Agenda Item 13

Pension Fund – Proposal in Relation to Admission Bodies

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Falkirk Council

Subject: **Pension Fund – Proposal in Relation to Admission Bodies**

Meeting: **Falkirk Council**

Date: **27 June 2018**

Submitted by: **Director of Corporate and Housing Services**

1. Purpose of Report

1.1 This report provides the Council with details of a proposal to enable small Pension Fund employers, which are struggling financially to sustain Scheme membership, to leave the Fund without incurring substantial exit costs.

1.2 A similar report is being considered by both Clackmannanshire and Stirling Councils.

2. Recommendations

2.1 The Council is asked:

i) subject to agreement being given by both Clackmannanshire and Stirling Councils, to agree to act as guarantors of the pension liabilities of those admission bodies who meet the criteria set out in paragraph 5.6

ii) where sub para (i) does not apply, to agree to act as guarantors of the pension liabilities of those admission bodies who meet the criteria set out in paragraph 5.6 and who are based in or serve the community in the Falkirk Council area.

3. Background

3.1 Under the statutory terms of the Local Government Pension Scheme, Falkirk Council has a dual role as both the administrator of the Falkirk Council Pension Fund and as an employer who participates in the Fund.

3.2 Around 35 other employers participate in the Fund including Clackmannanshire, and Stirling Councils, the Scottish Environment Protection Agency (SEPA), the Scottish Children's Reporter Administration (SCRA) and various other smaller organisations mainly of a charitable or non-profit making nature.

3.3 Employers in the Fund are either Scheduled Bodies or Admission Bodies. Scheduled Bodies (e.g. the Councils) must by law operate the Scheme, whereas Admission Bodies can apply to participate and can choose to leave at any time.

3.4 Employers make regular contributions to the Pension Fund with individual employer rates being calculated at three yearly intervals following a fund valuation.

3.5 The most recent fund valuation as at 31 March 2017 showed that the Fund's funding level had improved to 92%, meaning that the Fund held 92% of the monies required to meet all of its current liabilities.

3.6 The valuation also disclosed that the funding position of a number of Fund employers had improved with some now holding assets of more than 100% of their liabilities. A list of the funding levels for all fund employers is attached at Appendix 1 of this report.

3.7 Whilst funding positions have increased, the expected return on future investment returns has decreased. This is due to uncertainties around factors such as Brexit, interest rates and lower levels of economic growth. As a consequence, employers are being asked to pay higher contribution rates than ever before (often in excess of 20% of pay) with no guarantee that contribution rates will not increase further in the future.

3.8 A small number of Admission Bodies within the Fund have indicated that the latest contribution rates are not sustainable in the long term and that the costs and financial risks of being in the Fund are adversely impacting on their abilities to operate effectively and to meet their primary business objectives. This is an issue that is common to LGPS Funds across Scotland, and indeed, the UK.

3.9 The Pensions Committee has been made aware of this matter at its meeting of 15 March 2018.

4. Where an Employer Wishes to Leave the Scheme

4.1 Where an employer (i.e. an Admission Body) wishes to leave the Fund, they must make good any deficit attributable to them – either in full immediately or by entering into a repayment plan with the Fund. The deficit is the difference between the employer's share of fund assets and the pension liabilities for which it is responsible.

4.2 Deficit payments for employers who are leaving the Fund are calculated using more prudent assumptions than for continuing employers. This is to provide a "margin of safety" around the funding of liabilities and to protect the position of employers remaining in the Fund on whom, ultimately, any unfunded deficit would fall.

4.3 Invariably, this means that employers who want to leave the Scheme can neither afford the exit payment to leave nor the contributions to stay.

4.4 In these circumstances, there is a risk that an organisation could be forced out of business in which case the community would lose a valuable service; the Fund would suffer reputational damage and bad publicity; and the Councils - as the largest employers in the Fund – would end up bearing the majority of the costs of any funding deficit.

4.5 Notably, the national Scheme Advisory Board – the statutory body which advises the Scottish Ministers on LGPS policy matters – has shown significant interest in this area and has already spearheaded regulatory change to allow Funds to take a more flexible approach in dealing with exiting Admission Bodies.

5. A Potential Solution

5.1 A possible solution which would allow certain employers to leave the Fund without major costs being incurred is for Clackmannanshire, Falkirk and Stirling Councils to act as guarantors of the pension costs. This would allow the admission bodies to terminate their membership of the Fund, with their assets being re-allocated to the Councils, and the Councils, in turn, taking on the responsibility of funding the liabilities.

