.5%	0	19.5%	0
288	Cedar Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
386	Choice Housing Ireland Limited	39.1%	406,000	39.1%	420,000	39.1%	435,000



Employer Code(s)	Employer	Contributions in year commencing 1 April 2020		Contributions in year commencing 1 April 2021		Contributions in year commencing 1 April 2022	
		% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)
147	Christian Brothers Grammar School	19.5%	0	19.5%	0	19.5%	0
366	City of Derry Airport	11.4%	0	11.4%	0	11.4%	0
179	Citybus Limited	19.5%	0	19.5%	0	19.5%	0
390	Coleraine Grammar School	19.5%	0	19.5%	0	19.5%	0
110	Coleraine Harbour Commissioners	26.9%	0	26.9%	0	26.9%	0
328	Comhairle na Gaelscolaíochta	19.5%	0	19.5%	0	19.5%	0
251	Community Relations Council	19.5%	0	19.5%	0	19.5%	0
319	Connswater Homes Limited	19.5%	0	19.5%	0	19.5%	0
252	Construction Industry Training Board (CITB)	19.5%	0	19.5%	0	19.5%	0
394	Controlled Schools Support Council	19.5%	0	19.5%	0	19.5%	0
362	Corran Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
222	Council for Catholic Maintained Schools	19.5%	0	19.5%	0	19.5%	0
170	Council for the Curriculum, Examinations and Assessment (CCEA)	19.5%	0	19.5%	0	19.5%	0



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Employer Code(s)	Employer	Contributions in year commencing 1 April 2020		Contributions in year commencing 1 April 2021		Contributions in year commencing 1 April 2022	
		% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)
369	Cranmore Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
192	Dalriada School	19.5%	0	19.5%	0	19.5%	0
379	Derry City and Strabane District Council	19.5%	0	19.5%	0	19.5%	0
277	Derry Visitor and Convention Bureau	19.5%	0	19.5%	0	19.5%	0
208	Dominican College, Belfast	19.5%	0	19.5%	0	19.5%	0
335	Dominican College, Portstewart	19.5%	0	19.5%	0	19.5%	0
349	Drumlins Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
284	Drumragh Integrated College	19.5%	0	19.5%	0	19.5%	0
389	Education Authority	19.5%	0	19.5%	0	19.5%	0
267	Enniskillen Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
396	Enniskillen Royal Grammar School	19.5%	0	19.5%	0	19.5%	0
276	Erne Integrated College	19.5%	0	19.5%	0	19.5%	0



Employer Code(s)	Employer	Contributions in year commencing 1 April 2020		Contributions in year commencing 1 April 2021		Contributions in year commencing 1 April 2022	
		% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)
380	Fermanagh and Omagh District Council	19.5%	0	19.5%	0	19.5%	0
216	Foyle and Londonderry College	19.5%	0	19.5%	0	19.5%	0
134	Friends School	19.5%	0	19.5%	0	19.5%	0
337	General Teaching Council for Northern Ireland	19.5%	0	19.5%	0	19.5%	0
364	Graham Asset Management	0.0%	0	0.0%	0	0.0%	0
388	Greenwich Leisure Limited	15.8%	0	15.8%	0	15.8%	0
234	Grove Housing Association Limited	19.5%	0	19.5%	0	19.5%	0
238	Habinteg Housing Association (Ulster) Limited	19.5%	0	19.5%	0	19.5%	0
260	Hazelwood College	19.5%	0	19.5%	0	19.5%	0
261	Hazelwood Integrated Primary School Limited	19.5%	0	19.5%	0	19.5%	0
167	Hunterhouse College	19.5%	0	19.5%	0	19.5%	0
278	Integrated College Dungannon	19.5%	0	19.5%	0	19.5%	0

