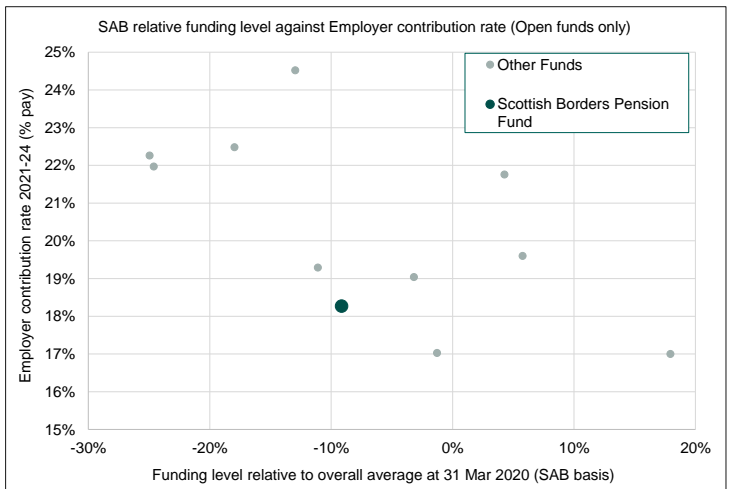
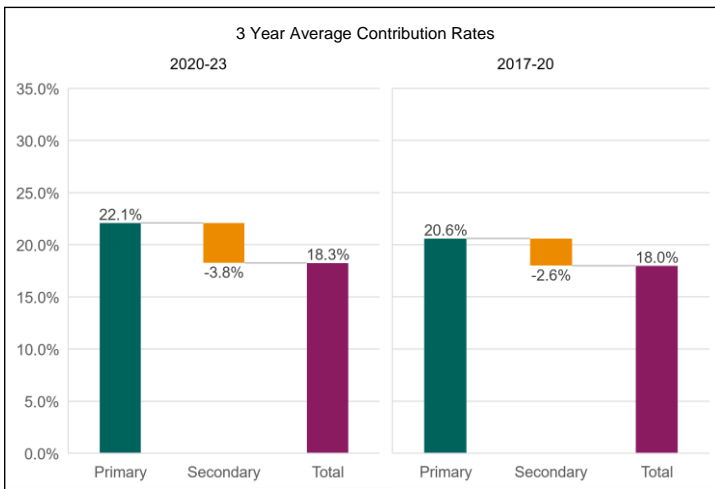
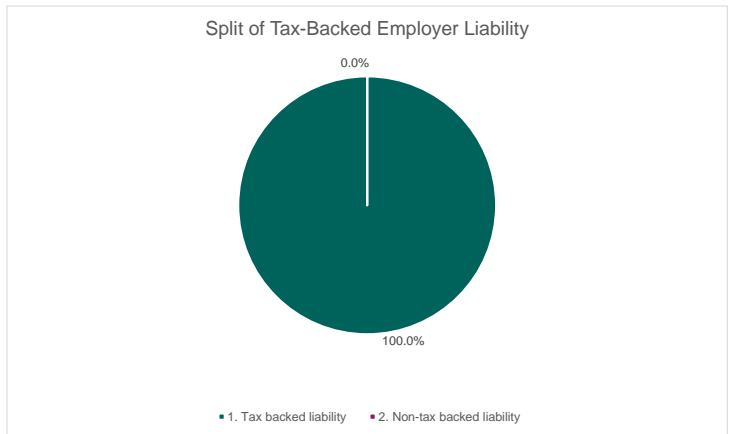
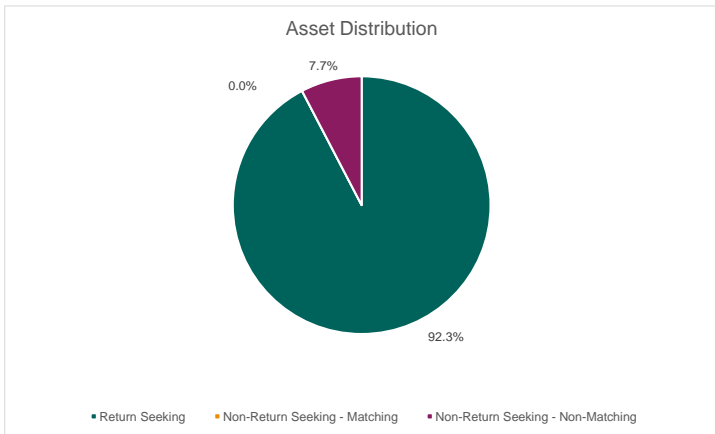
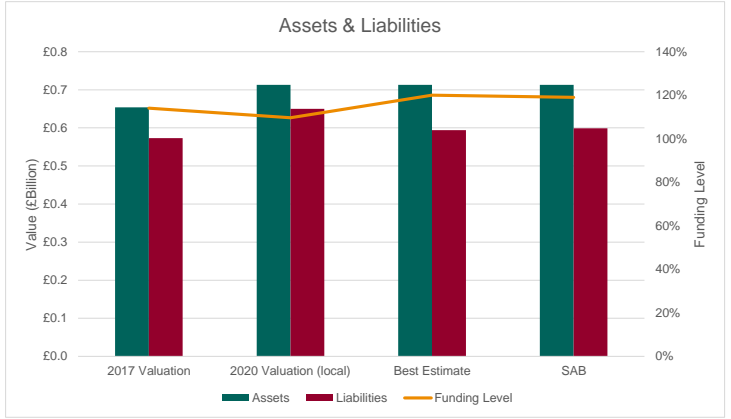
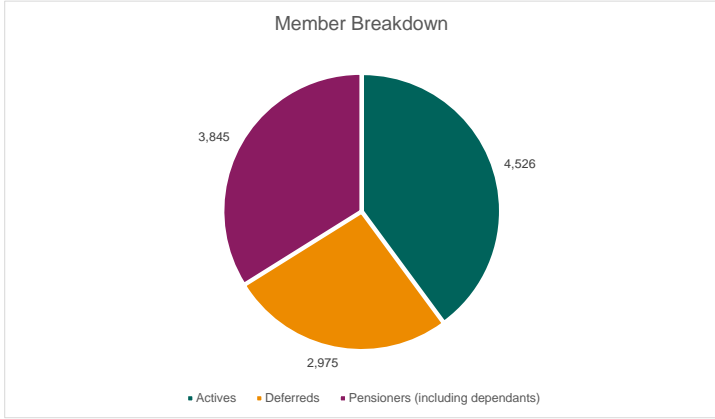