5.2 For the employers, the clear benefit is that they are able to extricate themselves from an expensive pension arrangement and set up an alternative arrangement for their staff that is more suited to their core business and financial position. For the Councils, there is the opportunity to offer tangible assistance to eligible entities without themselves being likely to incur any costs. And for both the Councils and the Fund, it resolves a long standing reputational and financial risk of employers becoming bankrupt due to escalating Falkirk Fund pension costs.

5.3 As mentioned in 5.1, acting as a guarantor would mean the Councils assuming responsibility for the liabilities of the exiting employers. That would include the risk that future investment returns might not be enough to cover the liabilities. The fact however that, at the point of transfer, the assets transferred would be greater than the liabilities assumed substantially reduces this risk (see para. 5.5 below). Indeed, based on the 2017 valuation results, the actual funding position of the Councils would be marginally improved since the assets held by the admission bodies were in excess of their current liabilities by around £486k.

5.4 To emphasise the modest scale of what is being proposed, the following table compares the assets and liabilities of the three Councils against the assets and liabilities of the Admission Bodies likely to be affected. The end column shows the Admission Body numbers as a percentage of the 3 Councils and indicates that these are only 1% of the total Councils' assets and liabilities.

	The 3 Councils	Admission Bodies	Percentage
Assets	£1.5b	£17m	1.07%
Liabilities	£1.7b	£17m	0.99%

5.5 As to the likelihood of the transferred assets being sufficient to meet the liabilities, the actuary has calculated that there is around a 90% chance that this will be the case. In the remaining 10% of scenarios, the additional liability placed on the Councils' is modelled to be less than 1% of the Councils own deficit and therefore liable to have little or no real impact on Councils' employer contribution rates.

5.6 If approved, and in order to further manage the small risk to the Councils, it is proposed that this "offer" be only made to employers who meet the following criteria:

- the employer is an Admission Body other than a private contractor
- the employer has a total membership of less than 100
- the employer is fully funded on the ongoing funding basis
- the employer formally requests to terminate their Admission Agreement
- the employer agrees that their share of fund assets, including any assets in excess of the liabilities, are transferred to the Councils in full (i.e. no refund of any surplus would be given)

5.7 Whilst it is hoped that all three Councils will agree to act as guarantors so that a Fund wide solution can be adopted, if this is not possible, it is proposed that any Councils who do agree to act as guarantors should do this for those organisations based in or serving the community in their geographical areas.

5.8 A more detailed explanation of the proposal is contained in the paper prepared by the Pension Fund Actuary, Hymans Robertson and is attached as Appendix 2 of the report.

6. Admission Bodies

6.1 At the current time, the Fund employers who could potentially benefit from the Councils acting as guarantors are listed below, together with the Council area in which they operate. Further employers may be considered in the future on a case-by-case basis.

Employer	**Council Area**
Central Carers Association	Falkirk
Open Secret	Falkirk
Ceteris	Clackmannanshire
Seamab School	Clackmannanshire
Alsorts	Stirling
Cowane's Hospital	Stirling
McLaren Leisure	Stirling
Smith Art Gallery	Stirling
Stirling District Tourism Ltd	Stirling
Stirling Enterprise	Stirling

6.2 Scheme members with employers who take up an offer to leave the Scheme will no longer be entitled to make contributions and their membership will come to an end. Their scheme entitlement at the date of cessation will be calculated with no detriment to the benefits that they accrued. Most will be entitled to a deferred benefit consisting of a pension and lump sum entitlement which can be claimed when the individual reaches age 60.

6.3 Employers will need to ensure that they comply with the Government's Workplace Pension requirements by putting in place an alternative pension arrangement. The Fund and the Pension Fund Actuary are able to provide assistance to help employers communicate with their members to ensure they are fully informed throughout the process.

7. Next Steps

7.1 Subject to approval being granted, the Pensions team will engage with the relevant employers and the Fund Actuary with a view to ensuring a smooth exit for both the employers and their members.

8. Implications

Financial

8.1 There are no immediate financial implications associated with the proposals, but see the comments below under the Risk heading.