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Employer Code(s)	Employer	Contributions in year commencing 1 April 2020		Contributions in year commencing 1 April 2021		Contributions in year commencing 1 April 2022	
		% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)
129	Jordanstown Schools	19.5%	0	19.5%	0	19.5%	0
262	Lagan College	19.5%	0	19.5%	0	19.5%	0
154	Larne Grammar School	19.5%	0	19.5%	0	19.5%	0
361	Libraries NI	19.5%	0	19.5%	0	19.5%	0
123	Linen Hall Library	20.3%	0	20.3%	0	20.3%	0
381	Lisburn and Castlereagh City Council	19.5%	0	19.5%	0	19.5%	0
163	Livestock & Meat Commission for Northern Ireland	19.5%	0	19.5%	0	19.5%	0
219	Local Government Staff Commission	37.6%	0	37.6%	0	37.6%	0
213	Loreto College	19.5%	0	19.5%	0	19.5%	0
215	Loreto Grammar School	19.5%	0	19.5%	0	19.5%	0
330	Loughview Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
287	Lumen Christi College	19.5%	0	19.5%	0	19.5%	0
345	Maine Integrated Primary School	19.5%	0	19.5%	0	19.5%	0

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Employer Code(s)	Employer	Contributions in year commencing 1 April 2020		Contributions in year commencing 1 April 2021		Contributions in year commencing 1 April 2022	
		% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)
316	Malone College	19.5%	0	19.5%	0	19.5%	0
322	Methodist College	19.5%	0	19.5%	0	19.5%	0
382	Mid and East Antrim District Council	19.5%	0	19.5%	0	19.5%	0
383	Mid Ulster District Council	19.5%	0	19.5%	0	19.5%	0
358	Middletown Centre for Autism Limited	19.5%	0	19.5%	0	19.5%	0
263	Mill Strand Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
321	Millennium Forum	19.5%	0	19.5%	0	19.5%	0
333	Millennium Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
250	Mount Lourdes Grammar School	19.5%	0	19.5%	0	19.5%	0
290	Mourne Heritage Trust	39.1%	600	39.1%	700	39.1%	700
320	New-Bridge Integrated College	19.5%	0	19.5%	0	19.5%	0
236	Newington Housing Association (1975) Limited	19.5%	0	19.5%	0	19.5%	0
384	Newry, Mourne and Down District Council	19.5%	0	19.5%	0	19.5%	0



Employer Code(s)	Employer	Contributions in year commencing 1 April 2020		Contributions in year commencing 1 April 2021		Contributions in year commencing 1 April 2022	
		% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)
374	North Belfast Housing Association Limited	19.5%	0	19.5%	0	19.5%	0
324	North Coast Integrated College	19.5%	0	19.5%	0	19.5%	0
356	North West Regional College	19.5%	0	19.5%	0	19.5%	0
372	Northern Community Leisure Trust	0.0%	0	0.0%	0	0.0%	0
391	Northern Community Leisure Trust 2	9.5%	0	9.5%	0	9.5%	0
242	Northern Ireland Co-Ownership Housing Association Limited	19.5%	0	19.5%	0	19.5%	0
275	Northern Ireland Council for Integrated Education	19.5%	0	19.5%	0	19.5%	0
203	Northern Ireland Federation of Housing Associations	19.5%	0	19.5%	0	19.5%	0
114	Northern Ireland Fire & Rescue Service	19.5%	0	19.5%	0	19.5%	0
180	Northern Ireland Fishery Harbour Authority	19.5%	0	19.5%	0	19.5%	0
313	Northern Ireland Hospice	26.1%	0	26.1%	0	26.1%	0
115	Northern Ireland Housing Executive	19.5%	0	19.5%	0	19.5%	0
150	Northern Ireland Local Government Association (NILGA)	19.5%	0	19.5%	0	19.5%	0



Employer Code(s)	Employer	Contributions in year commencing 1 April 2020		Contributions in year commencing 1 April 2021		Contributions in year commencing 1 April 2022	
		% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)
119	Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC)	19.5%	0	19.5%	0	19.5%	0
206	Northern Ireland Railway Company Limited	19.5%	0	19.5%	0	19.5%	0
373	Northern Ireland Screen	19.5%	0	19.5%	0	19.5%	0
116	Northern Ireland Tourist Board	19.5%	0	19.5%	0	19.5%	0
197	Northern Ireland Transport Holding Company	19.5%	0	19.5%	0	19.5%	0
355	Northern Regional College	19.5%	0	19.5%	0	19.5%	0
273	Oakgrove Integrated College	19.5%	0	19.5%	0	19.5%	0
318	Oakgrove Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
334	Oakwood Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
398	OCS (Belfast Metropolitan College)	37.3%	0	37.3%	0	37.3%	0
343	Omagh Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
173	Our Lady & St Patrick's College	19.5%	0	19.5%	0	19.5%	0
289	Our Lady's Grammar School	19.5%	0	19.5%	0	19.5%	0