Scottish Borders Pension Fund





Scottish Borders Pension Fund

Solvency Breakdown

Asset Shock	
<i>Assets are divided into the following classes:</i>	
<i>Return seeking - Equity, Property, Infrastructure debt & other return seeking assets</i>	
<i>Non-return seeking - All other assets</i>	
<i>Return seeking assets are stressed by reducing them by 15%</i>	
<i>New deficit = (Pre-stress asset value - Post-stress asset value)</i>	
<i>This deficit is then spread over 20 years of annual payments, and compared to the fund's pensionable payroll</i>	
	£m
Pre-stress asset value	£712.9
Return seeking assets	£658.3
Non-return seeking assets	£54.6
Post-stress asset value	£614.1
Return seeking	£559.6
Non-return seeking	£54.6
Reduction in asset value	£98.7
Equates to an annual amount (spread over 20 years)	£5.4
Total pensionable payroll	£80.6
Reduction to surplus as a percentage of pensionable payroll	6.6%
Deficit percentage of pensionable payroll (allowing for post-asset shock surplus)	Surplus
Employer Default Shock	
<i>Determine funding level on GAD's best estimate basis</i>	
<i>If the fund is in deficit, non-tax backed deficits are allocated to tax-backed</i>	
<i>The non-tax backed deficit is spread over 20 years and compared to the fund's pensionable payroll</i>	
	£m
Deficit on best estimate basis	£0.0
Proportion of deficit allocated to non-tax raising authorities	£0.0
Annual deficit payment (spread over 20 years)	£0.0
Deficit percentage of pensionable payroll	Surplus
Fund Open/Closed	Open
SAB Funding Level	119.0%

