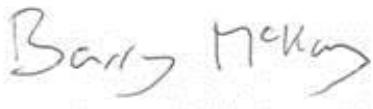


31 March 2016 Formal Valuation - Draft Results

ATTENTION

The results in this Schedule should be read in conjunction with the draft Funding Strategy Statement, the Employer Results Report, the Formal Valuation Report (to be issued in March 2017), and any related correspondence. The method, assumptions, reliances and limitations are described in those documents. The restrictions set out in those reports on the disclosure to any third party apply equally to this Results Schedule. It should be noted that this Schedule is intended for the use of the Administering Authority only but may be shared with the Employer named within this Schedule for the purposes of agreeing a contribution plan.

Fund	Surrey Pension Fund
Administering Authority	Surrey County Council
Employer	Guildford Borough Council
Pool	Individual
Employer code/Pool name	379
Open/Closed	Open
Employer Type	Scheduled



Barry McKay

For and on behalf of Hymans Robertson LLP

1 February 2017

Section 1 - Employer Data

Employer membership statistics

	Number		Average Age		Duration
	31 Mar 2013	31 Mar 2016	31 Mar 2013	31 Mar 2016	31 Mar 2016
Active Members	701	724	51.4	52.3	22.8
Deferred Pensioners	1,005	1,137	49.7	50.5	23.4
Pensioners	756	849	67.8	68.3	11.3

Average age is weighted by liability

The average duration of liabilities based on the valuation assumption is 16.6 years.

	Actual Pay / Pension p.a. (£000)		Average Pay / Pension (£)		CARE Pot (£000)
	31 Mar 2013	31 Mar 2016	31 Mar 2013	31 Mar 2016	31 Mar 2016
Active Members	17,840	19,518	25,450	26,959	724.2
Deferred Pensioners	1,782	2,285	1,773	2,010	-
Pensioners	4,456	5,483	5,895	6,458	-

The CARE pot for deferred and pensioner members is included in the pension figures.

	FTE Pay (£000)	Average Service (Yrs)		Average Service (Yrs)	
	31 Mar 2016	80ths 31 Mar 2013	60ths 31 Mar 2013	80ths 31 Mar 2016	60ths 31 Mar 2016
Active Males	8,766	13.1	4.5	11.6	5.2
Active Females	7,624	10.5	3.9	9.4	4.6
Total	16,390	11.9	4.2	10.6	4.9

Average service is weighted by salary. The FTE pay figures relate to those members who joined prior to the CARE scheme date.

Employer membership movements since last valuation

Lives	Actual	Expected	Difference
Early Leavers	246	238	3%
Ill Health Retirements	8	10	(17%)
Early Retirements	11	0	100%
£000s	Actual	Expected	Difference
Amounts of Pension Ceasing	106	383	(72%)

Cashflow data

	Employer contributions £000s	Employee contributions	Benefits paid	Net cashflow
1 April 2013 - 31 March 2014	4,164	1,227	5,627	(236)
1 April 2014 - 31 March 2015	5,176	1,329	5,890	615
1 April 2015 - 31 March 2016	5,219	1,373	6,110	482

Investment returns

	Actual	Expected
From 1 April 2013 to 31 March 2016	20.9%	14.4%

Section 2 - Assumptions

Financial assumptions

	31 Mar 2013 % p.a.	31 Mar 2016 % p.a.
Pre-retirement Discount rate	4.6%	4.2%
Post-retirement Discount rate	4.6%	4.2%
Salary increases	3.8%	2.4%
Pension increases / CARE revaluation	2.5%	2.1%

Demographic assumptions

As the fund is a member of Club Vita, the baseline mortality assumptions are a bespoke set of Vita Curves that are tailored to fit the membership profile of the fund.

We have also allowed for future improvements in mortality based on the CMI 2013 model assuming improvements have peaked, long term improvements of 1.25% p.a., with declining mortality for over 90s.

Future retirements are assumed to commute pension into tax-free cash up to 25% of HMRC limits for service to 31 March 2008 and 63% for service thereafter.

We have assumed that there is a 1% probability that members will opt to join the 50:50 scheme.

Full details of the assumptions used are detailed in the Employer Results Report.

Section 3 - Employer Valuation Results

Employer valuation results

	31 Mar 2013 £(000)	31 Mar 2016 £(000)
Past service liabilities		
Active members (Final salary)	72,109	53,916
Active members (CARE)	-	9,373
Deferred pensioners	33,540	40,344
Pensioners	68,390	83,226
Total	174,038	186,860
Asset share	122,813	149,552
Surplus / (deficit)	(51,224)	(37,308)
Funding level	71%	80%

Reconciliation of surplus / (deficit)

		£(000)	£(000)
Surplus / (deficit) at last valuation			(51,224)
Interest on deficit		(7,367)	
Expected investment returns	14.4%		
Actual investment returns	20.9%		
Investment returns greater than expected		7,974	
Contributions greater than cost of accrual		2,818	
Expected Salary increases p.a.	4.5%		
Actual Salary increases p.a.	2.8%		
Salary increases less than expected		3,840	
Expected Pension increases (p.a.)	2.5%		
Actual Pension increases (p.a.)	1.3%		
Pension increases less than expected		4,281	
Ill-health retirement strain		(187)	
Ill-health contributions paid		169	
Retirement experience worse than expected		(438)	
Early retirement contributions paid / payable		257	
Early leavers more than expected		652	
Pensioner deaths fewer than expected		(2,318)	
Commutation lower than expected		(317)	
Change in demographic assumptions		1,002	
Change in mortality assumptions		2,191	
Change in financial assumptions		3,508	
Impact of Bulk transfers		-	
Impact of 50:50 take-up		(873)	
Other experience items		(1,276)	
Surplus / (deficit) at this valuation			(37,308)

Section 4 - Employer Contribution Rates

Valuation contribution rate results

	Primary Rate Cost of New Benefits Accruing % of payroll		Secondary Rate Deficit(Surplus) Repayment £(000) p.a.
Total Valuation Rate as at 31 March 2016	15.1%	plus	2,326

The cost of providing LGPS pension benefits is dependent on many uncertain factors including the investment performance of the Fund's assets. To reflect the uncertainty, employer contribution rates have been set by modelling the contributions required to fund the benefits under 5000 different economic scenarios. The likelihood that the 2016 Valuation Contribution Rate above will pay for both benefits accruing and return the employer to a fully funded position over a period of 20 years is at least 66%.

Further details of how contribution rates have been calculated are included in the Employer Results Report and the Funding Strategy Statement.

The Primary Rate includes an allowance of 0.3% for administration expenses.

Contribution rates exclude employee contributions. The average employee contribution rate is 6.8%.

Contributions in payment

	% of payroll		£(000) p.a.
Contributions in payment 2016/2017	14.6%	plus	2,424

Proposed contribution rates for the next three years

	Primary Rate % of payroll		Secondary Rate £(000) p.a.
Proposed certified rates for the year ending			
31 March 2018	15.1%	plus	2,326
31 March 2019	15.1%	plus	2,326
31 March 2020	15.1%	plus	2,326