

Gloucestershire County Council Pension Fund

Funding and risk report as at 31 December 2020

Funding Level Table

	31 December 2020	Ongoing Funding
Assets		£2,849m
Liabilities		£2,665m
Surplus/(deficit)		£184m
Funding level		106.9%

HEADLINE

Summary

This funding update is provided to illustrate the estimated development of the funding position from 31 March 2019 to 31 December 2020, for the Gloucestershire County Council Pension Fund (“the Fund”). It is addressed to Gloucestershire County Council in its capacity as the Administering Authority of the Fund and has been prepared in my capacity as your actuarial adviser.

At the last formal valuation, the Fund assets were £2,379m and the liabilities were £2,338m. This represents a surplus of £41m and equates to a funding level of 102%. Since the valuation the funding level has increased by c5% to 106.9% as detailed in the table above.

This report has been produced exclusively for the Administering Authority. This report must not be copied to any third party without our prior written consent.

Should you have any queries please contact me.



Julie West FFA

CURRENT POSITION

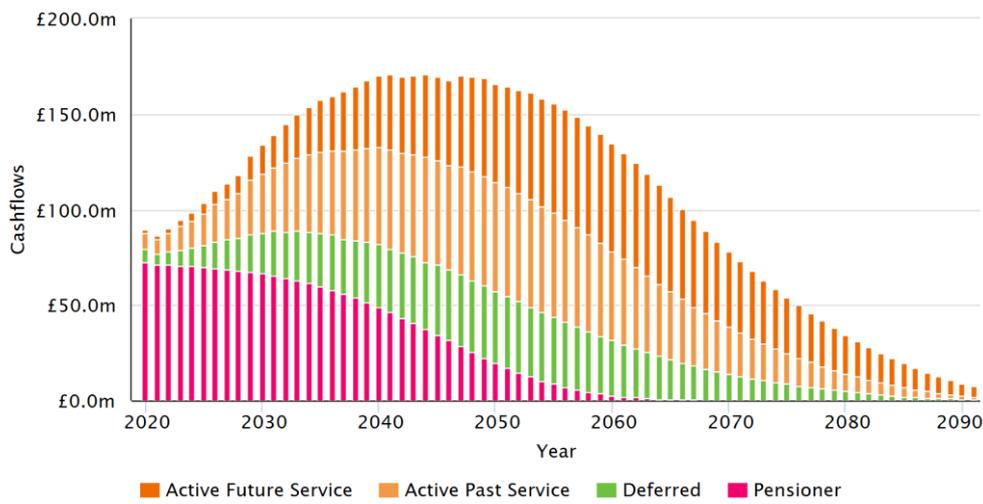
31 December 2020	Ongoing Funding (£m)
Assets	2,849
Liabilities	2,665
Surplus/(deficit)	184
Funding level	107%