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Employer Code(s)	Employer	Contributions in year commencing 1 April 2020		Contributions in year commencing 1 April 2021		Contributions in year commencing 1 April 2022	
		% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)
325	Outdoor Recreation (NI)	21.6%	0	21.6%	0	21.6%	0
387	Phoenix Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
350	Portadown Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
211	Probation Board for Northern Ireland (PBNi)	19.5%	0	19.5%	0	19.5%	0
194	Radius Housing Association Ltd	30.2%	1,603,000	30.2%	1,635,000	30.2%	1,669,000
281	Rainey Endowed School	19.5%	0	19.5%	0	19.5%	0
172	Rathmore Grammar School	19.5%	0	19.5%	0	19.5%	0
351	Roe Valley Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
368	Rowandale Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
128	Royal Belfast Academical Institution	19.5%	0	19.5%	0	19.5%	0
157	Royal School, Armagh	19.5%	0	19.5%	0	19.5%	0
218	Royal School, Dungannon	19.5%	0	19.5%	0	19.5%	0
271	Rural Housing Association	19.5%	0	19.5%	0	19.5%	0



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Employer Code(s)	Employer	Contributions in year commencing 1 April 2020		Contributions in year commencing 1 April 2021		Contributions in year commencing 1 April 2022	
		% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)
221	Sacred Heart Grammar School	19.5%	0	19.5%	0	19.5%	0
336	Saints and Scholars Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
274	Shimna Integrated College	19.5%	0	19.5%	0	19.5%	0
314	Slemish Integrated College	19.5%	0	19.5%	0	19.5%	0
352	South Eastern Regional College	19.5%	0	19.5%	0	19.5%	0
232	South Ulster Housing Association Limited	27.5%	87,900	27.5%	89,800	27.5%	91,800
354	South West College	19.5%	0	19.5%	0	19.5%	0
357	Southern Regional College	19.5%	0	19.5%	0	19.5%	0
339	Sperrin Integrated College	19.5%	0	19.5%	0	19.5%	0
326	Spires Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
187	Sports Council for Northern Ireland	19.5%	0	19.5%	0	19.5%	0
363	St Colman's College	19.5%	0	19.5%	0	19.5%	0
142	St Columb's College	19.5%	0	19.5%	0	19.5%	0



Employer Code(s)	Employer	Contributions in year commencing 1 April 2020		Contributions in year commencing 1 April 2021		Contributions in year commencing 1 April 2022	
		% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)
188	St Dominic's High School	19.5%	0	19.5%	0	19.5%	0
309	St Joseph's Grammar School	19.5%	0	19.5%	0	19.5%	0
285	St Louis Grammar School	19.5%	0	19.5%	0	19.5%	0
397	St Louis Grammar School (Kilkeel)	19.5%	0	19.5%	0	19.5%	0
139	St Malachy's College	19.5%	0	19.5%	0	19.5%	0
145	St Mary's Christian Brothers Grammar School	19.5%	0	19.5%	0	19.5%	0
220	St Mary's Grammar School	19.5%	0	19.5%	0	19.5%	0
175	St Mary's University College	19.5%	0	19.5%	0	19.5%	0
241	St Matthew's Housing Association Limited	19.5%	0	19.5%	0	19.5%	0
209	St Michael's College	19.5%	0	19.5%	0	19.5%	0
196	St Patrick's Academy	19.5%	0	19.5%	0	19.5%	0
160	St Patricks Grammar School	19.5%	0	19.5%	0	19.5%	0
393	St Patrick's Grammar School, Armagh	19.5%	0	19.5%	0	19.5%	0