Resources

8.2 None.

Legal

8.3 None.

Risk

8.4 Because pension fund monies are invested in volatile assets, there is a small risk that the assets of the exiting employers will be insufficient to cover all the eventual liabilities (which will not be known until the last pensioner affected dies). The risk is quantified as being around a 10% chance. Where this occurs, the impact on the Councils' own liabilities is modelled to be less than 1% and would be likely to have little or no effect on the employer contribution rate requiring to be levied.

Equalities

8.5 None.

Sustainability/Environmental Impact

8.6 None.

9. Conclusion

9.1 The Pension Fund valuation as at 31 March 2017 disclosed that the outlook for investment returns has deteriorated and has pushed up employer contribution rates. A number of smaller Fund employers have indicated that the rates going forward are unaffordable and that they would like to exit the Fund.

9.2 The Fund wishes to facilitate a solution whereby these employers can leave the scheme without facing substantial exit payments.

9.3 Due to the improved funding levels, there is a window of opportunity for the exiting employers to be released from their pension obligations with no cost to them or the Councils and with very minimal risk to the Councils.

Director of Corporate & Housing Services

Author: Alastair McGirr, Pensions Manager

01324 506333

Date: alastair.mcgirr@falkirk.gov.uk

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Appendices

Appendix 1 – List of Fund Employers and Funding Levels
Appendix 2 – Hymans Robertson Report

List of Background Papers:

None

Appendix 1 – List of Fund Employers and Funding Levels

Employer/Pool name – employer code/pool	Employer pension assets £000s	Employer pension liabilities £000s	Employer pension surplus/(deficit) £000s	Funding Level
Council pools				
Clackmannanshire Council - Pool	290,959	314,072	(23,113)	93%
Falkirk Council (incl FCT and Haven) - Pool	812,964	873,008	(60,045)	93%
Stirling Council - Pool	481,187	537,239	(56,052)	90%
Central Scotland Joint Valuation Board - 57	15,658	18,294	(2,636)	86%
Other stabilised bodies				
Scottish Fire and Rescue Service - Pool	11,452	12,439	(987)	92%
Scottish Police Authority - Pool	57,124	58,155	(1,031)	98%
Strathcarron Hospice - 13	21,804	23,641	(1,836)	92%
Forth Valley College - Pool	35,912	38,473	(2,561)	93%
Scottish Environment Protection Agency - 38	273,596	303,125	(29,529)	90%
Scottish Children's Reporter Admin. - 34	98,296	109,261	(10,965)	90%
Scheduled Bodies				
VisitScotland - Pool	6,981	6,597	384	106%
Transferee Admission Bodies				
Cromwell European Management Services Ltd - 74	603	453	150	133%
Amey (Clackmannanshire Schools) - 75	861	744	117	116%
Forth and Oban Limited (Schools contract) - Pool	3,184	2,416	768	132%
Council and Scheduled Bodies totals	***2,110,581***	***2,297,917***	***(187,336)***	***92%***
Community Admission Bodies				
Dollar Academy Trust - 5	8,046	7,965	81	101%
Ballikinrain School - 11	8,746	10,022	(1,276)	87%
Stirling Enterprise - 14	3,486	3,273	213	107%
Scottish Autism - 15	48,268	45,594	2,674	106%
Ceteris - 19	5,153	5,259	(106)	98%
Colleges Scotland (Assoc of Scottish Colleges) - 22	1,814	2,611	(797)	69%
Seamab School - 64	3,273	3,098	176	106%
Active Stirling Limited - 68	9,812	9,558	254	103%
thinkWhere - 70	3,932	3,849	83	102%
Small Admitted Bodies				
Snowdon School Limited -18	2,562	1,975	587	130%
Cowane's Hospital - 24	803	763	41	105%
Smith Art Gallery - 28	1,471	1,442	29	102%
Central Carers Association - 36	1,018	992	26	103%
Water Industry Commissioner for Scotland - 61	6,046	5,710	335	106%
Stirling District Tourism Limited - 67	1,211	1,081	130	112%
Closed Community Admission Bodies				
Alsorts - 31	193	266	(73)	73%
Open Secret - 59	428	395	33	108%
McLaren Community Leisure Centre - 65	407	388	20	105%
CAB and SAB totals	***106,669***	***104,241***	***2,430***	***102%***
CAB/SAB totals as % compared to Council and Scheduled Body totals	***5.1%***	***4.5%***	***N/A***	***N/A***

Councils acting as guarantor to “small” employers

Addressee

This report is addressed jointly to Falkirk Council, Stirling Council and Clackmannanshire Council (“the Councils”) as participating employers in the Falkirk Council Pension Fund (“the Fund”). This has been prepared in my capacity as an Actuary to the Fund. It should not be shared with any other participating employers or any third party without my prior consent.

