

# City of Westminster Pension Fund

March 2022 quarterly funding update

	31 March 2022	Ongoing Funding (£m)
HEADLINE	Assets	1,858
	Liabilities	1,801
	Surplus/(deficit)	57
	Funding level	103%

## Summary

This funding update is provided to illustrate the estimated funding position as at 31 March 2022, 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%, this is largely due to:

- Investment returns of c.27% over the period since the valuation have been higher than expected;
- Future inflation expectations have risen, increasing the value placed on liabilities; and
- Contributions have been greater than the cost of accruing 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

31 March 2022	Ongoing Funding (£m)
Assets	1,858
Liabilities	1,801
Surplus/(deficit)	57
Funding level	103%

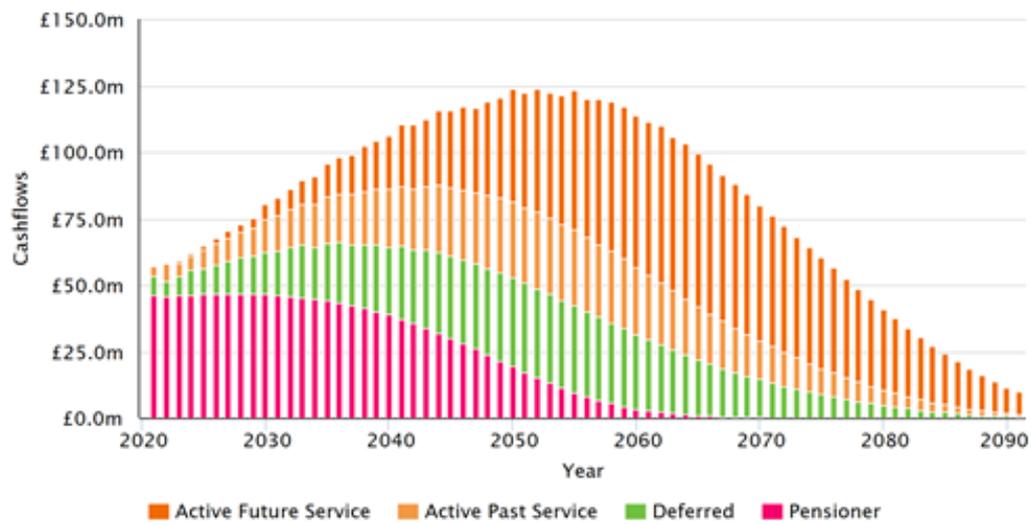
#### Analysis of surplus

Surplus/(deficit)	£m
Surplus/(deficit) as at 31/03/2019	(20)
Contributions (less benefits accruing)	115
Interest on surplus/(deficit)	4
Excess return on assets	201
Change in inflation & expected future investment return	(243)
Surplus/(deficit) as at 31/03/2022	57

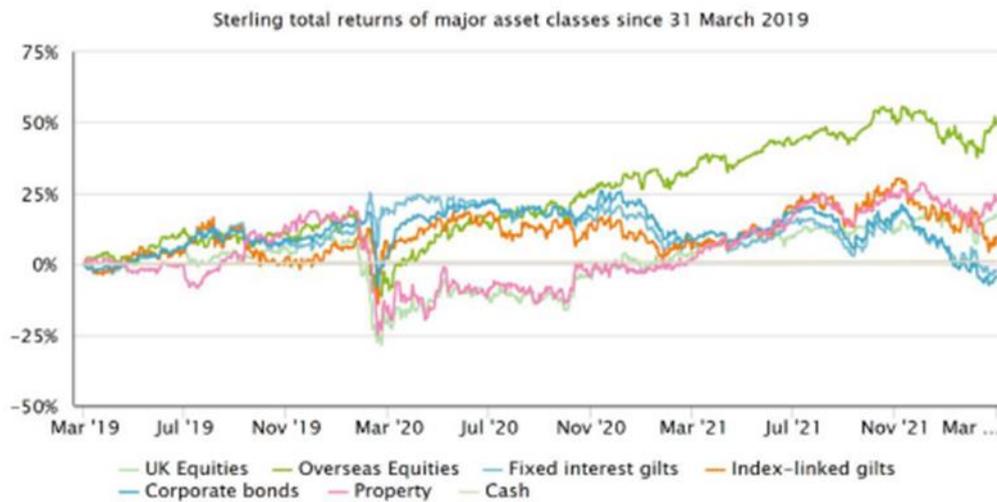
#### Assumptions and market indicators

	31 March 2019	31 December 2021	31 March 2022
Financial assumptions	% p.a.	% p.a.	% p.a.
Pension increases (CPI)	2.65%	2.93%	3.23%
Salary increases	3.65%	3.93%	4.23%
Discount rate	4.84%	4.14%	4.82%
Price Index			
FTSE All Share	3,978	4,208	4,188
FTSE 100	7,279	7,385	7,516

## Projected cashflows



## Index returns



## Sensitivity matrix

Sensitivity Matrix as at 31 March 2022 for Ongoing funding basis (£m)

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

	5,261 -30%	6,013 -20%	6,764 -10%	7,516	8,267 +10%	9,019 +20%	9,770 +30%
+0.6	(263)	(109)	46	200	354	508	663
+0.4	(308)	(154)	1	155	309	463	618
+0.2	(355)	(201)	(47)	107	262	416	570
0.0	(406)	(251)	(97)	57	211	366	520
-0.2	(459)	(305)	(150)	4	158	312	467
-0.4	(515)	(361)	(207)	(53)	102	256	410
-0.6	(575)	(421)	(267)	(112)	42	196	350

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 31 December 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.