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Employer Code(s)	Employer	Contributions in year commencing 1 April 2020		Contributions in year commencing 1 April 2021		Contributions in year commencing 1 April 2022	
		% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)	% pensionable pay	Additional contribution (£s)
392	St Ronan's College	19.5%	0	19.5%	0	19.5%	0
329	Strangford College	19.5%	0	19.5%	0	19.5%	0
176	Stranmillis University College	19.5%	0	19.5%	0	19.5%	0
212	Strathearn School	19.5%	0	19.5%	0	19.5%	0
146	Sullivan Upper School	19.5%	0	19.5%	0	19.5%	0
161	Thornhill College	19.5%	0	19.5%	0	19.5%	0
327	Ulidia Integrated College	19.5%	0	19.5%	0	19.5%	0
189	Ulsterbus Limited	19.5%	0	19.5%	0	19.5%	0
164	University of Ulster	19.5%	0	19.5%	0	19.5%	0
195	Victoria College	19.5%	0	19.5%	0	19.5%	0
152	Wallace High School	19.5%	0	19.5%	0	19.5%	0
331	Windmill Integrated Primary School	19.5%	0	19.5%	0	19.5%	0
237	Woodvale and Shankill Co	27.6%	11,700	27.6%	12,100	27.6%	12,600
	Total	19.7%	2,539,800	19.7%	2,603,500	19.7%	2,671,400



Notes

1. Contributions for 2021/2022 and 2022/23 have been based on the valuation results as at 31 March 2019 which for the Main Employer Group was a funding level of 113%. The effect of measures being taken to limit the Covid-19 pandemic on economic activity and asset values subsequent to the valuation date may mean the Fund is no longer in surplus by the time of the next valuation due as at 31 March 2022. As a result, the employer contributions for 2021/22 and 2022/23 set out above are subject to confirmation and may be increased in order to avoid a higher increase being required from 1 April 2023 if the funding level falls materially below its 31 March 2019 level.
2. Regulation 68(9) requires a statement to be made of the assumptions on which the certificate is given as regards the number of members, and the associated amount of liabilities arising, who will become entitled to payment of pensions under the LGPS (NI) regulations during the period covered by the certificate. These assumptions can be found in section e of the Further Information section of the formal report on the valuation as at 31 March 2019. They include assumptions relating to the members who are expected to become entitled to payment of pensions via normal retirement and ill health retirement. In practice members will also become entitled to payment of pensions via early retirement for reasons of redundancy or efficiency reasons as well as on voluntary early retirement, for which no assumption has been made.
3. The contributions shown above represent the minimum contributions to be paid by each employer. Employers may choose to pay additional contributions from time to time subject to the Committee's agreement.
4. Additional contributions may be required in respect of any additional liabilities that arise under the provisions of Regulations 31, 32, 36 and 37 of the 2014 Regulations and employers will be notified of such contributions separately by the Committee.
5. Additional contributions may be payable by any employers which have ceased to participate in the Fund since 31 March 2019 and these will be certified separately.
6. Contribution rates for Employers commencing participation in the Fund after 31 March 2019 will be advised separately.



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30 March 2020

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i. Glossary

Active member	A person who is employed by an employer participating in the Fund, and is paying (or is treated as paying) contributions to the Fund (includes certain members temporarily absent, eg due to family leave or sickness).
Admission body	An employer admitted to the Fund under an admission agreement or with a "deemed" admission agreement.
Attained age method	This is one of the methods used by actuaries to calculate a contribution rate to the Fund. This method calculates the present value of the benefits expected to accrue to members over their expected remaining membership of the Fund expressed as a percentage of their expected future pensionable pay. It allows for projected future increases to pay or revaluation as appropriate through to retirement or date of leaving service. The method is based on the current membership and takes no account of the possibility of further members joining the Fund. If there are no new members, this method would be expected to result in a stable contribution rate, once surpluses or shortfalls are taken into account, and if all the other assumptions are borne out. However, if more members join the Fund to replace older leavers, the contribution rate can be expected to fall.
Consumer prices index (CPI)	This is the price inflation index that increases to pensions and deferred pensions paid by the Fund are currently based on. It is published every month by the Office of National Statistics.
Deferred member	A former employee who has left active membership, but has not yet received any benefits from the Fund and is prospectively entitled to receive a deferred pension from his/her normal pension age.