This report has been commissioned by Falkirk Council as the Administering Authority to the Fund and has been prepared with the approval of the Fund.

The purpose of this report is to set out a proposal for the three named Councils to act as guarantor to selected small employers in the Fund and highlights the benefits and risks of providing such a guarantee.

Background

There are a number of “small” employers within the Fund who have expressed a desire to exit the LGPS and instead offer their employees access to a different pension arrangement that better aligns to their business objectives.

These small employers currently participate in the Fund as admission bodies, as defined in the Local Government Pension Scheme (Scotland) Regulations 2014 (“the Regulations”). If they decide to end their participation in the LGPS their staff’s benefit in the Fund would be deferred and, as required by the Regulations, a cessation valuation would then be triggered.

The cessation valuation compares the value of an individual employer’s assets in the Fund against the value of the benefits earned by their current and former employees up to the cessation date (i.e. the employer’s liabilities in the Fund). Any shortfall in the difference between the assets and liabilities on exit is required to be paid by the employer (the “cessation payment”).

The majority of the small employers are fully funded (or better) using the Fund’s ongoing assumptions. However, in the absence of any suitable guarantor for the liabilities left by the employer on exit, the approach set out in the Fund’s Funding Strategy Statement is to value the employer’s liabilities on more prudent assumptions (for the avoidance of doubt, this is in line with other LGPS Funds). The more prudent assumptions result in a higher value being placed on the employer’s liabilities (typically increasing liabilities by around 50% or more). Therefore a funding shortfall emerges. The funding shortfall is typically a significant sum, it can be around 40% of the employer’s liabilities or several multiples of the small employer’s payroll. This more prudent approach is adopted to ensure there is a higher likelihood that the assets held will be enough to meet all future benefits payments for the employer’s former employees. This means that there is less chance that any future shortfall in assets would fall to the other employers in the Fund.

In all cases the group of small employers under consideration have indicated that they cannot afford to pay this shortfall or cessation payment (either as a lump sum or via a payment plan). This inability to meet the cessation payment means they are unable to exit the Fund and thus are effectively forced to stay within the LGPS and retain the risks this entails. The Scottish Local Government Pension Scheme Advisory Board have taken an interest in small employers in the LGPS who provide a community service and the support that they receive to either continue their participation or exit the LGPS. The proposal set out in this paper gives the Councils and Fund the opportunity to be proactive on this issue by providing a solution (on their own terms) for the small employers in the Fund.

Proposal

The proposal for consideration is for the Councils to collectively agree to act as guarantor for the employers specified in this paper. This will allow the employers the option to exit the Fund without being required to make the cessation payment based on the more prudent assumptions.

Following completion of the 2017 formal valuation of the Fund, the small employers under consideration are generally greater than 100% funded (i.e. are in a surplus position) on the ongoing basis. This represents an opportunity for the Councils to provide a guarantee to these employers at a time when there is little or no cost involved. Each of the small employers considered in this paper provide some form of service to the community in the Falkirk, Stirling and Clackmannanshire areas. The provision of a guarantee would relieve them from the rising costs of the LGPS and provide an opportunity for them to spend their funding in other areas. Therefore this proposal could be seen as a win-win situation for the Councils.

The offer to the small employers could be available for a fixed period of time and presented as a “one-time only” route to exit the Fund, with the Councils being under no obligation to offer such a guarantee in the future.

Criteria for small employer consideration

As this approach is likely to be proposed to a select group of employers, the criteria for qualifying to be offered the guarantee needs to be clearly defined in principle upfront. The following could be considered as part of the criteria:

Type of employer

To offer a guarantee to a specific type of employer within the Fund, namely the “Community” admission bodies. This type of employer typically provides some sort of services linked to the Councils, for example carer services or education, and therefore having the Councils provide a guarantee for them does not seem inappropriate.

Size of employer

The employers who have affordability issues with the LGPS are typically small in size and therefore the proposal is to set an upper limit of 100 members to qualify for the guarantee (i.e. the total number of current active, deferred and pensioner members). Other larger employers may then be considered on an individual case-by-case basis by the Councils but would not fall into the category of “automatic” qualification.

