

# City of Westminster Pension Fund

December 2021 quarterly funding update

HEADLINE

31 December 2021	Ongoing Funding (£m)
Assets	1,959
Liabilities	1,900
Surplus/(deficit)	59
Funding level	103%

## Summary

This funding update is provided to illustrate the estimated funding position as at 31 December 2021, for the City of Westminster Pension Fund ("the Fund").

At the last formal valuation, the Fund reported (smoothed) assets of £1,411m and liabilities of £1,431m. This represented a deficit of £20m and equates to a funding level of 99%. Since the valuation the funding level has increased by 4% to 103%.

Investment returns of c.35% over the period since the valuation have been higher than expected. However, the outlook for future expected investment returns ('the discount rate') has fallen (from 4.8% p.a. to 4.1% p.a.) and future inflation expectations have risen, increasing the value placed on liabilities.

Since the valuation contributions have been more than the cost of accrual of new benefits. A full breakdown of the impact of these changes on the funding deficit is included in the tables below.

Should you have any queries please contact me.



Steven Scott FFA

## Funding Level

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Assets	1,959
Liabilities	1,900
Surplus/(deficit)	59
Funding level	103%

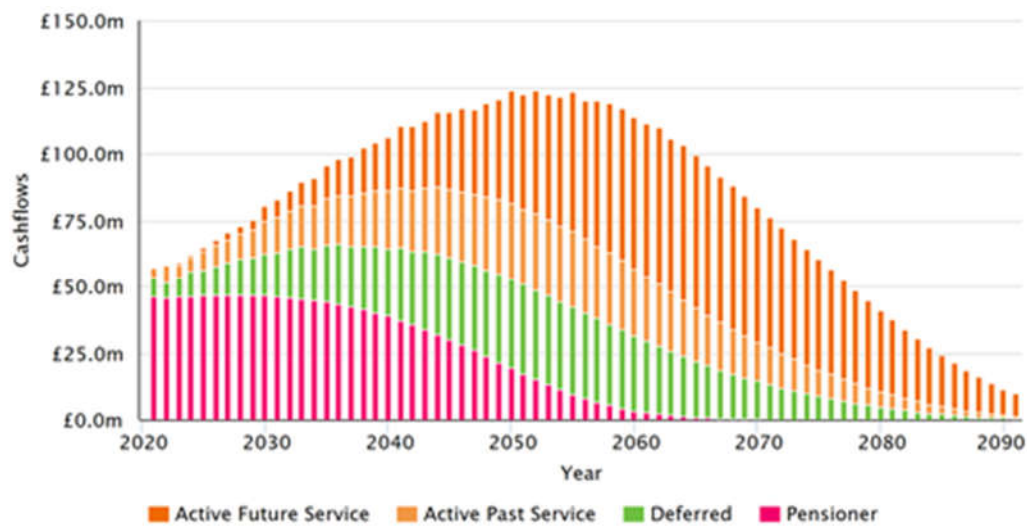
## Analysis of surplus

Surplus/(deficit)	£m
Surplus/(deficit) as at 31/03/2019	(20)
Contributions (less benefits accruing)	97
Interest on surplus/(deficit)	3
Excess return on assets	334
Change in inflation & expected future investment return	(355)
Surplus/(deficit) as at 31/12/2021	59

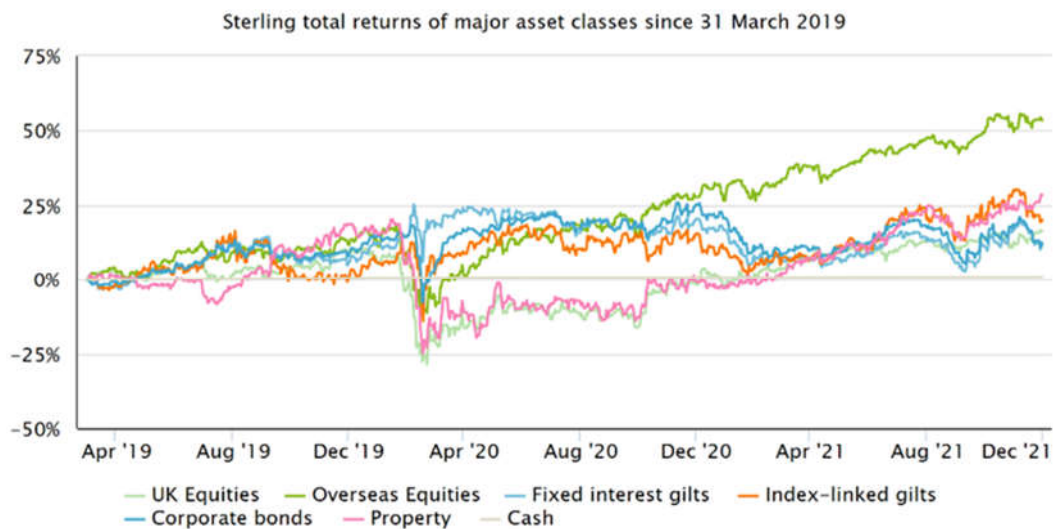
## Assumptions and market indicators

	31 March 2019	30 September 2021	31 December 2021
Financial assumptions	% p.a.	% p.a.	% p.a.
Pension increases (CPI)	2.65%	3.02%	2.93%
Salary increases	3.65%	4.02%	3.93%
Discount rate	4.84%	4.39%	4.14%
Price Index			
FTSE All Share	3,978	4,059	4,208
FTSE 100	7,279	7,086	7,385

## Projected cashflows



## Index returns



## Sensitivity matrix

Sensitivity Matrix as at 31 December 2021 for Ongoing funding basis (£m)

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

	5,169 -30%	5,908 -20%	6,646 -10%	7,385	8,123 +10%	8,861 +20%	9,600 +30%
+0.6	(272)	(109)	53	216	379	541	704
+0.4	(321)	(158)	4	167	329	492	655
+0.2	(373)	(211)	(48)	115	277	440	602
0.0	(428)	(266)	(103)	59	222	384	547
-0.2	(487)	(325)	(162)	1	163	326	488
-0.4	(549)	(387)	(224)	(62)	101	264	426
-0.6	(615)	(453)	(290)	(128)	35	197	360

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

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

- 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 City of Westminster 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 as at 31 March 2019 and “Funding update report as at 30 September 2021” (dated November 2021), 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.