Discount rate	Expected future investment returns calculated with reference to an assumed investment strategy and level of prudence. The discount rate is used to translate the estimated future benefit payments from the Fund into a single figure which represents the amount needed to be held today to provide them.
Fund actuary	The actuary to the Fund, who provides actuarial advice to the Committee including carrying out the actuarial valuation contained in this report.
Funding level (or funding ratio)	This is the ratio of the value of assets to the Funding Target.
Funding objective	To hold sufficient and appropriate assets to cover the Funding Target.
Funding Strategy Statement	A document prepared by the Committee in accordance with the Regulations which sets out the funding strategy adopted for the Fund. The Fund Actuary must have regard to this statement in preparing this actuarial valuation.
Funding target	An assessment of the present value of the benefits that will be paid from the Fund in the future, normally based on pensionable service prior to the valuation date. Under the current Funding Strategy Statement the funding target is equal to the past service liabilities calculated using a prudent set of assumptions.
Future service contribution rate	The contribution rate (expressed as a percentage of Pensionable Pay) required to meet the cost of benefits which will accrue to members in future.
Guaranteed minimum pensions (GMPs)	Most Funds that were contracted out of the State Earnings Related Pension Scheme (SERPS) before April 1997 have to provide a pension for service before that date at least equal to the Guaranteed Minimum Pension (GMP). This is approximately equal to the SERPS pension that the member would have earned had the Fund not been contracted out. GMPs ceased to accrue on 6 April 1997 when the legislation changed.



Intermediate funding target

For employers not deemed by the Committee to meet the criteria for membership of the Main Employer Group, but which the Committee considers to be sufficiently financially secure, the Committee may assume continued investment in a broad range of assets of higher risk than government bonds for a longer period than it would for orphan bodies. The funding target will still consider any likely change in notional or actual investment strategy as regards the assets held in respect of the body's liabilities when the employer exits. This is known as the intermediate funding target and is intended to be an interim step towards moving to the Ongoing Orphan funding target.

The in-service discount rate has been set to be equal to the discount rate for the Main Employer group.

Typically for such employers the left service discount rate will be equivalent to the yield on long-dated fixed interest gilts at a duration appropriate for the Fund's liabilities plus an asset out-performance assumption. Currently this is set so that the discount rate is equal to that used for employers on the Main Employer Group funding target, less 1%.

Long-term cost efficiency

This is not defined in the Regulations but further explanation can be found in the Cipfa guidance 'Preparing and Maintaining a Funding Strategy Statement', dated September 2016:

The notes to the Public Service Pensions Act (Northern Ireland) 2014 state:

"Long-term cost-efficiency implies that the rate must not be set at a level that gives rise to additional costs. For example, deferring costs to the future would be likely to result in those costs being greater overall than if they were provided for at the time."

The rate of employer contributions shall be deemed to have been set at an appropriate level to ensure long-term cost efficiency if the rate of



employer contributions is sufficient to make provision for the cost of current benefit accrual, with an appropriate adjustment to that rate for any surplus or shortfall in the fund.

In assessing whether the above condition is met, the Government Actuary's Department (GAD) may have regard to the following considerations:

- the implied average shortfall recovery period
- the investment return required to achieve full funding over different periods, e.g. the recovery period
- if there is no shortfall, the extent to which contributions payable are likely to lead to a shortfall arising in the future
- the extent to which the required investment return above is less than the Committee's view of the expected future return being targeted by the Fund's investment strategy, taking into account changes in maturity/strategy as appropriate

Low risk funding target

Funding target used for already orphaned liabilities in the Fund. The discount rate is based on the yield on long-dated fixed interest gilts at a duration appropriate for the Fund's liabilities.

Main Employer group

Secure employers whose participation in the Fund is considered by the Committee to be indefinite.

Main Employer group/subsumption funding target

For secure employers whose participation in the Fund is considered by the Committee to be indefinite and Admission Bodies with a subsumption commitment from such Scheduled Bodies, the Committee assumes indefinite investment in a broad range of assets of higher risk than risk free assets. This is known as the Main Employer group/subsumption body funding target.



(Ongoing) Orphan employer

This is an employer whose participation in the Fund may cease at some future point in time, after which it is expected that the Committee will have no access to future contributions from that employer for the employer's liabilities in the Fund once any liability on exit has been paid. On exit the employer's liabilities will become 'orphan liabilities' in the Fund.

Ongoing orphan funding target

For active employers whose liabilities are expected to be orphaned on exit and do not qualify for the Main Employer Group or Intermediate Funding Target, the Committee will have regard to the potential for participation to cease (or for the body to have no contributing members), the potential timing of such exit, and any likely change in notional or actual investment strategy as regards the assets held in respect of the body's liabilities at the date of exit (i.e. whether the liabilities will become 'orphaned' or a guarantor exists to subsume the notional assets and liabilities). This is known as the ongoing orphan funding target.