Long Term Cost Efficiency

Deficit Recovery Period		
<i>Implied deficit recovery period calculated on a standardised market consistent basis</i>		
Recovery period (years)		Surplus
Ranking of fund (out of 11 open funds)		Not Applicable
Required Return		
<i>Required investment return rates to achieve full funding in 20 years' time on the standardised market consistent basis</i>		
Required return under best estimate basis		3.6%
Ranking of fund (out of 11 open funds)		9
Surplus Retention		
<i>A comparison of the average actual employer contribution rate with the contribution rate required to meet the cost of accruing future benefits (including allowance for surplus) calculated on the standardised market consistent basis</i>		
Actual contribution rate paid less SCR on best estimate basis (allowing for surplus)		-0.2%
Return Scope		
<i>Required investment return rates as calculated in required return, compared with the fund's expected best estimate future returns assuming current asset mix maintained</i>		
Expected return		5.1%
Required return		3.6%
Difference		1.5%
Ranking of fund (out of 11 open funds)		5
Deficit Recovery Plan		
<i>Consideration of how the deficit recovery plan has changed compared to 2017 valuation</i>		
Valuation	2017	2020
Deficit Recovery End Point	Surplus	Surplus
2018-21 Average Contribution Rate		18.0%
2021-24 Average Contribution Rate		18.3%
Increase in contributions		
Difference in Average Contribution Rate between 2018-21 and 2021-24		0.3%
Increase in deficit recovery end point (years)		Surplus

Minor inconsistencies in totals may occur due to rounding.



This document is intended only for discussions between GAD, SPPA, the relevant Local Authority and their actuary

Scottish Borders Pension Fund

Dashboard summary

This summary will be included as appendix to the full Section 13 report

Past service funding position - local funding basis

Funding level (assets/liabilities)	109.7%
Funding level (change since previous valuation)	-4.4%
Asset value used at valuation	£712,858,000
Value of liabilities	£650,083,530
Surplus (deficit)	£62,774,470
Discount rate(s)	3.8%
Assumed pension increases (CPI)	1.9%
Method of derivation of discount rate, plus any changes from last valuation	There is a 70% likelihood that the Fund's investments will return at least 3.8% over the next 20 years based on a stochastic asset projection.
Assumed Life expectancies for pensioners at age 65	
Average life expectancy for current pensioners - men currently age 65	20.9 years
Average life expectancy for current pensioners - women currently age 65	23.5 years
Average life expectancy for future pensioners - men currently age 45	21.9 years
Average life expectancy for future pensioners - women currently age 45	25.4 years

Past service funding position - SAB basis (for comparison purposes only)

Market value of assets	£712,858,000
Value of liabilities	£598,890,112
Funding Level on SAB basis (assets/liabilities)	119%
Funding level on SAB basis (change since last valuation)	n/a

Contribution rates payable

Primary contribution rate:	22.1%		
Secondary contribution rate (cash amounts each year in line with CIPFA guidance):			
Secondary contributions 2021/22	-£3,396,626		
Secondary contributions 2022/23	-£3,474,840		
Secondary contributions 2023/24	-£3,119,777		
Giving total expected contributions:			
Total expected contributions 2021/22 (£ figure based on assumed payroll)	£15,369,683	Based on assumed payroll of	£84,915,425
Total expected contributions 2022/23 (£ figure based on assumed payroll)	£15,783,104	Based on assumed payroll of	£87,140,021
Total expected contributions 2023/24 (£ figure based on assumed payroll)	£16,642,683	Based on assumed payroll of	£89,422,896
Average employee contribution rate (% of pay)	6.0%		
Employee contribution rate (£ figure based on assumed payroll)	£5,094,926	Based on assumed payroll of	£84,915,425

Additional information

Percentage of liabilities relating to employers with deficit recovery periods longer than 20 years	0.0%
Percentage of total liabilities that are in respect of employers participating in LGPS (S) who have no local or national taxpayer backing, nor a full guarantee, or other pass-through arrangement, with a body with such backing.	0.0%