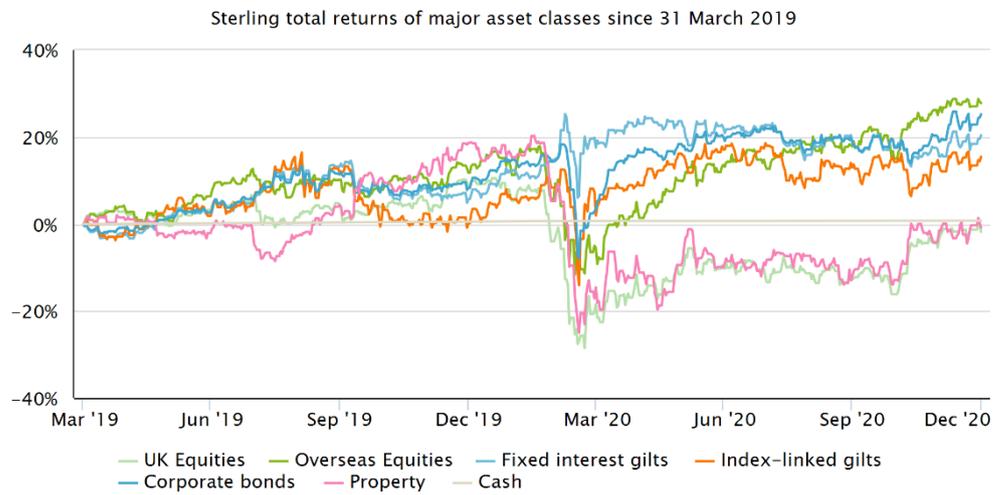
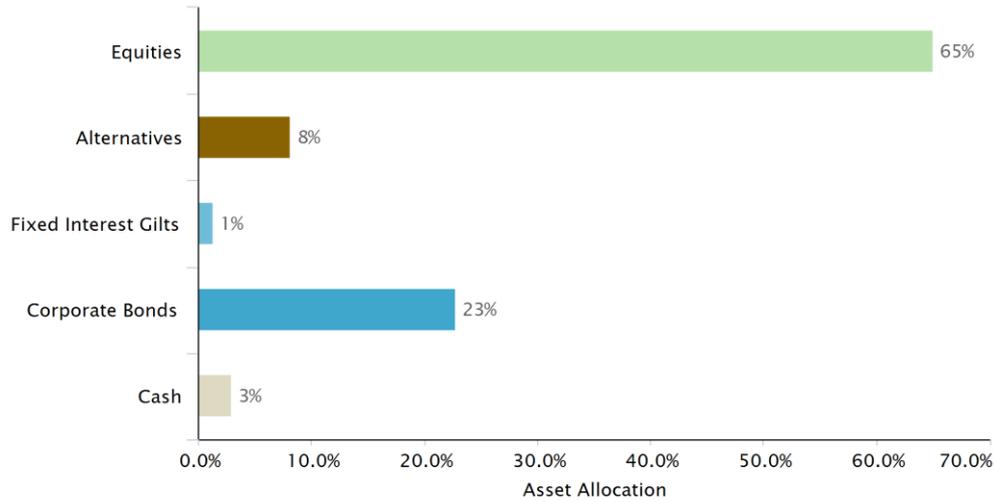
Surplus/(deficit)	£m
Surplus/(deficit) as at 31/03/2019	41
Contributions (less benefits accruing)	54
Interest on surplus/(deficit)	1
Excess return on assets	264
Change in inflation & expected future investment return	(175)
Surplus/(deficit) as at 31/12/2020	184

	31 March 2019	31 December 2020
Market yields (p.a.)		
Fixed interest gilts	1.49%	0.67%
Index-linked gilts	-1.81%	-2.31%
Implied inflation	3.36%	3.05%
AA corporate bond yield	2.36%	1.35%
Price Index		
FTSE All Share	3,978	3,674
FTSE 100	7,279	6,461
Expected future investment return (p.a.)		
20yr annualised return on Fund's asset portfolio*	4.2%	3.4%

*There is at least a 70% likelihood of the Fund's investments achieving at least an annual return of 3.4% p.a. over the next 20 years

PROGRESS





Sensitivity Matrix as at 31 December 2020 for Ongoing funding basis (£m)

Shift in equity level (using FTSE 100 levels as proxy)

	4,522 -30%	5,168 -20%	5,814 -10%	6,461	7,107 +10%	7,753 +20%	8,399 +30%
+0.6	(237)	(28)	180	388	596	804	1,013
+0.4	(301)	(92)	116	324	532	741	949
+0.2	(368)	(160)	48	256	464	673	881
0.0	(441)	(232)	(24)	184	392	600	809
-0.2	(517)	(309)	(101)	107	315	524	732
-0.4	(599)	(391)	(183)	25	234	442	650
-0.6	(687)	(478)	(270)	(62)	146	355	563

Shift in expected future investment return (% p.a.)

Shift in expected future investment return (% p.a.)	less than 50%	50% - 85%	85% - 95%	95% - 100%	100% - 105%	105% - 115%	greater than 115%
+0.6	less than 50%	50% - 85%	85% - 95%	95% - 100%	100% - 105%	105% - 115%	greater than 115%



Reliances and limitations

This report was commissioned by and is addressed to Gloucestershire County Council in their capacity as the Administering Authority and is provided to assist in monitoring certain funding and investment metrics. It should not be used for any other purpose. It should not be released or otherwise disclosed to any third party except as required by law or with our prior written consent, in which case it should be released in its entirety. **Decisions should not be taken based on the information herein without written advice from your consultant.** Neither I nor Hymans Robertson LLP accept any liability to any other party unless we have expressly accepted such liability in writing.

The method and assumptions used to calculate the updated funding position are consistent with those disclosed in the documents associated with the last formal actuarial valuation, although the financial assumptions have been updated to reflect known changes in market conditions. The calculations contain approximations and the accuracy of this type of funding update declines with time from the valuation; differences between the position shown in this report and the position which a new valuation would show can be significant. It is not possible to assess its accuracy without carrying out a full actuarial valuation. This update complies with Technical Actuarial Standard 100.