The majority of the employers set out in the following section “Employers to consider”, have fewer than 50 members currently in the Fund.

Funding position

In order to qualify for the guarantee, each employer should be fully funded on the Fund’s “ongoing” funding assumptions at the date they exit the Fund. This criteria ensures that the Councils receive assets at least equal to the liabilities of the employers in the Fund at the outset. This means that there is no detriment to the overall funding position of each Council by providing the guarantee on day one.

Any employer who is not currently 100% funded could be required to make a payment(s) into the Fund to reach this status before qualifying for the guarantee.

Approach for splitting the guarantee

It would be appropriate for the Councils to agree a pragmatic approach to splitting the assets and liabilities of the small employers receiving the guarantee between them. This would ensure that the collective decision to proceed with the proposal results in a fair and reasonable split for each Council.

The proposal would be to split the assets and liabilities of the collective group of small employers under the guarantee proportionally as 50%/30%/20% for Falkirk, Stirling and Clackmannanshire Councils respectively. This split is based on the historic tax split and may be considered as fair given the relative size of each of the Councils within the Fund.

Other approaches are available but are potentially more complex. For example assigning each employer's funding to a specific Council which most closely aligned to the services provided.

Employers to consider

The employers shown in the table below meet the type and size qualifying criteria set out above. We have shown each employers' position as it stood at the formal valuation as at 31 March 2017, calculated using the Fund's ongoing assumptions. You will note that some of the below employers had a deficit in the Fund as at 31 March 2017. As noted above the proposal would be that these employers enter into an agreement to pay this deficit before being eligible for the guarantee.

Employer	Assets (£000)	"Ongoing" Liabilities (£000)	Surplus / (Deficit) (£000)
Seamab School	3,273	3,098	176
Stirling District Tourism	1,211	1,081	130
Stirling Enterprise Park Limited	3,486	3,273	213
Ceteris	5,153	5,259	(106)
Central Carers Association	1,018	992	26
Smith Art Gallery	1,471	1,442	29
MacLaren Leisure	407	388	20
Cowane's Hospital	803	763	41
Open Secret*	428	395	33
Alsorts*	193	266	(73)
Total	**17,443**	**16,957**	**486**

*The last active member of Open Secret and Alsorts have already stopped accruing benefits therefore a cessation event has occurred and, under the terms of their admission, each is currently liable for the cessation payment calculated using the more prudent assumptions described above. Their position shown in the table is on the ongoing funding basis to be consistent with the other employers.

If the Councils were to move forward with the proposal and all the employers under consideration took up the option, the guarantee split based on the 50%/30%/20% approach would be as follows:

Council (Split %)	Assets (£000)	"Ongoing" Liabilities (£000)	Surplus / (Deficit) (£000)
Falkirk Council (50%)	8,722	8,478	244
Stirling Council (30%)	5,233	5,087	146
Clackmannanshire Council (20%)	3,489	3,391	98

By guaranteeing the employers, the Councils would each see their funding balance sheet positions improve marginally as the amount of assets taken on is greater than the value of the liabilities guaranteed at the valuation date.

To provide an indication of the scale of the guarantee relative to the Councils' 2017 formal valuation positions we have shown these below (excluding the above split):

Council	Assets (£000)	"Ongoing" Liabilities (£000)	Surplus / (Deficit) (£000)
Falkirk Council	812,964	873,008	(60,045)
Stirling Council	481,187	537,239	(56,052)
Clackmannanshire Council	290,959	314,072	(23,113)

Please note that based on changes in market conditions and investment returns since the 2017 valuation, we would expect the surplus position of the small employer group under consideration remain at a similar level. For the avoidance of doubt, we will calculate the funding position of each employer on the date of their respective exit. In the meantime we are happy to provide an updated funding position for any employer in the group if this would be useful.

Benefits for the Councils

By moving forward with this proposal the Councils will be aiding the small employers to exit the Fund on affordable terms. From a pension perspective, there are also secondary benefits for the Councils including:

- If any of the small employers were to fail without a guarantee, their debt would ultimately be spread over all employers in the Fund. As the largest employers in the Fund the Councils would be apportioned the majority of this debt in any case (greater than 95%).
- The Councils would be taking action on the issue of small employer affordability on their terms, which can be set and agreed before anything is potentially recommended by the Scheme Advisory Board or mandated via the Regulations.