Typically employers which will ultimately give rise to Orphan liabilities will have a discount rate which is based on the yield on long-dated fixed interest gilts at a duration appropriate for the Fund's liabilities plus an asset out-performance assumption (this addition will be different when applied to liabilities in relation to members still in service and to those who have left service).

Currently the in-service discount rate has been set to be equal to that of the Main Employer group.

The addition for the left service discount rate reflects market expectations of the possible future increase in the gilt yield curve over the next five years.

Orphan/orphaned liabilities

Liabilities in the fund for which no specified contributing employer(s) has responsibility, which therefore fall to be met by all employers in the Fund.



Past service liabilities

This is the present value of the benefits to which members are entitled based on benefits accrued to the valuation date, assessed using the assumptions agreed for each employer between the Committee and the Fund Actuary. It generally allows for projected future increases to pay or revaluation as appropriate through to retirement or date of leaving service.

Pensioner member

An individual who is receiving a pension from the fund, including dependants of former active, deferred or pensioner members.

Present value

Actuarial valuations involve projections of pay, pensions and other benefits into the future. To express the value of the projected benefits in terms of a cash amount at the valuation date, the projected amounts are discounted back to the valuation date by a discount rate. This value is known as the present value. For example, if the discount rate was 4% a year and if we had to pay a cash sum of £1,040 in one year's time the present value would be £1,000.

Projected unit method

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

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



Prudent	Prudent assumptions are such that the actual outcome is considered to be more likely to overstate than understate the amount of money actually required to meet the cost of the benefits.
Rates and adjustments certificate	A certificate required at each actuarial valuation by the Regulations, setting out the contributions payable by employers for the 3 years from the 1 April following the valuation date.
Recovery period	The period over which any surplus or shortfall is to be eliminated.
Recovery plan	Where a valuation shows a funding shortfall against the past service liabilities, a recovery plan sets out how the Committee intends to meet the funding objective.
Regulations	<p>The statutory regulations setting out the contributions payable to, and the benefits payable from, the Local Government Pension Scheme NI and how the fund is to be administered. They currently include the following sets of regulations:</p> <ul style="list-style-type: none">▪ Regulations - Local Government Pension Scheme Regulations (Northern Ireland) 2014 (as amended)▪ 2014 Transitional Regulations - Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014 (as amended)
Shortfall	Where the assets are less than the Funding Target, the shortfall is the Funding Target less the value of assets.
Shortfall contributions	Additional contributions payable by employers to remove the shortfall by the end of the recovery period.
Solvency	The notes to the Public Service Pensions Act (Northern Ireland) 2014 state that solvency means that the rate of employer contributions should be set at “such level as to ensure that the scheme’s liabilities can be met as they arise”. It is not regarded that this means that the pension fund



should be 100% funded at all times. Rather, and for the purposes of Section 13 of the Public Service Pensions Act (Northern Ireland) 2014, the rate of employer contributions shall be deemed to have been set at an appropriate level to ensure solvency if:

- the rate of employer contributions is set to target a funding level for the whole fund (assets divided by liabilities) of 100% over an appropriate time period and using appropriate actuarial assumptions; and either
- employers collectively have the financial capacity to increase employer contributions, and/or the fund is able to realise contingent assets should future circumstances require, in order to continue to target a funding level of 100%; or
- there is an appropriate plan in place should there be, or if there is expected in future to be, no or a limited number of fund employers, or a material reduction in the capacity of fund employers to increase contributions as might be needed.

If the conditions above are met, then it is expected that the fund will be able to pay scheme benefits as they fall due.

State pension age (SPA)

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

- Currently age 65.
- Current legislation transitions State Pension Age for both men and women to age 68 by 2046, as follows:
 - to age 66 by 2020
 - to age 67 by 2028
 - to age 68 by 2046



Strains

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

Subsumption body

An employer which is not a secure long term employer in the Main Employer group and where the Committee has obtained an undertaking from a related employer that, if and when the employer exits the Fund, they will be a source of future funding should any funding shortfalls emerge on the original employer's liabilities after exit.

In this document the process of taking on the responsibility for future funding at the point of exit is known as 'subsumption' of an employer's liabilities. The employer whose liabilities will be (or are being) subsumed is referred to as a subsumption body.

Surplus

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

Transfer value

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

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