Moreover, as has been discussed, many of the employers affected by the proposal provide services to the local communities. Going forward it is likely that the employers are more likely to be able to continue to operate more viably if they are able to offer staff non-LGPS pension benefits that better suits their businesses in terms of cost and risk.

Risks to the Councils

LGPS member benefits are linked to inflationary increases and are therefore unknown until the point of payment. This primarily leads to a volatile value of liabilities in the Fund. Furthermore the majority of the assets in the Fund are invested in volatile growth-seeking assets. It is therefore not guaranteed that the assets taken on by the Councils are enough to meet the labilities which are being guaranteed. However, as requested, we have carried out some illustrative modelling to test this.

At 31 March 2017, the value of this small employer groups liabilities as a whole, relative to the value of the Councils liabilities was c.1%. This proportion is expected to decrease over time as the small employers would have no future accrual of member benefits.

To carry out the modelling we have assumed that all current active members of the employer group stopped accruing further benefits as at 31 March 2017 and “deferred” their benefits in the Fund. We have then looked at the likelihood that the assets remain enough to pay for the labilities at the end of a 20 year period and assuming no contributions are made by the Councils towards them. In nearly 90% of the 5,000 economic scenarios tested the modelling returned there being no deficit in 20 years’ time. In the 10% of scenarios where assets are insufficient, the average deficit of the small employer group as a whole is about £7million. Relative to the value of the projected Councils deficit in 20 years’ time, this £7million is less than 1%.

However, even in the most extreme economic scenarios, where a deficit was to occur during the period until all liabilities were extinguished, it would not necessarily result in an increase in the Councils’ employer contributions. This risk may be mitigated through the Fund’s contribution stabilisation mechanism, which is utilised by the Councils. This mechanism would not be impacted by the funding of this small employer group.

Accounting impact on Councils

The Councils should note that although the small employer group was in funding surplus at the 2016 valuation, there would likely be a cost in the Council revenue account of providing the guarantee. This is as a result of the stronger assumptions which are currently being used to prepare the Councils accounting reports under the prescribed IAS19 standard.

The table below shows the shows the 50%/30%/20% split of the approximate liabilities using the IAS19 financial assumptions of the Councils at 31 March 2017 to illustrate this. In reality the cost in the revenue account may be materially different to that shown below as it depends on financial conditions at the date the guarantee comes into effect. Please refer to the 31 March 2017 IAS19 Schedule of Results (dated April 2017) for details of the specific assumptions used.

Council	IAS19 Liabilities (£000)	Assets (£000)	Surplus / (Deficit) (£000)
Falkirk Council	10,265	8,722	(1,543)
Stirling Council	6,159	5,233	(926)
Clackmannanshire Council	4,106	3,489	(617)

Suggested next Steps

The suggested next steps for the Councils in taking this proposal forward would be as follows:

(i) Agree the proposal to provide a guarantee to selected employers in the Fund in principle

(ii) Agree the approach as set out in this paper or suggest alternatives

(iii) Agree the employers to be offered and the timescales of the offer

(iv) Formally offer to employers

The employer and Committee liaison would be carried out through the Fund Officers.

Reliances and limitations

The advice in this paper is intended for the Councils to consider the impact of providing a guarantee to number of small employers in the Fund.

The advice in this paper is based on Hymans Robertson LLP's current understanding of the guarantee being considered at present. The subject of this paper may involve legal issues. It should be noted that Hymans Robertson LLP does not provide legal services and, therefore, it is recommended that the Councils seek legal advice on this matter.

We have relied on the accuracy of the information data provided for the 2017 valuation exercise.

The report should not be passed on to any other third party without my prior written consent. If the report is passed onto a third party, then it should be provided in full.

Unless otherwise stated, all figures provided in this paper have been determined based on market conditions as at 31 March 2017. For full details of the assumptions used please see the funding strategy statement, formal valuation report (to be finalised before 31 March 2018) and the employer results schedules issued as part of the 2017 formal valuation.

The following Technical Actuarial Standards are applicable in relation to this paper:

- TAS 100
- TAS 300

The information given in this paper complies with the above Standards.

Prepared by:-

Robert McInroy FFA Catherine McFadyen FFA

22 May 2018

For and on behalf of Hymans Robertson LLP